Congressional Record

PROCEEDINGS AND DEBATES

OF THE

FIRST SESSION OF THE SEVENTY-SECOND CONGRESS

OF

THE UNITED STATES
OF AMERICA

VOLUME 75—PART 14

JULY 8, 1932, TO JULY 16, 1932

(Pages 14837 to 15778)



UNITED STATES
GOVERNMENT PRINTING OFFICE
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SEVENTY-SECOND CONGRESS, FIRST SESSION

SENATE

FRIDAY, JULY 8, 1932

The Senate met at 12 o'clock meridian.

Rev. Frederick Brown Harris, D. D., minister of the Foundry Methodist Episcopal Church of the city of Washington, offered the following prayer:

Our Father God, still our faltering hearts as we bring our weakness to Thy might, our failure to Thy perfection, our littleness to Thy greatness. May the rush and roar of the tumultuous present not so browbeat our lives that we shall lose our perspective, our poise, and our peace. In demanding days may we possess our souls in patience. May the white principles by which we live, which are the very breath of our better selves, never be strangled by policy or cunning. Search our hearts, and purge them, too, so that nothing unworthy may make us recreant to the dream which has lured the prophets and seers of the ages, when the crooked things shall be made straight, when the wilderness shall blossom as the rose and earth's solitary places shall be made glad. Even in times like these may our faith be triumphant o'er our fears as, in spite of rock and tempest's roar, in spite of false lights on the shore, a nation of freemen from sea to shining sea cry out with patriotism pure and undefiled, "Our hearts, our hopes, our prayers, our tears, are all with thee, are all with thee." In the name of our fathers' God, author of liberty, we ask it. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the calendar days of Tuesday, Wednesday, and Thursday, July 5, 6, and 7, 1932, when, on the request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Reed
Austin	Dale	Johnson	Robinson, Ark.
Bailey	Davis	Jones	Robinson, Ind.
Barbour	Dickinson	Kean	Schall
Bingham	Dill	Kendrick	Sheppard
Black	Fess	Keyes	Shipstead
Blaine	Fletcher	King	Shortridge
Borah	Frazier	La Follette	Smoot
Bratton	George	Lewis	Steiwer
Brookhart	Glass	Long	Stephens
Broussard	Glenn	McGill	Thomas, Idaho
Bulkley	Goldsborough	McKellar	Townsend
Bulow	Gore	McNary	Trammell
Byrnes	Hale	Metcalf	Tydings
Capper	Harrison	Morrison	Vandenberg
Caraway	Hastings	Moses	Wagner
Cohen	Hatfield	Norbeck	Walcott
Connally	Hawes	Norris	Walsh, Mass.
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Patterson	White
Costigan	Howell	Pittman	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

REPORT OF THE RECONSTRUCTION FINANCE CORPORATION (S. DOC. NO. 135)

The VICE PRESIDENT laid before the Senate the report of the Reconstruction Finance Corporation, submitted pursuant to law, covering its operations for the period from the organization of the corporation from February 2, 1932, to June 30, 1932, inclusive, which, with the accompanying papers, was referred to the Committee on Banking and Currency and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter from Loren D. Schoppe, secretary of the Franklin Chamber of Commerce, Franklin, Pa., submitting a statement entitled "The Evils of Margin Trading—a Crusade by the Franklin Chamber of Commerce," which, with the accompanying paper, was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter from Erik L. Madisen, editor of the Appleton Review, Appleton, Wis., inclosing an editorial from the Appleton Review of the 1st instant entitled "Prosperity in 24 Hours," submitting a plan for restoring business conditions by the use of liberal bank credits, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter in the nature of a memorial from the rector and members of St. Nicholas Orthodox Russian Church, of Seattle, Wash., remonstrating against recognition of the Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a letter from B. C. S. Herm, Chicago, Ill., relative to prohibition and the regulation of the liquor traffic, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the council of the city of St. Paul, Minn., favoring the passage of the so-called Garner-Wagner emergency relief bill as an aid in the unemployment situation, which was ordered to lie on the table.

He also laid before the Senate a telegram from the Goodland Building and Loan Association, by Doris E. Soden, president, Goodland, Kans., favoring the passage of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, without the so-called Bingham beer amendment, which was ordered to lie on the table.

He also laid before the Senate a telegram from the Wyandotte County League of Building and Loan Associations, by Frank S. Powell, president, Kansas City, Kans., favoring reconsideration by the Senate of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, "on the basis as passed by the House," etc., which was ordered to lie on the table.

He also laid before the Senate memorials and letters and telegrams in the nature of memorials from sundry citizens and organizations of the States of Massachusetts, Pennsylvania, Michigan, Illinois, New York, Minnesota, and Washington remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

UNEMPLOYMENT RELIEF

Mr. BLAINE. Mr. President, some time ago I presented several thousand names on a petition under the auspices of the Wage Earners' National Relief Association. At that time the body of the petition was printed in full in the RECORD. I do not ask that that be done now. I simply refer to that and ask that the petition which I now present, signed by 19,207 names in favor of unemployment relief, be received, that there be printed in the RECORD the itemized

list of the cities and number of signatures from each, and that the petition lie on the table.

There being no objection, the petition was received, ordered to lie on the table, and the list to be printed in the RECORD, as follows:

Itemized list of cities and the number of signatures from each

Chicago, Ill	1,167
Cleveland, Ohio	1,007
Cincinnati, Ohio	10,618
Louisville, Ky	100
Ashtabula, Ohio	400
Conneaut, Ohio	250
Columbus, Ohio	400
Baltimore, Md	415
Dayton, Ohio	600
Detroit, Mich	4,250
Total	19,207

REPORTS OF COMMITTEES

Mr. BARBOUR, from the Committee on Military Affairs, to which was referred the bill (S. 855) for the relief of William Ray Taplin, reported it with amendments and submitted a report (No. 989) thereon.

Mr. JONES, from the Committee on Appropriations, to which was referred the joint resolution (H. J. Res. 461) making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress, reported it without amendment and submitted a report (No. 990) thereon.

Mr. BROOKHART, from the Committee on Interstate Commerce, to which was referred the bill (S. 3770) to prevent the obstruction of and burdens upon interstate trade and commerce in copyrighted motion-picture films, and to prevent restraint upon free competition in the production, distribution, and exhibition of copyrighted motion-picture films (a) by prohibiting the compulsory block-booking of copyrighted motion-picture films; (b) by making unlawful unreasonable and discriminatory protection in favor of certain theaters over others; (c) to compel the furnishing of accurate synopses of all pictures offered to theater operators before the same have been released and reviewed; and (d) to amend section 2 of the Clayton Act to make it apply to license agreements and leases as well as sales in interstate commerce, reported it without amendment.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE:

A bill (S. 4961) granting a pension to Elsie Blanchard (with accompanying papers); to the Committee on Pensions.

By Mr. FESS:

A bill (S. 4962) to provide for the sale of internal-revenue stamps by postmasters in cities of over 2,500 inhabitants; to the Committee on Finance.

By Mr. HASTINGS:

A bill (S. 4963) to amend the act of July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraints and monopolies," commonly known as the Sherman Act; to the Committee on the Judiciary.

By Mr. SHORTRIDGE:

A joint resolution (S. J. Res. 194) conferring jurisdiction upon the Court of Claims to render findings of facts in the claim of the Mack Copper Co.; to the Committee on Claims.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10246) to fix the fees to be charged for the issue of domestic money orders.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10494) to provide a postage charge on notices to publishers regarding undeliverable second-class matter.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On July 6, 1932:

S. 2570. An act authorizing adjustment of the claim of Joseph E. Bourrie Co.;

S. 3447. An act for the relief of John Stratis;

S. 4759. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Florence, Nebr.; and

S. 4874. An act to grant a right of way or easement over lands of the United States within the Upper Mississippi River Wild Life and Fish Refuge to the Savanna-Sabula Bridge Co., a corporation, for the construction, maintenance, and operation of a highway between Savanna, Ill., and Sabula, Iowa.

On July 7, 1932:

S. 904. An act for the relief of Elizabeth B. Dayton; and

S. 4735. An act to authorize the acceptance of relinquishments by the State of Arizona and the city of Tempe, Ariz., to certain tracts of lands granted by the act of April 7, 1930, and to direct the Secretary of the Interior to issue patent to said tracts to the Salt River Valley Water Users Association.

REPORT OF THE COUNCIL OF NATIONAL DEFENSE

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Military Affairs and ordered to be printed:

To the Congress of the United States:

In compliance with paragraph 5, section 2, of the Army appropriation act approved August 29, 1916, I transmit herewith the Sixteenth Annual Report of the Council of National Defense for the fiscal year ended June 30, 1932.

HERBERT HOOVER.

THE WHITE HOUSE, *July 8, 1932.*

EXECUTIVE MESSAGE REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate a message from the President of the United States, submitting sundry nominations in the Army, which was referred to the Committee on Military Affairs.

PURCHASE OF POST-OFFICE SITE IN NEW YORK CITY

Mr. BLAINE. Mr. President, may I have the attention of the senior Senator from New York [Mr. COPELAND]?

The VICE PRESIDENT. The attention of the senior Senator from New York is requested.

Mr. COPELAND. Very well.

Mr. BLAINE. A few days ago when the Philippine independence bill was before the Senate as the unfinished business the Senator from New York had the floor. During the afternoon I was called from the Chamber. The Senator from New York asked for the consideration of a bill which was then on the calendar providing for the purchase of the Grand Central Office Station for post-office purposes and made the statement that the Senator from Pennsylvania [Mr. REED] had objected to the consideration of the bill previously, but failed to make the statement that I had seriously and vigorously objected to the consideration and passage of the bill. The bill, however, was taken up and passed, immediately forwarded to the House, an amendment offered by the Senator from Pennsylvania there agreed to, and the bill then immediately messaged to the President.

I now have a letter from Mr. Stewart Browne, president of the United Real Estate Owners' Association, protesting against the bill and showing quite clearly, in his letter to the President dated July 7, that the amount provided for in the bill is an excessive price. I desire to offer for the RECORD the letter from Mr. Browne. It is a letter addressed to the President of the United States asking him to disapprove of the bill.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

UNITED REAL ESTATE OWNERS' ASSOCIATION,
New York City, July 7, 1932.

The PRESIDENT,
Washington, D. C.

SIR: We understand that a bill has passed Congress and waits your signature to purchase the property, now rented by it, for its Grand Central Office Station and pay about $15,000,000 for the property.

For the following reasons we protest against such an outrageous purchase:

Assessed valuation of the property

Year	Land	Building	Total
1920	$1,350,000	$2,050,000	$3,400,000
1927	4,625,000	1,875,000	6,500,000
1930	5,250,000	1,900,000	7,250,000
1932	6,025,000	1,475,000	7,500,000

This building is 30 years old. Its present value is its present reconstruction cost of $1,800,000, less 2 per cent depreciation per annum for 30 years, or $700,000, making its value $1,100,000.

There is no such increase in land value as shown above. Between 1930 and 1932 all land values in Manhattan had decreased fully 25 per cent instead of increasing.

No property in Manhattan has sold in 1930, 1931, and 1932 for anything like its assessed valuation, generally for 75 per cent or less.

The New York Central has an easement under the building for its tracks. That easement represents at least 20 per cent of the property's fee value.

The Graybar Building interests are said to have an unexpired option on this property.

The post office rents (under a lease expiring December 31, 1933) the whole of the property it proposes buying. What rent it pays we have no means of knowing.

We have had political graft in all property bought by the city of New York, but no political graft ever equaled this.

Why should the Federal Government buy when it can continue to rent, and why should it buy now?

If the Post Office Department insists upon buying this property, why doesn't the Government buy it by condemnation proceedings?

We respectfully ask that you veto this bill.

I am, sir, respectfully yours,

STEWART BROWNE, *President.*

Mr. COPELAND. Mr. President, in response to what the Senator from Wisconsin said, in view of the fact that he asked my attention be given to his remarks, it is true that the bill was called up in the Senate. I anticipated that the Senator from Pennsylvania [Mr. REED] would make an objection, but his objection was satisfied by reason of the adoption of an amendment which he himself offered. But I said privately to the Senator from Wisconsin that which I repeat here, that as I understand the matter the Senator from Wisconsin objected because the bill had not been referred to the Interstate Commerce Commission. Am I right in that?

Mr. BLAINE. My objection, when I stated it upon the floor, was that the price fixed in the bill was excessive, that the Interstate Commerce Commission through its valuation division could very readily value the land, and I assert now that had I been present when the bill was called up for consideration, I would have offered an amendment providing that the purchase should be made at a price not exceeding the value fixed by the valuation division of the Interstate Commerce Commission.

Mr. COPELAND. Mr. President, I have been assured that the Interstate Commerce Commission will be asked to make an appraisal. Furthermore, I agree fully with the Senator that if the amount carried in the bill were to be the price paid, I should think it excessive, but the bill provides that not to exceed the amount named therein shall be the sum fixed. There will be negotiations between the Treasury and the Post Office Departments, on the one hand, and the owners of the property, on the other, and the advice of the Interstate Commerce Commission obtained, so that when the price is finally fixed, I have no doubt it will be materially less than the upset price provided for in the bill.

WEALTH AND RESOURCES OF AMERICA

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled "Count Your Change," appearing in Collier's magazine of July 9, 1932.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

COUNT YOUR CHANGE

There's no argument in this editorial. It's merely a collection of facts, incontrovertible, eloquent facts that confound those who profess to see America slipping down into a state of effortless despair.

America's mutual savings-bank deposits are $1,233,000,000 higher than they were at the peak of the boom three years ago.

Total bank savings to-day exceed $29,000,000,000, equal to more than $1,000 for every family in the land.

Savings depositors number 52,000,000, nearly 2 per family.

The number of Americans owning stock has increased almost 40 per cent since 1929.

A group of 102 companies which had 5,539,036 stockholders at the end of the boom year had 7,675,143 stockholders at the beginning of this year.

One company alone to-day has over 665,000 stockholders, a gain of more than 195,000 since the boom. This company (American Telephone & Telegraph) has assets exceeding $3,200,000,000.

No other nation on the face of the earth can show such widespread ownership of money and stocks.

Our total stock of gold is $4,000,000,000. No other country ever possessed so much. Britain, for example, has only $588,000,000.

Currency in circulation aggregates $5,464,000,000 or $700,000,000 more than in the boom.

A recent offering of $450,000,000 of United States Treasury securities elicited subscriptions totaling $4,196,296,700—more than nine times the amount offered.

Last year $16,500,000,000 worth of new life insurance was written.

Total insurance now carried is estimated at $109,000,000,000, or not far short of $1,000 for every man, woman, and child in the United States.

Policies in force total 127,800,000.

One company alone (Metropolitan) has in force many more policies (44,520,810) than there are families in America.

Such safeguard, such security, is enjoyed by the people of no other nation in the world.

Our total national wealth, estimated at $329,700,000,000, is greater than that of a dozen continental European countries combined.

The income of the American people comfortably exceeds $1,000,000,000 a week.

The per capita income here is far greater than in any other land.

There are still six or seven persons gainfully employed for every person idle.

Foreigners owe American investors approximately $18,000,000,000. In addition, foreign governments owe our Government $7,000,000,000, and we are still selling abroad more than we are buying.

No fewer than 25,800,000 automobiles are owned by Americans—almost one for every family.

This total is almost three times the number owned by all the rest of the world.

Americans possess far more telephones (19,500,000) than all other countries put together.

Radios continue to multiply. The latest authoritative computation puts the total at over 16,545,000, representing an investment of more than $1,600,000,000, also a record unapproached by any other people.

How many new domestic mechanical refrigerators have been bought, would you guess? A grand total of fully 3,750,000, at an estimated expenditure approaching $2,000,000,000. And most of these have been installed in the last three years. In no other part of the globe do half as many homes enjoy such a luxury; Americans are rapidly coming to regard it as a necessity.

America has more home owners than any other nation.

A recent survey of 29 typical small towns revealed that 71 per cent of the inhabitants owned their homes, that 88 per cent had electric light, 72 per cent had baths, 51 per cent had electric washers, 55 per cent had radios, 41 per cent had vacuum cleaners.

There are more families in America than in any other land that can afford to and do send their children to high school and college.

In no other land do so many average families have the means to enjoy foreign travel.

Expansion in airplane travel, the most costly of all common forms of overland transportation, has been greater here than abroad during recent times.

The theater of the masses, the movie, still attracts a weekly average attendance of 75,000,000.

Our so-called national "luxury" bill is still away up in the billions a year.

It took a billion and a quarter pounds of candy to satisfy our sweet tooth in 1931—no decrease from the 1929 total.

The percentage of our agricultural population who, despite deflation, are acquiring domestic comforts, conveniences, labor-saving devices, improved machinery, the use of better roads, is constantly increasing.

To-day more than 700,000 farms are electrified, representing an increase of 400 per cent in eight years, and the total is being swelled rapidly.

In industrial communities hard manual toil is being steadily abolished by the introduction of machinery. Each American worker now has at his command five horsepower, a record not even remotely approached outside our boundaries.

The average working day a generation ago was 10 to 12 hours. The standard in this generation is eight hours, with the trend running toward a still shorter workday.

The work week used to consist of six (even seven) days. Now it is 5½ days, with the 5-day week coming into vogue.

America has always recovered from periods of depression and pressed forward to new heights of prosperity.

Never in the past was America so well equipped as it is to-day to resume an epochal forward march. Not only have we changed from a debtor Nation to the greatest creditor Nation on earth, not only have we vaster national wealth, not only have we an unprecedented supply of gold, but we are richer in experience, richer in inventive brains, richer in scientific knowledge, richer in machinery, richer in productive facilities, richer in managerial skill, richer in discovered mineral and oil resources, richer in transportation facilities by land and air and water, richer in every material wealth-creating product and process, richer in craftsmanship, richer in everything * * *.

Clip this page out of Collier's and put it in your pocket. It will bear rereading many times this summer when politicians invite you to tear your hair over the state of the country. The country is all right. What we need is less hysteria and more confidence and courage.

INCOME FROM COMMITTEE ON PUBLIC LANDS AND SURVEYS DISCLOSURES

Mr. NYE. Mr. President, I send to the desk a resolution and ask that it may be read.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read the resolution (S. Res. 264), as follows:

Resolved, That the Joint Committee on Internal Revenue Taxation be, and it hereby is, requested to secure from the Secretary of the Treasury and submit to the two Houses of Congress at the earliest practicable time full and complete information concerning any and all taxes and penalties which have been collected by or paid into the Treasury consequent upon disclosures made before the Committee on Public Lands and Surveys of the Senate in the course of the investigation conducted by it pursuant to Senate Resolution 101, Seventieth Congress, first session, or through inquiries prosecuted incidental to such investigation, including the date of payments, the amount of the same, and the persons making the payments; and likewise, in so far as it may not be incompatible with the public interest, further information concerning any claims or demands being made by the Treasury against any persons or corporations for taxes or penalties over and above such sums as may have been heretofore paid on account of the receipt of assets so disclosed and not duly reported for taxation as required by law.

Mr. NYE. Mr. President, since the resolution asks only for information, I am sure it will not occasion debate or argument at this time, and I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Is there objection?

Mr. JONES. Mr. President, I should like to hear the resolution again read.

The VICE PRESIDENT. The resolution will again be read.

The Chief Clerk again read the resolution.

Mr. McNARY. Mr. President, I am somewhat confused by the language of the resolution, and I should like to have a statement made by the Senator from North Dakota as to what it proposes.

The VICE PRESIDENT. Is there objection to the Senator making a statement? The Chair hears none.

Mr. NYE. Mr. President, the language employed in this resolution is not unlike the language used in the resolution of May 3, 1928, offered by the Senator from Montana [Mr. WALSH]. This resolution is offered at the present time merely to secure the information that is available, since the Internal Revenue Bureau complied with the request of 1928, and I am sure there can be no objection to its adoption.

Mr. McNARY. Mr. President, I want to read the resolution carefully, and, temporarily at least, I ask that it may go over.

The VICE PRESIDENT. The resolution will go over for the day.

CHANGES IN ENROLLMENT OF LEGISLATIVE APPROPRIATION ACT OF 1933

The VICE PRESIDENT. The Chair lays before the Senate a concurrent resolution coming over from a previous day, which will be read.

The Chief Clerk read the concurrent resolution (S. Con. Res. 33) submitted by Mr. BINGHAM on June 28, 1932, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Clerk of the House of Representatives is authorized and directed, in the enrollment of H. R. 11267 (the legislative appropriation act for the fiscal year ending June 30, 1933) to strike out all of section 213 (including the caption thereof) and to make such changes in section numbers and cross-references thereto as are made necessary by striking out such section.

The VICE PRESIDENT. The Chair is advised that the resolution should be indefinitely postponed.

Mr. BINGHAM. Mr. President, in view of the fact that the concurrent resolution, if adopted, could have no possible effect at the present time, I ask that it may be indefinitely postponed.

The VICE PRESIDENT. Without objection, it is so ordered.

MEMORIAL DAY SERVICES—ADDRESS BY COMMANDER BAINBRIDGE

Mr. KEAN. Mr. President, I ask permission to have printed in the RECORD an address delivered on the Sunday before Memorial Day by Commander William Seaman Bainbridge, United States Naval Reserve, under the auspices of the American Legion of New York County, at St. Thomas Church, New York City.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

Comrades and friends, just why a spiritual leader like my friend, Dr. Brooks, rector of St. Thomas, or some other outstanding inspirational orator is not here to address you to-day in my stead, is beyond my ken. And yet, as I have thought it over since receiving the invitation from the American Legion committee, it does appear that when we consider war and all that war means, a doctor with military experience can speak from personal knowledge that others do not possess. From the battlefields and on through the years, it is the physician who comes into closest touch with suffering, disease, and death, and that may be the excuse for my presence on this occasion.

To-day is a day of remembrance, when we again think of the call we all had to service, and of those who were chosen for the supreme sacrifice. They accepted and bravely gave their all. Not only what they were but, a vast deal more, they gave what they might have been. Although we were called we were not chosen for that great sacrifice. Ours has been a different duty—that of carrying on, as important and oft as hard as going west in battle casualty. Our comrades who have gone are not fallen, but risen! And I affirm that no one can gainsay that they may not be watching to-day how we fulfill the charge to keep the faith with our country and with them, as we march along through the years.

But there are many others for whom this day should be one of remembrance. There are those who have the arduous duty which sorely strains, to continue to live, handicapped in body, or nerve, or mind. Theirs is a continuing sacrifice, which challenges our thought, our sympathy, and our untiring aid.

In this connection I am reminded of an American officer in the World War, married, with two dependent children. He was beyond the draft age, but he had something his country needed—expert knowledge in a certain department of engineering. He was asked to go and he went, with the full consent and cooperation of the mother of his little brood—this her contribution. Splendid service was performed by this officer, but he was stricken with tuberculosis following an attack of influenza and pleurisy at the front. He was brought home and lived in a little hut in the Carolina mountains. His lung was riddled and he was racked with pain. Week after week for three years he fought his hardest fight. The glamour of the battlefield, the plaudits of those enthusiastic over the bravery and patriotism of the soldier boy had long since died away. He was fighting his battle largely alone. At the end of the third year he passed on, and under his pillow was found a little leather case, covered with isinglass, into which he had slipped a motto, and above which he had written: "I received this from a poilu at the front. He used it as his motto and tried to live it. I have been trying to live it, too. Others must decide whether I have succeeded." The verse was:

> "I know the thought shall comfort me
> When death summons me down the arches of the years,
> I gave my laughter with my every breath;
> I hid my tears."

We must think, too, of thousands and thousands of little homes—childless, and of the multitude of young women, now in middle life, going through their earthly journey without the realization of that supreme ideal of partnership and the consummation of dreams for the future. The strength of our land, the hope of the days to come, lie in the homes with little children growing up with firm belief in God and love of country. In proportion as war has eliminated these, in that degree has our land been weakened and impoverished. There remains for a multitude of noble women only a heart-sickening knowledge that their air castles have fallen and that they must go on never to hear themselves called "Mother."

In this day of economic stress and strain we must think, also, of the fathers and mothers who, early in their lives, made their great investment in the education of their boys, forfeiting thereby a bank account and material treasures for the long day at the end

of the road. They equipped their sons and looked forward to the time when the shadows would lengthen and the sunset glow be nearer, and, through their boys, they would have a happy, quiet eventide, without the suffering caused by want. They gave a priceless contribution to their country and their country's cause. Many forfeited ease and comfort in their older years. These heroic fathers and mothers should receive the honor due them as their strength lessens, their days shorten, and they plod along.

When we evaluate heroism and bravery on the battlefield, let us remember the continuing heroism and bravery of these groups of people, for war interrelates all of them.

Perforce government can not have a heart. It must be largely head work. It is a business, mechanical and metallic. Yet, how wonderfully the heart is interjected during war. A common danger makes us all one. No longer does war mean armies and navies alone, it means whole peoples; and at these times there is an outflowing of real sentiment, and Himalayan peaks of love and helpfulness for one's countrymen are reached. After war, there is a quick transition back into the mechanical business measures of government. But we must remember that there is still unfinished heart work and it is for the churches of the Prince of Peace, and the patriotic societies such as the American Legion, and other agencies, to complete this complementary work of the heart and hand for the head work of government.

We were all willing to do all we could in the war, and the only request we made was to be placed where we could do most, and we tried to do all we could, the best we could, wherever we were. Providentially, we were saved to form the home guard, so to speak, to march on with changing conditions and dangers. One of the greatest burdens we have to carry is the calumnous slander that we are lovers of war and militaristic in our efforts. That is a grievous wrong. Those of us who know most of war abhor it most. None of us want it again. We hope and pray for the day of a real brotherhood of man under the fatherhood of God. But, worse than war is to capitulate to those sinister forces that seek to destroy the home, religion, and all that we hold worth while to-day. Any country that is unable to defend itself from enemies from without or from within that would destroy it, as well as the birthright passed down by its forefathers who created it, is already dying. We have a glorious heritage, and we are determined to preserve for all who come after that which we have had handed down to us.

The Bible tells us to seek peace and pursue it. Overt acts both—no pusillanimous inertia. After finding peace, we must keep after it, or it will be illusory and fly away.

We are also told to "be strong and of good courage." The first part of these six words asks for adequate preparedness and the second part for the right kind of spirit.

There is a war experience which comes to mind as I address you to-day. It seems to me relevant to present conditions as we face them and glance into the future. It was near "Flanders fields, where poppies grow between the crosses row on row," at the Lafayette Escadrille, before we entered actively into the conflict. An American officer, Major Thaw, was in charge. I was there for a short time when on a tour of inspection on both sides of the firing line for our Government. Morning after morning when issuing the day's orders Thaw would say, "Tom, you go up at such and such a time, and if you do not come back, Bill will go," and then Ed, and so on and on. "If you do not come back" did not have to be explained to any of them.

Thaw was very fond of his men, all American boys, and they of him. I studied the man and could not find any human emotion in him. He took without an apparent quiver the pronouncement of the death, perhaps of one of his most loved comrades. I determined to see if he was not something more than an automaton, and so went to his dugout. It was bare of everything but books or pamphlets of hard facts on air combat.

But under his bed I found his shaving kit, and in it a broken piece of glass that had been saved after the explosion of a shell. On the back of this glass was pasted a verse of a poem. I took it to one of his men, Dudley Hill, and said, "Dudley, what about this?" With a deep mellowness in his voice that spoke volumes, he answered: "Oh, the 'old man' has a mushy streak in him. He often repeats that to us or to himself when we take off."

That message which Thaw gave to his men facing death is a message for each of us to-day in this world of ours, in this country of ours, which seems so upside down. Perhaps man's extremity may be God's opportunity, and this message may be a call from the Captain of all:

> Quit you like men; be strong!
> There's a work to do,
> There's a world to make new,
> There's a call for men who are brave and true.
> Oh! On with a song.

REPEAL OF EIGHTEENTH AMENDMENT

The VICE PRESIDENT. The Chair lays before the Senate the motion entered by the Senator from New Jersey [Mr. BARBOUR] that the Committee on the Judiciary be discharged from the further consideration of Senate Joint Resolution 114, which will be read by its title.

The CHIEF CLERK. A joint resolution (S. J. Res. 114) proposing an amendment to the Constitution relating to intoxicating liquors.

Mr. BARBOUR. Mr. President, on Tuesday last I entered a motion to discharge the Judiciary Committee from further consideration of Senate Joint Resolution 114, to repeal the eighteenth amendment, which I introduced in the Senate on March 2, 1932. The platforms of the two great parties clearly demonstrate that the Nation is demanding of Congress immediate and definite action with respect to the question of prohibition.

I asked on Tuesday unanimous consent for the immediate consideration of my motion; but, though the ink was hardly dry on the prohibition resolution written by the Democratic Party at Chicago, a member of that party on the other side of the aisle in this body felt constrained to object to my request. The motion has laid over, however, for the required period under the rules, and therefore I wish to renew it at this time.

It is most difficult for me to understand the hesitancy of the Senate to act on this matter. Certainly there can be no doubt as to the will of the people.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Nebraska?

Mr. BARBOUR. I yield.

Mr. NORRIS. I should like to say to the Senator that, as chairman of the Committee on the Judiciary, I referred the joint resolution, as I did a good many others of similar import, to a subcommittee. The subcommittee has not as yet reported to the full committee, but, so far as I am concerned, I have no objection to discharging the Judiciary Committee from the further consideration of the joint resolution and to its passage if that will save time.

Mr. BARBOUR. Mr. President, I appreciate the statement and attitude of the Senator from Nebraska.

Mr. NORRIS. I may suggest to the Senator that a debate on the joint resolution might lead to some contention, and if he wants to have it passed we ought to vote on it.

Mr. BARBOUR. Mr. President——

The VICE PRESIDENT. Does the Senator from New Jersey desire to retain the floor?

Mr. BARBOUR. Yes; Mr. President, I desire to retain the floor.

There is no doubt as to the failure of prohibition. There is no doubt that the economic welfare of the Nation would be served by its repeal. As I stated Tuesday, the Senate of the United States at this session of Congress has acted upon every major issue of the day, however controversial, that has come before it. It is a splendid record and one of which I am proud. I can not believe that the Senate will adjourn without taking action on the question of prohibition, for every Member must concede, whatever his own individual ideas may be, that this subject is as much on the minds of the people, if not more so, than any other issue.

One of the difficulties of our national life to-day, as I see it, is the multiplicity of the problems facing us. It is difficult to rivet public attention to any one problem for any great length of time. Newspapers to-day, for example, focus our attention upon the distressing, heart-rending plight of the bonus marchers. To-morrow we may be horrified by the snatching from the cradle of a child of a family who for years have devoted their lives and energies to the glory of the American Nation. The headlines take us from the pressing need for disarmament one day to the hardships entailed the next day by the collapse of a bank. If these problems were to arise one by one at such intervals as to permit of our concerted and undivided attention, I am very sure that we would have the courage and wisdom to solve them promptly and effectively. Unfortunately, however, we are, I fear, torn and besieged on all sides by the perplexing and relentless attack of a host of issues demanding solution. I think everyone will agree with me, however, that it has not been difficult to direct steady and growing attention to the evils of prohibition. Ever since its adoption, step by step, it has been its own creator of increasing dissatisfaction. On its doorsteps have been laid a multitude of ills, including corruption, crime, racketeering, kidnaping, bribery, and economic distress. This is the one outstanding issue to which

the American people have given most thought and upon which they have finally and unquestionably made up their minds. There is, undoubtedly, a constantly growing unanimity of demand for repeal.

It is a certainty, I feel, that even the most bitter opponents of prohibition a decade ago could not have conceived of the proven evils that have followed in its wake. It was claimed by prohibition's sponsors that our jails would be emptied; that a new and loftier moral character would take form; that the money the workingman spent in the saloon would be diverted to the home, for the education of his children, and better things in life for himself and his family.

Instead, we are presented to-day with the alarming spectacle in numerous instances of corrupted local, county, and State governments, wherein the shameless hand of graft has found its way. We find our jails, rather than being emptied, actually overcrowded with a new and more sinister type of occupant to whom human life is so cheap that even members of juries have feared to convict the obviously guilty. We have found courts corrupted, charlatans masked as public servants in back-alley conferences with the underworld. We have found the speakeasy supplant the saloon and go it one better, both in respect to its prevalence and its influence for evil.

Never in the history of the United States—never, I believe I can truthfully say, in the history of the world—has a nation so highly developed as ours been so helpless in the grip of the criminal element or so immersed in official corruption as our own. And a zealous minority, availing itself of every stratagem to prevent the free expression of the voice of a majority of the people, argues that all this is not attributable to prohibition—that somewhere else lies the cause.

Heretofore, waves of crime then, as now, were attributed to a natural reaction from the horrors and carnage of war. But in this instance crime has continued on the increase for too long a time in this country to validate that explanation. The cause is deeper rooted, more widespread even, closer to home, and from a moral standpoint even more devastating than war.

For 12 years the eighteenth amendment and the Volstead Act have been apparently regarded by successive Congresses as things apart from the ordinary run of legislation. They have been regarded as almost sacred, in the sense that any proposals for change have been looked upon with immediate displeasure and resentment.

Congress, apparently, has not dared to bring the issue to a vote. Certainly it has not permitted its own Members thus far to vote on the subject of repeal; and, which in my opinion is even worse, it has consistently opposed heretofore the submission of the question to the people of the Nation, so that they might have an opportunity of expressing themselves on the question.

This Congress seems to be endeavoring to follow that precedent, although it is apparent that a greater courage is being shown by many of our statesmen now than was the case but a very short time ago. The vote on the Beck-Linthicum bill demonstrates this new trend; and it is now becoming more and more apparent that sooner or later some Congress must consent to release the grip which a minority group of our population has on the Federal Government in respect to this subject.

It seems very apparent to me, as it most certainly must seem to every other thinking man and woman in the Nation to-day, that such control by a minority is inconsistent with the premise of government laid down by Abraham Lincoln—government by the people.

A national crisis undoubtedly created prohibition, but the present crisis will certainly end it; and while I have no illusions myself as to the great numbers of men estimated by some who would obtain employment directly as a result of the repeal of the eighteenth amendment, repeal would without doubt result in stimulating employment to a considerable degree, and repeal perhaps more than anything else would help us to restore confidence in a large measure, and would certainly give to us a welcome and much-needed source of revenue.

Mr. C. T. Revere, a resident of Westfield, N. J., has prepared several very forceful articles and addresses on the economic aspects of prohibition. In a radio address on May 11, Mr. Revere called attention to the fact that during the 12 years in which prohibition has been in force our Government has foregone a total of $11,000,000,000 of revenue that it could have obtained had it not been for the adoption of the eighteenth amendment. This estimate, which Mr. Revere states has been verified as carefully as is humanly possible, is based on the per capita consumption of the States which permitted the sale of alcoholic beverages at the time prohibition took effect. Consumption is figured at the rate that prevailed from 1910 to 1914. The excise rates employed to calculate the revenue were those in force in 1919, which included a maximum tax of $6 per barrel on beer and $8.50 per gallon on spirits.

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. BARBOUR. For what purpose?

Mr. BROOKHART. I wish to ask the Senator about this tax which he says the Government has failed to collect.

Mr. BARBOUR. I yield.

Mr. BROOKHART. What is the largest amount per year that the Government ever collected from the liquor traffic before prohibition?

Mr. BARBOUR. I am sorry that I can not answer the Senator's question offhand.

Mr. BROOKHART. If the Senator had looked that up he would not make that statement about $11,000,000,000.

Mr. BARBOUR. I am not surprised that the Senator takes that position.

Moreover, in my opinion, the case against the economic error of prohibition which Mr. Revere points out is not fully stated when we merely say that our National Government would not be facing a financial crisis if it were not for the eighteenth amendment, for conditions will improve when and only when we remove the obstacle of prohibition from our national life, regardless of anything else we may do to try to cure the depression in the meantime.

We could take this fast-accruing revenue and dedicate it to the cause of rehabilitation. We could employ half of it for balancing a national Budget that has been scaled down by economies already effected. We might, if Congress deemed wise, allocate the other billion and a quarter to the States to ease the tax burden on agriculture, and thus pave the way for lifting more than $9,000,000,000 of mortgages on farm properties. We could reduce our taxes on industry and real property, and by so doing we would restore bond values to a more normal investment basis, and facilitate the return to solvency of many of our closed banks. The timid would begin to buy. Millions would be put to work to supply withheld requirements. Increased pay rolls would provide new buying power. The demand for raw materials of every kind would lift the burden of poverty from millions of persons throughout the land.

In the face of these facts, I, for one, am convinced that prohibition is not worth the $11,000,000,000 it is estimated to have cost in the last 12 years. It is certainly not worth the price of continuing the depression.

The resolution which I introduced months ago, before any planks were thought of in either convention, permits States which wish to remain dry to do so, but at the same time permits States desiring a change to enact such laws of their own as would reflect the wishes of their electorate. No State should be forced by any other State to submit to legislation of this particular character objectionable to the electorate of that State; and, by the same token, no State can have any valid objection to the ratification of this amendment unless that State actually wishes to reserve the right to force its own views upon those who do not agree with it. Had my amendment originally been enacted instead of the eighteenth amendment as passed, no such controversy as now confronts the Nation would exist.

Certainly with the very pillars of our Government resting upon the premises of majority rule and free expression, the

time has arrived when the demands of the majority must be hearkened to, and the sovereign rights of the States become more than a mere phrase.

To conclude, it has been said that prohibition does not prohibit. But it does prohibit. It prohibits temperance, respect for the law, and a reduction in taxation.

I move, therefore, to discharge the Judiciary Committee from further consideration of Senate Joint Resolution 114, and upon that motion I request the yeas and nays.

Mr. REED. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from New Jersey yield to the Senator from Pennsylvania?

Mr. BARBOUR. I am very glad to yield.

Mr. REED. I have looked at the Senator's resolution, and, as I interpret it, it would require the assent of the legislatures of three-quarters of the States. Would the Senator, after his resolution comes to the floor, expect to resist an amendment that would provide for submission to conventions called in the separate States?

Mr. BARBOUR. Not necessarily.

Mr. REED. What is the Senator's view about that? Does not the Senator think that the convention system would be the better way of getting the direct thought of the people of the separate States?

Mr. BARBOUR. I agree with the Senator absolutely on that. I prefer that any submission, if made, be made to conventions and not to legislatures.

Mr. REED. Then I have another question about the matter. Some of us feel that while the present condition is intolerable, it would be equally intolerable to repeal all of these regulatory laws and go back to saloon days. What would be the Senator's position with regard to an amendment to his proposed constitutional amendment intended to prohibit any State from authorizing the consumption of liquor at the place where it was sold?

Mr. BARBOUR. I will answer the Senator by saying that personally I am absolutely against anything that would cause the return of the saloon.

Mr. REED. Is not that the only way to prevent return of the saloon?

Mr. BARBOUR. That is one way, certainly. As far as I am concerned, I should have no wish to see the return of the saloon.

Mr. REED. Would the Senator object to an amendment which would tend to safeguard the rights of those States that preferred to remain dry?

Mr. BARBOUR. No. That is covered, I believe, by my resolution; but, if this point can be better worded, I should have no objection to that.

Mr. REED. Then, Mr. President, I shall be very glad to vote for the Senator's motion.

Mr. GLASS. Mr. President, that being so, why should the Senator insist upon discharging the Judiciary Committee from further consideration of his resolution? His resolution—to which I am not objecting, I should have it understood—is far from conforming to the platform of his party adopted at Chicago; and as so much stress is just now being laid upon party declarations, I am a little astonished that the Senator from the wettest State in the United States should so far depart from his party platform as not to provide in his resolution against any of the alleged evils that his party platform decries.

I shall not object to discharging the Judiciary Committee; but it seems to me a most inconsistent proposition to discharge the Judiciary Committee from the consideration of a resolution which the Senator himself says he is willing to have amended in various vital particulars.

Mr. BARBOUR. I should like to remind the Senator, if I may, that, as I said, this resolution was introduced in March, before there were any platforms of either party, or any prohibition planks in either platform. Even if that were not so, however, I personally do not favor the Republican platform as finally adopted in Chicago.

Mr. GLASS. Oh, the Senator would be guilty of the impious act of disregarding a party platform?

Mr. REED. Mr. President, will the Senator permit a question?

Mr. BARBOUR. I am very glad to yield.

Mr. REED. Since the Senator from New Jersey is being reproached for his failure to conform to the platform of the Republican Party, perhaps he would be willing to let me ask the Senator from Virginia whether he approves the Democratic plank on prohibition.

Mr. GLASS. No.

Mr. REED. I thank the Senator.

Mr. GLASS. But I do favor submitting to the people the question of repeal or retention of the eighteenth amendment. I did that and prepared a resolution to that effect for my own State convention before either the Republican convention or the Democratic convention assembled. I think the people have a right now, on this bitterly controverted question, after a trial of nearly 14 years, to determine whether they want to continue this situation or correct it; but I favor that, not because any party platform declared for it, but because it conforms to my own judgment in the matter.

Mr. BINGHAM. Mr. President, I favor the motion of the Senator from New Jersey [Mr. BARBOUR]. A considerable number——

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. BINGHAM. I yield to the Senator.

Mr. NORRIS. I should like to state to the Senator that, so far as I know, there is no opposition to the passage of the resolution. If he wants it passed, what is the use of talking about it?

Mr. BINGHAM. Very well, Mr. President.

The chairman of the Judiciary Committee last December, in response to a question of mine, said that subcommittees would be promptly appointed to consider amendments to the Constitution repealing the eighteenth amendment, altering the eighteenth amendment, and modifying the Volstead Act. Carrying out his promise, a few days later he appointed and announced the membership of a subcommittee consisting of five Senators. My recollection is that he said at the time that there would be three drys and two wets on this subcommittee. For the two "wets" he selected the Senator from Wisconsin [Mr. BLAINE] and the Senator from Rhode Island [Mr. HEBERT]. For the three "drys" he selected the Senator from Idaho [Mr. BORAH], the Senator from Arizona [Mr. ASHURST], and the Senator from Washington [Mr. DILL].

Mr. BORAH. No; the Senator from Montana [Mr. WALSH], I believe.

Mr. BINGHAM. The Senator from Montana [Mr. WALSH] may have been selected at that time.

A few days later, however, the Senator from Arizona objected to being on this committee, and gave out a statement, from which I shall quote. The statement appeared in the Evening Star on Tuesday, December 29. The reason why I quote this is that the Senator, as a member of the Judiciary Committee, made some remarks yesterday about this very matter. The heading is, "ASHURST quits dry quiz; wasted efforts, he says. Assails attempt to change prohibition laws as ridiculous.

"BLACK gets post."

Then he got off a very neat epigram:

People looking for jobs, not jags, declares Arizona Senator.

Describing attempts to change the prohibition laws as "a ridiculous waste of effort," Senator ASHURST, Democrat, Arizona, to-day withdrew from a Senate Judiciary Subcommittee named to hold hearings on the subject.

In a statement Senator ASHURST said:

"I voted for the eighteenth amendment, for the Volstead law, for the antibeer bill, and for all the appropriations necessary to enforce the same.

"I do not believe I made any mistake in so voting.

"I have no time to waste in aiding those who are attempting to weaken or relax that amendment."

I am glad to see that the Senator has now changed his mind, in accordance with his statement yesterday.

He said:

"I have no time to waste in aiding those who are attempting to relax or weaken that amendment or those laws. It is a ridiculous waste of effort to attempt to relax or modify the prohibition laws. The people are looking for jobs, not jags."

Another friend of prohibition, Senator BLACK, Democrat, Alabama, was appointed to fill Senator ASHURST's place by Chairman NORRIS, of the Judiciary Committee.

I understand that Senator BLACK later withdrew. It seems that the drys were not at that time interested in meeting this situation.

Chairman NORRIS pointed out that the change in personnel did not disturb the wet and dry line-up of the subcommittee.

"I named a wet chairman, and put a majority of drys on the committee," he said.

NORRIS said taking evidence was to "some extent foolish, but neither side will be satisfied without it."

Mr. President, obviously the chairman of the committee, who is so anxious now to let this bill come back before the Senate from his committee, was not particularly anxious to have any one of the various bills sent to his committee reported back. Some of them have been there since December 9, particularly Senate Joint Resolution 31, and others. Now he appears to be willing to have the committee discharged. But the Judiciary Committee has been considering the repeal of the eighteenth amendment, and amendments to the Volstead Act ever since December.

Mr. ASHURST. Mr. President, since the Senator was so kind as to refer to me, will he allow me a word?

Mr. BINGHAM. Certainly.

Mr. ASHURST. In the classic days of ancient Greece the seashores were lined with an edible turtle or tortoise, which had a remarkably thick shell. The eagles used to pounce upon these tortoises or turtles, carry them into the air, and, descrying a stone below, drop the tortoise or the turtle upon the stone and crack the shell, thus releasing for the eagle's sustenance the rich flesh of the turtle.

One of the great Greek tragic poets, Æschylus, came to his death in a strange fashion. An eagle seized a large and a heavy-shelled tortoise, flew into the air with it, and dropped it upon the head of Æschylus, thinking his head was a stone.

The American eagle does not have to drop a heavy weight upon my head, Mr. President, for me to observe the plain intent and purpose of the American people.

Mr. BINGHAM. Mr. President, I am delighted that the Senator from Arizona has changed the view he entertained when he said that it is a ridiculous waste of effort to attempt to relax or modify the prohibition laws. I am delighted that he is going to help in these efforts which some of us on both sides of the aisle have been endeavoring to make for some time, without annoying the Senate too greatly, but still insisting on, because we knew we were right.

Mr. GLASS. Mr. President, will the Senator yield to me?

Mr. BINGHAM. I yield.

Mr. GLASS. May I inquire whether the Senator from Arizona has reached that ridiculous posture as that he favors dropping a beer barrel on the hearth of every home in the country?

Mr. ASHURST. Does the Senator address that question to me?

Mr. GLASS. Yes. I am talking about the proposition of the Senator from Connecticut to insist upon a beer amendment to a home bank bill.

Mr. ASHURST. Will the Senator from Connecticut permit me to answer that?

Mr. BINGHAM. I shall be glad to yield.

Mr. ASHURST. I thank the Senator. No amount of clamor, no amount of shouting or screeching, no amount of talk, in the Senate or out, will induce me to violate the Constitution.

Let this issue be drawn once and finally. If the Senator from Connecticut can prove, not by his words, for he is not a chemist, but if the Senator can prove to the Senate that 4 per cent beer, by weight or by volume, is not intoxicating and will produce a revenue, I am ready to vote for it now, next week, or next year; but the Senator must first produce proof that what he seeks to have manufactured is not intoxicating.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. ASHURST. I have not the floor.

Mr. BINGHAM. I yield.

Mr. GLENN. May I inquire of the Senator from Arizona whether he knows what the evidence was that was produced before the Democratic National Convention along the beer line that led them to adopt their prohibition plank?

Mr. ASHURST. Mr. President, will the Senator from Connecticut permit me to answer?

Mr. BINGHAM. I yield further.

Mr. ASHURST. Many honors, Mr. President, have come to me in my time, and I am only an humble gleaner in the field of the Democratic Party. I do not pretend to be a leader. Great as the honors I have had, I was not honored by being chosen as a delegate to the Democratic National Convention. I have said before that it was a disappointment to me, and now that I have read of that historic convention, and heard it on the radio, I see how much I missed. Therefore I do not know what testimony was taken before the committee. I will have to call upon Senators who are members of the committee and heard the testimony.

Mr. BINGHAM. I assume that the Senator in his attitude toward the percentage of alcohol which might be had in beer calls himself a "gleaner" because the definition in the dictionary of "gleaner" is "one who collects in small quantities."

Mr. ASHURST. Mr. President, I knew it was an act of temerity for me to debate with the Senator from Connecticut. Again he is imposing on my inferiority complex, "still harping on my daughter." Every time I have a debate with him I am worried for fear I may split an infinitive or give vent to a pleonasm. [Laughter.]

Mr. GORE. Mr. President, will the Senator yield to me?

Mr. BINGHAM. I yield.

Mr. GLASS. Mr. President, will the Senator from Oklahoma permit me as a member of the platform committee of the Democratic National Convention to answer the question of the Senator from Illinois propounded to the Senator from Arizona?

Mr. GORE. Certainly.

Mr. BINGHAM. I yield.

Mr. GLASS. There was not one particle of testimony taken before that committee as to what constituted the alcoholic content of an intoxicating beverage, and the Senator from Illinois will search in vain for one suggestion in the Democratic platform in advocacy of the proposition of the Senator from Connecticut.

Mr. GLENN. Mr. President, I suppose that reckless disregard of facts or evidence on that subject was one of the things which led the distinguished Senator from Virginia to refer yesterday to the recent Democratic National Convention as "a frenzied political assembly."

Mr. GLASS. Yes; and the Republican convention in the same terms, and a little worse.

Mr. GORE. Mr. President, it is perhaps too late now, but I rose to inquire whether there was any implication in any of these remarks about Æschylus that anybody else was a blockhead.

Mr. BORAH. Mr. President, will the Senator from Connecticut yield to me?

Mr. BINGHAM. I yield.

Mr. BORAH. There is another resolution on the table, and I wonder whether, before this debate proceeds, we could have unanimous consent for the passage of that resolution.

Mr. BINGHAM. I was about to refer to something the Senator from Idaho said yesterday, and I thought perhaps he was rising to correct his remarks. That was one reason why I yielded to him.

Yesterday the Senator from Arizona, after discussing the matter which was before the Senate, declined to yield at one time when two Senators on this side of the aisle addressed him, and replied as follows:

I will not yield for a moment, because I am going to make a sort of legal argument.

Whereupon he proceeded to refer to the fact that he had been convinced for some 12 years "that the greatest contribution anyone could make to our American system of government would be to assist in having adopted a constitutional amendment which would provide, after its adoption, that all amendments to the Constitution shall be ratified by a direct vote of the people in the several States, voting separately."

In reply to a remark which I made asking him whether he had made any effort to secure a report on a joint resolution of my own, which is now before the Judiciary Committee, he said he had not, because he was more interested in his own constitutional amendment, and then went on to say:

I introduced a similar joint resolution more than 10 years ago and it was defeated in the Senate.

I think the Senator's memory in that regard is not quite accurate, although, as I was not here, I have to rely on the CONGRESSIONAL RECORD. A search of the RECORD reveals that in 1924, some eight years ago, the Senator did introduce an amendment in terms similar to those of the one introduced at the same time by Senator Wadsworth, a distinguished Senator from New York, no longer a Member of this body. It was Senator Wadsworth's resolution that was reported out to the Senate by my distinguished predecessor, Senator Brandegee. I happened to be present on the day the debate took place, and took great interest in it, because I have for some time, like the Senator from Arizona, been interested in that very proposition. In fact, the Senator from New York, Mr. Wadsworth, had made a speech in Connecticut the preceding summer in which he advocated the very amendment in which the Senator from Arizona is interested.

According to the RECORD, it was the resolution of the Senator from New York which came before the Senate, and not the resolution of the Senator from Arizona. It was not defeated, except indirectly, by being referred back to the committee, after a debate which I found very interesting, and I have no doubt others did also.

The Senator from Arizona went on to say how badly he felt at the time of that defeat, and his determination to continue his efforts in support of a proposed constitutional amendment.

Mr. ASHURST. Mr. President, will the Senator please give the date of my remarks expressing my regret?

Mr. BINGHAM. I was quoting from a statement of the Senator from Arizona made on yesterday.

Mr. ASHURST. Will the Senator yield further?

Mr. BINGHAM. I yield.

Mr. ASHURST. Of course, I may be in error; still I doubt it, because I yield to no man on the question of memory. My resolution was No. 17, and I recall distinctly arguing in behalf of the resolution which I proposed that constitutional amendments should be ratified by vote of the people in the several States. I recall that the Judiciary Committee considered it. It might be, however, that in the course of events even this memory of mine might have slipped a cog, and it might be the regrets I expressed over its defeat at that time were because of the defeat of the Wadsworth amendment; but, as I recall, I was not enamored of the Wadsworth amendment, because it provided not for a vote, if I remember correctly, directly by the people in each State but had some qualification to it that it could not be ratified by the legislature unless and until one-half of the membership of the legislature had been elected after its submission. I realize how uncertain and how almost futile it is to debate a matter that happened 10 years ago that I have not looked up since, so if the Senator from Connecticut has looked it up I yield to the RECORD.

Mr. BINGHAM. It was not my intention to point out that the Senator was mistaken in regard to his own resolution but rather to point out a slight error in his observation that I was a "new convert" in the field. The Senator said:

While, of course, I welcome such new converts as the Senator from Connecticut, I was a gleaner in the field.

I have already given the Senator the interpretation of the word "gleaner" as one who collects in small quantities.

Mr. ASHURST. I hope the Senator will not embarrass me by referring to the fact that I should have said something else instead of "gleaner."

Mr. BINGHAM. The Senator went on to say:

I was breaking the stubborn glebe and planting the crop and harvesting it with my perspiration long before my scholarly friend began to agitate the ratification of proposed constitutional amendments by the people.

I merely want to state for the benefit of the Senator, who has always been extremely courteous and kind to me as he is to everyone else, that in April, 1924, at about the very time when the amendment in which he was interested—which my recollection was had been introduced by former Senator Wadsworth, but might have been the one introduced by the Senator from Arizona—was being considered, I had delivered an address before the Republican State convention in Hartford in which I said:

We are in favor of an amendment to the Constitution providing in effect that future constitutional amendments proposed to the several States should be submitted to the electors of the States for ratification instead of to the legislatures. Such an amendment was introduced into the Congress several years ago by the senior Senator from Connecticut, Senator Brandegee. It was debated on several occasions, but its importance was not recognized by Congress and, although reported favorably by unanimous vote of the Senate Committee on the Judiciary, it failed to come to vote in the Senate.

Just after the Senator from Arizona had made his remark about the fact that he was "breaking the stubborn glebe and planting the crop and harvesting it" before I began to take any interest in it—although it was at the very same time—the Senator from Idaho [Mr. BORAH] interrupted to say:

If the Senator will examine the proposed constitutional amendment offered by the Senator from Connecticut he will observe that the Senator from Connecticut has not yet caught up with the proposition that the Senator from Arizona has offered.

Mr. NORRIS. Mr. President——

Mr. BINGHAM. In just a minute. The Senator's zeal outran his knowledge of my amendment at that point, as it has done once or twice at other times. If he will compare the resolution with Senate Joint Resolution 32, which I offered on December 9, I think he will correct his statement in the RECORD. Let me read the resolution as offered by the Senator from Arizona sentence by sentence in comparison with that offered by myself. I read first from the resolution offered by the Senator from Arizona:

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, or, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments—

I will now read from my own resolution—

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution or, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments——

Mr. ASHURST. I do not understand the Senator. He is reading from the Constitution now?

Mr. BINGHAM. I read first from the resolution offered by the Senator from Arizona and then from the resolution offered by myself.

Mr. ASHURST. Will the Senator begin with line 1 of my resolution and read it? I want to follow him.

Mr. BINGHAM. I am reading from the CONGRESSIONAL RECORD at page 14745.

Mr. ASHURST. But will the Senator read from the resolution?

Mr. NORRIS. Will the Senator yield for a question?

Mr. BINGHAM. In just a moment. I wanted to read from the first three lines in order that everyone might see that they are identical. I will now read the second three lines, and this, of course, is the important and significant part:

Which, in either case, shall be valid to all intents and purposes as part of this Constitution when ratified by the vote of the qualified electors in three-fourths of the several States.

That is the Senator's resolution. Now I will read from my own.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. BINGHAM. I shall not yield until I finish this comment.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. The Senator from Connecticut will suspend. For what purpose does the Senator from Nebraska interrupt?

Mr. NORRIS. I want to ask the Senator from Connecticut a question.

Mr. BINGHAM. I decline to yield until I can get this comparison plainly before the Senate.

The PRESIDING OFFICER. The Senator from Connecticut declines to yield.

Mr. LEWIS. Mr. President——

Mr. BINGHAM. No, Mr. President; I can not yield for the present moment.

The PRESIDING OFFICER. The Senator from Connecticut declines to yield.

Mr. BINGHAM. The Senator from Idaho observed that I had not yet caught up with the proposition which the Senator from Arizona had offered, and I am now, due to interruption, obliged to read again the sentence from the resolution of the Senator from Arizona, which is the key to the situation.

Mr. BORAH. Mr. President, will the Senator permit me to make a statement?

Mr. BINGHAM. As soon as I have completed this comparison. I read again:

Which, in either case, shall be valid to all intents and purposes as part of this Constitution when ratified by the vote of the qualified electors in three-fourths of the several States.

Now I read from my own resolution.

Mr. NORRIS. The Senator has read that once.

Mr. BINGHAM. I propose to read it again:

Which, in either case, shall be valid to all intents and purposes as part of this Constitution when ratified by the vote of the qualified electors in three-fourths of the several States.

In other words, it is word for word as that of the Senator from Arizona. There is this difference, that in the next three lines of my resolution I provide a little more leeway for the people to make the change, and I add these words:

That until three-fourths of the States shall have ratified or more than one-fourth of the States shall have rejected or defeated the proposed amendment, any State in like manner may change its vote.

Mr. ASHURST. Mr. President, will the Senator yield at that point? I think the Senator should yield.

Mr. BINGHAM. Let me finish my statement first, please.

Mr. GLASS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Virginia will state the parliamentary inquiry.

Mr. GLASS. What is before the Senate besides the Senator from Connecticut?

Mr. BINGHAM. There are three or four other Senators before the Senate.

The PRESIDING OFFICER. The Senator from Connecticut has the floor.

Mr. GLASS. What is before the Senate that he is discussing?

The PRESIDING OFFICER. The motion to discharge the Committee on the Judiciary. The Senator from Connecticut has the floor.

Mr. NORRIS. Mr. President, may I ask the Senator a question now?

Mr. BINGHAM. I must first yield to the Senator from Arizona.

Mr. ASHURST. The Senator has indeed pointed out the difference between my proposed amendment and his own. The Senator's may be better than mine, but the Senator out of mental honesty, and I know he possesses that, ought to admit there is a difference between the two.

Mr. BINGHAM. I am not claiming there is no difference.

Mr. ASHURST. I contemplated in December using the precise language the Senator used, to wit, that unless and until a majority—that is, the required constitutional majority of three-fourths—had ratified, any State could change its vote.

Mr. BINGHAM. Then the Senator and I are after exactly the same thing.

Mr. ASHURST. I had that provision in the one I prepared in December last year, which I did not introduce. After reflection for some months I came to the conclusion that that language was not necessary, because a ratifying State now has the right at any time to withdraw its ratification, provided such withdrawal is before three-fourths of the States shall have ratified, so I left that out of mine.

Mr. BINGHAM. May I say to the Senator that when, if ever, we get this resolution out of the Judiciary Committee and the Senator offers as an amendment to strike out those words I shall have no objection, because I have the highest regard for his erudition in the matter.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. BINGHAM. In a moment. All I was trying to do was to show that the remark of the Senator from Idaho was not well founded and that his zeal outran the facts in the case.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Idaho?

Mr. BINGHAM. I yield.

Mr. BORAH. The Senator has read both resolutions, and I still maintain that the Senator had not caught up with the Senator from Arizona.

Mr. BINGHAM. In what regard?

Mr. BORAH. In regard to the last clause of the amendment.

Mr. BINGHAM. The last clause of the amendment is precisely the same in both cases.

Mr. BORAH. I mean the one with reference to withdrawal.

Mr. BINGHAM. The last clause is, "*Provided*, That no State, without its consent, shall be deprived of its equal suffrage in the Senate."

Mr. BORAH. I do not have it before me, but I refer to the clause the Senator read just a moment ago, which the Senator from Arizona said he did not believe ought to be incorporated in his resolution.

Mr. BINGHAM. That is the portion to which the Senator referred?

Mr. BORAH. Yes.

Mr. BINGHAM. O Mr. President!

Mr. NORRIS. Mr. President, will the Senator yield now?

Mr. BINGHAM. In just a moment. According to the statement made by the Senator from Arizona, he had considered it and decided it was not necessary. In that regard it is true I was way, way behind him, and I therefore offer my apologies to the Senator from Idaho.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Oklahoma?

Mr. BINGHAM. I had not supposed it was that to which the Senator from Idaho referred. I now yield to the Senator from Nebraska.

Mr. NORRIS. Is the Senator in favor of the pending resolution?

Mr. BINGHAM. The Senator is endeavoring to call attention——

Mr. NORRIS. Will the Senator answer my question?

Mr. BINGHAM. I will, if the Senator will give me time, and I believe I have the floor.

Mr. NORRIS. Yes; unfortunately, the Senator has.

Mr. BINGHAM. And unfortunately the chairman of the Judiciary Committee has had various resolutions before him for four or five months which he has made no effort to report back to the Senate.

Mr. NORRIS. Oh, yes; and now the Senator is talking about a motion to discharge the committee from the con-

sideration of the resolution. If the Senator wants that, all he has to do is to sit down and the resolution will pass. But he does not want to pass the resolution. He is arguing for something that he, himself, is anxious to block by talking until 2 o'clock. That is the secret of it all.

Mr. BINGHAM. The Senator is entirely incorrect if he thinks I do not want it to pass.

Mr. NORRIS. Then let us vote on it and pass it.

Mr. BINGHAM. I propose to discuss it for some time, and the Senator is not going to defeat that purpose by constantly interrupting me.

Mr. NORRIS. I realize that.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Oklahoma?

Mr. BINGHAM. I yield.

Mr. GORE. I want to suggest to the Senator from Connecticut that the Senator from Arizona reached his conclusion——

Mr. ASHURST. Mr. President——

Mr. GORE. Just a moment, please.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Michigan will state the parliamentary inquiry.

Mr. COUZENS. How long can a Senator hold the floor and allow interruptions of this kind to continue indefinitely?

The PRESIDING OFFICER. As long as no one objects.

Mr. COUZENS. I object to the interruptions of the Senator from Connecticut and to his yielding the floor indefinitely.

The PRESIDING OFFICER. The Senator from Connecticut may not yield except for a question.

Mr. BINGHAM. I yield to the Senator from Oklahoma for a question.

Mr. GORE. And I will put it in the form of a question. It is as to whether or not our experience in the ratification of the fifteenth amendment does not demonstrate that the contrary rule has either been adopted or acquiesced in? I may be in error, but I submit that is my memory.

Mr. ASHURST. Mr. President, will the Senator from Connecticut permit me to answer that?

Mr. GORE. If the Senator will permit me to conclude my question, he then may answer. I may be in error, but as I recall, both Ohio and New Jersey——

Mr. NORRIS. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state the point of order.

Mr. NORRIS. The Senator from Connecticut has lost the floor by yielding to the Senator from Oklahoma to make a speech.

Mr. GORE. I am asking a question.

The PRESIDING OFFICER. The Chair understands that the Senator from Oklahoma is asking a question.

Mr. NORRIS. No one else understands it that way.

Mr. GORE. I will ask whether or not I am in error in my recollection that Ohio and New Jersey ratified the fifteenth amendment, and afterwards withdrew and revoked their ratification, and yet the amendment was promulgated as having been validly ratified, when, subtracting those two States, the required three-fourths' majority would not have been on record as favoring the amendment?

Mr. ASHURST. Mr. President, will the Senator from Connecticut yield to me for the purpose of answering that question?

Mr. GORE. I should like to have it answered. I may be in error in my memory about it.

Mr. BINGHAM. Mr. President, if I should yield, I would lose the floor.

The PRESIDING OFFICER. The Senator from Connecticut will lose the floor if he yields for a speech.

Mr. BINGHAM. I regret that, under the ruling of the Chair and under the objection of the Senator from Michigan, I can not yield to my friend from Arizona.

Mr. President, this interruption has taken us somewhat far afield from the matter before us. The Senator from New Jersey has made a motion to discharge the Committee on the Judiciary from the further consideration of a joint resolution which has been before the committee for some months. The Senator from Nebraska, due to his desire to facilitate business, has stated that he has no objection to that; but the Senator from Nebraska and the other members of the Judiciary Committee have postponed for a very considerable period any report on Senate bill 308, Senate bill 309, Senate bill 314, Senate bill 422, Senate bill 2415, Senate bill 2462, Senate bill 2478, Senate bill 3148, Senate Joint Resolution 31, Senate Joint Resolution 84, Senate Joint Resolution 90, and Senate Joint Resolution 128, all bills and joint resolutions relative to the prohibition act and the eighteenth amendment.

Mr. LEWIS. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Illinois?

Mr. BINGHAM. I yield for a question.

Mr. LEWIS. Mr. President, I desire to propound to the eminent Senator from Connecticut a question as to the relationship of the pending bank bill to the subject matter he is bringing to the attention of the Senate. I desire to ask the Senator from Connecticut if he feels that his efforts, being made in connection with the pending bank bill, are to seize hold of the frozen assets of the bottles and beer barrels and to make them liquid, and if he thinks his services in this connection would work that result under a home-loan bank bill?

Mr. BINGHAM. Mr. President, in reply to my charming and delightful friend from Illinois, to whom I always listen with the greatest pleasure, and whose remarkable vocabulary and most felicitous choice of language are always appreciated by his colleagues, who always listen to him as gratefully as they would welcome a cooling breeze in a desert on a hot day [laughter]——

Mr. LEWIS. I can not consent, Mr. President, to assume that my friend, in view of his attitude, is a sheik upon a desert which is so dry. [Laughter.]

Mr. BINGHAM. I regret that I am in danger of losing the floor if I yield to any felicitous observations from my friend from Illinois. I will say to him that I am not at the present moment discussing the question to which he refers. I am discussing the question of the repeal of the eighteenth amendment and the motion before us to discharge the Committee on the Judiciary from one of the various resolutions calling for repeal.

I regret that my good friend from Illinois, now that he has reminded me of it, took occasion yesterday to refer in somewhat slighting terms, if I may use that word not too harshly, or in terms, perhaps I may better say, of charming irony and ridicule, to any attempt at this time to bring forward a modification of the Volstead Act. The Senator from Illinois referred to his own opposition to the eighteenth amendment when he was previously a Member of this body and his unavailing opposition to the Volstead Act at that time. The Senator from Illinois, however, made reference to those of us who are trying to secure immediate modification of the Volstead Act and who had been working toward that end for some time previous to any declaration by either political party, and he yesterday took the position that to bring the question up at this time in connection with a bill to provide loans for persons desiring to retain or to build homes was, in a way, rather a contemptible proceeding. He suggested that we ought not to hang a keg of beer on the doorknob of the workingman who was endeavoring to build a home. He implied that he would be very glad to indulge in a friendly glass of beer at some time during the summer, but that this did not seem to him an appropriate time to do so. My friend's tone and his general remarks were of a nature to make me believe, although I may be doing him an injustice, that he did not take this question quite as seriously as some of us do. He chose to raise the risibles of the audience by referring to the froth and the charm of beer, and so forth, just as though the only object we had in view in seeking to modify the Volstead Act was

to obtain the pleasure of drinking a glass of beer for the sociability that might ensue therefrom.

At an appropriate time, but, out of respect for my friend from Nebraska, I shall not do so at the present moment, I intend to point out to the Senator from Illinois and to any others who may do me the honor to listen that our reason for favoring immediate modification of the Volstead Act—and I assume the reason for the Democratic Party placing in their platform the plank calling for immediate modification of the Volstead Act and to permit the manufacture of beer—was not the pleasing vision which the Senator from Illinois held up before us, but, rather, that we believe in its economic importance. We believe that if to-day the Volstead Act were modified, to-morrow thousands of men could find jobs who can not find them now, and within a few weeks tens and hundreds of thousands of men could find jobs. We believe that within a year 100,000 farmers would be raising grain in order to provide the 100,000,000 bushels of grain needed by the breweries. We believe that it would be the turning point in the economic depression. We believe further that it would raise hundreds of millions of dollars of revenue for the Government and help us to balance the Budget. It is for those reasons, Mr. President, that we are urging its immediate modification.

May I say to the Senator, with all due respect, if the return of beer will do those things, which we believe it will do and which I believe he also agrees with us it will do, that it will give the workingman a chance to buy a home; it will give the workingman a chance to buy a home on the installment plan; whereas the bill which was before us when the Senator from Illinois made his remarks merely gives him a chance to borrow money but gives him nothing with which to pay the interest on the loan or the principal thereof. Therefore it seems to me, Mr. President, that we are on sound ground in endeavoring to annex this measure as a rider to a bill intended to provide and save homes.

I can not agree with the Senator that the only object is to increase the enjoyment of certain people in the summer time or that the only object is to bring the beer barrel to the hearths of the homes of the land, as it was so charmingly suggested by the Senator from Virginia [Mr. GLASS] in an effort to prove that he does not know where beer is kept. If anyone ever saw a beer barrel on the hearth of a home it must have been in Virginia; it certainly was not in Connecticut. [Laughter in the galleries.]

The PRESIDING OFFICER. The galleries must observe the rules of the Senate and refrain from any demonstrations.

Mr. BINGHAM. Mr. President, any effort to minimize the important economic effect of this measure or to belittle the contention that it will really enable the people to build homes, that it will really enable them to earn money with which to keep their homes, seems to me to be unworthy of my very distinguished and delightful friend from Illinois.

Mr. President, yesterday morning in the Washington News there was printed an editorial, which I understand appeared in all the Scripps-Howard newspapers, addressed to Franklin D. Roosevelt, from which I read as follows:

The Democratic platform, which you accepted "100 per cent," says:

"Pending repeal, we favor immediate modification of the Volstead Act to legalize the manufacture and sale of beer and other beverages of such alcoholic content as is permissible under the Constitution, and to provide therefrom a proper and needed revenue."

Immediate modification has been proposed in Congress. Certain Democratic leaders in that body seem determined to wait until after election.

Do you as the party's nominee and leader, in light of the wording of the document and of your complete approval thereof, approve of waiting, or do you interpret immediate as meaning now?

Yesterday afternoon the United Press carried this bulletin from Albany——

Mr. LEWIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Illinois?

Mr. BINGHAM. I can yield only for a question, and I should like to read the answer made in the afternoon before I yield to the Senator even for a question. In the afternoon the United Press carried this bulletin from Albany:

ALBANY, N. Y., July 7.—Franklin D. Roosevelt let it be known to-day that action upon the prohibition question was squarely up to Congress.

Sources close to the governor reiterated that he stands firmly behind a plank in the Democratic Party's platform calling for repeal of the eighteenth amendment.

He was quoted as saying, in answering editorial comment—

And I assume that the editorial which I have read is the particular one referred to—

"It is up to the Congressmen to act as they see fit."

A spokesman for the governor pointed out that the Democratic nominee already has pledged his support to the entire platform and that "he can not run Congress."

Roosevelt refused to become embroiled in any controversy over interpretation of the party's wet plank—whether he favored immediate action by Congress or was content to wait.

Attachés of Roosevelt's executive office said he was "attending strictly to State business and that he could not run two jobs at once."

Roosevelt indicated he would not lead any fight on the highly controversial prohibition question at this session of Congress.

It was recalled, however, that the governor commented thusly when John D. Rockefeller, jr., wrote his letter to Dr. Nicholas Murray Butler, of Columbia University, urging repeal of the eighteenth amendment:

"Mr. Rockefeller's letter undoubtedly will help get action on the prohibition question at this session of Congress without having to await the convening of another session."

Now I yield to the Senator from Illinois for a question.

Mr. LEWIS. I desire seriously to invite the thought of the eminent Senator from Connecticut to this idea and query——

Mr. BINGHAM. I yield for a question.

Mr. LEWIS. Assuming that the amendment presented by the Senator may be attached by a vote of the Senate to the pending home loan bank bill, does the Senator believe that the President of the United States would allow the measure to pass without veto? Does the Senator not recognize that it would be vetoed by the President, and thus, in view of the limited time remaining for the session, cause us to lose both the bank bill and the advantage, as it is called in the application of the word, to the poor and to others of the beer amendment?

Mr. BINGHAM. I reply to the Senator as I replied to a similar question yesterday, that I do not know what the President would do with it; that he has not communicated with me nor I with him in this regard. I have seen a dispatch from one of the news services that he would veto it. I inquired of another news service, but found they had been unable to confirm that information. But, Mr. President——

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Texas?

Mr. BINGHAM. In just a moment I will yield to my friend.

Mr. President, it seems to me that our duties as legislators are distinct from the duty of the Executive in his capacity to veto any measure, and, personally, and with all due respect to the President of the United States for whom I have a very high regard in his exalted position, I would deem it something out of the ordinary and decidedly not in conformity with our Constitution for him, in view of my interest in certain legislation, to call me up or to write to me or to send to me and tell me that if I persisted in the advocacy of a certain measure and it were passed, he would veto it. I now yield to the Senator from Texas.

Mr. CONNALLY. Since the Senator is so much concerned about the attitude of Governor Roosevelt, who is not yet President, why does he not make some investigation and inquiry and ascertain the attitude of his candidate, who is now President?

Mr. BINGHAM. My only interest in Governor Roosevelt's opinion was that he has just been chosen by his party as the leader of his party; and as the leader of his party it was to be expected, and apparently was so claimed by the editors of the Scripps-Howard service, that he ought to in-

dicate to the members of his party his desire that they act promptly in this regard. That was the only reason why I referred to it, because I am sure the Senator from Texas will not deny the fact that the Governor of New York is at present the titular leader of the Democratic Party.

Mr. CONNALLY. Mr. President, of course, the Senator from Texas does not deny that Governor Roosevelt is the candidate of his party for President of the United States. He will not assume his duties until next March, however, and what the Senator from Connecticut wants is to do something now, when Governor Roosevelt can neither approve nor veto his beer bill.

Why does not the Senator, if he is sincere, find out what his own leader, his own President, and his own party associates will do with his bill or will not do with his bill on beer? Why does he not do that now—not next March, but now?

Mr. BINGHAM. It is not my idea that it would be the duty of the Governor of New York, after and if he becomes President, to tell the Congress what to do; but as the leader of his party it was my idea that he might indicate to the members of his party that he desired them to interpret the word "immediate" as meaning now.

Mr. LONG. Mr. President, in view of the pronouncement which is being made by several of the Republican Senators who are so anxious to have Governor Roosevelt assume the leadership of the Nation at this time, I was wondering if there might not, in a spirit of compromise, be some method evolved, since it is so harmonious and we all realize how we need Roosevelt's leadership here now, so that we might make his election immediate, and immediately end the abominable situation afflicting the other side of the Chamber.

Mr. KEAN. Mr. President, in connection with this discussion, I think it is fair to point out to the Senate that a judge in New Jersey first called the attention of the country, in a decision a year ago, to the fact that these questions should be submitted to conventions rather than to the legislatures of the States.

I have here a letter which appeared in the New York Herald Tribune, on the 17th of June, which I should like to have printed in the RECORD, in regard to Judge Clark.

Judge Clark, a distinguished United States judge of the State of New Jersey, has a very distinguished ancestry. His grandfather, J. Donald Cameron, was a United States Senator from Pennsylvania from 1877 to 1897, and his great-grandfather, Simon Cameron, was also a member of the United States Senate from Pennsylvania from 1845 to 1849, from 1857 to 1861, and from 1867 to 1877, so that members of his family were Members of the Senate from before the Civil War down to 1897. I therefore ask that this article may be printed in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article is as follows:

CREDIT TO JUDGE CLARK

To the NEW YORK HERALD TRIBUNE:

In all of the claims put forth as to the original authorship of the various proposals for reconsideration of the prohibition problem, culminating at present in the plank adopted by the Republican National Convention, I see no mention of credit being given to Judge Clark, of New Jersey, whose famous decision that the eighteenth amendment is unconstitutional was so promptly overruled by the Supreme Court.

Judge Clark based his decision upon the ground that, although the Constitution provides for two methods of ratification of a proposed amendment by the States, such provision basically is for the purpose of enabling the people of the country, by States, to adopt or reject any proposed amendment. He therefore held that the provisions of Article V of the Constitution should be interpreted in the light of the conditions as the original framers found them and also the conditions of modern times.

At the time of the adoption of the original Constitution, ratification by State legislatures reflected accurately the opinion of the people as a whole. But the framers of the Constitution wisely provided an alternative method of State conventions, elected for the sole purpose of considering the one question of amendment or repeal, and nothing else. Their obvious intent was to provide for an unbiased expression of opinion on the part of the people themselves if, for any reason, such expression could not be procured through the medium of State legislatures.

Judge Clark held that in the case of the eighteenth amendment certain of the State legislatures had been elected before the question was presented, and that, therefore, their members were not elected with the eighteenth amendment as an issue before their constituents. He also held that in the cases of other State legislatures whose members had been elected after the question had been presented, other issues aside from the proposed eighteenth amendment had been before their constituents, and that, therefore, their election could not be considered as an expression of the will of the people on that single question. He held that the eighteenth amendment had not been ratified by the people of the country, and, interpreting the Constitution along broad and basic lines, that the eighteenth amendment was therefore unconstitutional.

At the time of the reversal of this decision by the Supreme Court the opinion was generally expressed, editorially and otherwise, that although the Supreme Court's decision was to be expected in view of its previous decisions on somewhat similar questions, future proposed amendments or questions of repeal should and would be placed before State conventions elected for the sole purpose of considering the single question proposed.

It is extraordinarily interesting to note that, except for some of the proposals by the so-called drys, no proposal of any importance has been made for the reconsideration of the eighteenth amendment which does not contain the specific condition that the question of further amendment or repeal shall be passed upon by State conventions and not by State legislatures. The drys have an obvious reason for preferring State legislatures, which in itself supports Judge Clark in his opinion.

Judge Clark's decision, although reversed by the Supreme Court, has had and will continue to have the most far-reaching effect upon the Government of the United States in relation to its Constitution. No matter what plan is adopted as a solution to the prohibition problem, the "Clark plan" appears to be unquestioned as to its wisdom and soundness.

BRADFORD B. LOCKE.

NEW YORK, *June 17, 1932.*

Mr. SHEPPARD obtained the floor.

Mr. COOLIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Massachusetts?

Mr. SHEPPARD. I do.

Mr. COOLIDGE. Out of order, I ask unanimous consent for the immediate consideration of a bill reported from the Committee on Military Affairs. It is Order of Business No. 1076, House bill 7293, the last bill on page 12 of the calendar.

The VICE PRESIDENT. The title of the bill will be stated for the information of the Senate.

Mr. NORRIS. Mr. President, what is the request?

The VICE PRESIDENT. The Senator from Massachusetts asks unanimous consent for the present consideration of Order of Business No. 1076.

Mr. NORRIS. I object to that, Mr. President. This is the morning hour. If Senators are going to filibuster against this resolution calling on the Reconstruction Finance Corporation for a report, let us make them do so up to the end. Let the filibuster go on until 2 o'clock.

The VICE PRESIDENT. Objection is made. The Senator from Texas is recognized.

Mr. SHEPPARD. Mr. President, I desire to call attention to the fact that the decision by Judge Clark to which the Senator from New Jersey has referred was overruled by the Supreme Court of the United States, and declared by that tribunal of last resort to be without foundation.

I shall not detain the Senate beyond the time required for a few comments upon some of the objections to the eighteenth amendment, inasmuch as a motion is now pending to discharge the Judiciary Committee from the consideration of an amendment repealing or changing that amendment.

To the claim that national prohibition was adopted without due deliberation when public interest was absorbed in war, I need but reply that a majority of the American people, occupying three-fourths of American territory, were living under prohibition by States and localities when the eighteenth amendment was submitted. Those States and localities had reached a status favorable to prohibition after decades and decades of consideration, discussion, and experience. It was the desire of this majority to remove the handicaps suffered from the inflow of liquors from a few wet States that formed one of the principal causes of the adoption of national prohibition.

To the claim that prohibition interferes with individualism and individual liberty, I need but reply that the liquor habit is a menace to both, a menace which multiplied millions of the human race are unable to resist.

No drunkard can make effective use of individual initiative, liberty, and opportunity. Neither may the steady or moderate drinker, with faculties weakened and impaired, make the best possible use of these attributes.

Liquor propagandists attribute to prohibition almost every ill that befalls this Nation, the tides of lawlessness, disorder, and immorality that have swept this country and the world following the horror and the strain of world-wide war. If the saloons had been open during the postwar period the imagination can not encompass the economic and moral chaos that would have ensued. Crime waves will be more rampant, and riots will border on revolution, in the event the eighteenth amendment is repealed.

Before the war, whenever public order was threatened the authorities would at once close the saloons. The eighteenth amendment has already closed them, and will keep them closed when the disturbances which now seem about to occur, bloody as they probably will be, come upon us.

To the claim that prohibition enforcement is a farce, let me point to the status of enforcement.

A law may be said to be effectively enforced when a majority of the people approve it, and when a majority of indictments against offenders result in conviction. Such is undoubtedly the case with national prohibition.

Let me point to the material benefits of national prohibition.

The eighteenth amendment and the Volstead Act mark a new epoch in the economic as well as the moral history of the world; the suppression, so far as the United States is concerned, of alcohol as an intoxicant, and its promotion as an industrial material of almost universal beneficence and importance. The industrial uses of alcohol in its native undrinkable state are numbered by thousands, notably in the manufacture of numberless articles necessary to civilized life, including glass, rubber, fertilizer, dyes, surgical materials, and medical appliances; in the preservation of medicines and specimens in hospitals, laboratories, and museums; in the production of fuel, heat, light, and power. Prohibition has not only turned alcohol itself into constructive channels, but also the funds formerly expended for it, and the plants which housed it when it was a legalized intoxicant.

The application of liquor money to a higher and better end has been reflected during national prohibition in the largest savings deposits and the largest general deposits in American banks in all our history. In fact, the only bright spot in the depression through which the country is now struggling is the fact that savings deposits have held their own, and in fact have increased to some extent, despite the general backwardness in connection with all other industries and enterprises.

As a result of the eighteenth amendment we see public drunkenness disappearing, wrecks and rounders of former days turned into useful workers; properties formerly occupied by liquor interests and kindred evils devoted to important business and industrial activities, with increased enhancement in value; maintenance of fewer public charges due to drink; better home conditions; more comfort for mothers and children; an unprecedented decline in the national death rate, equivalent to the saving of millions of lives since 1920. We have but to stand our ground to make sure of the retention of the eighteenth amendment and its tremendous benefits.

We have but to renew our determination to maintain our prohibition laws, to sustain our officials in the enforcement of these laws, and all will continue to be well for prohibition.

The arrest of a bootlegger, the capture of a drinking party, the seizure of illicit liquor, are proclaimed in the headlines of the newspapers. The fact that millions of pay checks are going every Saturday night to mothers and children instead of to the saloon receives no notice at all.

Alcohol as a beverage is a source of infinite injury to human beings. It imperils the human resources of our country. I know that we may boast of material assets surpassing in many respects those of the remainder of the globe, of banks, mines, and mighty structures, factories, railways, and other forms of mechanical power, of a productive capacity unequaled by any other nation; but above and beyond all these, in true and real value are the men, the women, and the children of this Republic.

The waste in human resources occasioned by beverage alcohol did more perhaps to bring about national prohibition than any other single cause.

Mr. President, beverage alcohol is a squanderer of morals, intellect, and will. When recognized and authorized by law, its victims multiply to such extent as to undermine the mental, spiritual, and physical qualities which constitute the foundations of society. It weakens the processes of nutrition and reduces or destroys physical strength and skill, on which men and women must depend for the earning of subsistence, the support of families, the acquisition and the maintenance of homes.

It transforms humanity into inhumanity. It merges man into the beast. Under its influence men beat and starve and kill their loved ones. It wrecks ambition, crushes self-respect, and puts sanity to flight. It annihilates normal sentiments and emotions. It may easily be said to be one of the chief scourges of the human race. To say that it should not be forbidden by law and fought by every weapon at our command is to deny our duty both to God and to mankind.

The fight against this evil took on an intensive character when increased population, increased production, increased capital, increased chances for gain, made possible by the machine age, developed, among other expansions of production, the manufacture of intoxicants to an extent that threatened serious consequences to our civilization. With deepening intensity the conflict raged from year to year, the opponents of liquor scoring a major victory in 1919 by writing prohibition into the Constitution of the United States.

Thus we captured liquor's most important position in this continuous warfare against one of the most dangerous forms of evil. That position we intend to hold; and I propose to resist any effort to put in motion any movement against the eighteenth amendment unless specifically instructed to pursue an opposite course by the people of my own State.

Mr. NORRIS. Mr. President, the pending question is on a motion to discharge the Committee on the Judiciary. As far as I know, there is not a single vote in the Senate opposed to it. As I notified the Senator from New Jersey [Mr. BARBOUR] when he started his speech, that so far as I knew there was no opposition, and I was perfectly willing to vote for his motion to discharge the committee. But he continued to speak. Then came the Senator from Connecticut, making a speech on the motion to discharge the committee, which he favored, of course. He was complaining in his speech because the resolution had not been reported before. I asked him to sit down and let us agree to the motion. I was for the adoption of the motion. But after listening to the Senator from Connecticut make his speech in favor of it, I became convinced that it ought not to be agreed to. So, Mr. President, I feel it my duty to take up a little of the time the Senate would have devoted to the defeating of the resolution against which they are really filibustering by taking the time between 12 and 2 o'clock.

Mr. BRATTON. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BRATTON. Will the Senator yield in order that I may note the absence of a quorum?

Mr. NORRIS. No; I do not care to have a quorum called.

The VICE PRESIDENT. The Senator declines to yield for that purpose.

Mr. SHEPPARD. Mr. President, the Senator will absolve me from any desire to filibuster. I thought it necessary to make a brief reply to the Senator from New Jersey.

Mr. NORRIS. The real resolution to be brought up, following the motion to discharge the committee, was my resolution, Senate Resolution 260, reading as follows:

Resolved, That the Reconstruction Finance Corporation be, and it is hereby, directed to report to the Senate a complete and detailed list of all loans which have been made by said corporation, giving, in each instance, the name of the person, firm, or corporation to whom or to which such loans have been made; the date of maturity; the rate of interest; and the nature of the security taken for the making of all such loans.

The said Reconstruction Finance Corporation is further directed to report to the Senate all commitments and agreements for the making of any loans which have not been completed, giving, in each instance, the terms, conditions, and rate of interest in regard to such proposed commitments or agreements.

If the motion to discharge the Committee on the Judiciary had been agreed to, the resolution I have just read would automatically have come before the Senate. But under the rules of the Senate it would have had to be disposed of before 2 o'clock. So these great statesmen, particularly the champion filibusterer from Connecticut, resolved to filibuster on something they wanted themselves in order to take up time and defeat something they did not want. They did not have the courage, they did not have the bravery, they did not have the honesty and the fairness to fight the resolution to which they were really opposed, but, under cover of another measure, they are trying to shield the railroads, the corporations, the banks, the insurance companies, and other corporations from disclosing to the people of the United States the money they got from the taxpayers' pockets. That is the object of it all.

Mr. CONNALLY. And to shield the board of the Reconstruction Finance Corporation, too.

Mr. NORRIS. Yes. That has been the object of this debate. They figured that if they continued it until just before 2 o'clock, then they would get the motion they favored agreed to, which would take them only a minute or two, and kill the other measure, which they did not want.

Under the guise of killing the resolution I have read the filibuster has taken place over a motion to which nobody objects, or to which nobody did object before the Senator from Connecticut made his speech, but he was so eloquent, so forceful, so logical, in the great, statesmanlike oration he delivered, that he convinced me that I was wrong when I favored it, and so I am not going to let it pass.

Mr. BINGHAM. So I really accomplished something.

Mr. NORRIS. The Senator really accomplished something. He accomplished something else, of course, for the time being at least, he really accomplished something.

Mr. President, the Senator had an opportunity to make a speech on beer, something which he has not done for several hours in the Senate. That was another thing he accomplished. The Senator from Connecticut is never happy unless he is waving a beer bottle in each hand. [Laughter.] When he can, by any pretext whatever, get an opportunity to exhibit his knowledge of beer, he never forgets to take the opportunity.

The argument was made on a motion to discharge a committee from the consideration of a resolution which the Senator from Connecticut pretended in his eloquent speech he had been so anxious to have the committee act on, for months and months, weeping bitter tears of regret because the Committee on the Judiciary did not act, and now, when the opportunity comes, and a motion is made to discharge the committee, and the committee says, "All right, we are perfectly willing to take it up and put it on the calendar and bring it up for a vote," immediately the Senator gets a weak heart and talks his dear old beer resolution to death.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. I have been detained in a committee hearing, and inasmuch as the Senator from Nebraska has been converted against his own conviction by a speech made in favor of this motion, may I assume that he will probably occupy the floor until 2 o'clock?

Mr. NORRIS. Probably. If the Senator would like to talk a little while, he may do so, and I can get the floor again. I will yield to the Senator, if he desires to talk.

Mr. LONG. No; I just wanted to be certain that the Senator was going to talk until that time.

Mr. NORRIS. Under the rules, I can speak twice on a resolution. This is my first speech. It is now 4 minutes to 2, and if the Senator wants to speak for 2 or 3 minutes, I will yield.

Mr. LONG. No; I prefer that the Senator go on.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. ROBINSON of Arkansas. I realize the force of what the Senator has said—the very impressive force. Why can we not take up the unfinished business and go on with it?

Mr. NORRIS. Mr. President, I will see if we can not do that. I ask unanimous consent that the pending motion and also the Senate Resolution 260, which I offered—the real resolution—be sent to the calendar, the same as though we had debated them until 2 o'clock.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. NORRIS. Very well. Now we can go on with the unfinished business.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 462) making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia, and it was signed by the Vice President.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, the pending question being on the amendment offered by the Senator from Connecticut [Mr. BINGHAM].

Mr. ROBINSON of Arkansas obtained the floor.

Mr. BINGHAM. Mr. President, will the Senator yield to me for a moment?

Mr. ROBINSON of Arkansas. I yield.

Mr. BINGHAM. I desire to perfect the amendment by offering another as a substitute for the amendment which I submitted last night.

The VICE PRESIDENT. The substitute will be read.

The CHIEF CLERK. The Senator from Connecticut offers the following amendment, to be inserted on page 39 after line 19:

That the national prohibition act, as amended and supplemented, is amended in the following respects:

(a) By striking out the words "one-half of 1 per cent or more" wherever they appear in such act and inserting in lieu thereof the words "more than 3.45 per cent."

(b) By striking out the words "less than one-half of 1 per cent" wherever they appear in such act and inserting in lieu thereof the words "not more than 3.45 per cent."

(c) By striking out the words "more than one-half of 1 per cent" wherever they appear in such act and inserting in lieu thereof the words "more than 3.45 per cent."

(d) By striking out the words "below such one-half of 1 per cent" wherever they appear in such act, and inserting in lieu thereof the words "to 3.45 per cent or less."

(e) By striking out the words "and is otherwise denominated than as beer, ale, or porter" where they appear in section 1 of Title II of such act and inserting in lieu thereof the words "and is otherwise denominated than as ale."

SEC. 2. Any offense in violation of, or any right, obligation, or penalty, or any seizure or forfeiture based upon any provision of the national prohibition act, as amended and supplemented, or upon any regulation or permit issued thereunder, committed, accruing, made, or incurred prior to the time this act takes effect, may be prosecuted or enforced in the same manner and with the same effect as if this act had not been passed.

SEC. 3. All permits issued under the national prohibition act, as amended and supplemented, before this act takes effect, shall be valid with respect to intoxicating liquor as hereinbefore defined in this act, to the same extent as such permits are, at the time this act takes effect, valid with respect to inoxicating liquor as defined by law prior to the enactment of this act.

SEC. 4. Title II of the national prohibition act, as amended and supplemented, is amended by adding at the end thereof the following new section:

"SEC. 40. All fermented liquors brewed or manufactured, and taxable under the provisions of section 608 of the revenue act of 1918, and hereafter sold or removed for consumption or sale within the United States, by whatever name such liquors may be called, shall be packed in cases of pint bottles of 16 fluid ounces content, such cases to contain 1 dozen, 2 dozen, or 4 dozen such bottles each. Each case and individual bottle shall be marked, branded, and labeled in such manner as the Attorney General and the Secretary of the Treasury shall, jointly, by regulations prescribe, and all sales by brewers and dealers in fer-

mented liquors shall be in the original package or case so marked, branded, or labeled. Such fermented liquors may be removed from such package or case for use in any public place only by legitimate hotels and restaurants and for the sole purpose of serving such liquors in the dining rooms of such establishments in the pint bottle with meals."

SEC. 5. This title shall take effect at the end of the thirtieth day after the passage of this act.

Mr. ROBINSON of Arkansas. Mr. President, it is my intention, unless a substitute amendment shall be adopted for the amendment proposed by the Senator from Connecticut, to move to refer this amendment to the Committee on the Judiciary.

Mr. BULKLEY. Mr. President, will the Senator yield to permit me to suggest the absence of a quorum?

Mr. ROBINSON of Arkansas. I yield.

Mr. BULKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Reed
Austin	Dale	Johnson	Robinson, Ark.
Bailey	Davis	Jones	Robinson, Ind.
Barbour	Dickinson	Kean	Schall
Bingham	Dill	Kendrick	Sheppard
Black	Fess	Keyes	Shipstead
Blaine	Fletcher	King	Shortridge
Borah	Frazier	La Follette	Smoot
Bratton	George	Lewis	Steiwer
Brookhart	Glass	Long	Stephens
Broussard	Glenn	McGill	Thomas, Idaho
Bulkley	Goldsborough	McKellar	Townsend
Bulow	Gore	McNary	Trammell
Byrnes	Hale	Metcalf	Tydings
Capper	Harrison	Morrison	Vandenberg
Caraway	Hastings	Moses	Wagner
Cohen	Hatfield	Norbeck	Walcott
Connally	Hawes	Norris	Walsh, Mass.
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Patterson	White
Costigan	Howell	Pittman	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present. The Senator from Arkansas has the floor.

Mr. ROBINSON of Arkansas. Mr. President, for many months the Congress has been in session. The work of the Congress has been prolonged already beyond the period that any of us anticipated a short time ago. There are without doubt some measures upon which it will be necessary to have final action before an adjournment sine die can be obtained. There is pending before the Senate a conference report on the unemployment relief bill. May I say now, preparatory to some suggestions which may be made later, that it is expected that the Senate will proceed to the consideration of the conference report not later than at an early hour after convening to-morrow. It is possible that the subject may be taken up this afternoon.

A great deal of time during this session has been devoted to discussion of questions not immediately before the Senate. The entire day yesterday, with the exception of a single vote on the very important amendment offered by the Senator from North Dakota [Mr. FRAZIER], was consumed in discussing the liquor question. The Senator from Connecticut [Mr. BINGHAM] was exerting his great intellectual resources, his powerful and effective processes of strategy, to incorporate in the home loan bank bill a provision legalizing the manufacture and sale of beer. The Senate adjourned yesterday in order to afford an opportunity during the morning hour of to-day to consider measures on the Calendar which are of vital importance and which perhaps can not receive consideration now, because of the fact that almost the entire two hours of the morning hour were wasted in the discussion of questions not immediately before the Senate. I realize from a long experience the freedom of debate which prevails here, the right of individual Senators to speak just as long as they please on any subject that they choose, and that when a Senator once takes the floor nobody but Almighty God can interrupt him, and that the Lord never seems to take any notice of him. [Laughter.]

It is a pathetic spectacle to observe the greatest deliberative body on earth withdrawing its attention and consideration from subjects and measures which are generally regarded as essential to the welfare of the Nation, to devote its time to questions upon which a vote can not be had, even though there were well-nigh unanimous consensus of opinion, to questions that are not before the Senate. It does not strengthen the confidence of the people of our Nation, in either the disposition or the ability of legislators to perform their functions in accordance with high standards, to present day after day and hour after hour the spectacle of discussing measures that are not before the Senate. I am fully conscious of the reply that can be made to this declaration.

It is proposed now to attach to the pending home loan bank bill an amendment offered by the Senator from Connecticut [Mr. BINGHAM] which has no relation to the subject matter of the bill, an amendment which can not be agreed to in view of the situation that prevails here, an amendment that is intended to embarrass Members of this body by seeking to make it appear that Senators are unwilling to carry out the mandates of the platform recently adopted. It does not profit the people of the United States for me to point out to the Senator from Connecticut that the platform which his party adopted at Chicago is so ambiguous, so indefinite, so uncertain, that the greatest straddler in the world may stand on it in front of or behind another great straddler who takes exactly a contrary view from that taken by the first straddler. [Laughter.] It does not depend on the Senator from Connecticut that Democrats, if the people of this Nation give their approval to the Democratic candidates, shall carry out their platform. I for one grow very suspicious of an effort by the Senator from Connecticut to require me to conform to my platform. Everyone here realizes that the Constitution of the United States forbids the manufacture and sale of intoxicating beverages and that the real question in any legislation that can be presented while the Constitution remains unchanged is, What constitutes intoxicating beverages? If the Senator from Connecticut imagines that I or those associated closely with me are disposed to take his conclusions as to what constitutes an intoxicating beverage, he is greatly mistaken; he is asleep and due for an awakening.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield with pleasure to the Senator from Connecticut; but, Mr. President—no, on second thought I shall decline to yield. I witnessed yesterday the waste of a great deal of time in this Chamber by amusing and humorous interchanges or passages between the Senator from Connecticut and other Senators. It was difficult sometimes to determine the basis of the humor, but those possessed with acute intelligence avowed themselves ready to see something funny in the proceedings. This, however, is no time for the Senate to indulge in amusement.

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. ROBINSON of Arkansas. I yield.

Mr. BINGHAM. Will the Senator permit me to correct a statement which the Senator has made? The statement the Senator just made in regard to the amount of alcohol in the amendment was correct as to the amendment as offered last night, but not correct as to the amendment which was offered this morning as a substitute therefor. That was because distinguished Senators on the other side of the aisle declared that they believed it would bring it within the constitutional limitation by asking for 2.75 per cent alcoholic content by weight. What I have offered is 3.45 per cent by volume, which is exactly the same thing.

Mr. ROBINSON of Arkansas. Mr. President, I said nothing about the amount of alcoholic content in the proposal of the Senator from Connecticut. I made the declaration, and I reaffirm it with all the emphasis at my command, that the Senator from Connecticut is not a qualified judge to determine what constitutes an intoxicating beverage; he does not know anything about it; he never had any experience with it; he is not a competent witness. [Laughter.] In all seriousness, this involves a scientific question. No one here objects to supporting a provision of law which would make lawful the manufacture and the sale of a non-

intoxicating beverage. What we oppose is an effort to authorize the manufacture and sale of a beverage that may be determined by the highest authority to be intoxicating and in violation of the Constitution and of the oaths we have taken to support that instrument.

If amendments not really germane to the subject matter of this proposed legislation are to be incorporated in it, let us incorporate something that will be helpful in this time of distress; let us deal with this legislation seriously and effectively. Already the bill has been amended until its paternal ancestor can not recognize his child. It already has become an orphan by reason of the adoption of amendments proposed in this Chamber.

The Senator from Connecticut knows, and every other Senator who hears me knows, that if this amendment be incorporated in the home loan bank bill it will mean the death of the legislation. Senators may well find ground for opposition to the measure, but they ought not to seek to kill it by trying to have incorporated in it a provision that they know will invite a veto even should it pass the Senate and be agreed to in conference.

Why all this haste? Why is it that upon every bill that is brought forward here, whether it be a bill to provide for the relief of persons in distress or the erection of a courthouse at Podunk, the Senate is compelled to listen to hours of debate on an irrelevant subject pertaining to beer or liquor? What this Congress ought to do, in my humble judgment, is to dispose of this bill, dispose of the conference report on the relief bill, pass the Glass substitute for the Goldsborough bill, get the Army appropriation bill out of conference, dispose of that, and then provide for a quick adjournment. The country will be gratified; Senators will be relieved.

This liquor question has been made an issue in the national campaign. The effort now is to defeat the issue before it can be contested or determined. There is not anybody—I do not care how "wet" or how "dry" he may be—who expects to authorize the manufacture and sale of beer in connection with a measure which is designed to bring relief and assistance to millions of citizens who are having their homes sold from under them; who are threatened with the danger of seeing the small savings of a long lifetime of sacrifice and hard labor dissipated and of finding themselves set adrift without hope and without resources.

The Senator from Idaho [Mr. BORAH] has indicated to me his intention to propose a substitute for the pending amendment. It is the Glass substitute for the Goldsborough bill. I hope he does that when the opportunity arises. It is true that it is not directly germane to the primary purposes of the pending bill, and yet in every practical sense it is germane to the objects of the measure. It contemplates a sound arrangement by which the currency of the Nation may be expended up to the amount of $995,000,000, and no more.

The declaration was made on the floor by the Senator from Pennsylvania [Mr. REED] that this provision would constitute an inflation to the amount of $14,000,000,000, because that is the amount of Government bonds in existence; but the Senator must know—he may have forgotten—that the amount of bonds which any bank may use for the purpose of note circulation is limited to the amount of its capital, and that under the provisions of the bill the aggregate of increase in circulation would be a little less that a billion dollars. There are many who believe that such a measure would comport with the policy of authorizing a system by which the citizens in distress may be able to save their homes. I do not see how anyone could oppose that amendment in favor of a beer amendment on this bill.

I hope that this body may devote itself to its labors and conclude them and adjourn in the very early future. I believe it will be approved by the public, and I know it will add to the comfort of those of us who have been here from day to day trying to solve the great problems which have been presented for our solution.

I am speaking earnestly, because I realize that the Senate of the United States, in a measure, has been discredited by the practices which have prevailed here. I am speaking earnestly, because I hope that throughout the remainder of this session we may devote ourselves to a fair consideration of the issues that are actually before us.

Mr. BORAH. Mr. President, I offer an amendment to the pending amendment in the way of a substitute and ask the clerk to read it beginning in line 5.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. In lieu of the amendment proposed by the Senator from Connecticut it is proposed to insert the following additional sections:

SEC. —. That notwithstanding any provisions of law prohibiting bonds of the United States from bearing the circulation privilege, for a period of five years from the date of enactment of this act all outstanding bonds of the United States heretofore issued or issued during such period shall be receivable by the Treasurer of the United States as security for the issuance of circulating notes to national banking associations, and upon the deposit with the Treasurer of the United States by a national banking association of any such bonds such association shall be entitled to receive circulating notes in the same manner and to the same extent and subject to the same conditions and limitations now provided by law in the case of 2 per cent gold bonds of the United States bearing the circulation privilege; except that the limitation contained in section 9 of the act of July 12, 1882, as amended, with respect to the amount of lawful money which may be deposited with the Treasurer of the United States by national banking associations for the purpose of withdrawing bonds held as security for their circulating notes, shall not apply to the bonds of the United States to which the circulation privilege is extended by this act and which are held as security for such notes. Nothing contained in this section shall be construed to modify, amend, or repeal any law relating to bonds of the United States which now bear the circulation privilege.

SEC. —. As used in this act, the word "bonds" shall not include notes, certificates, or bills issued by the United States.

SEC. —. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

Mr. BORAH obtained the floor.

Mr. WATSON. Mr. President, will the Senator yield for a question?

Mr. BORAH. I yield to the Senator from Indiana.

Mr. WATSON. Do I understand the Senator to offer his amendment as an amendment to the amendment offered by the Senator from Connecticut, or as a substitute for it?

Mr. BORAH. It is offered in the nature of a substitute.

Mr. WATSON. For the amendment offered by the Senator from Connecticut?

Mr. BORAH. Yes, sir.

Mr. WATSON. Then, I wish to submit a parliamentary inquiry. If the motion of the Senator from Arkansas should prevail to refer the Bingham amendment——

Mr. ROBINSON of Arkansas. Mr. President, may I correct the Senator from Indiana, anticipating what he is about to say?

Mr. WATSON. Certainly.

Mr. ROBINSON of Arkansas. I announced that if the amendment of the Senator from Idaho did not prevail I would make a motion to refer to the Committee on the Judiciary the amendment of the Senator from Connecticut.

Mr. WATSON. But the Senator from Idaho, as I understand, is offering his amendment as a substitute for the Bingham amendment.

Mr. ROBINSON of Arkansas. Yes; and if the amendment offered by the Senator from Idaho shall be agreed to, I shall not, of course, move to refer to the committee the amendment of the Senator from Connecticut, but if the amendment of the Senator from Idaho shall not be agreed to, I shall then avail myself of the privilege of making that motion.

Mr. BORAH. Mr. President, this amendment will be recognized as a measure reported by the able Senator from Virginia [Mr. GLASS] from the Committee on Banking and Currency. I am informed that the measure, as reported, had the unanimous support of that committee. I have offered it with the approval of the author.

Mr. President, I am somewhat confused and more or less resentful in regard to the method in which we are trying to legislate these days. Everyone naturally would prefer to have each measure stand upon its own merits, and survive or fall according to its merits; but in view of the mode which has been adopted with reference to this bill, and in view

of the pending amendment offered by the Senator from Connecticut [Mr. BINGHAM], and in view of limited time in which we have before adjournment, I feel that I am justified in offering this amendment to this measure. I would urge it as a separate measure if I felt I would have an opportunity.

The amendment is, in my judgment, a very conservative one. It can by no means, it seems to me, be assailed as inflation in the objectionable sense in which that term is used. The Senator from Arkansas [Mr. ROBINSON] has just stated the extent to which the currency may be increased under this bill. My own view is that while it is a step in the right direction, we shall have to go much farther before we shall have passed through our present period of depression. I urge it as a beginning.

This depression has been with us for nearly three years. There does not seem to be anything in the way of modification of its tendency. Unemployment is increasing; prices continue to fall; and the forces of deflation are advancing. Conditions are growing more and more serious.

I was conversing to-day with one of the great wheat raisers of the United States, perhaps the largest wheat raiser in the United States. He informed me that he was harvesting some 500,000 bushels of wheat, and that the price of his wheat on board the cars is 16 cents a bushel. By the time the freight is paid and the commission is paid for selling the wheat he will realize about 8 cents a bushel. The result is that with this vast holding, and producing something without which we can not live, he is unable to secure sufficient money to pay for harvesting his crop. We have reached the point where neither currency nor credit can be had for the producers of the things without which we can not live. Fifteen nations have already entered upon a system of barter and we seem tending in that direction.

It is said that the great World War cost us something like $35,000,000,000. It is now estimated that this deflation has cost us from $150,000,000,000 to $200,000,000,000. Any subject, therefore, or any matter which has any logical relationship with the great problem before us of how to arrest the tendencies of the present time must, it seems to me, be of much greater concern than either beer or red liquor. Indeed, it is the most vital problem of all problems, for upon its solution all else depends.

There are two schools with reference to the present depression or deflation. There are those who believe that it must run its course. They take the fatalistic view that there is little if anything we can do toward arresting the fall of prices and staying the tendencies of deflation, and that it must run its natural course. There are those who contend that any attempt to change its natural course will be futile. I do not belong to that school. I utterly reject this morbid doctrine. This depression was man made. Nature has not failed us, she has been bountiful. We are not the victims of flood or famine. We are the victims of unwise policies and by changing these policies we can greatly relieve the situation.

Prof. Gustave Cassel, an authority upon money and economic questions, in discussing this phase of the situation before an audience in Oxford, England, had this to say:

> Wherever in the world we look for help we only find an appalling lack both of insight and resolution. Those supposed to be in power proclaim themselves to be absolutely powerless in monetary matters and refuse to recognize any responsibility for the course of affairs. Thus chances are lost which perhaps will not recur.

There is another school taking the position that it is within the power of governments, particularly through the power over money which governments possess, to deal with the fall of prices, and thus to have some material and beneficial effect upon the depression itself. It is contended by this school of thought that through a sound expansion of the currency, through a full use of our gold we can arrest the fall of prices and again find the road to recovery. I desire to read briefly from some of those who take this view.

Calling attention again to Professor Cassel—to whom I shall refer more than once—I desire to read a further paragraph from one of his lectures:

> We now know that the value of gold can be controlled by suitable regulation of the world's monetary demand for gold. This alters the whole relation between currency and gold. Our ultimate purpose is now to give our currency a fixed value in terms of commodities. We regulate the value of gold with a view to making it correspond to that fixed value of our currency. * * *
>
> The Federal reserve authorities therefore control not only the general level of prices in the United States, but also the price level of all other gold-standard countries in the world.

Mr. Sprague, one of the advisers of the Bank of England and formerly professor of economics at Harvard University, speaking at a luncheon of the English-Speaking Union held in London a short time ago, said, in speaking of the increasing quantity of the metallic medium of gold money:

> The central banks could do that—

That is, stabilization of prices—

> if they were convinced that it was advisable. There is no obstacle in their way on the ground of insufficient gold.

I wish it understood that I am not to-day assailing the gold standard. I simply wish to offer some views as to whether the gold standard is doing the work that it ought to and can do.

In the Macmillan report—a report made a short time ago by Lord Macmillan, with whom were associated a number of distinguished experts—we find this statement:

> Thus our objective should be, so far as it lies within the power of this country to influence the international price level, first of all to raise prices a long way above the present level and then to maintain them at the level thus reached with as much stability as can be managed. * * *
>
> At the same time we see no great reason to doubt the feasibility of attaining the objective of a higher price level in due course, provided that the central banks of the leading creditor countries will work together with this end in view. No one would doubt the ability of a closed monetary system to bring about a rise of prices; in fact it is only too easy. Thus the chief ground of hesitation is the difficulty of securing adequate cooperation among central banks rather than any obstacle inherent in the nature of the problems. The subsequent maintenance of stability may prove more difficult, but experience alone will supply a confident answer.

The view of the committee being that with the gold which is now in possession or under control of the central banks it would be possible to raise the price level; and the opinion is expressed that after raising it, it would be possible to maintain it.

Governor Harrison, in speaking before the committee, expressed a similar view.

Mr. President, the great question is, Can the fall of prices be arrested? If not, there is nothing ahead but disaster.

Rome has been referred to quite often in this session; but if we go back and search for the real cause of the fall of Rome it was not so much the ambition of political leaders as the fall of commodity prices. Three great civilizations in recorded history have been threatened by a persistent fall of prices. Two of these were saved by the discovery of a new supply of the precious metals, gold and silver.

Professor Jenssen, speaking a few days ago, had this statement to make—he was a member, as you recall, of the gold committee of the League of Nations. He says that if the fall of prices can not be arrested, which he thinks may be done under proper control of the gold supply of the world—

> If the process continues, millions of people in this economically interlocked world must inevitably die of starvation, and it is indeed doubtful whether our present civilization can survive.

Mr. President, it is sometimes said that prices began to fall after the stock-market debacle of 1929. With the exception of two years, when the United States was exporting a large amount of gold to other countries, which resulted in building up the markets, prices have been falling since 1925; and that fall has taken place cotemporaneously and along with the maldistribution, or what I call the sterilization, of a large part of the gold of the world. If we can not arrest the fall of prices and stabilize prices, what is the result?

We have an example before us at this session: More taxes, thereby destroying the energy and the initiative of the people; more taxes, less purchasing power, and more unemployed; more bonds, thereby destroying the credit of the Government and of the people of the United States. It is a process which works to its own certain chaos. There is

no way, it seems to me, by which we can relieve unemployment, by which we can relieve the burden of debt, other than that of stabilizing prices, of increasing the price of a commodity, and then stabilizing it at a reasonable price. That, as I shall undertake to show upon authorities far more competent, of course, than myself to discuss this question, may be accomplished and brought about through a proper use of the gold supply which we already have in our possession.

The course which has been pursued during this winter with reference to relief measures can not do other than put us in deeper distress unless those measures are accompanied by measures and policies which result in the stabilization of commodity prices. As I have said, some contend this deflation must run its course, that these prices will find their natural level. My opinion is that the end of this depression, unless we make a wise use of our large gold supply, making it the base of a sufficient currency, is chaos.

As I said a moment ago, I do not wish to be understood as arguing for paper money, or as arguing for fiat money, or as attacking the gold standard. I am of the opinion that the gold standard is sufficient, if properly utilized, to the end for which it should be utilized. When I say sufficient I mean if supported by a silver policy for the Orient, as I shall describe later.

Mr. President, in 1913 England was perhaps the richest country in the world. She was the center of the largest commercial transactions on the globe. She was the center of the largest trade carried on in the world. The moving, driving power behind the commercial supremacy and the trade and financial supremacy of England at that time was the Bank of England. The Bank of England had at that time a reserve of some $200,000,000 in gold. The banks of the United States and France and the people of these countries at the present time have in their control some $7,000,000,000 of gold. The people of the United States are now in possession of some $4,000,000,000. We have $3,800,000,000 more than the amount upon which England maintained her commercial and financial supremacy.

I desire to read a paragraph, in connection with that statement, from the survey of the City National Bank made a short time ago.

> It is something to ponder over, that the Bank of England, with gold reserves to-day less than $700,000,000, is clearing more international business and rendering more international aid to business than the banking and currency systems of the United States and France together, although the gold holdings of these two countries aggregate over $7,000,000,000. These figures afford a convincing demonstration that something other than a lack of gold in the world is responsible for the present disordered world situation.

It is due to the fact that those who are in a position to control the situation and direct the course of affairs are frightened. Conservatism has come to be a cover for timidity, for incompetency, for unwillingness to aid. We have the means, we have the solid financial base, we have the power, in our gold supply, to do vastly more than we have been willing to do up to this time. We can choose our course. We can either adopt the bold initiative which will save the gold standard and bring prosperity to our people, or we can hoard and hide, timidly float with the downward tide, cause millions more to lose their business, their homes, and their farms, and at last sacrifice the gold standard. Mr. President, this is war in which we are engaged, and our generals timidly hide the utensils and instruments of war. This gold must come out of hiding and do service to mankind or give way to another system.

Mr. President, both political parties in Chicago declared for an honest dollar. Everybody is in favor of an honest dollar. The thing for which the world is crying out is an honest dollar, a dollar which can be purchased by the same amount of commodities to-day as it could a year or two years ago, a dollar which is stable, which when nominated in a contract does not accentuate the value of that contract by the mere lapse of time. Yes; everybody is in favor of an honest dollar; and if the platform makers at Chicago had discovered the Ten Commandments, and, in the ecstasy of their new discovery, had indorsed the Ten Commandments, they would have been no more axiomatic in the field of morals than they were in the field of finance when they indorsed the honest dollar.

No sane man wants a dishonest dollar, but we do want enough honest dollars.

What is an honest dollar? I maintain that we have not at the present time an honest dollar. In other words, our dollar is not stable in its purchasing power, and until it becomes so, and is made so, there can be no certainty in business, there can be no reliance on the future in business affairs, there can be no contracting for the future, and, therefore, business remains sterilized. It is not the dishonest dollar we are asking for. It is the honest dollar. When these people speak of an honest dollar who are they thinking of, the man who holds the mortgage or the man who must pay it? We want an honest dollar, a dollar which is fair to the creditor and debtor alike.

Let me read a statement from Professor Kemmerer, one which I have read before, but which I think relevant at this time. No more earnest advocate of the gold standard is to be found anywhere than Professor Kemmerer. He said:

> There is probably no defect in the world's economic organization to-day more serious than the fact that we use as our unit of value not a thing with a fixed value but a fixed weight of gold with a widely varying value. In a little less than half a century here in the United States we have seen our yardstick of value, namely, the value of a gold dollar, exhibit the following gyrations: From 1879 to 1896 it rose 27 per cent; from 1896 to 1920 it fell 70 per cent; from 1920 to September, 1927, it rose 56 per cent. If, figuratively speaking, we say that the yardstick of value was 36 inches long in 1879, when the United States returned to the gold standard, then it was 46 inches long in 1896, 13.5 inches long in 1920, and is 21 inches long to-day.

Mr. President, those changes in value, the rise and fall thus indicated, are almost as great as those of potatoes or other commodities. We have in this country at the present time something like $207,000,000,000 of public and private indebtedness. That has been increased by virtue of the increase of the value of the dollar until as a matter of fact the indebtedness in the country to-day, measured in commodities with which we must buy the dollar, is something like $400,000,000,000.

There is no way by which the people of the United States can escape from this burden of debt except through bankruptcy and enforced repudiation, unless some relief is afforded through the increase of the prices of commodities and the stabilization of prices.

Refering to Cassel again: In a lecture at Oxford, London, on May 21, he declared emphatically that the present fall of prices was not due to economic causes, to overproduction, to machinery, but to our monetary system, placing the responsibility for the extraordinary fall of prices squarely upon the central banks of the world. The effect of his statement was that, owing to the scarcity of gold, it was within the power of the banks to manipulate its use and that they did so with the effect of bringing about our present deplorable condition of affairs. He said:

> Neither technical progress in reducing the cost of production nor an increase in volume of production could properly be held to be causes of a general fall in prices.

Again, he said:

> If the central banks follow a policy which must lead, say, to a violent increase in the value of gold, the behavior of such banks must be regarded as the cause of this movement, and the banks have to carry the whole responsibility for the consequences.

Coming from this high source, from this outstanding authority, this is a fearful indictment. The loss of fortunes, the ruined health, the misery, the poverty, which have been brought about in the last two and one-half years are here placed upon the central banks and our monetary conditions.

We are in the midst of plenty—goods to wear are molding on the shelves and food to eat is rotting undistributed—but there is distress and confusion and want and misery everywhere. This condition is due, first, to the action of individuals and private corporations abroad and at home, in disarranging, dislocating, and impoverishing our monetary system and our monetary supply. Second, it is due to the timidity, if not the subserviency, of governments in per-

mitting these things to be done. We have now reached the danger point. This condition can not go on. Governments must either act or take the consequences of the people acting which means chaos and untold suffering. In an orderly city here in the East a few days ago mothers with hungry children took their baskets, marched down to the markets and the grocery stores, filled them with food and went their way and defied the authorities to act. When this spirit spreads we will realize then the awful price we are paying for this procrastination.

It is within the power of the great central banks and the banking institutions of the United States to go far in stabilizing prices.

Some nine millions of people are out of employment, farmers are leaving their homes, unable to secure means by which to harvest their crops, and the crops when harvested are practically of no value, and there can be no escape from chaos except that the governments bend their energies toward the staying of the fall of commodity prices.

As a matter of fact, Mr. President, the world to-day is upon a paper basis, and it is so by reason of the fact that the vast supply of gold in the world has been sterilized and is now hidden in vaults. Twenty-seven nations have affirmatively gone off the gold standard. The great virtue of the gold standard was that it furnished an international standard, a unit of exchange which all the nations of the world accepted. That has practically been destroyed. Twenty-seven nations have gone off the gold standard; nine more in practice have abandoned the gold standard. To-day there are only two great nations on the gold standard, France and the United States. These two nations can not keep the gold standard if they do not take steps to preserve it. People are not going to hunger and die, become bankrupts, and see even civilization threatened merely that they may know that the gold of the Nation rests in a sterilized condition in the vaults of the country. Gold is not our master; it is our servant.

The report of the gold committee of the League of Nations advises us that the gold standard in all probability can not be restored within the immediate future or within the near future. It states that before the gold standard can be restored it will be necessary to settle the reparations question, the disarmament question, the question of international tariffs, and such political questions. If those questions must be settled before the return of the gold standard as an international unit, it is far in the future when that will take place. So we must look in upon ourselves and determine for ourselves what we can do with the vast supply of gold which we have at our disposal.

If we are going to hold off and refuse to send gold abroad in any way so as to enable the nations of Europe to have the advantage of it in building up their markets and trade, then certainly we ought to use it as a basis for expanding our currency not simply into the millions but, in my opinion, into the billions.

We have a sufficient supply of gold in this country at this time, according to a statement made by a distinguished financier of New York, to justify safely and soundly the expansion of the currency, not simply into the millions, but, if need be, into the billions of dollars; and if we should do so, we would not be in any different position—that is, on a basis of money more unsound or less sound—than in 1929. It is not inflation, it is reflation; it is reestablishing the commodity prices according to the standard of 1926, or possibly of 1929.

Mr. President, the question arises, What caused the breakdown of the gold standard? The first great fact with reference to the breakdown of the gold standard as an international proposition was the fact that the nations to whom were due reparations and debts would not accept anything but gold in payment of reparations and debts. The nations of the world which owed those heavy debts were not permitted to pay in goods; high tariff walls prevented the transfer of goods, and therefore they were compelled to pay in gold.

The result was that the gold shifted from the other nations to one or two nations to whom almost exclusively these debts were payable. The consequence was that the United States and France secured the vast supply of the gold of the world. In that way the other nations were deprived of the means of carrying on and carrying forward their commercial and trade affairs.

Secondly, Mr. President, after the maldistribution began to appear and the United States and France came to possess the larger portion of the gold, the other nations of the world began to hoard, and to-day, as a result, France and the United States monopolize the large gold supply of the world; and that which they do not actually control is now in hiding, or is hoarded in the vaults of the world. The world is to-day doing business upon a very small supply of gold, because a vast portion of it has been sterilized or hidden away in the vaults of the world.

I called attention a few moments ago to the fact that Great Britain had at the height of her commercial power a gold reserve of $200,000,000. We now have a gold supply of something like $4,000,000,000. In my opinion, as was said by a New York financier a few days ago in the press, that is a sufficient basis to give us ample, sufficient, and efficient currency upon a perfectly sound foundation.

If we are willing to use the gold which we have as the basis of our currency, a currency issued upon a gold base, we have an ample supply to bring about that fact. It is not for want of gold, it is not for want of a base, it is not for want of a sound foundation, but it is unwillingness upon the part of those who would be able to do so to utilize the gold to its full extent and its full power.

Secondly, Mr. President, aside from the question of expanding our currency in accordance with our capacity, I feel that we ought to call an international monetary conference, and that that should not be delayed until after election. I think the situation is so serious, so imminent, that any step that is possible to be taken should be taken now rather than a few months later. It is said that one of the great battles of the world, a battle upon which turned the history of the world, was lost because a portion of the troops came up 30 minutes late. I do not know how long, and no one knows how long the present situation can continue or how much deeper and more serious it may become before real chaos ensues; but certainly in view of the conditions which prevail in this country and throughout the world, if it is a sound thing to do to deal with monetary questions through an international conference, it may be too late to do it three or four months from now if we are to do it effectively. This conference should not only deal with the monetary questions generally, but it should restore silver to full use by nearly half the human family. But this question of the rehabilitation of silver is a question by itself. It does not properly come up upon this amendment. I shall discuss it on another occasion. It is a part of a plan, in my judgment, of preserving the gold standard. There is only about $11,000,000,000 of monetary gold in the world; the restoration of silver to nearly one-half the human family will strengthen the gold standard.

Mr. President, this is a situation and these are the conditions which confront us. The question is, What can be done and what shall we do in regard to the problem before us? We can continue along the course heretofore pursued or do nothing except in the way of temporary relief measures—and by continuing along that line we can invite general bankruptcy. Mortgages have been foreclosed or repudiated through lack of power to meet them, and in this way these debts may be wiped out. In other words, we can have a general program of bankruptcy and start in from there. This would mean ruined homes, ruined lives, unspeakable suffering, not to say anything of the possible consequences which sometimes follow in the wake of such a program. How long it would take to get through under this program no one can foretell. It would be a long time; and, in fact, for thousands and millions of people there would be no comeback whatever. They would lose all and thousands and millions of children would be undermined in health and handicapped for life.

I believe there is another road. I believe it is possible to stop deflation, to arrest the downward course, by increasing

the price level. This can be done by increasing the amount of the monetary exchange or credit available for business. The supply of monetary exchange or credit has dropped to two-thirds of what it was three years ago. Can it not be brought back to what it was and will it not be a perfectly safe and sound thing to do?

Mr. President, I offer this amendment to the pending bill because I believe thoroughly in the principle which the amendment incorporates. I believe thoroughly in the policy which it announces. I do say that I think it is only a step in the right direction. We will have to go much farther before we have met the situation, but it is certainly a sound, sure advance in the right course. I trust that instead of dealing with the question of beer or intoxicating liquors we may at least take the first step in an effort to enable those who have homes to preserve them and to hold them, those who have farms to keep them, and possibly those who are out of employment to find employment.

Mr. NORRIS. Mr. President, I would like to ask the Senator from Idaho a question before he sits down.

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Nebraska?

Mr. BORAH. I yield.

Mr. NORRIS. Will the Senator give us his estimate as to how much of an increase in the circulating medium would take place under the pending amendment?

Mr. BORAH. My understanding is that it would be something like $1,000,000,000.

Mr. NORRIS. How will that come about?

Mr. BORAH. The banks which have the bonds may have the currency as provided by law, but they are limited by their capital.

Mr. ROBINSON of Arkansas. Mr. President, there is a limitation in the law on the amount of notes that any bank may have issued. That limitation is the equivalent of its per capita stock, so the true amount that may be issued is the aggregate of the capital stock of the banks, assuming that they all avail themselves of the provision.

Mr. BINGHAM obtained the floor.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. BINGHAM. I yield.

Mr. NORRIS. I realize that; but what I am trying to find out, if there is any way to estimate it with any accuracy, is how much of an increase this will bring about in the circulating medium.

Mr. REED. Mr. President, will the Senator from Connecticut yield to me to answer that question?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Pennsylvania?

Mr. BINGHAM. I yield.

Mr. REED. I think I can answer the Senator's question. The present capital of the national banks of the United States is $1,621,000,000. Their present outstanding circulation is $627,000,000. Consequently, if every bank utilized the power that it has under the present law to issue circulating notes up to the full amount of its paid-up capital stock, which is the limit under the law, there would be an increase of $994,000,000 under the provisions of the amendment.

Mr. GLASS. That is correct; and I shall put into the RECORD in a little while, when I am permitted to do so——

The VICE PRESIDENT. The Senator from Connecticut has been recognized.

Mr. GLASS. Very well.

Mr. BINGHAM. Mr. President, I want to congratulate the Senator from Arkansas [Mr. ROBINSON], the leader of the Democratic Party in the Senate, on his success in drawing a red herring across the trail of the matter we have been discussing here, the amendment which was offered last night and the amended form of which was offered this morning.

In the first place he objects very strenuously to my putting as a rider on the bill something that has nothing to do with it directly. In the next place he immediately invites the Senator from Idaho [Mr. BORAH] to offer as a substitute amendment to my rider something which has nothing whatever to do with the bill or my modifying amendment. Of course, it is perfectly evident what is the object of this clever move on the part of Democrats who desire to avoid a vote on a matter which their platform says requires "immediate" attention.

I do not desire to refer unnecessarily to the Democratic platform, but in view of this extraordinary procedure, in view of the effort to confuse the issue and prevent any kind of a vote, even a vote to send to the committee an amendment pending before the Senate on the subject of the modification of the Volstead Act, let me call attention to the fact that in the Democratic platform the words "immediate" or "immediately" occur only three times. The first time it occurs, the platform says:

> We advocate an immediate and drastic reduction of Government expenditures.

That we are trying to take care of. That we shall be glad to cooperate in doing. That has already been done to a certain extent, but not to the extent which I hope to see it done. That is the first time the word "immediate" occurs.

Then we come to a large number of paragraphs advocating one thing and another. The Senator from Idaho referred to the fact that there was mention of an "honest dollar." I do not find those words here. I find this:

> We advocate a sound currency to be preserved at all hazards.

But after advocating one thing and another, paragraph after paragraph, we come toward the end of the platform, and then we find the word "immediate" again:

> We demand that the Congress immediately propose a constitutional amendment to truly representative conventions in the States called solely on that proposal—

Namely, repeal of the eighteenth amendment. We have on the table a resolution calling for this repeal which we hope to call up before the end of the session, and we hope the Democrats will see fit to carry out that part of the platform recently adopted by their party by helping those of us who desire to secure immediate repeal to get that resolution up and have it considered.

Then occurs the word "immediate" for the third and last time in the Democratic platform, where it says:

> Pending repeal, we favor immediate modification of the Volstead Act to legalize the manufacture and sale of beer and other beverages of such alcoholic content as is permissible under the Constitution and provide therefrom a proper and needed revenue.

When the Democratic convention adopted that plank with great enthusiasm, something called by the Senator from Virginia [Mr. GLASS] akin to frenzy, the sentiments of those voting it were reechoed throughout the United States by those who believe that one of the causes of the present depression is the eighteenth amendment and the Volstead Act, and that one of the ways whereby we can create employment and balance the Budget and improve the price of commodities is by repealing the eighteenth amendment as soon as possible and in the meantime modifying the Volstead Act in so far as it may be modified under the Constitution.

Mr. President, I had offered an amendment calling for 4 per cent rather than one-half of 1 per cent alcoholic content as provided in the national prohibition act. I gathered from statements made yesterday by representatives of the Democratic Party who attended the Chicago convention that they feel that 4 per cent would be possibly unconstitutional. One of the members of the convention in Chicago, the Senator from Maryland [Mr. TYDINGS], insisted that the reason why they had pending an amendment calling for 2.75 per cent beer instead of 4 per cent beer was because they wished to bring it within the constitutional limitations. This amendment, Senators will remember, was offered by the Senator from Massachusetts [Mr. WALSH], who was a member of the platform committee of the Democratic Party at Chicago, the Senator from Ohio [Mr. BULKLEY], and the Senator from Maryland [Mr. TYDINGS], all of them members of that convention. The Senator from Maryland [Mr. TYDINGS], speaking for them in reply to a question of the Senator from New Hampshire [Mr. MOSES], said, "We want to try to bring it within constitutional limitations." In other words, the Members of the Senate of the Democratic Party who were in the convention which adopted this plank

calling for immediate modification believe that by a 2.75 per cent provision the matter can be brought within constitutional limitations.

Very well, Mr. President. My object in bringing the matter up at this time is to endeavor to secure a change in the economic situation, to endeavor to promote employment, to endeavor to provide additional revenue for the Government. I had thought when the Democratic convention with such a blare of trumpets came out for immediate modification of the Volstead Act and in favor of beer, it did not mean "nearer beer," as the Senator from Arizona [Mr. ASHURST] referred to it, or 2.75 per cent beer; but it meant real beer of the kind formerly produced and at present produced in Germany, where Pilsner has a percentage of 3.2 by weight, or the beer formerly produced in St. Louis by the breweries of the Anheuser-Busch Co., which was 4 per cent by volume and 3.2 per cent by weight. But apparently the Democratic convention, or those who fixed the platform, were only interested in "nearer beer," something better than one-half of 1 per cent, and something that still could be had under the Constitution. Therefore, in order to secure their support for a carefully considered movement to secure the immediate modification of the Volstead Act, I changed my proposal to 3.45 per cent by volume. The reason why I did not change it to 2.75 per cent by weight, of which it is the equivalent, was that in the Volstead Act itself, wherever the percentage of alcohol occurs, it is by volume. The Volstead Act provides that the penalties of the law shall apply to any beverage containing one-half of 1 per cent of alcohol by volume; anything containing one-half of 1 per cent by volume, such as buttermilk or old-fashioned ginger ale or old-fashioned ginger beer, or any such harmless drinks which contain one-half of 1 per cent of alcohol, and sometimes a little more. So I have made my amendment conform to the requirement of the Volstead Act by using the word "volume" rather than the word "weight."

May I say to Senators who are willing to vote for the legalization of beer with an alcoholic content of 2.75 per cent by weight, which, according to the statement of the Senator from Maryland [Mr. TYDINGS] brings it within constitutional limitations, that the amendment which I have offered legalizing beer with an alcoholic content of 3.45 per cent by volume is exactly within the same constitutional limitations, for 3.45 per cent by volume is equivalent to 2.75 per cent by weight?

I changed my amendment because it was stated on the other side of the aisle that it was felt that a percentage of 2.75 by weight or 3.45 by volume was within the Constitution, and that many Senators could not vote for anything they thought unconstitutional. I also changed it because of the receipt of a telegram from Matthew Woll, vice president of the American Federation of Labor and president of Labor's National Committee for Modification of the Volstead Act, which I received late yesterday afternoon, and in which he says:

> On behalf of Labor's National Committee for Modification of the Volstead Act, we sincerely hope that all Members of the Senate and House who recognize need for immediate change in present conditions will join in supporting the bills modifying present Volstead Act. We sincerely hope forces favoring modification of Volstead Act will not become divided to the point of permitting defeat because of difference as to alcoholic content. We trust you will leave no stone unturned to secure immediate modification of Volstead Act, especially in view of both political party's conventions having expressed dissatisfaction with present prohibition situation.

In accordance with that request, Mr. President, in order that there might be no doubt in anyone's mind as to the constitutionality of the proposal, in view of the plank in the Democratic platform declaring that the Democratic Party is for immediate repeal of the Volstead Act, and in order to secure the manufacture and sale of beer—and that means beer by weight of alcohol of 2.75 per cent or 3.45 per cent by volume—I have changed the amendment in the hope that I might secure Democratic support. There has always hitherto been more support on this side of the aisle for my beer proposal than on the other side of the aisle, and I hoped I might secure their support. But now see what has happened. The leader of the Democratic Party on the other side of the aisle announces that he is about to move to refer this amendment to the Judiciary Committee.

Notwithstanding the fact that the bill from which the amendment was taken was sent to the Committee on Manufactures last December; notwithstanding the fact that that committee held prolonged hearings upon it, which are published in the volume which I hold in my hand embracing nearly 600 pages; notwithstanding that both wets and drys were heard at length on this matter; notwithstanding the fact that the Committee on Manufactures gave close and careful consideration to it over a period of several months, and that the subcommittee having this matter in charge recommended its adoption, though, to be sure, the full committee by a vote, if my recollection serves me aright, of 6 to 4 voted against it; and notwithstanding the fact that it has been on the calendar for the last two months with a majority report against it and a minority report for it—notwithstanding all these facts, the Senator from Arkansas proposes, if he can not cloud the issue in some other way by securing the adoption of some other amendment not related to it in the slightest degree, to send it to the Judiciary Committee, a committee, forsooth, that has shown its inability to handle matters of this kind by keeping safely pigeonholed in the committee since the first of last December a considerable number of bills proposing to modify the Volstead Act and to repeal the eighteenth amendment. Of course, there is only one object in any such motion, and that is that there may be no immediate consideration of this proposal. It is quite evident that there is no desire on the part of the Democratic Party as represented here to secure the immediate modification of the Volstead Act, notwithstanding the fact that the word "immediate" which occurs in their platform only three times, appears twice in connection with this subject.

Mr. President, I wish the Senator from Idaho would withdraw his substitute amendment and permit us to vote straight and to come clean on this issue. I realize that not many weeks ago I pleaded with another body "to come clean" on this issue and was voted down in my effort to have it "come clean" on this one issue and to give the people a chance to vote on it. I pleaded with the Senator from Idaho not to refuse me this privilege, as it was refused me in the Republican convention at Chicago, but to permit us to vote on this question.

When the Senator from North Dakota [Mr. FRAZIER] introduced an amendment regarding farm relief at the time when I expected to offer this amendment, I did not endeavor to cloud the issue which he presented; I did not offer my amendment as a substitute for his. I might have done so, and, had I done so, then no further amendment to it would have been in order, as then it would have been an amendment in the third degree; but I permitted him to have a vote on his amendment as a clean issue, and the vote was so taken. So I ask the Senator from Idaho if he will not withhold his amendment and permit us to vote on it after we have settled the question as to whether or not the Volstead Act shall be immediately modified?

Mr. BORAH. Mr. President, it is as long as it is short; if the Senate does not want to adopt my amendment, it can vote it down.

Mr. BINGHAM. It can do that perfectly well if the Senator will offer it as a separate amendment just as the Senator from North Dakota offered his.

Mr. BORAH. I think I will adhere to my course.

Mr. BINGHAM. The Senator has shown himself an able aid to those Members of the Democratic Party on the other side of the aisle who are known as "drys" and who desire nothing to be done at the present time in the way of a vote on this amendment. That is quite obvious.

Mr. REED. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. WALCOTT in the chair). Does the Senator from Connecticut yield to the Senator from Pennsylvania?

Mr. BINGHAM. I yield.

Mr. REED. Assuming the effort of the Senator from Idaho to be successful and his substitute to be accepted by the Senate, what is there to prevent the Senator from Connecticut from again offering his proposal as an amendment to the bill which is the unfinished business?

Mr. BINGHAM. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BINGHAM. Am I correct in understanding that if the amendment offered by the Senator from Idaho as a substitute for my amendment should be adopted by the Senate, a subsequent offering of the same amendment as the one I offered this morning would be out of order?

The PRESIDING OFFICER. The Chair thinks that it would be out of order.

Mr. BINGHAM. That answers the question of the Senator from Pennsylvania.

Mr. GLASS. Mr. President, if I may make the inquiry, what is to prevent the Senator from Connecticut from offering his proposition to the Senate as an independent proposition and not as an amendment to any bill?

Mr. BINGHAM. I stated yesterday in answer to a similar question that I would be delighted to do so if the Senator from Virginia or anyone else could assure me that there would then be a vote in the House of Representatives upon it and that it would go to the President and become a law; but the leaders of the House of Representatives have stated in the public press that if one of the beer bills before the Senate in amended form should go to the House, it would be sent to a committee and there would be no vote upon it at this session, and there would be no immediate modification.

Mr. GLASS. The Senator knows perfectly well that no Senator here can give him any assurance as to what the other House will do.

Mr. BINGHAM. But the leaders of the House have stated that there was no chance of a vote upon it.

Mr. GLASS. The Senator did present his proposition on one occasion and did not get any more help on his side of the aisle than he got on this side. Why does he want to make a petty political question of it? Why not consider it upon its merits?

Mr. BINGHAM. I should like to consider it upon its merits.

Mr. GLASS. The Senator is now, instead of in November, running for the Senate from Connecticut here on the floor.

Mr. BINGHAM. I should like to consider it on its merits and not on the merits of the bill offered by the distinguished Senator from Virginia, which has been on the calendar for a long time. What I object to is having that bill offered as a substitute for my amendment. I have not offered my amendment as a substitute for the home loan bank bill or as a substitute for anything offered by the Senator from Virginia, but as an amendment on which we may vote to the bill itself. I know the Senator from Virginia will vote against it; he has said so, and so will many other Senators, but why not let us have a vote on that proposition, instead of clouding the issue by bringing up the bill of the Senator from Virginia as a substitute for it when it has nothing whatever to do with it?

Mr. GLASS. The bill of the Senator from Connecticut has nothing whatever to do with the home loan bank bill now before the Senate—not a thing on earth. It has not one semblance of germaneness while my bill has.

Mr. BINGHAM. Ah, Mr. President, the bill offered by the Senator from Virginia has no semblance of germaneness to the amendment for which it is offered as a substitute. That is the complaint I am making. It has not the slightest semblance of germaneness, but the trouble is that the members of the Democratic Party on the other side of the aisle do not wish to vote at this time on the modification of the Volstead Act. They do not even want to take the chance of voting to send it to the committee for fear that such action will be interpreted as dodging the issue and not allowing the question to come up, although the measure was considered by a committee of the Senate for months and has been on the calendar for the last two months, and, consequently, they think they are going to fool the country by going to them on a platform calling for the immediate modification of the Volstead Act and the legalization of beer and getting the votes of the wet States that want beer.

Notwithstanding all the disparaging remarks which have been made about it by the Senator from Arkansas and the Senator from Idaho, it is a subject in which many people are deeply and seriously interested and which they profoundly believe in as the one thing that will to-day change the economic situation in this country. Yet the Democrats want to go before the country on a platform favoring the immediate modification of the Volstead Act to provide for the manufacture and sale of beer, but will not take the opportunity they now have to vote for its immediate modification.

Mr. GLASS. The modification of it within constitutional limit; but the Senator from Connecticut was not even able to convince the committee dealing with the question that his proposition was within constitutional limitations. The Senator does not know any more about what is a constitutional limitation than I do, and I know absolutely nothing about it. [Laughter.]

Mr. BINGHAM. I entirely agree with the Senator as to the latter part of his statement. I have suggested the particular proportion of alcohol provided in the amendment on the basis of the action of the distinguished Senator from Maryland, who, with the Senator from Massachusetts and the Senator from Ohio, had offered a proposal which they said they believed to be within constitutional limitations. So I am not standing alone in this matter.

Mr. GLASS. No; but almost alone. [Laughter.]

Mr. BINGHAM. Well, Mr. President, if that be true then the country had better know it, and the quickest way for the country to know it is to have them realize that the Democratic Party, having adopted as one of its planks the immediate modification of the Volstead Act, will smother that proposition with another proposition offered by the Senator from Virginia which has nothing whatsoever to do with it.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Illinois?

Mr. BINGHAM. I yield.

Mr. LEWIS. May I suggest to the eminent Senator from Connecticut that there is a consideration which I fear has been overlooked and I interrogate him upon this idea. He has constantly alluded to the platform, referring to the platform of the Democratic Party, although the platform of his party has spoken on the same subject. Is it his conclusion that the object he seeks to reach is to be predicated upon the matter of platform declarations? If so, I remind the able Senator that the platform of a party does not have any declaration of any authority until that party has gone to the people to whom it has made the declaration and received from the people the approval of the theory promulgated. Then, if the people indorse that theory, they license at the election their Senators and Congressmen immediately to put it into effect; but before such license is given and before the approval of the platform declaration upon which they go to the people for election there are no commissions granted for action, but it is a question for determination by each Senator individually in accordance with his own personal convictions.

Mr. BINGHAM. In other words, a political platform is something like the platform of a railroad coach—something to get in on but not to ride on. [Laughter.]

Mr. LEWIS. I would advise the Senator that the statute of antiquity has run against that ancient epigram.

Mr. BINGHAM. As long as we can know just where we stand, we can know how to go forward.

I have found, in the votes that have been taken, that there were more Members of the Senate on this side of the aisle than on the other who were willing to take a forward step in the direction in which I am interested. I had supposed that with the adoption of the Democratic platform we might get a very great measure of assistance from the other side of the aisle; but it is quite obvious that that is a

hope that will not bear fruition, particularly in view of this amazing spectacle of dodging the issue by beclouding it with a bill that has been on the calendar for months, favored by the Senator from Virginia [Mr. GLASS], which has nothing whatever to do with the amendment to which it is offered as a specious form of substitute.

Mr. President, it has been maintained that there is something very wicked about beer and "red liquor," as the Senator from Idaho [Mr. BORAH] so tastefully refers to it. "Red liquor" and beer are something with which we must not have anything to do. That was the position taken when the eighteenth amendment was adopted. It was adopted in the hope that as an experiment, similar to other experiments in which this country had indulged for more than a century in an effort to stamp out intoxication and intemperance, it might succeed. I am proud to say that the State from which I come—and the little State next to it—regarding the eighteenth amendment as an infringement on State rights, refused to indorse that amendment, refused to ratify it; and it is still their proud record that they were not swept away at that time by any specious reasons leading anyone to believe that the adoption of the eighteenth amendment would promote temperance; and their belief has been carried out.

Now we have the spectacle of both great political parties admitting that the eighteenth amendment has been a mistake, and that it should be amended or repealed, and that promptly. We have the spectacle of the great mass of people in this country believing that the eighteenth amendment has been the cause not only of economic depression, not only of a deficit to the Government, but also of much social unrest and of great increase in drunkenness on the part of young people.

It is indeed a sad thing to look at the records of our courts connected with drunkenness during the past few years and to see how during the past 10 years arrests for intoxication have steadily increased, notwithstanding the steadily increasing number of those who were hired to put the Volstead Act into effect. We find not only that the total number of arrests for intoxication is greater to-day than it was before prohibition went into effect but that the number of young people arrested is enormously greater.

Last year, in the city of Cleveland, a municipal judge told the committee, in the hearings which I hold in my hand, that there were 32,000 arrests for intoxication, and he said the average age of those 32,000 persons was 25 years, and no one below 18 was arrested and brought into that court. So that 16,000 of those persons arrested for intoxication were between the ages of 18 and 25. In other words, not one of those young people was more than 10 or 12 years old when the Volstead Act was passed and when the eighteenth amendment was adopted, that were going to keep young people from ever knowing the taste of alcohol!

What a commentary it is on the frailties of human nature and on the unwisdom of legislative bodies that they adopted an amendment in the hope that it would keep young people from knowing the taste of alcohol and, as a result, more young people are arrested for intoxication to-day than ever before in the history of this Nation!

Mr. President, there has been a tendency on this floor to make fun of beer, to hold it up to ridicule, to assume that all that anyone could be interested in, in offering an amendment which would legalize the manufacture and sale of beer, was securing a pleasant hour, or something to drink, or getting "red liquor." Mr. President, that is an assertion which those of us who are devoting our time and attention to endeavoring to correct this situation resent. That is a statement which shows how little those who put it forward appreciate the actual situation.

Let me read a resolution adopted unanimously by the board of supervisors of the city of San Francisco. On March 21, 1932, they adopted the following resolution:

Resolution 113

Whereas there appeared in the San Francisco Examiner, Sunday, March 20, 1932 (Universal Service from Washington, D. C.), an article stating that the majority of subcommittee of the Committee on Manufactures had reported favorably the bill introduced by Senator HIRAM BINGHAM, of Connecticut, which would restore the manufacture of 4 per cent beer, under Federal restrictions, to be sold in cases of pint bottles under regulations prescribed by the Attorney General and the Secretary of the Treasury; and

Whereas the five main advantages are:

1. It will promote temperance, strengthen the law, decrease crime, and generally contribute to the public welfare.

2. It will give employment to between 500,000 and 1,000,000 persons within a reasonably short time.

3. It materially will assist agriculture by providing a rich market for the products of the farm.

4. It will give the Government an annual income of between $347,000,000 and $800,000,000, based on a tax of 2 cents for each pint bottle, and between $650,000,000 and $1,100,000,000 with a 4-cent tax.

5. It will drive many speakeasies, which breed contempt for law, out of existence by curbing the Nation's appetite for poisonous, habit-forming hard liquors; and

Whereas the taxpayers of San Francisco, represented by the board of supervisors, would be greatly benefited by relief of tax burden for the maintenance of the Federal Government; and

Whereas the restoration of nonintoxicant 4 per cent beer would provide immediate employment for great numbers of men and women in various industries and bring much-needed revenues into homes of people now unemployed: Therefore be it

Resolved, by the Board of Supervisors of San Francisco, That the Congress of the United States be respectfully and urgently requested to approve the passage of the Bingham, or a similar, bill, and the Senators from California and the Representatives in Congress from San Francisco be requested to do everything possible for the passage of this legislation; further

Resolved, That the San Francisco Examiner and its allied newspapers be commended for its educational efforts to bring about the modification of the stringent and nonenforceable Volstead Act so far as it prohibits the manufacture of nonintoxicant beer.

Adopted by the board of supervisors, March 21, 1932.

Ayes: Supervisors Breyer, Brown, Canepa, Colman, Gallagher, Havenner, Hayden, McSheehy, Miles, Peyser, Power, Roncovieri, Shannon, Spaulding—14.

Absent: Supervisor Stanton—1.

I hereby certify that the foregoing resolution was adopted by the board of supervisors of the city and county of San Francisco.

J. S. DUNNIGAN, *Clerk.*

Mr. President, that resolution calls vividly to mind the reason why this is an important matter. This is not merely a matter of satisfying the pleasant desires of those who put on the backs of their cars the cheering sign or the thirsty sign, "We want beer." It is not merely with the idea of satisfying those who are thirsty. It is with the serious belief; the most profound belief, that by modifying the Volstead Act at the present time up to the limit of our constitutional power to modify it—and I have already called attention to the fact that the Senators on the other side of the aisle have agreed that the Democratic convention believed that 2.75 per cent beer by weight, or 3.45 beer by volume, was entirely within the Constitution—it is with the belief that modifying the Volstead Act within the Constitution may bring about a return of industrial prosperity, may start the ball rolling in the right direction, may cause us to turn the corner as nothing else that has been suggested will do.

The bill now before us, the home loan bank bill, proposes to promote prosperity how? By loaning people money with which to buy homes and saddling upon them the burdens of debt; but it provides in no way for giving them the means to pay for the homes when they are borrowing the money with which to buy them.

It is said that this amendment of mine is not germane to the present bill. Mr. President, is it not germane to provide money to give people a chance to buy homes—not to borrow the money, but to earn the money?

In the first place it will give a market for their grain to 100,000 farmers who at present can find no market for their grain. They now raise an average of 1,000 bushels in the course of a year, and this will provide a market for 100,000,000 bushels of grain. Those 100,000 farmers, if they found a market for their grain, would be buying many things from the industrial States of the Union, and food products from the agricultural States if they needed to buy them. That would put money in circulation. That would promote industry. That would bring happiness to thousands of homes and the means of livelihood to tens of thousands of people.

Another thing: It will immediately put to work a large number of brewery workers. For example, I have in my

hand an article taken from the New York World-Telegram of Wednesday, April 20, by George Daws, World-Telegram staff writer, which is headed:

RUPPERT READY TO HIRE 600 IN BREWERY AND SPEND $5,000,000 IF BEER RETURNS

"When Congress tells me I can make and sell good old-fashioned 4 per cent beer, I'll immediately hang out a sign, 'Wanted—600 to 1,000 men for permanent jobs,'" Jacob Ruppert, master brewman, said to-day.

"I'll buy 150 trucks and much other equipment. I'll start right away spending $5,000,000 for improvements—and that means thousands more jobs."

The very item of 150 trucks means putting hundreds of men to work making those trucks, furnishing a market for more trucks. The spending of $5,000,000 means what? It means the employment of carpenters, masons, bricklayers, tinsmiths, all kinds of artisans, in renewing the breweries all over this country. In New York City alone, in this one case, there is an offer to spend $5,000,000 for that purpose. If it were possible to modify the Volstead Act, breweries now closed all over this country would be reopened. Carpenters, masons, bricklayers, painters, artisans of every description could find jobs in renewing those breweries and putting their machinery into operation again. That will give money to them with which to help pay for their homes. All that this bill undertakes to do is to loan them the money; but it does not say where they are going to find any means of paying the interest on it, or of paying the principal. This amendment, however, gives them the means of earning some money.

In addition to the tens of thousands of men, perhaps hundreds of thousands, who would be employed in repairing and bringing back into condition the breweries, there are tens of thousands of brewery workers who would be gathered together and who would get jobs in this particular.

Mr. President, may I remind you that when the eighteenth amendment was adopted, the worthy temperance people in this country, the National Prohibition Committee, advertised in many papers that that measure was not simply a temperance measure; in fact, those were the very words used in the newspaper advertisements, that it was a war-time measure. It was to help win the war. It was because 300,000 men would be released from their jobs in connection with the manufacture of these beverages to go to work and help win the war, to go into the Army, and manufacture things needed in the war. If that was true at that time, if it was true that 300,000 men lost their jobs then, and had to find some other work to do, will it not be true to-day that if we reverse the process, 300,000 men can find those jobs again? Thus unemployment would be directly relieved to the extent of 300,000, and indirectly all through the industries connected with it. The bottle-making industry will require hundreds if not thousands of additional operatives, as will the stopper-manufacturing industry, the label-making industry, the printing industry, advertising in the newspapers, and all that will give employment to thousands of men. Is not that worth while? Will not that help us turn the corner of this depression? Has anyone in Congress suggested since the first of December last any measure that would put to work permanently more men, that would furnish a market for more grain, that would furnish a market for more coal, than this measure which we have offered here to-day, and which is scornfully turned aside by the Democratic Party, which evidently intends to hide behind the resolution offered by the Senator from Idaho, which has nothing to do with it, a resolution which is clearly not germane to this at all?

It is claimed that my amendment is not germane to the bill in hand. I have shown that it would help build homes. But the resolution offered by the Senator from Idaho in lieu of this amendment is not germane to it at all. It is merely offered in the hope that his motion may prevail, and that those timid souls who dare not follow their platform in this regard, and dare not show that they will not follow it, may, in sooth, vote for something else, and not be obliged to vote directly on the question before us.

My plea to the Senator from Idaho that he would permit a vote to come on this amendment first, and then give the Senate a chance to vote for his amendment, fell on deaf ears, naturally. The Senator from Idaho is not interested in repealing the eighteenth amendment or modifying the Volstead Act. He has stated on this floor that he would not even go as far as the plank in the Republican platform goes in that regard. Furthermore, he is not interested even in studying these matters. When placed on a subcommittee of the Committee of the Judiciary, charged with the duty of studying various measures offered to modify the Volstead Act and repeal the eighteenth amendment, which were referred to that subcommittee, did he give any time to the meetings of the subcommittee? Not so far as I have been able to discover. He was not present at any of the hearings they held, as far as I have been able to find, and when the chairman of that subcommittee called a meeting of the subcommittee to vote on these matters, to make a report to the full committee, called a meeting definitely for that purpose, who was present at that meeting? There was present the chairman, the Senator from Wisconsin [Mr. BLAINE], noted as a wet. There was present the Senator from Rhode Island [Mr. HEBERT], also classed as a wet. The three drys were absent. They did not care to vote on any of these matters. They did not regard it as an important matter at all to report to the full committee their findings in regard to the modification of the Volstead Act or the repeal of the eighteenth amendment.

No wonder, then, that one of the most distinguished members of that subcommittee now comes before us with a cloud of another sort to cover any action in regard to the proposed modification of the Volstead Act, when he himself did not take the trouble to go to the committee meeting; when his presence might have thereby caused a quorum to report to the full committee something in the nature of relief against the eighteenth amendment or the modification of the Volstead Act.

Mr. President, I hold in my hand a very interesting letter from the State of Florida, dated in the senate chamber, Tallahassee, signed by William C. Hodges, senator from the eighth district of Florida. He has given me permission to read and to have reprinted this part of his letter:

I have been following with considerable interest your activities in favor of the modification of the present prohibition laws, and, while I neither indulge in the use of intoxicating liquors or in any way subscribe to the return of the open saloon, I feel the necessity of a reasonable modification of the existing prohibition laws:

1. That revenue may be produced.
2. That the expense incident to an unpopular and unenforceable law may be done away with.
3. That the opportunity for new employment may come.
4. That the sale of products may be increased which would go into the manufacture of liquors.
5. More than all, that the people may not be taught to disregard all laws because there is one law which they will not regard.

The idea seems prevalent that the people of the South, regardless of anything, will support the existing prohibition laws; I do not believe this to be true if the matter is properly placed before the people of the South.

The letter is dated February 23, 1932.

Mr. President, that letter was prophetic, because several months later many delegates to the Democratic National Convention from Southern States, including the delegates from Florida, voted for a plank favoring immediate repeal of the eighteenth amendment and the immediate modification of the Volstead Act. I can not help wondering, Mr. President, when they did that, when their action was received with so much applause, except by the Senator from Virginia [Mr. GLASS] and others who think as he does—I can not help wondering whether those who applauded and those who passed that plank suppose for a minute that the word "immediate" did not mean now, but meant at some distant time in the future, when a convenient day might arrive when we might consider this matter without being faced with an election in the near future.

Mr. President, there is another aspect of this question which makes it one of great seriousness, and not of levity,

or any effort merely to give people that pleasure which they are supposed to derive from drinking beer or "red liquor." It is the question of revenue.

Great Britain has succeeded in balancing her budget. A very large percentage of the revenue with which she does it is derived from regulating and taxing the manufacture and sale of alcoholic beverages.

On our statute books to-day there is a law providing for a tax on beer of $6 a barrel. From the amendment which I have offered, and which the Senator from Idaho is not willing for us to get a direct vote on, there could be derived an income, it is believed, of about $350,000,000 to $375,000,000. That revenue we need. That revenue would help to relieve taxation.

In that connection, may I read another editorial from yesterday's Washington Daily News, which is very pertinent in this regard? It reads as follows:

WHILE YOU PAY AND PAY AND PAY

You, dear reader, have started paying 3 cents for a postage stamp. You are paying a tax on your tooth paste. You are feeling the pinch of the new nuisance taxes. And as the months pass these taxes will become no easier through frequent paying; they never do.

Every time you mail a letter, buy a tube of tooth paste, a box of candy, matches, lubricating oil, gasoline, or any one of a long list of things, these new taxes will become just that much more burdensome. Your patriotic desire to help balance the Budget will not eliminate the annoyance of these nuisances.

Taxes, of course, must be levied and collected. The Government could not operate otherwise. Yet there are easier, pleasanter taxes, and the way is mapped out to levy and collect them.

The Democratic convention by overwhelming vote declared for the repeal of the eighteenth amendment and for immediate modification of the Volstead Act to legalize and tax beer.

The Republicans declared for doing something or other about prohibition and by November will be claiming, undoubtedly, that they are as keen about repeal as the Democrats.

Yet neither Republican nor Democratic Congressmen will be sincere or convincing then if they fail to vote to modify the Volstead Act now.

Congress can raise as much as $375,000,000 in Federal revenue through a tax on beer. That sum exceeds all that will be raised by the petty nuisance taxes.

Think of this as you enjoy the luxury of licking a 3-cent stamp. Keep it in mind when the congressional campaign gets under way. And don't forget it when you enter the polling booth in November.

Mr. President, the question of revenue is of vital importance. The question of providing more revenue easily and immediately is of such vital importance that any one who can claim that this amendment is of trifling importance simply does not know what he is talking about, simply shows that he has not studied it, has not studied the question, has not consulted with the revenue authorities of the Government. The Commissioner of Internal Revenue testified before our committee that there would be no difficulty whatever in collecting this tax, and collecting it immediately, as soon as the manufacture and sale of beer were made legal.

I shall not take up much more time. I realize that the cards are stacked against me. I now realize painfully that the hopes I had, when I heard from Chicago that the Democratic Party had gone on record favoring the immediate modification of the Volstead Act so as to permit the manufacture of beer and its subsequent economic, fiscal, and social advantages, were unfounded. I had thought that at last we might have a large addition to the number of those who believed in this subject. As I have stated previously, the number on this side of the aisle has been formerly considerably larger than that on the other side of the aisle. I was unable to get the Republican Party to adopt a plank in the platform, which I desired in this regard, and must therefore put myself along with the Senator from Virginia in the attitude of not standing on that particular plank of my party. As he is unwilling to stand on the plank of his party in regard to the eighteenth amendment, so I am unwilling to stand on the plank of my party. But I did hope that most of the Senators on the other side of the aisle would stand by their party's declaration for immediate modification. I had no idea that they would resort to such a subterfuge, such a dodge, as this.

If they think the American people are going to be fooled by this action, then their opinion of the voters they are counting upon to bring them back into power next November is not as high as mine. I do not think anybody is going to be fooled by this. They are not even willing to go on record as sending it back to the committee. They are unwilling to have anything to do with it, so that anyone can say, "You voted indirectly against this, by sending it back to the committee, when it had been considered in committee for months." For nearly half a year it has been before us.

No, Mr. President; they have cooked up an extremely clever scheme, but it fools nobody; it will fool nobody at the polls. When the Democratic platform says "immediately" it means some time in the future; it does not mean now.

Mr. REED obtained the floor.

Mr. FESS. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. REED. I yield.

Mr. FESS. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WALCOTT in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Reed
Austin	Dale	Johnson	Robinson, Ark.
Bailey	Davis	Jones	Robinson, Ind.
Barbour	Dickinson	Kean	Schall
Bingham	Dill	Kendrick	Sheppard
Black	Fess	Keyes	Shipstead
Blaine	Fletcher	King	Shortridge
Borah	Frazier	La Follette	Smoot
Bratton	George	Lewis	Steiwer
Brookhart	Glass	Long	Stephens
Broussard	Glenn	McGill	Thomas, Idaho
Bulkley	Goldsborough	McKellar	Townsend
Bulow	Gore	McNary	Trammell
Byrnes	Hale	Metcalf	Tydings
Capper	Harrison	Morrison	Vandenberg
Caraway	Hastings	Moses	Wagner
Cohen	Hatfield	Norbeck	Walcott
Connally	Hawes	Norris	Walsh, Mass.
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Patterson	White
Costigan	Howell	Pittman	

The PRESIDING OFFICER. Eighty-three Senators have answered to their names. A quorum is present.

Mr. GEORGE. Mr. President, I desire to enter a motion to reconsider the vote by which the amendment was adopted as offered by the junior Senator from Connecticut [Mr. WALCOTT], who is now presiding, to strike out section 25 of the pending home loan bank bill and substitute new language therefor.

The PRESIDING OFFICER. The motion to reconsider will be entered.

Mr. REED. Mr. President, the parliamentary situation into which we have now maneuvered ourselves is unfortunate. As is known by those Senators who have been here through to-day's session, the pending question was an amendment offered by the senior Senator from Connecticut [Mr. BINGHAM] to permit the sale of 4 per cent beer. Then to that has been offered as a substitute an amendment dealing with the circulating notes of national banks offered by the Senator from Idaho [Mr. BORAH]. So that, as we can readily see, the amendment of the Senator from Idaho will be voted on not only according to its own merits but will also in all likelihood be voted for by those Senators who want to put an end to the 4 per cent beer proposal. We have in this way inextricably mixed the questions of beer and currency expansion so that the coming vote will necessarily be misleading.

I hope, therefore, that when we come to the vote upon the amendment as amended we will get the true sentiment of the Senate upon the currency-inflation proposal, assuming, of course, that the substitute is adopted, and one would rather naturally expect it to be adopted, because of the fact that it will have the support of those who oppose the beer bill and all those who would like to see the currency expanded. However, on the second vote on the adoption of the amendment as amended I trust we will get the reflection of the real sentiment of the Senate upon the currency proposal. It is to that question that I propose to speak with as much brevity as I am capable of. I think we ought to understand exactly what is proposed to be done to the currency by the amendment offered by the Senator from

Idaho. In order to understand that proposal, we must understand the present condition of the issuance of circulating notes by national banking associations.

The present law is that national banking associations, upon depositing with the Treasurer of the United States bonds of any one of three issues, may issue circulating notes against those bonds up to the amount of the paid-in capital of the issuing bank; that is to say, any national banking association may deposit with the Treasurer of the United States bonds of the issue known as the consols of 1930, or bonds of the Panama Canal loan of 1916–1936, or bonds of the Panama Canal loan of 1918–1938. Those three bonds are known as bonds which carry the circulation privilege. The total amount of them is approximately $674,000,000. National banks have bought those bonds and have deposited them with the Treasurer of the United States up to the amount of $670,000,000; that is to say, all of the bonds of those three issues except about $4,000,000 worth have been bought by national banks, have been deposited with the Treasurer of the United States, and have been used or may be used as the basis for the issuance of circulating notes of the national banks.

Now, against that $670,000,000 of bonds there are now outstanding circulating notes of the national banks amounting to $627,000,000. Therefore, there remains $43,000,000 of national bank circulation which can be issued against these deposited bonds, but which in fact is not issued. The circulation of $627,000,000 is $43,000,000 less than the permissible issuance against these deposited bonds.

The limitation upon each bank to the amount of its stock is imposed by an act originally passed March 14, 1900, and subsequently reenacted October 5, 1917, which contains this proviso:

And provided further, That the total amount of such notes issued to any such association—

That is, by the Bureau of Engraving and Printing—

may equal at any time, but shall not exceed, the amount at such time of its capital stock actually paid in.

It is important, Mr. President, in considering the pending proposal that we remember the language of that proviso, which has been the law since 1900, because instead of the amount of the currency issued by the national banks being limited by the amount of bonds that are available, it will be limited, if the proposal is adopted, not by the bonds, but by the paid-in capital of the national banks of the country.

At present the paid-in capital very much exceeds the aggregate of bonds that have the circulation privilege; consequently it is the latter factor that operates as the limiting factor of the national-bank notes issued. If the pending proposal is adopted, the amount of bonds eligible for the circulation privilege will very greatly exceed the paid-in capital, so that then it will be this clause in the old law of 1900 which will be the limiting factor, and the amount of circulation would be limited by the total paid-in capital of the national banks.

Now, what is the present proposal? It is to give the circulation privilege to all of the Liberty bonds of the United States, and it is further to give that privilege to all of the Treasury bonds of the United States. It would not give the privilege to United States certificates of indebtedness or Treasury bills or Treasury notes, but it would give it to all of the Liberties and to all of the Treasury bonds. On the last day of last month they aggregated approximately $13,460,000,000, consisting of $535,000,000 of 4¼ first Liberties, a very large amount of 3½ per cent of first Liberties, $6,268,000,000 of fourth Liberties bearing 4¼ per cent interest, and $758,000,000 of Treasury 4¼'s. I mention the high-interest bonds and ignore the lower-interest bonds, some of them bearing as low as 3 per cent, because obviously a national bank will buy bonds of the highest interest yield and issue its currency against them. So we see immediately that there is something over $8,000,000,000 or $9,000,000,000 of 4¼ per cent bonds that would be given the circulation privilege by the amendment.

At the present time the national banks of the United States have an aggregate capital of $1,621,000,000, so it will be seen that the immediate result of the amendment would be to authorize an increase in the circulation from the present $627,000,000 to $1,621,000,000, or a net increase of $994,000,000 in the circulating medium of the country.

In addition to that, so great are the advantages afforded by the Treasury to issuing banks that it is unquestionable that a great many State banks would be converted into national banking associations; it is unquestionable that new national banks would be organized in considerable numbers. I do not think, therefore, that the increase of $994,000,000 which I have mentioned would by any means be the limit of the amount of new circulation that would result from this proposal.

Let us test that by viewing the proposition from the standpoint of any bank. The officers of a bank know that by buying 4¼ per cent bonds—and such bonds at the present market can be had at a very slight premium over their face value—and issuing circulation against them, the bank is practically borrowing money at no interest whatever and obtaining an investment that will yield 4¼ per cent; that is to say, on an expenditure of nothing the bank secures a 4¼ per cent investment equal to the total of its paid-in capital. No bank can resist that temptation; every bank will issue circulation up to the maximum amount that is permitted to it. The temptation will be so great that it is only reasonable to expect that every bank that can do so will take advantage of it. I do not object to helping the banks.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED. I yield to the Senator.

Mr. ROBINSON of Arkansas. If every bank that could do so were to take advantage of it, how much would the circulation be increased?

Mr. REED. If all the existing national banks were to take advantage of the privilege, the circulation would be increased $994,000,000.

Mr. ROBINSON of Arkansas. Yes.

Mr. REED. How much it would be increased because of the organization of new banks or the transfer from State charters to national charters may only be guessed.

Mr. ROBINSON of Arkansas. I do not think the Senator need be alarmed about that. Even if there should be a quickening in the increase of the number of national-bank charters, it would not be of very great consequence in connection with the total increase in circulation.

Mr. REED. Frankly I do not know, but I merely mentioned it because I did not want the Senate to think that the $994,000,000 which I have mentioned was the absolute limit.

Mr. ROBINSON of Arkansas. The Senator has not any fear if the circulation should be increased in this very sound way by a billion dollars that it would work any detriment to the country, has he?

Mr. REED. Yes; I think there are certain unfavorable factors in it, and I am going to point them out. Furthermore, I do not think it would do the slightest good. I think I have presented the situation, Mr. President, in showing——

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield further?

Mr. REED. Yes.

Mr. ROBINSON of Arkansas. I recall that a few days ago the Senator from Pennsylvania when a request was made for the consideration of this bill objected on the ground that the bill, if enacted, would increase the circulation by $14,000,000,000. Then I pointed out to him that the maximum increase possible under present conditions would be about a billion dollars, but the Senator insisted that the increase would amount to $14,000,000,000.

Mr. REED. It would give the circulation privilege, as I have tried to explain, to bonds having an aggregate face value of $13,460,000,000.

Mr. ROBINSON of Arkansas. Yes; but that is not the controlling factor. As the Senator will understand, the controlling factor is the aggregate capitalization of the national banking associations.

Mr. REED. Exactly; and I have just been pointing out that there will be organized many additional banking associations. I do not know, nor does the Senator from Arkansas, how many, but by however so much capital as those new national banks may have just by so much may we expect the circulation to be increased.

Mr. ROBINSON of Arkansas. Practically no charters are being granted now.

Mr. REED. Of course not, because this bill has not been passed, but its passage will very greatly stimulate the organization of national banks.

Mr. ROBINSON of Arkansas. Then does the Senator think, in view of the fact that there is no functioning now of the banks, either State or national, it would be helpful to have chartered a few new banks with new capital?

Mr. REED. Yes; a few, certainly, if there is any need for them.

Mr. ROBINSON of Arkansas. Then the conclusion is that if the passage of this bill should result in the creation of new banks it would be advantageous to the public?

Mr. REED. To a certain extent, if there should be a need for new banks.

Mr. COPELAND. Mr. President, I wish to ask the Senator from Pennsylvania a question.

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. REED. Yes.

Mr. COPELAND. Why would the banks be likely to take advantage of this privilege any more than they now do in view of the open-market transactions of the Federal Reserve Board, in which they buy Government securities and issue certificates? The theory has been that that would increase the amount of circulation. As a matter of fact, the banks have not used that money, but they have taken up their credits with the Federal reserve banks and paid their correspondent banks. They have not put more money in circulation.

Mr. REED. I am coming to the relationship of the Federal reserve system to this proposal. At the present time we have more currency than we need. It is not that there is an inadequacy of our currency supply; that is not what is the matter with prices. We are not now going to increase the price of any commodity by one single red penny by issuing new circulation unless it is a debased circulation. Of course, if we go off the gold standard we can increase prices just in proportion to the volume of fiat money which we pour out; but if we are to remain upon the gold standard—and I know that a vast majority of us believe that we are to do so—then no amount of new sound currency we may issue is going to result in any increase in the price of commodities.

The Senator from New York has asked me why will a bank take advantage of this measure. I tried to explain that point when I invited him to put himself in the place of a board of directors of a national bank that found that it could secure a 4½ per cent investment free of any tax—because in the hands of a corporation these bonds are free of tax—by the expenditure of not one penny of their present assets, but by the expenditure of new money issued on the face of the bonds which they buy. Perhaps I should qualify that statement somewhat. They are required to keep, with the Treasurer of the United States, in lawful money 5 per cent of the face value of the note issue, so they will get 4¼ per cent on 95 per cent of their note issue. That is about what it boils down to.

At present, under the 2 per cent circulation privilege—that is, the privilege of issuing notes against 2 per cent consols—the banks have taken advantage of it to the extent of issuing $627,000,000 of currency against a permissible aggregate of $670,000,000. If they take advantage of it so generally against the 2 per cent bonds, it is self-evident that they will resort to it to the full in the case of the 4¼'s. So we would have an additional amount, say, of $1,000,000,000 of currency.

I asked the Treasury Department what their opinion of this measure was, and they came back with this reply in a letter to me dated June 24:

> Under the operation of the Federal reserve system the volume of currency in circulation is determined by the currency needs of the country, which, in ordinary times, depend largely upon such factors as the volume of retail trade, pay rolls, and so on. The currency facilities of the Federal reserve system are entirely adequate to the country's needs. Currency has been made available in volume sufficient not only to meet the demands of business but to meet the unusual currency demand which has been experienced during the past year and a half as the result of hoarding.
>
> At the present time there is about $5,505,000,000 of currency in circulation. The total is about $770,000,000 larger than a year ago, and about $1,080,000,000 larger than at the end of June, 1929. The Federal reserve banks are in a position to meet still further demands for additional currency, if necessary. Our interest at this time is not in the addition of more circulation to the amount already in circulation, but, rather, in the return flow of idle funds from hoarding back into active employment in the banking system.

Mr. BORAH. Mr. President, let me inquire of the Senator does the Treasury Department suggest how to bring about that return flow?

Mr. REED. They do not, but it seems to me that the answer is rather obvious, that we will have that return flow just so soon as the people of the country regain their confidence in the soundness of our banks.

Mr. BORAH. How long does the Senator think, under present conditions and tendencies, it will take to restore that confidence?

Mr. REED. I should think not very long if Congress does nothing foolish in regard to our financial situation.

Mr. BORAH. I suppose if Congress were abolished perhaps the situation would be better.

Mr. REED. I do not agree to that. I do not approve, any more than does the Senator, of the indiscriminate denunciation of Congress; but I do think that when the House of Representatives passes such bills as the Goldsborough bill, which was rejected by the Banking and Currency Committee of the Senate, I am proud to say, when it passes such bills as the Patman bonus bill, proposing the issuance of over $2,000,000,000 in greenback money, when it passes such measures as that, it frightens the people of this country and encourages hoarding.

Mr. BORAH. Mr. President, the Senator knows perfectly well that hoarding had been going on for months and months before the Goldsborough bill was passed, or before the bonus bill was passed.

Mr. REED. Undoubtedly that is true.

Mr. BORAH. Hoarding had been going on for 18 months——

Mr. REED. Yes.

Mr. BORAH. Long before the bills referred to ever came to the surface.

Mr. REED. Yes; but what started the hoarding was the failure of banks all over the country. That frightened people; the action of the House of Representatives last winter has frightened them still more, and the combination of the two is what is keeping money in hoarding at the present time.

Mr. WATSON. Mr. President, will the Senator permit me to ask him a question?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Indiana?

Mr. REED. I yield.

Mr. WATSON. The Senator said that if the measure offered by the Senator from Idaho as an amendment to the pending bill should be adopted it would increase the circulation by $994,000,000.

Mr. REED. That is correct.

Mr. WATSON. How much of that would go into circulation and how much would stay in the bank tills, where the money is at the present time?

Mr. REED. I do not think that any of it would go into circulation except as there arose a demand for it in legitimate business, and the demand of legitimate business to-day is not adequate to use the currency we have.

Mr. WATSON. In other words, when the Senator says that it would increase the circulation $994,000,000 he does not mean that to that extent it would increase the actual flow of money in the country?

Mr. REED. No; but, of course, when we speak of circulation we include not only money in people's pockets but money in the private banking institutions of the country.

Mr. FESS. Mr. President——

Mr. REED. I yield to the Senator from Ohio.

Mr. FESS. In view of the enormous amount of money per capita we already have in circulation, and yet the difficulty with which it flows back into business, what assurance have we, if we do this, that this additional money is going to flow into business without a restoration of confidence?

Mr. REED. I do not think we have any assurance at all that it will; but undoubtedly this will be availed of by the banks.

Now, let me paint again the picture of the board of directors of a single bank.

At the present time, under the Federal reserve system of which we are all justly proud, any bank that is a member of the system can get currency to meet legitimate needs by discounting with the Federal reserve bank of its district eligible paper, or by borrowing from that Federal reserve bank against United States bonds or notes or certificates. Any bank can get all the money that is legitimately needed in that way; but, if it does, it has to pay for the currency that it gets. It has to pay interest on the loan that it makes according to the prevailing rate established by that reserve bank. The charm of this scheme advanced by the Senator from Idaho is that the banks will get the money without paying any interest on the loan; for Tom, Dick, and Harry, who carry these bills in their pocketbooks, are going to get no interest, although they are actually lending that money to the national banks to enable them to buy these 4¼ per cent bonds.

Of course, the banks will resort to this privilege to the full, and it will render inactive that functioning of the Federal reserve system which at the present time allows the issuance of new currency as business demands it, but requires the payment of interest by the borrowing bank.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. I do.

Mr. BORAH. I understood the Senator to say a few moments ago that this might lead to the incorporation of more national banks—to the transfer of banks from the State bank system to the national bank system.

Mr. REED. I think it would.

Mr. BORAH. And that the banks would avail themselves of this, because they could purchase the bonds practically without the payment of any interest.

Mr. REED. That is right.

Mr. BORAH. What would the banks do with that currency which they are so anxious to get?

Mr. REED. They would pay for the bonds with it, in effect.

Mr. BORAH. Does the Senator mean that they would simply purchase the bonds for the purpose of having the currency, and putting the currency in their vaults and leaving it there?

Mr. REED. Not at all.

Mr. BORAH. Does not the Senator think, then, that the currency would naturally be secured for the purpose of putting it in circulation and making something out of it?

Mr. REED. Not a bit of it. Here is the way it would work:

The Senator and I, as the board of directors of a national bank, would read that this bill had passed. We would then go into the market, and, if our bank had a capital of a million dollars, we would buy a million dollars of the cheapest 4¼ per cent bonds we could get. Those would be the 4¼ first Libertys, because they are soonest due. We would buy a million dollars of them, and we would deposit them here with the Treasurer of the United States, and he would give us national-bank notes to the amount of a million dollars. Fifty thousand dollars of that we would put in the Federal Treasury to furnish the reserve fund in lawful money. Nine hundred and fifty thousand dollars of it we would use in paying for the bonds that we had bought. We are not paying any interest rate on that million dollars that we have borrowed, in a sense, from the people of the country, and we are getting $42,500 totally tax free to us as interest on our deposited bonds.

It is a fine thing for the banks, but how it is going to help the people of the country any I can not see. It is going to be a bonanza for every national bank that gets that privilege.

Mr. NORBECK. Mr. President——

Mr. REED. I yield to the Senator from South Dakota.

Mr. NORBECK. I want to say that the Banking and Currency Committee did not assume that the banks needed to buy the bonds. They assumed that they had them.

Mr. GLASS. Not a dollar would they buy. They have nearly five billions of bonds in their portfolios now. They would not have to buy a dollar—not a dollar.

Mr. NORBECK. And therefore the suggestion of the Senator from Idaho has force to it, that they will have additional currency to loan.

Mr. REED. Why, certainly. If they have already bought the bonds, then they will doubtless deposit bonds that they hold, and they will have this currency, and it will take the place of other borrowings, perhaps, from the Federal reserve bank of their district, or it will meet other withdrawal liabilities. I do not mean that these notes will not appear and be handed around; but they will take the place of other notes, and the aggregate amount of circulation in use in the trade of the country will not be increased by one iota.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. REED. I yield to the Senator from Illinois.

Mr. GLENN. Referring to the illustration the Senator from Pennsylvania made a moment ago of a million-dollar bank which gets a net gain of $42,500 through this transaction, of course somebody pays it.

Mr. REED. To be sure.

Mr. GLENN. It is the taxpayers; is it not?

Mr. REED. Absolutely. Of course it is. Money does not come out of the air. Somebody is going to pay this very handsome profit that we are giving to the national banks.

Now, let us see some of the results of this proposal.

At the present time this supposititious bank of ours owns 2 per cent consols, and it already has its notes out against them. It is getting only 2 per cent interest on those consols of 1930. Of course, this bank of ours is not going to continue that. It is going to sell the 2 per cents and replace them with 4¼'s, either out of its own strong box or by buying them in the market. It is not going to be content with a tax-free income of $20,000 a year on this $1,000,000. It would rather have the $42,500. Immediately, we are going to see these bonds that now have the circulation privilege—the two issues of Panama Canal bonds, and the one issue of 2 per cent consols—sink down to the level which their 2 per cent coupon entitles them to rest on as investments. What that is, I do not venture to guess.

Mr. GLASS. Mr. President, does not the Senator know that none of those bonds are held as an investment; that they are all held by banks solely because of their circulation privilege?

Mr. REED. Absolutely.

Mr. GLASS. And they could not be sold to anybody, now or hereafter.

Mr. REED. Oh, no; the Senator is wrong about that.

Mr. GLASS. Who would buy a 2 per cent bond now?

Mr. REED. I would buy it if I could buy it cheaply enough.

Mr. GLASS. Oh, yes; if the Senator could buy it cheaply enough, but the only use of that 2 per cent bond is for circulation.

Mr. REED. Of course. That is what I am trying to say, and the only reason why the Panama Canal 2's, or the 2 per cent consols, sell at par to-day is because they have the circulation privilege.

Mr. GLASS. They will continue to have that.

Mr. REED. That is right; is it not? The only reason why they sell at par is because they have the circulation privilege?

Mr. GLASS. Yes; and they will continue to have that.

Mr. REED. Oh, I beg the Senator to listen and then answer. I will state it a third time. The only reason why those 2 per cent bonds sell at par to-day is because they are unique among all our issues of Federal bonds, in that

they carry this circulation privilege. Now, if we give a similar privilege to thirteen and a half billions of Liberty bonds and Treasury bonds, these 2 per cent bonds cease to have that peculiar value, and they sink at once to the point where they deserve to be considered only as investments, and, of course, they are going down in price. Would the Senator from Virginia hesitate one minute, in his own bank, to replace those 2's with Liberty 4¼'s.

Mr. GLASS. Certainly I would hesitate to do it. The 2's, for circulation privileges, are just as valuable as the 4¼'s.

Mr. REED. No, they are not; because——

Mr. GLASS. Why are they not?

Mr. REED. Because they carry only a 2 per cent coupon as against the 4¼ per cent coupon of the others.

Mr. GLASS. They can get from the Treasury here the same value of circulating notes.

Mr. REED. That is absolutely correct; but they do not get from the Treasury here the same amount in annual interest. So you have two bonds, one paying 2 per cent, the other paying 4¼ per cent and they are equally good for circulation privileges. Of course, you are going to get rid of the 2 per cent bonds and take the 4¼'s.

Mr. GLASS. As a matter of fact, you could not get rid of one of them to anybody but a bank; and the only reason why the bank would want it would be to make it a foundation for the circulation privilege.

Mr. REED. The Senator, of course, does not mean that quite as literally as he has stated it. The Senator could very easily sell a 2 per cent bond at 50 cents on the dollar, because that would make it a 4 per cent yield on cost. There is a price at which private investors will buy them.

Mr. GLASS. Oh, well, the Senator is dealing in improbabilities. I am dealing in facts.

Mr. REED. I hope it is improbable; but when you give these 4¼'s the same privilege that the present 2's have, they are going to sell on exactly the same interest basis just as sure as water finds its level. I think that is too obvious for argument, and it is not disposed of by the seraphic smile of the Senator from Virginia.

Mr. GLASS. I am noted for my seraphic smile, and I can not help it. The Senator ought not to censure me for that, or taunt me, either.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. REED. Surely.

Mr. NORRIS. While I am not agreeing with the Senator on what would happen to the 2 per cent bonds, for the purpose of my question I am assuming that the thing would happen that the Senator has stated. Suppose it does. If the bank sold its 2 per cent bonds to buy 4 per cent bonds, and all those bonds had sunk to the same level, depending on the rate of interest they bore, the amount the bank would lose on the sale of the 2 per cent bonds would just balance the amount it would gain on the purchase of the 4¼ per cent bonds.

Mr. REED. No; I wish that were so. It would be so if the amounts were equal, but there are eight or nine billion dollars of the 4¼'s outstanding, of which only about 10 per cent could be availed of for this purpose, and the amount is so great that they would probably continue to sell at about their investment value, whereas the 2's would immediately sink to their investment value.

Mr. GLASS. Mr. President, does not the Senator know that under a provision of the existing Federal reserve act the 2 per cent bonds may now be exchanged for 3 per cent bonds at the rate of $25,000,000 a year?

Mr. REED. Yes.

Mr. GLASS. And is anybody going to sell his 2 per cent bonds at 50 cents on the dollar when he may exchange them for 3 per cent bonds?

Mr. REED. I did not say they were going to 50 cents on the dollar. I said they were going to the level fixed by their investment value. I have said that several times, and I hope I have made it clear to most of the Members of the Senate.

Mr. BINGHAM. Mr. President, will the Senator yield to me?

Mr. REED. Yes; I yield.

Mr. BINGHAM. I desire to withdraw the amendment which I offered this morning.

The PRESIDENT pro tempore. That is within the Senator's right, and the amendment is withdrawn.

Mr. REED. Mr. President, I am very happy that the Senator has seen fit to take that action, because now we are going to——

The PRESIDENT pro tempore. That carries with it the amendment offered by the Senator from Idaho as a substitute.

Mr. ROBINSON of Arkansas. Of course the Senator from Idaho can offer his amendment to the bill, and I suggest that he do that.

Mr. BORAH rose.

Mr. REED. Does the Senator want me to yield to him?

Mr. BORAH. No; not if the Senator desires to go ahead with his address, because I will offer the amendment as soon as the Senator concludes.

Mr. REED. I thank the Senator. I shall be glad to yield to him for the purpose if he wishes to offer his amendment as a separate amendment.

Mr. ROBINSON of Arkansas. I suggest that that be done.

Mr. BORAH. Mr. President, I make the formal offer of the amendment which I offered to the amendment of the Senator from Connecticut. I offer it now as an amendment to the bill.

The PRESIDENT pro tempore. The Senator from Idaho offers his amendment as an amendment to the bill; and the question is on agreeing to the amendment proposed by the Senator from Idaho.

Mr. REED. Mr. President, I think it is a happy result that that has worked out in that way, although I do not mean at all to intimate that I am hoping that the Senator from Connecticut will not again offer his amendment.

Mr. WATSON. He will.

Mr. REED. But certainly each of them ought to be taken on its merits.

I have almost finished, Mr. President.

I think every one of us is agreed that we want to see an improvement in prices. I think every one of us will admit that the present situation of depressed commodity prices is an almost intolerable burden upon the debtor class in the United States. Those of us who are in debt are finding far more difficulty in carrying our obligations or in discharging them than we would have with commodity prices at a reasonable level. I think all of us will admit that the present level of commodity prices is about as unnaturally low to-day as it was unnaturally high three years ago.

In that improvement in prices for which we all yearn there must be just one indispensable condition, and that is that the improvement must come from a sound basis. It is easy enough to make an improvement in prices by debasing the currency of the Nation. Last September Great Britain made an improvement in prices, as far as quotations went, of about 30 per cent. Wool and grains of all kinds and cotton, everything that had an international market, jumped 30 per cent overnight on that fateful Monday when Great Britain went off the gold standard. That is not the kind of improvement we mean. We could debase our dollar until it had the same value as South American money, where a so-called dollar has a gold value of 1 cent, and prices would be increased a hundredfold, but none of us would be the least bit better off if we did that. On the other hand, if we can see an increase in price coming about for sound reasons and by sound methods, as in this last month we have seen over 50 per cent increase in prices of hog products, that is the sort of thing over which we can be well content, because it is that kind of increase that spells a return of prosperity to America.

So long as our currency remains upon the gold standard an increase in price means an increase in the prosperity and the well-being of the producers. If we to-day could

see grain prices doubled, if we could see cotton at 10 cents instead of 6 or a shade under 6, and if at the same time we kept a sound money, the whole aspect would turn rosy. But we must not yield to the temptation of debasing our currency or increasing its volume by unsound means in order to get a superficial increase in price, which, in the last analysis, is no increase at all, just as it was not in Great Britain.

The Senator from Idaho has said with force that everyone favors an honest dollar; and that is true. If we maintain an honest dollar and secure an increase in prices thereby, everyone is better off; but if we resort to a dishonest dollar and get an apparent increase in prices by that method, nobody will be any better off.

I do not mean to imply that an increase of $1,000,000,000 in the note circulation of our national banks would be a dishonest increase in the currency. I do not think it would be. But I do say that it would be an unwise method of increasing the currency, and it would be a departure from the sound principle of supplying currency needs through the Federal reserve system, which has served us so well in the past. If more currency is needed, the Federal reserve points the way to get it, and allowing $1,000,000,000 to be issued upon the faith of United States bonds would be a reversal to a method which would not be comparable in soundness with the method outlined by the Federal reserve act.

Mark you, if this is good, then why set the limit at the paid-in capital of each bank? Why not make the limit ten times the paid-in capital of each bank, and let the whole American national bank capital stand as the basis for an issue of paper currency? Obviously, in the mind of every one of us that would be an unsound proposal. Obviously, that would mean going off the gold standard. Yet, instead of cutting off the tail of the dog in its entirety, we would by this be taking it off in little bits.

If it is unsound to do it on the wholesale basis, it is unsound to do it to the extent of this single billion dollars.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. NORRIS. The Senator is usually so logical in his argument that I am rather shocked at his last statement; that is, that if it is unsound to permit the issue of currency, based on all of the bonds of the United States, it is equally unsound to permit an issue on part of them. If that be true, then the issue is unsound on the 2 per cent bonds.

Mr. REED. I think it is. I think it is a very unfortunate method.

Mr. NORRIS. Does not the Senator see that at least there is a fair ground on the part of honest students of political economy to believe that our circulation of money ought to be increased? It does not follow because a man believes that that he wants an unlimited increase. There is a vast difference, as I see it, between increasing the currency a billion dollars, and increasing it $10,000,000,000. It seems to me that must be plain.

Mr. REED. It is plain.

Mr. NORRIS. The Senator, as I understood him, has just contradicted that.

Mr. REED. No; I think the Senator has misunderstood me.

Mr. NORRIS. Perhaps I have.

Mr. REED. What I tried to point out was that the unsoundness of the method would be better appreciated if we understood it in its extreme application. The Federal reserve law provides a perfectly sufficient method for increasing the currency according to the needs of trade. There is no necessity for this increased currency at the present time, as is shown by the fact that the Federal reserve system has tremendous resources left which would furnish a basis for a larger currency if needed.

Mr. NORRIS. Of course, honest men differ as to whether there should be an increase of currency or not. If the Senator's position is right, it seems to me that, in order to be logical, we ought to withdraw from the circulating privilege these 2 per cent bonds.

Mr. REED. I have often dreamed of it. We had an issue of 4 per cent bonds, which carried the circulation privilege, and they matured in 1925. I think every one of us who watched the process was glad to see those bonds paid off and not replaced by others with the circulation privilege. I have dreamed of the day when all of these bonds with the circulation privilege would disappear and when our circulation would be confined entirely to the Federal reserve bank notes and the gold and silver certificates; and they would be adequate for all our necessities.

Mr. NORRIS. When the Federal reserve act was passed that argument was made and given as a reason for its passage. But, coming down to a practical proposition, suppose we followed the logic of the Senator's argument and withdrew the circulation privilege from these 2 per cent bonds; in other words, took away from national banks the right to have any circulation. Does not the Senator think that, without having something to replace that system, different, even, from the Federal reserve system, there would be a very disastrous effect upon the business of the country if we withdraw that privilege and curtailed the circulation that much?

Mr. REED. No; I do not think so, because I think the gap would be instantly filled from the Federal reserve system. But, of course, we are not in a position to consider retiring the 2 per cent bonds now. That is years away, I am afraid, and possibly it is going to be beyond our lifetime.

Mr. President, the Senator from Idaho has argued with his usual force what amounts practically to an appeal for the use of the trade dollar, which many economists for years have been urging as a desirable currency, a dollar which would be constant in its purchasing power because based upon the composite value of a wide range of commodities.

There is much to be said in favor of that. It has been a dream of hundreds of economists for many years. But as long as we are on the gold standard it is unthinkable that we should combine it with any kind of a trade-dollar idea. Perhaps when Utopia comes we will have a currency which will never fluctuate in its purchasing power, and that is the trade-dollar idea, which Irving Fisher and others of his school have been urging for so long. But it is the very antithesis of the gold standard, which, up to date, is the best thing which in practice anybody has been able to evolve. The argument in favor of the trade dollar certainly can not be used to justify the expansion of the circulating-note privilege of the national banks.

Now, to sum up. In the first place, we do not need this extra billion dollars of currency.

In the next place, if the demands of trade call for more currency, we have a perfectly sufficient method of getting it through the operations of the Federal reserve system.

In the next place, it is unfair and unjust that the value of the present 2 per cent bonds should be so savagely reduced as it would be by the adoption of this pending amendment, because instead of selling at par, due to their having the circulation privilege, they would instantly revert to an investment status, and their value would go far under par, and there would not be any compensating advantage in an appreciation of the price of the 4¼'s, because the volume of them is nine times the amount that would be necessary for this circulation purpose. There would be nine times as many of the 4¼ per cent bonds out as could be used under this amendment, and the eight-ninths that was not so used would, of course, sell only on its investment basis. So the loss incurred in the 2 per cents would not be made up by an appreciation in the 4¼'s.

Finally it is the wrong basis; it would be a reversal to the financing of the post-Civil War days to issue currency of this kind. It would be a departure from the sound financial thought that was exemplified in the Federal reserve system. It would be a step backward in our fiscal policy; and that is why I hope the Senate will not adopt it.

Mr. COUZENS. Mr. President, will the Senator yield for a question?

Mr. REED. Certainly.

Mr. COUZENS. I wonder whether the Senator has made any estimate as to the number of national banks that would avail themselves of this opportunity?

Mr. REED. Yes; I think every bank would avail itself of the opportunity to the fullest possible extent.

Mr. COUZENS. Why have they not done so with the 2 per cent?

Mr. REED. They have. They have issued $627,000,000 of currency against their ownership of $670,000,000 of 2 per cent bonds. When we more than double the interest rate the attraction is so great that I should expect every penny of permissible circulation to be issued against the 4¼'s, and it would result in an increase at once of $994,000,000 by the existing banks, and, of course, a further increase by any new banks.

Mr. COUZENS. Is it not a fact that the bankers would be equally unsound if they did that?

Mr. REED. Not a bit of it. From the standpoint of the banker, he will borrow money from Tom, Dick, and Harry at no interest whatever in order to buy a 4¼ per cent investment.

Mr. COUZENS. As a matter of fact, if he has no place to use the money, why would he borrow it?

Mr. REED. How would he use it? He would use it in buying that much more of 4¼ per cent bonds. The very money he withdrew from the Treasury after the deposit of his bonds he would use in paying for the bonds to the former owner. It would be a godsend to the national banks, and if we wanted to make a Christmas present to the national banks of the country, we could do it in no better way than by the adoption of this amendment.

Mr. BLAINE. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Wisconsin?

Mr. REED. I yield.

Mr. BLAINE. This may not be material, but I think the Senator used the figure of $627,000,000 as indicating the outstanding bank notes. I find from the statement of July 6 of the Treasury that the outstanding national-bank notes were $736,000,000.

Mr. REED. The figure I gave I obtained from the Comptroller of the Currency by telephone about three days ago.

Mr. FESS. Mr. President, if the Senator will permit me, I obtained the figure of $720,000,000 from the Treasurer of the United States; that is, from Mr. Wood.

Mr. REED. The figure was given me over the telephone by the Comptroller of the Currency. The reason I think that the Senator's figure can not be correct is that the total amount of bonds held by the Treasurer of the United States at the close of business on the 30th day of June last, a week ago, was only $670,000,000. Obviously we can not issue notes for more than the face value of those bonds. I do not understand the discrepancy in the figures.

Mr. BLAINE. If I may make a suggestion, is not the discrepancy explained by reason of the older outstanding national-bank notes based upon former issues of United States bonds? For instance, 4 per cent bonds were still in existence down to 1925, and the discrepancy may be due to that fact.

Mr. REED. I think rather it is due to the amount of money deposited in the Treasury by national banks for the redemption of national-bank notes. If they deposit lawful money in the Treasury for the redemption of outstanding notes, that is counted as outstanding money, but they still may issue up to the full amount of their bonds without taking into account that against which they have deposited a redemption fund. That, I believe, explains the discrepancy. There is about $30,000,000 on deposit in the Treasury at this time for the redemption of circulating notes. That is included in the Senator's figures, but not included in the figures I gave.

Mr. BLAINE. But the national-bank notes are still in circulation.

Mr. REED. That may be.

Mr. GLASS. Mr. President, I have no disposition to enter into a technical discussion of the quantitative theory of money. In my own view it has been repeatedly exploded, never more notably than in 1920, when the issue of currency in this country was at its peak, larger than it had ever been theretofore and larger than it has ever been since, and the credits of the 12 Federal reserve banks were at their peak, larger than they have ever been in the history of the system. At the same time commodity prices had dropped distressingly and business was literally at a standstill. The more I read after the professors of political economy the more confused I become and the more I am precluded from applying to these questions the plain common sense of a layman. I have observed many of these professional economists who have come to testify before the various subcommittees of the Committee on Banking and Currency who would go home and change their theory and their statements of fact altogether. One of such gentlemen mentioned by a preceding speaker, now, I believe, associated with the Bank of England as a financial expert, came before a subcommittee of the Banking and Currency Committee having in charge the problem embodied in the so-called Glass bill, and three months after he went home wrote me an extended letter stating that he wanted to modify severely the testimony that he had given before the committee—and, indeed, he needed to do so!

The matter comprised in the pending amendment to me is one of the simplest questions in the world. We had before us the Goldsborough bill to stabilize the dollar, or, rather, to stabilize commodities at a higher than the prevailing price. Everybody is agreed that better commodity prices are desirable, but not all of us believe in chimerical expedients to bring this about. Hence the measure now being here considered. I have never been able to understand how it is humanly possible to "stabilize" the value of the dollar unless we find a way to stabilize the value of the things which the dollar is used to purchase. Talk about "stabilizing the dollar" to me is Greek, and I do not understand the Greek language at all.

In this very respect and in pursuit of this fallacious theory early in the year the Federal Reserve Board and banks entered upon a course of bond purchase with the idea that thereby they would release the indebtedness of the various member banks of the system to the Federal reserve banks, and thus would induce the member banks to discount for their patrons and to renew banking operations on an active scale. In pursuance of that system, the Federal reserve banks have gone into the open money market in the metropolitan districts purchasing bonds, for which they had not one particle of use, to the amazing extent of $900,000,000—now owning a total of one billion eight hundred millions of United States securities—with the idea that these great banks in the money centers would trickle their liquidity down to the member banks throughout the country districts, and thereby induce the member banks throughout the country to embark on a more liberal discounting program and a broader resumption of banking business. The theory was that when this should be done there would be a very appreciable increase in commodity prices. It simply has not worked. There has not been any increase in commodity prices, except in the price of pork or hogs. There has not been any appreciable resumption of discount operations at the member banks. We are in the same state of fear and apprehension in which we have been all along.

I suggested to certain members of the Federal Reserve Board in whose judgment I have great confidence that if inflation of the currency was the trouble we had better have what I term a "diffused inflation" of the currency rather than a centralized attempt at its inflation such as that to which I have referred. Those members of the board agreed with me thoroughly, but seemed unwilling to take responsibility for projecting the suggestion.

The pending question is simply a proposal to authorize the national banks of the country, the smaller banks as well as the larger banks, to increase their loaning facilities. They have their portfolios now crowded with United States bonds to the extent of $4,199,000,000. This is a proposal to permit them to exchange a limited amount of those bonds for circulating notes so that, instead of relying upon the central

authorities in great money centers for accommodations, they may use in exchange for circulating notes the bonds that have been crowded on them to the extent of nearly $5,000,000,000.

I took the trouble to ascertain from the director of the banking operations of the Federal Reserve Board the distribution of those bonds, and I shall ask permission to put in the RECORD a statement showing that the distribution, if not ideal, is as nearly so as could be hoped.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. NORRIS. Mr. President, I think that is a very interesting part of the Senator's remarks. I would like to have him give us the information. If he does not want to read it in detail, at least let us have a general synopsis of where the bonds are.

Mr. GLASS. Very well, if the Senate will have patience.

In the Boston Federal reserve district $232,891,000 of bonds are held in the portfolios of the banks; in New York, $1,630,591,000.

Mr. REED. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Virginia yield to the Senator from Pennsylvania?

Mr. GLASS. I yield.

Mr. REED. Does that mean national banks or member banks?

Mr. GLASS. Member banks, the overwhelming number national banks.

Philadelphia, $279,000,000, in round numbers. I shall not read the odd thousands. Cleveland, $468,000,000; Richmond, $136,000,000; Atlanta, $134,000,000; Chicago, $351,000,000; Dallas, $112,000,000; San Francisco, $461,000,000; making a total of $4,199,000,000. The table in detail follows:

United States Government securities held by all member banks on December 31, 1931, and by weekly reporting member banks on December 30, 1931, and May 18, 1932

[In thousands of dollars]

Federal reserve district	Holdings of all member banks on Dec. 31, 1931					Holdings of weekly reporting member banks	
	Total	Bonds	Treasury notes	Certificates of indebtedness	Treasury bills	Dec. 30, 1931	May 18, 1932
Boston	302,460	232,891	29,096	29,613	10,860	197,000	224,000
New York	2,125,866	1,630,519	192,705	186,470	116,172	1,862,000	1,894,000
Philadelphia	336,900	279,094	43,465	13,734	607	190,000	176,000
Cleveland	489,264	468,595	15,374	5,146	149	386,000	405,000
Richmond	157,375	136,804	13,112	7,152	307	113,000	112,000
Atlanta	153,550	134,842	7,031	10,177	1,500	91,000	90,000
Chicago	598,953	351,256	64,113	172,211	11,373	465,000	420,000
St. Louis	158,694	129,156	17,702	11,823	13	95,000	102,000
Minneapolis	111,783	98,580	6,119	6,932	152	55,000	66,000
Kansas City	204,753	163,478	11,421	26,830	3,024	136,000	138,000
Dallas	132,233	112,792	8,817	10,132	492	84,000	83,000
San Francisco	546,823	461,478	31,619	39,375	14,351	386,000	383,000
Total	5,318,654	4,199,485	440,574	519,595	159,600	4,060,000	4,093,000

I also obtained from the director of banks in the Federal reserve system the capitalization of national banks in the various Federal reserve districts in order to determine what increase of circulation would be possible in those respective districts. The capitalization in the various districts reflects a decidedly satisfactory credit basis for the purposes of this bill. It is as follows:

Boston, $151,000,000; New York, $442,000,000; Philadelphia, $123,000,000; Cleveland, $112,000,000; Richmond, $73,000,000; Atlanta, $75,000,000; Chicago, $180,000,000; St. Louis, $55,000,000; Minneapolis, $57,000,000; Kansas City, $82,000,000; Dallas, $77,000,000; San Francisco, $186,000,000; making a total capitalization of the national banks of the country of $1,618,024,000. The table in detail follows:

Capitalization of national banks by Federal reserve districts as of December 31, 1931

District:	Amount
Boston	$151,205,000
New York	442,004,000
Philadelphia	123,477,000
Cleveland	112,288,000
Richmond	73,957,000
Atlanta	75,210,000
Chicago	180,375,000
St. Louis	55,789,000
Minneapolis	57,825,000
Kansas City	82,342,000
Dallas	77,422,000
San Francisco	186,130,000
Total	1,618,024,000

I likewise obtained from the Director of the Banking Division a statement of the outstanding bank-note circulation, which is as follows:

The outstanding national-bank circulation as of December 31, 1931

District:	Amount
Boston	$41,849,000
New York	95,918,000
Philadelphia	57,103,000
Cleveland	68,910,000
Richmond	46,830,000
Atlanta	42,507,000
Chicago	73,576,000
St. Louis	25,909,000
Minneapolis	24,948,000
Kansas City	30,171,000
Dallas	42,602,000
San Francisco	73,911,000
Total	624,234,000

Bonds bearing the circulation privilege approximates $700,000,000, from which fact it is deduced that national banks have omitted to issue the limit of bank-note circulation by nearly $75,000,000.

I also obtained from this official of the Federal reserve system the possible margin of expansion of national-bank notes in the various districts. In Boston the possible expansion is $109,000,000, in New York, $346,000,000, in Philadelphia, $66,000,000, in Cleveland $43,000,000, in Richmond $27,000,000, in Atlanta $32,000,000, in Chicago $107,000,000, in St. Louis $29,000,000, in Minneapolis $32,000,000, in Kansas City $52,000,000, in Dallas $34,000,000, in San Francisco $112,219,000, making a total possible margin of expansion in the country of $994,780,000, and not $14,000,000,000, as the Senator from Pennsylvania suggested in my absence some days ago.

This table in detail is as follows:

Possible margin of expansion of national-bank notes

District:	
Boston	$109,356,000
New York	346,086,000
Philadelphia	66,374,000
Cleveland	43,378,000
Richmond	27,127,000
Atlanta	32,693,000
Chicago	107,799,000
St. Louis	29,880,000
Minneapolis	32,877,000
Kansas City	52,171,000
Dallas	34,820,000
San Francisco	112,219,000
Total	994,780,000

Thus, as stated, the extreme margin of expansion under this bill is less than $1,000,000,000; certainly this moderate accretion to the total circulation of the country should not disturb public officials who in recent months have persistently recommended legislative expedients of their own which involved inflation to the amount of $10,000,000,000. So much, in fact, as to have affrighted them into an abandonment of their undigested schemes.

Mr. President, frankly I have not been among those who have imagined that there is an exigent need of expansion of the currency, because, as I pointed out six weeks ago, the member banks of the Federal reserve system alone had in their portfolios nearly $8,000,000,000 of eligible paper and of United States bonds, while they were at that time discounting at the 12 Federal reserve banks to the limited extent of less than $500,000,000. However, I held them, as I insist now, that if there be a need of expansion the surest and altogether the fairest way to bring it about is through the medium of expanding the circulation of the national banks, putting the national banks of all sections of the country

upon a fair basis of competition, and affording their respective communities increased credit facilities for the transaction of business.

I am sure there is not a banker in the Senate or in the country who will not be astonished at the statement of the Senator from Pennsylvania that there is such a material profit in the circulation privilege. When we enacted the Federal reserve act the consensus of judgment was that the privilege was worth only 1 per cent to the issuing banks, and that amount was largely in excess of the profit that any national banker who ever appeared before the two banking committees of Congress was willing to concede.

Mr. REED. Mr. President, will the Senator from Virginia yield to me?

Mr. GLASS. I yield.

Mr. REED. Does the Senator agree with me that whatever the profit on bank circulation is at the present time, the effect of this amendment, if adopted, would be to increase it by 2¼ per cent?

Mr. GLASS. No; I do not agree with that proposition at all; nor do I agree with the suggestion of the Senator from Pennsylvania that this action would decrease the value of the 2 per cent bonds. The only real investment value they have now, aside from their face, is the circulation privilege, which we estimated at 1 per cent. Therefore we provided in the Federal reserve act that the 2 per cent bonds might be exchanged for 3 per cent bonds to the extent of $25,000,000 each year for a period of years, feeling that this differential would fully compensate the displacement of national-bank circulation by the issuance of Federal reserve notes.

I agree teetotally with the Senator from Pennsylvania in his statement that a bond-secured currency is an unscientific issue; and for 50 years it was the attempt of Congress, always futile until the enactment of the Federal reserve act, to rid ourselves of a bond-secured currency and supplant it with an automatic currency that would issue upon the demand of commerce and retire at the consummation of all business transactions which it represented; but the process recently adopted by the Federal reserve banks, with the sanction of the Federal Reserve Board, is just the reverse of that.

In their open-market transactions and under the 15-day discount provision of the act having to do largely with speculation on the exchanges, they have attempted to take us back to the bond-secured currency; and, as I have indicated, since the passage of the Glass-Steagall bill they have loaded the portfolios of the Federal reserve banks with nearly a billion dollars of bonds, in addition to a like amount already held, against which they have issued Federal reserve notes and Federal reserve bank credits. It was my conception that if we were to expand our currency at all upon the bond theory, we had better do it as proposed in this measure than to do it after the fashion the Federal reserve banks and board have pursued.

Again, in all frankness, I must say that I have not greatly altered my opinion as to the lack of currency not being our trouble, but what is proposed here is of such a limited nature that if every national bank owning bonds would avail itself 100 per cent of the privilege accorded, we would not yet get back to the per capita circulation which we had 12 years ago.

The per capita circulation in this country in December, 1920, was 52 and a fraction, while the circulation to-day is but 43 and a fraction, a difference of over $9 in money, or over 17 per cent. If every national bank should avail itself to the fullest extent of the privilege here proposed to be extended, it would not take us to the per capita circulation we had 12 years ago.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

Mr. GLASS. I yield.

Mr. FLETCHER. I do not know whether the Senator has any figures as to the amount of money hoarded in this country; but, so far as I can gather, something over a billion dollars, it is estimated, are now being hoarded; so that if the entire expansion took place to the amount authorized by this bill, it would not cover the amount of money actually in hoarding.

Mr. GLASS. No, it would not; it would scarcely cover the amount of bonds purchased by the Federal reserve banking system within the last few months upon which it issued credit in the futile expectation that such credit would be expanded throughout the country and would revive business.

I am sure that any practical national banker will disagree with the Senator from Pennsylvania about the eagerness of the bankers to take advantage of this privilege. I have a very definite example in mind. In my own community there are three national banks, two of which have issued circulation against their bonds approximately to the limit, and one of which has not issued a single dollar. If the profit were so inviting, that bank, managed by as keen, acute, and acquisitive a set of officials as any bank that I know anything about, would have a million dollars of circulation to-morrow.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. GLASS. Yes.

Mr. REED. The Senator calls attention to the fact that many banks do not take advantage of the circulation privilege when their profit is about 1 per cent. Unless my mathematics is all wrong, the effect of this amendment will be to make their profit 3¼ per cent after they have paid the tax on their circulation. Does not the Senator think that will affect their conduct?

Mr. GLASS. No; I do not; and not only that, but I do not think a single national bank is going to issue one dollar of this currency unless there is more or less of an insistent demand for it. The Senator from Pennsylvania, I think, is greatly mistaken if he thinks it is going to cause the organization of hundreds of national banks or that the State banks are going to tumble over one another and desert their State charters and take out national-bank charters. The circulation privilege has never been attractive enough either in prestige or profit for this, as witness the fact that State banks, denied the circulation privilege, outnumber national banks about 3 to 1. Moreover, the Senator from Pennsylvania is utterly mistaken in his supposition that national banks would proceed to buy bonds for the profit in circulation. National banks will not have to expend a single dollar for this purpose. They now have more United States bonds than they can conveniently utilize. They can only utilize them through the Federal reserve banking system in the issuance of currency with a 40 per cent gold base, and national-bank expansion does not require anything of that sort.

The Senator from Pennsylvania in the concluding part of his speech, disclaimed any purpose to discredit the validity of national-bank issues; and yet he laid great stress throughout his remarks upon "fiat money." The Senator does not think, I am sure, that the $680,000,000 of national-bank notes now outstanding constitute in any sense or degree "fiat money."

Mr. REED. Mr. President, will the Senator yield?

Mr. GLASS. I do.

Mr. REED. I am afraid I must have spoken very badly if I gave the Senator that impression. Of course it is not fiat money; it is an unfortunate and unwise kind of money; but it is perfectly good so long as the credit of the United States is good.

Mr. GLASS. I have always thought that it was an unfortunate, unwise, inelastic, and inoperative currency, for that matter, and for that reason we devised the Federal reserve act eventually to retire it; and it would long ago have been retired but for the fact that the World War came on and we issued so many Government bonds.

The Senator will understand that this measure is not intended to be a permanent proposition at all. The whole thing terminates at the end of five years. For that reason we propose in this bill to modify the existing law with respect to the retirement of national-bank notes at the limit

of only $9,000,000 a year. It is a temporary expedient, and I say if "expansion" is really required—not to use the objectionable term "inflation"—if expansion is really required, this is a sane, a simple, and a sound way of expanding the currency to meet the exigencies of this particular time. It can do no harm on earth, because it is a temporary arrangement. It expires by limitation of law, and the only purpose of it, the only purpose of those who suggested it—with a single exception, the unanimous action of the Banking and Currency Committee—was to respond to this insistent demand for currency and credit inflation as a cure for the ills that are now besetting the country.

I can not see that it would possibly do one particle of harm. I can see that it would do some good as an effective foil to some dangerous measures already projected. It would at least release 7,600 national banks from the fear that seems to have possessed them and cause them, in some wholesome measure, to begin the banking business again.

With this brief explanation I do not care to detain the Senate longer.

Mr. BLAINE obtained the floor.

Several Senators addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. BLAINE. I prefer to proceed. I understand that the Senate is going to take a recess very shortly. I desire very briefly to present my view of the question at this time, following the discussion of the Senator from Virginia [Mr. GLASS].

The Senator from Virginia was slightly mistaken when he said that the bill, H. R. 11499, as amended, had the unanimous report of the Committee on Banking and Currency. I opposed the adoption of the amendment that was reported by the committee, and which is now the amendment offered by the Senator from Idaho [Mr. BORAH]. I was anxious to have the Goldsborough bill reported out, so that the subject might become a matter of discussion, and that we might pass it, but I did not favor, and do not favor now, the amendment as reported out by the committee and as proposed by the Senator from Idaho.

Mr. WATSON. Mr. President, will the Senator kindly yield for a question?

Mr. BLAINE. I yield.

Mr. WATSON. Does the Senator intend to address the Senate at length?

Mr. BLAINE. I said that I intended to address the Senate very briefly. I shall not take very long. I suggest that my remarks will probably consume about 15 minutes, if I am not interrupted.

Mr. WATSON. I just wanted to make a motion to go over until to-morrow; but if the Senator prefers to address the Senate this afternoon, I will defer that motion.

Mr. BLAINE. I should prefer to go on.

I want to call attention to a few very pertinent facts.

National-bank notes to-day are issued upon the basis of 2 per cent bonds. Those bonds stand at a premium, in recent months, of about 2⅓ per cent. When bonds that are drawing an interest rate of 4¼ per cent—or 2¼ per cent more than the present bonds which are the basis for national-bank note circulation—are given the same privilege, it is very easy to appreciate that bonds bearing less than 4¼ per cent will take a crash. The amount of depreciation thereon no one can state.

It can be very readily appreciated, also, that the 3 per cent bonds, which are to-day selling at a discount of about 8 per cent, when subjected to the influences that will be brought about by the adoption of this proposed amendment, will further depreciate. How much we do not know. But every bond bearing an interest rate of less than 4¼ per cent is bound to depreciate and depreciate very materially.

I call attention to another very pertinent fact:

The circulating privilege is conducive to the issuing of national-bank notes because of the profits that are made upon the investment. I desire to analyze what those profits are. The Comptroller of the Currency has issued a table respecting those profits. That table includes as a deduction the sinking fund in respect to the 2 per cent bonds; but that sinking fund is always invested, is always an income-producing fund; so that should be eliminated from our calculation when we desire to arrive at the actual return upon the investment.

The Comptroller of the Currency also includes 6 per cent on the investment, which, of course, is included as a part of the total net return upon the amount of money invested by a national bank in the purchase of bonds and in issuing its notes.

I am going to use this illustration:

We will assume that there is a $100,000 proposal for national-bank notes. Taking the figures for 1929, a national bank would have had to purchase a like amount of Panama Canal bonds at the market price of 102.338, or a total cost of $102,338. The national bank is required to make a deposit of 5 per cent of its circulation in the redemption fund. Therefore it would have to deposit $5,000 and receive a net circulation of $95,000 in return for an original investment of $102,338.

This is the set up. It consists of a premium of $2,338 and a redemption fund of $5,000, or a total net investment of $7,338. Upon this investment the bank receives an income of $2,000—that is, the interest on the 2 per cent bonds. Its expenses, according to the Comptroller of the Currency, are as follows:

For tax, $500. Other expenses: The average cost, according to the Comptroller of the Currency, is $62.50. That makes a total expense of $562.50, subtracted from $2,000, the income, which makes a net return of $1,437.50. This net income on a total investment of $7,338 is an annual rate of return amounting to 19½ per cent upon the actual money invested.

Therefore the proposition is very inviting; and it will be observed, as the Senator from Pennsylvania has pointed out, that the national banks have availed themselves of the privilege and have absorbed most of the 2 per cent bond.

The Secretary of the Treasury informs me of another very significant fact. The total interest the Government of the United States has paid to national banks for the privilege they have in issuing national-bank notes, from the time such bank notes have been authorized, down to and including 1931, is $892,173,366.10.

The Secretary of the Treasury informs me in a letter dated April 7, 1932, that the average annual interest that the Federal Government pays to the national banks for issuing the national-bank notes is $13,316,000. In other words, it has cost the Government of the United States on an average $13,316,000 a year for the past 67 years for the privilege which the national banks exercise in issuing national-bank notes. The Government pays on its 2 per cent bonds to the national banks over $13,000,000 a year in interest, and the national banks issue money against those bonds and the Government guarantees that money, and in effect pays interest on its own money.

Mr. FLETCHER. Interest on the bonds?

Mr. BLAINE. Interest on the bonds; and the national banks receive as a return upon their net investment 19½ per cent. Therefore the proposition is a very attractive one, and it appears obvious to me that when we make 4¼ per cent bonds eligible for national-bank note circulation the national banks will receive a greater net return upon the actual money they invest, and all other bonds issued by the Government are bound to take a slump.

Mr. President, to my way of thinking there is more danger in this proposed amendment than in any other proposal relating to our monetary system that has been seriously considered at this session of the Congress.

If we are going to undertake to increase the circulating medium through some system of this kind, why not make all Federal bonds eligible as a basis for the issuance of Federal reserve bank notes by the Federal reserve banks? Whatever profits then made in issuing the Federal reserve bank notes would be turned into the Federal Treasury as a part of the franchise tax as now provided by law.

Therefore, Mr. President, this proposition means this: That in the issuing of future United States bonds we will be compelled, in order to maintain their value at par, to make every bond draw as high a rate of interest as does any existing bond. It also means that all bonds of the Federal Government bearing less than 4¼ per cent are bound to crash in the market, and that we can reasonably anticipate.

Mr. FLETCHER. Mr. President, the Senator realizes, I take it, that these 2 per cent bonds are already held by the banks, owned by the banks, and mostly by the very large banks.

Mr. BLAINE. Exactly; the 2 per cent bonds are. Of course, as those 2 per cent bonds are retired by the Federal Government, as they are paid off, bonds drawing a higher rate of interest can be substituted for them.

All other bonds which are eligible, but which draw a lower rate of interest than 4¼ per cent, and particularly the 3 per cent bonds, selling now at around 92, we all must understand would be subjected to a tremendous depreciation.

That would not occur under the Glass-Steagall bill, as all bonds hold a relative value as a basis for the issuing of Federal reserve notes, and it would not occur under the Goldsborough bill.

Mr. President, the added amount of currency would have little or no influence upon the present situation. We would assure a depreciation in our Federal bonds, and it would mean that all future bonds issued by the Government would bear the highest prevailing rate of interest, and the national banks would make a return upon their investment far above their present return of 19½ per cent.

The national banks of to-day hold 4¼ per cent bonds. Every one of them would at once indulge the privilege of issuing national-bank notes to the limit, and every one of them would receive a return upon the actual money invested of twice the amount that is received under the Panama or 2 per cent bonds. It would be an invitation for the creation of additional national banks, with no assurance that the added currency would ever reach those who produce the commodities of our country or render the labor necessary for the production of those commodities. The probabilities are that the added currency would find its way at once into the stock market and speculation.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the President pro tempore:

H. R. 10600. An act to exempt from the quota husbands of American citizens; and

H. J. Res. 336. Joint resolution construing section 503 (b) of the tariff act of 1930.

ACQUISITION OF LAND ADJACENT TO BOLLING FIELD

Mr. FLETCHER. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 1077, an important bill recommended by the department and favorably reported by the Committee on Military Affairs. It is the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Military Affairs with amendments, on page 2, line 3, to strike out "numberel" and insert "numbered," and on page 2, after line 22, to insert new sections 3 and 4, so as to make the bill read:

Be it enacted, etc., That section 2 of the act approved February 25, 1929 (45 Stat. 1303), authorizing the Secretary of War to acquire by purchase or condemnation real estate adjacent to Bolling Field, Washington, District of Columbia, for the extension and development of said flying field, is hereby amended so as to increase the amount therein authorized to be appropriated from $666,000 to $714,420.12, which amount includes the sum of $16,791.21, the balance due on two parcels of land numbered 13 and 14, for which final judgment in condemnation proceedings has been entered against the United States of America, together with such additional sum as may be necessary to pay interest at the rate stipulated and in accordance with the judgments rendered.

SEC. 2. That of the $42,000 authorized by an act approved February 18, 1928 (45 Stat. 129), appropriated by the act approved March 23, 1928 (45 Stat. 338), and continued available until expended by the act approved July 3, 1930 (46 Stat. 909), for the construction of an administration building at Bolling Field, so much as may be necessary is hereby authorized to be made available for the completion of the acquisition of the remaining parcels of real estate adjacent to said flying field not heretofore taken under declarations of taking pursuant to provisions of an act approved March 1, 1929 (45 Stat. 1415), authorized to be acquired by an act approved February 25, 1929, supra, including interest at the rate stipulated and in accordance with judgments.

SEC. 3. That the Secretary of War is hereby authorized in his discretion (1) to terminate the contract entered into June 1, 1925, between the United States and A. T. Williams, of Jacksonville, Fla., for the sale and purchase of the St. Johns Bluff Military Reservation, in Florida, (2) to execute a quitclaim deed therefor to A. T. Williams, or his executors, upon the receipt of an amount including interest aggregating not less than ten times the official appraised value made of said reservation prior to the time it was offered for sale.

SEC. 4. Nothing in this act shall be construed as authorizing the Secretary of War to refund any sum of money received as principal or as interest under the provisions of the contract of sale and purchase entered into with A. T. Williams for the St. Johns Bluff Military Reservation, and the acceptance of the deed hereby authorized shall constitute a final and complete bar, accord and satisfaction to any claim by any person for any such refund in whole or in part.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

CONDITION OF AGRICULTURE

Mr. GLASS. Mr. President, I ask unanimous consent to have printed in the RECORD an address by an outstanding agriculturist in my State, Mr. W. P. Buchanan, of Washington County, Va., entitled "What Is the Matter with Agriculture?"

The PRESIDENT pro tempore. Without objection, it is so ordered.

The address is as follows:

Something is radically wrong. The symptoms are unmistakable. The condition has persisted for more than a decade. It is noticeable that no effective remedy has been applied; every treatment administered has left the patient in a progressively worse condition. Upon the principle that every effect is due to a cause, the thoughtful farmer is beginning to doubt the accuracy of the various diagnoses. This suggests to his mind the need of a change of doctors—the only really hopeful symptom the patient has shown.

The condition complained of is not so complicated that it can not be understood. The average farmer's budget is unbalanced. That much is quite plain. It is equally clear that his budget can be balanced only by either reducing his outgo or increasing his income, or by both. The writer would suggest both, with this qualification—reduce expenditures for nonessentials and if need be spend more for essentials. The cost of a plan or practice is not all important if it is done in the right way and if it is within one's means; the vital question is: Will the result show a profit, and will the profit be sufficiently great to justify the risk involved?

SUBSIDY NOT WANTED

Most, if not all, of the major farm relief plans advanced up to this time involve a Federal subsidy, indirectly though it be. As a close-to-the-soil farmer who lived on the farm let me say positively that I do not believe that farmers as a class, and but a few as individuals, want any subsidy. Neither do they want organized interference, governmental or otherwise, with the natural flow of farm commodities in commerce. The farmer, more than anyone else, knows that nature will ultimately have her way; and he prefers that natural methods direct the course of his commodities after they have been produced.

In the production end it is well known that natural laws can not successfully be set aside; by now it is surely understood that such artificial barriers as holding a rapidly accumulating surplus, with no control over production, can have but one possible result. We now suffer from that result. Furthermore, the mere size of the present governmental operations in certain agricultural commodities intimidates the normal trader and deters him from normal operations. Certain of them are called "gamblers," I believe. As a gambler, who equals the farmer? But right here let's be honest with ourselves: If you had a thousand bushels of wheat for sale or a crop of cotton, or of corn, would you prefer 1 bidder or 10 bidders? If the commodity exchanges suffer from evil practices, by all means correct them—but do not destroy natural markets because unprincipled individuals sometimes use them for dishonest purposes.

FARMER MUST EMULATE BIG-BUSINESS SOUND PRACTICES

The farmer needs to follow some of the despised practices of big business. For instance, in normal times the manufacturer fixes the price of his product; only, however, as he fits production to consumptive demand. It is encouraging to note that similar plans for the control of agricultural production are now being developed. Times like these are being utilized by progressive manufacturers both to gage the future and to prepare for it; to improve methods of production; to improve the article produced; and where the need is indicated, to bring out even entirely new articles. How can the farmer adapt that principle? By developing and broadening the scope of his vision and by sound, constructive thinking. Granting that there may be exceptions—but the writer knows of none—there are probably few important agricultural sections of the United States in which new lines could not be profitably adopted to some degree.

IMPORTANCE OF LITTLE THINGS

As does the manufacturer, especially in times like the present, so also must the farmer pay more attention to the little things. In the very nature of his business the successful farmer must do this at all times. Speaking in a general way, the loss of this one point is sufficient to spell the difference between profit and loss. World War prices and conditions dulled perception of the value of little things. Everybody thought in large sums. The farmer was no exception, but it seems to have done him more permanent injury than almost any other class; possibly due to the fact that he is his own boss.

It may not be amiss at this point to recommend a very fine piece of agricultural literature to the farmer who reads this article. I refer to one of the older works, and yet it is right up to the minute. Its circulation is tremendous, but it is evidently given too little consideration in recent years by many people in arranging their daily reading. While not written primarily as a work on agriculture, I have yet to find its equal even for that purpose. It describes the master farmer's wife, treats of livestock, agronomy, and deals with all the farmer's problems. In this connection I would call the reader's attention to second chapter, fifteenth verse, of Songs of Solomon: "Take us the foxes, the little foxes, that spoil the vineyards."

THE FARMER MUST STOP DECEIVING HIMSELF

We farmers need to be honest with ourselves. Are we? I would like to stress that. It is no idle comment. To deceive another is indefensible; to deceive one's self is utterly foolish. How many times do we deliberately fool ourselves in our planning or execution? It is generally in our execution; at times it is so much easier to do a thing an easy way than to do it the best way. Right there millions of dollars of losses are sustained annually by the farmers of this country. Perhaps farmers have more general knowledge of their occupation than any other class of people and use it less wisely.

If that remark nettles you, please remember that it is written by a farmer out of abundant experience and observation. We need to think more. We need constructive imagination. We need courage. What does this mean? First, make an accurate mental picture of your own farm and its various productive possibilities, not only the things which you are doing more or less through force of habit but the other things you might do; study carefully competitive conditions and see how they may be met or avoided, and having done these summon a high order of courage to carry through your plans. This requires clear and sound thinking, which of itself is stimulating. All of this is said in spite of the fact that so many politicians and would-be leaders of agriculture act as though they thought that the farmer had neither the right nor the capacity to think. He has both. Unfortunately he exercises neither to anything like the extent his problems require.

Abandon old practices, if unprofitable, and substitute new ones in a careful, constructive way. All of this may sound like plain talk. It is. It is so intended. The largest industry in this country is bogged down; not just temporarily, as will presently be shown, and it is time for a plain and sincere discussion of the reasons for that condition with a view to finding sound remedies of a permanent character. Let us keep constantly before us the idea that this calls also for plain, straight thinking upon the part of the individual farmer as much as on the part of those who are directing the various agencies which are endeavoring to benefit him. Without straight thinking and well-considered action on the part of the individual farmer, no amount of governmental assistance is going to do him any good. I believe there is no other approach to a permanent solution. Continued use of many methods and ideas of the preceding generation is to no little degree responsible for agriculture's present plight.

For instance, in certain sections where it costs considerably more than a dollar a bushel to produce wheat, why deliberately continue to attempt to compete with low-cost areas? And wheat is not the only crop produced under similar impossible conditions. But to merely discontinue unprofitable hoary practices is not enough. That is only the half of it. Profitable substitutes must be adopted. Of course, that requires thought and lots of it. I doubt if there is an important agricultural community in the entire country in which one or more successful individual farmers do not stand out because of their practice of that doctrine.

INVEST IN ESSENTIALS

It requires the expenditure of money to make money, in farming as in other lines of endeavor. It will bear repeating that essential expenditures should come first; and in these times we need to be as certain as can be of the accuracy of our judgment as to what is essential. Most of us have been spending for the wrong things, and are still doing it; not necessarily spending too much, if only we spent for the right things. But we must keep within our means. Easy credit in nearly every direction has been our undoing.

TAX BURDEN DELAYS RETURN TO NORMAL

The farmers have at least one thing in common with wealth and big business—together we pay most of the country's tax bill. Not only as to the farmer, but I think it may be said of these others as well, perhaps the greatest obstacle to a return to normal business conditions is the crushing tax burden. Correction of this is more difficult because of interest and sinking-fund payments on debts resulting from our orgy of public spending during the "new era" and also because of multiplied bureaus and agencies of doubtful value. Interest now being manifested in Government and tax matters—local, State, and National—is a fine thing and will no doubt lead to an improved situation.

WHAT GOVERNMENT SHOULD DO AND WHAT IT SHOULD NOT DO

Some say the way out is for the farmer to produce less. That is undoubtedly true of certain commodities and would appear to apply to all major farm crops just at this time. But to ignore for the moment our immediate problem of surpluses, and take a long-time view of the farming industry as a whole, we need developments in opposite directions, as follows:

(1) For some of the major crops, as the cereals and cotton, we need wider outlets. While present avenues of consumption can and will absorb larger quantities of these commodities under more favorable conditions than obtain at the present time, that alone is not sufficient. Development of new uses is important. For example, the cotton plant has almost unlimited possibilities in addition to its present ordinary uses. Some important work has been done along this line; but, in relation to its importance to the entire world, the surface has scarcely been scratched. This very thing constitutes a challenge to our very best scientific thought. Who knows but that developments along this line may supply the stimulus to revive industry and put it on the road to heights of achievement never before attained? Why continue to pour out public funds for alleged farm relief in ways that, no one will deny, have done serious injury to the intended beneficiaries, not to mention evil effects upon practically every other element in the community? Use a small amount of that total in a business-like way to create something constructive and of permanent value. It would not require nearly so many millions as have been wasted up to the present time in trying to do the impossible. A determined effort to find new and profitable commercial uses for certain of the crops, an effort comparable to that of science during the World War period, should bring fine results. In the nature of the case this is largely governmental function. Such an accomplishment would justify an even larger volume of production of such crops—and likely lower the cost per unit.

(2) There should be established a system of control to regulate, annually, agricultural production so as to adjust the quantity of the various crops to the probable requirements. This is regarded by many as entirely practicable. A definite plan is now being considered. Until this or some other effective device is adopted for control of production it is sheerest folly to spend hundreds of millions of dollars in so-called stabilization efforts. Some industries have such a short process of manufacture that they are able to operate for a single day and then close down for the balance of the week if the 1-day operation supplies their orders for that period; others, having a longer process, regulate production to demand in periods of a month or longer. The farmer's period of production being longer, as to some crops the entire year and even longer than that, it is necessary that his new supplies of commodities be adjusted to prospective demand by annual periods. To emphasize this point let's suppose that a manufacturer's volume of production were inflexible, so that he found it impossible to adjust it to demand except at the end of each year. Where would he find himself ultimately? Conversely, if the farmer's production were based upon a reliably estimated need, the determining factor in his profits would be largely his ability to produce a superior article relatively cheap.

In any event we must get away from the idea of price fixing as a solution of our troubles. Let economic laws fix the price; it is then up to the individual farmer to produce at a cost to show a profit, lose money, or try some other crop or occupation. Exactly the same economic laws govern in agriculture as in banking or in other business. The utter fallacy of doctrines to the contrary has been abundantly demonstrated during the last two or three years.

A sick world is crying for relief from the false economic theories and bad individual practices which have brought it to its present deplorable condition.

Before closing let me mention one other thing. It has to do with the farmer's morale. For a long time, up until about two years ago, both press and platform dwelt at length upon the farmer's pitiable plight. It is a high tribute to his moral stamina that he did not surrender under it all. I think it is a tribute to his common sense as well. Amongst the several blessings that flow to the farmer from the present depression—and they are many, both as to the farmer and others as well—may be mentioned the fact that the manufacturers, merchants, and bankers have all been so occupied with their own problems that they have had no time to shed crocodile tears over the plight of the farmer.

Give us a sincere and earnest effort by our best scientific talent, governmentally directed, to establish new and profitable commercial uses for farm commodities; an effective system for adjusting production to probable requirements; take the insincere-type politician and the professional would-be agricultural leader off of our backs, and substitute in their stead some real honest-to-goodness farmers in the higher councils of governmental agriculture, and the farmer will stage his comeback along with the other industries, if not earlier.

UNEMPLOYMENT RELIEF

Mr. COSTIGAN. Mr. President, I send to the desk and ask to have printed in the RECORD and referred to the Committee on Manufactures an editorial on unemployment relief entitled "This Can Not Be Delayed," appearing in the Washington Daily News of to-day, July 8, 1932.

There being no objection, the editorial was referred to the Committee on Manufactures and ordered to be printed in the RECORD, as follows:

[From the Washington Daily News, July 8, 1932]

THIS CAN NOT BE DELAYED

The House of Representatives has adopted a compromise relief bill not particularly satisfactory to anyone, violently opposed by many. It will be killed either by the Senate or by the President. The work of getting tangible, practical relief to the people who need it must start again at the beginning.

This time politics should be left out of the discussion. Success in a political campaign is important to a great many people, but it is far more important that citizens be saved from suffering and that the country be saved from the wrath of men made desperate by want.

It is important, first, that adequate funds be provided to assure care for all who may be in need. Some weeks ago the Senate passed an emergency hunger relief bill, separating this fund from the controversial provisions of the present measure which are intended to lessen unemployment. Speaker GARNER prevented passage of this emergency bill, forcing it to travel the slow, troublesome path of the other relief provisions.

Without delay both Houses should make money available to the States for this purpose. They should be very sure that the amount is sufficient to meet all needs.

In his proposal that the Government take over the function heretofore performed by banks and loan to private business firms and to individuals, Speaker JOHN GARNER has raised a fundamental economic question. It has never been debated adequately in either House of Congress nor in the committees of either House. It is not enough for GARNER and his friends to say in its defense that help must be given the little fellow as well as the big industries on top. Nor is it enough for the President to say in opposition that the proposal would lead the Government into pawnbroking on a gigantic scale.

Most of us will agree with the purpose announced by GARNER. On the other hand, most of us want to be shown that the Garner plan actually will bring benefit to men at the bottom of the economic scale, that it will do something to increase the purchasing power of the country rather than simply increase further or maintain the producing power.

A study of this problem should have been started months ago. The lateness of the day is added reason why it should be undertaken at once. Committees of the Senate and House, or a joint nonpartisan committee of both Houses, should review the whole problem at once with expert assistance. They should consider at the same time the interesting proposal of the railroad brotherhoods, sponsored by Senator COSTIGAN and Representative LAGUARDIA, for putting Government credit behind needy consumers.

Such a study should not take long. Congress should wait in Washington until it is completed and should then, at last, come to grips with the problem—the problem of creating work for those who have none and restoring the general purchasing power as the first essential step toward making industry function normally again.

But in the matter of direct relief to prevent suffering there is no excuse for any delay. Such a bill should be passed separately, at once. To hold it back for political advantage is little short of criminal.

HIGHWAY ACROSS MILITARY RESERVATION, SPRINGFIELD ARMORY, MASS.

Mr. REED. Mr. President, on behalf of the Senator from Massachusetts [Mr. COOLIDGE] I ask unanimous consent that Calendar 1076 may be considered. It is almost a private bill authorizing the city of Springfield, Mass., to build a highway bridge across a part of the Springfield Armory property. It is recommended by the War Department and opposed by nobody.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the bill (H. R. 7293) requesting the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway and bridge across the United States military reservation at the Springfield Armory, Mass., was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to grant to the city of Springfield, Mass., permission to construct and to maintain a highway across the United States military reservation of the Springfield Armory and, as part thereof, a highway bridge across the Watershops Pond upon said reservation, the highway and bridge to be not over 100 feet in width, except as bridge abutments may of necessity exceed that width; the aforesaid highway and highway bridge to be located, at the option of the city of Springfield, Mass., at any position between the two limit lines marked "A–A" and "B–B" upon the plat S. A. 6066, dated October 19, 1931, and approved November 30, 1931, which limit lines are further described as follows, namely:

Line "A–A": Starting at a point on the northerly line of Hickory Street 161 feet westerly from the stone bound marking the northeasterly point of the intersection of Hickory Street and Whitman Street and running thence south 36° 35'' west to and beyond the southerly shore line of Watershops Pond, crossing the boundary of the United States military reservation at two points approximately as follows: One on the line joining corners 158 and 159 of Plate X of Springfield Armory land plans book at a distance of about 35 feet easterly from corner 158 and the other point on the line joining corners 706 and 707 at a point about 35 feet northeasterly from corner 707.

Line "B–B": Starting at a point on northwesterly line of Hickory Street 65 feet southerly from a stone bound on said line of Hickory Street which is located approximately 45 feet south from the southerly side of Bonnyview Avenue, and running thence south 24° 4' 55'' east to and beyond the southerly shore line of Watershops Pond, crossing the boundary line of the United States military reservation at two points approximately as follows: One on line adjoining corners 176 and 175 at a distance of about 20 feet southwesterly from corner 176 and the other point on the line joining corners 683 and 684 at a point about 125 feet, approximately, from corner 683: *Provided, however,* That prior to construction of said highway and highway bridge across the aforesaid reservation, plans showing the location and design thereof shall be submitted to the commanding officer of the Springfield Armory, and by that officer approved as providing adequate clear channel for stream flow and as otherwise free from interference with the proper interests of the United States in and to the aforesaid reservation and the Watershops Pond located thereupon: *Provided further,* That the construction of said highway and bridge and the maintenance thereof shall be without cost to the United States.

The title was amended so as to read: "An act authorizing the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway bridge across United States military reservation at the Springfield Armory, Mass."

RECESS

Mr. McNARY. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and the Senate (at 6 o'clock and 5 minutes p. m.) took a recess until to-morrow, Saturday, July 9, 1932, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate July 8, 1932

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Lieut. Col. Kenyon Ashe Joyce, Cavalry, from July 1, 1932.

Lieut. Col. Francis Joseph Behr, Coast Artillery Corps, from July 1, 1932.

Lieut. Col. Fred Hays Turner, Infantry, from July 1, 1932.

Lieut. Col. Howard Carlyle Tatum, Cavalry, from July 1, 1932.

To be lieutenant colonels

Maj. Robert Christie Cotton, Infantry, from June 30, 1932.

Maj. George Barrett Glover, jr., Infantry, from July 1, 1932.

Maj. Roy Alison Hill, Infantry, from July 1, 1932.

Maj. Charles Kilbourne Nulsen, Infantry, from July 1, 1932.

Maj. Theodore Kendall Spencer, Infantry, from July 1, 1932.

Maj. Edwin Martin Watson, Field Artillery, from July 1, 1932.

To be majors

Capt. James Louis Guion, Ordnance Department, from June 30, 1932.

Capt. George Douglas Wahl, Field Artillery, from July 1, 1932.
Capt. Basil Harrison Perry, Field Artillery, from July 1, 1932.
Capt. Harold Rufus Jackson, Coast Artillery Corps, from July 1, 1932.
Capt. Ray Hartwell Lewis, Field Artillery, from July 1, 1932.
Capt. Augustus Milton Gurney, Field Artillery, from July 1, 1932.
Capt. John Trott Murray, Infantry, from July 1, 1932.
Capt. Morris Keene Barroll, jr., Ordnance Department, from July 1, 1932.

To be captains

First Lieut. Vernon Leslie Nash, Infantry, from June 30, 1932.
First Lieut. Neal Dow Franklin, Infantry, from July 1, 1932.
First Lieut. Harold W. Smith, Coast Artillery Corps, from July 1, 1932.
First Lieut. Henry Joachim Boettcher, Infantry, from July 1, 1932.
First Lieut. Lonnie Ottis Field, Field Artillery, from July 1, 1932.
First Lieut. Melvin B. Asp, Air Corps, from July 1, 1932.
First Lieut. Maurice Stewart Kerr, Infantry, from July 1, 1932.
First Lieut. Orley DeForest Bowman, Coast Artillery Corps, from July 1, 1932.

To be first lieutenants

Second Lieut. Rothwell Hutton Brown, Infantry, from June 30, 1932.
Second Lieut. Irvin Schindler, Field Artillery, from July 1, 1932.
Second Lieut. Charles Owen Wiselogel, Field Artillery, from July 1, 1932.
Second Lieut. Albert Jerome Thackston, jr., Infantry, from July 1, 1932.
Second Lieut. Joseph Roy Dougherty, Infantry, from July 1, 1932.
Second Lieut. Arthur Hodgkins Bender, Coast Artillery Corps, from July 1, 1932.
Second Lieut. Clarence Daniel Wheeler, Air Corps, from July 1, 1932.
Second Lieut. Walter Sylvester Lee, Air Corps, from July 1, 1932.
Second Lieut. Manning Eugene Tillery, Air Corps, from July 1, 1932.
Second Lieut. Cleo Zachariah Shugart, Infantry, from July 1, 1932.

MEDICAL CORPS

To be captains

First Lieut. Jesse Benton Helfrich, Medical Corps, from July 1, 1932.
First Lieut. Thomas Albert Wildman, Medical Corps, from July 1, 1932.
First Lieut. Duran H. Summers, Medical Corps, from July 1, 1932.
First Lieut. Frederick Stephen Craig, Medical Corps, from July 1, 1932.
First Lieut. James Hedges Forsee, Medical Corps, from July 1, 1932.
First Lieut. Walter Atwater Carlson, Medical Corps, from July 1, 1932.
First Lieut. Clarke Horace Barnacle, Medical Corps, from July 1, 1932.
First Lieut. Robert Moore Allott, Medical Corps, from July 1, 1932.
First Lieut. Steven Vincent Guzak, Medical Corps, from July 1, 1932.
First Lieut. Thomas Christy Gentry, Medical Corps, from July 1, 1932.
First Lieut. Edward Joseph Tracy, Medical Corps, from July 1, 1932.
First Lieut. Arnold Archibald Albright, Medical Corps, from July 1, 1932.
First Lieut. Robert Cabaniss Gaskill, Medical Corps, from July 1, 1932.
First Lieut. Dan Clark Ogle, Medical Corps, from July 1, 1932.
First Lieut. William Spencer Stone, Medical Corps, from July 1, 1932.
First Lieut. Milford T. Kubin, Medical Corps, from July 1, 1932.
First Lieut. John Edward Pluenneke, Medical Corps, from July 1, 1932.
First Lieut. James Donley Gardner, Medical Corps, from July 1, 1932.
First Lieut. Emmett Bryan Litteral, Medical Corps, from July 1, 1932.
First Lieut. Austin Lowrey, jr., Medical Corps, from July 1, 1932.
First Lieut. Jasper Newman Knox, jr., Medical Corps, from July 1, 1932.
First Lieut. Carl Willard Tempel, Medical Corps, from July 1, 1932.
First Lieut. Nuel Pazdral, Medical Corps, from July 1, 1932.
First Lieut. George Dewey Newton, Medical Corps, from July 1, 1932.
First Lieut. George Edward Leone, Medical Corps, from July 1, 1932.
First Lieut. Albert Henry Schwicktenberg, Medical Corps, from July 1, 1932.
First Lieut. Ehrling Lloyd Bergquist, Medical Corps, from July 1, 1932.
First Lieut. Wendell Axline Weller, Medical Corps, from July 1, 1932.
First Lieut. Clinton Stone Lyter, Medical Corps, from July 1, 1932.
First Lieut. Walter Lee Peterson, Medical Corps, from July 1, 1932.
First Lieut. Russell Samuel Leone, Medical Corps, from July 1, 1932.
First Lieut. Dwight Moody Kuhns, Medical Corps, from July 1, 1932.
First Lieut. Lawrence Abraham Matternes, Medical Corps, from July 1, 1932.
First Lieut. Arthur Lyman Streeter, Medical Corps, from July 1, 1932.
First Lieut. John Alexander Isherwood, Medical Corps, from July 1, 1932.
First Lieut. Harold Bradley Luscombe, Medical Corps, from July 1, 1932.
First Lieut. Charles Lewis Baird, Medical Corps, from July 1, 1932.
First Lieut. Thomas Neilson Page, Medical Corps, from July 1, 1932.
First Lieut. Samuel Leonard Cooke, Medical Corps, from July 1, 1932.
First Lieut. Harold Eastman Coder, Medical Corps, from July 1, 1932.
First Lieut. Victor Allen Byrnes, Medical Corps, from July 1, 1932.
First Lieut. William Smith George, Medical Corps, from July 1, 1932.
First Lieut. Kenneth George Gould, Medical Corps, from July 1, 1932.
First Lieut. Gustave Everett Ledfors, Medical Corps, from July 3, 1932.

DENTAL CORPS

To be lieutenant colonel

Maj. Charles DeWitt Deyton, Dental Corps, from July 5, 1932.

WITHDRAWAL

Executive nomination withdrawn from the Senate July 8, 1932

UNITED STATES MARSHAL

B. B. Montgomery, of Mississippi, to be United States marshal, northern district of Mississippi, to succeed Charles R. Ligon, whose term expired May 5, 1930.

HOUSE OF REPRESENTATIVES

FRIDAY, JULY 8, 1932

The House met at 12 o'clock noon.

Rev. Harvey H. Harmon, minister National City Christian Church, Washington, D. C., offered the following prayer:

Thou who art our God and Father, we pause in quiet that we may be conscious of Thy presence in this hour. We thank Thee for Thy infinite goodness and tender mercies. We pray to-day that Thou wilt illumine our minds, open our hearts, and renew our souls. In our desire to fulfill Thy purpose in our lives, that Thy will may be done in this body of men and women and throughout our blessed country, we seek Thy guidance in the deliberations and commitments of this day.

O Thou who art the God of this Nation and of the whole earth, renew our faith in Thee and in all mankind. May we have fellowship with Thee this day in solving the destinies of our land.

Be with our loved ones and bless all homes of our land. May the earth be filled with Thy glory, and to Thee shall be the praise forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 462. Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia.

The message also announced that the Senate agrees to the amendments of the House to the amendment of the Senate No. 2, and the amendment to the title to the bill (H. R. 7939) entitled "An act to authorize the presentation of a distinguished-flying cross to Russell N. Boardman and John L. Polando, and Wiley Post and Harold Gatty, and for other purposes."

TERMS OF PRESIDENT, VICE PRESIDENT, ETC.

The SPEAKER pro tempore [Mr. WOODRUM] laid before the House the following communication:

BATON ROUGE, LA., *July 5, 1932.*

HON. JOHN M. GARNER,
Speaker of the House of Representatives,
Washington, D. C.

DEAR SIR: I have the honor to transmit herewith the duplicate original of Senate Concurrent Resolution No. 2 relative to an amendment to the Constitution of the United States fixing the commencement of the terms of President, Vice President, and Members of Congress, and fixing the time of the assembling of Congress, adopted by the Louisiana legislature at its present session.

Yours very truly,

OSCAR K. ALLEN, *Governor.*

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On July 5, 1932:

H. J. Res. 418. Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress;

H. R. 7498. An act to amend act No. 4 of the Isthmian Canal Commission entitled "An act to prohibit gambling in the Canal Zone, Isthmus of Panama, and to provide for the punishment of violations thereof, and for other purposes," enacted August 22, 1904;

H. R. 7501. An act to prevent, in the Canal Zone, fire-hunting at night and hunting by means of a spring or trap, and to repeal the Executive orders of September 8, 1909, and January 27, 1914;

H. R. 7502. An act to regulate the carrying and keeping of arms in the Canal Zone;

H. R. 7504. An act to provide for the extradition of fugitives from the justice of the Republic of Panama who seek refuge in the Canal Zone;

H. R. 7505. An act to provide for the protection of birds and their nests in the Canal Zone;

H. R. 7507. An act to regulate radio equipment on ocean-going vessels using the ports of the Canal Zone;

H. R. 7509. An act to authorize certain officials of the Canal Zone to administer oaths and to summon witnesses to testify in matters within the jurisdiction of such officials;

H. R. 7510. An act to punish persons deported from the Canal Zone who return thereto;

H. R. 7511. An act to regulate the operation of street-railway cars at crossings in the Canal Zone;

H. R. 7512. An act to amend section 5 of the Panama Canal act;

H. R. 7513. An act to provide for the appointment of a public defender for the Canal Zone;

H. R. 7516. An act in relation to the keeping and impounding of domestic animals in the Canal Zone;

H. R. 7517. An act to provide for the transportation of liquors under seal through the Canal Zone;

H. R. 8818. An act to amend the second paragraph of section 5 of the act entitled "An act to amend Title II of an act approved February 28, 1925 (43 Stat. 1066; U. S. C., title 39), regulating postal rates, and for other purposes"; and

H. R. 9699. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1933, and for other purposes.

On July 6, 1932:

H. R. 922. An act for the relief of John Heffron;

H. R. 927. An act for the relief of the estate of Franklin D. Clark;

H. R. 3644. An act for the relief of Lewis A. McDormott; and

H. R. 3811. An act for the relief of Lela B. Smith.

H. R. 8766. An act to amend the sixth exception in section 3 of the immigration act of 1924 with reference to non-immigrant status of certain aliens;

On July 7, 1932:

H. J. Res. 455. Joint resolution making an appropriation for the payment of pages for the Senate and House of Representatives from July 1 to July 15, 1932;

H. R. 437. An act to require a contractor to whom is awarded any contract for public buildings or other public works or for repairs or improvements thereon for the District of Columbia to give bond for the faithful performance of the contract, for the protection of persons furnishing labor and materials, and for other purposes;

H. R. 461. An act to amend section 18 of the act entitled "An act to establish standard weights and measures for the District of Columbia; to define the duties of the superintendent of weights, measures, and markets of the District of Columbia, and for other purposes," approved March 3, 1921;

H. R. 1230. An act for the relief of Chase E. Mulinex;

H. R. 2161. An act for the relief of Nelson E. Frissell;

H. R. 2841. An act for the relief of the owners of the steamship *Exmoor;*

H. R. 3414. An act for the relief of Ellen N. Nolan;

H. R. 3604. An act for the relief of Same Giacalone and Same Ingrande;

H. R. 4230. An act for the relief of Genevieve M. Heberle;

H. R. 5242. An act for the relief of D. Emmett Hamilton;

H. R. 5820. An act for the relief of J. H. Wallace;

H. R. 5922. An act for the relief of W. A. Peters;

H. R. 6337. An act for the relief of Capt. Chester G. Mayo;

H. R. 6797. An act for the relief of Samuel Weinstein;

H. R. 6855. An act for the relief of Sam Echols;

H. R. 7656. An act for the relief of William R. Nolan;

H. R. 7815. An act to reimburse Andrew H. Mills and William M. Mills, copartners carrying on business under the firm name and style of Mills Bros., owners of the steamship *Squantum,* for damage to said vessel;

H. R. 7912. An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes; and

H. R. 8817. An act to provide for fees for entry of a publication as second-class matter, and for other purposes.

On July 8, 1932:

H. R. 1228. An act to adjudicate the claims of Knud O. Flakne and Alfred Sollom, homestead settlers on the drained Mud Lake bottom, in the State of Minnesota;

H. R. 5651. An act to amend chapter 15 of the Code of Law for the District of Columbia relating to the condemnation of land for public use; and

H. R. 7449. An act for the relief of the estate of Jacob D. Hanson.

BEER

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to address the House for one minute and a half in order to make an announcement.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LAGUARDIA. Mr. Speaker, I am very happy to inform my colleagues that 76 wet Republicans on this side have petitioned the Speaker as follows:

HOUSE OFFICE BUILDING,
Washington, D. C., July 7, 1932.

Hon. JOHN N. GARNER,
Speaker House of Representatives,
The Capitol, Washington, D. C.

DEAR MR. SPEAKER: We, the undersigned, hereby respectfully request that the House of Representatives have an opportunity, before the adjournment of the present session of Congress, to vote on a bill legalizing the manufacture, transportation, and sale of beer, and providing additional revenue for the United States Treasury by taxing such beer.

We are taking this unusual procedure for the reason that we belong to the minority party of the House, while you and your party are in control of all the parliamentary machinery necessary to bring such a bill before the House.

Inasmuch as both parties are now on record for a change in the prohibition policy of the United States Government, and inasmuch as there is no doubt that, regardless of the outcome of the next election, repeal of the eighteenth amendment will be submitted to the States of the Union for their respective ratification, there can be no honest justification for delaying an amendment to existing prohibition enforcement laws permitting the manufacture, transportation, and sale of alcoholic beverages within the limits of the existing constitutional provisions, thereby reducing the enormous cost of attempted enforcement, and also bringing in additional hundreds of millions of dollars revenue to the United States Treasury, now so badly depleted.

All we ask is the opportunity to vote for a beer bill before we adjourn.

Respectfully submitted.

William E. Hull, Illinois, acting chairman Republican wet group; Ruth Pratt, New York; William H. Stafford, Wisconsin; Wilbur M. White, Ohio; George N. Seger, New Jersey; Edward Lowber Stokes, Pennsylvania; I. H. Doutrich, Pennsylvania; Florence P. Kahn, California; W. A. Pittenger, Minnesota; W. G. Andrews, New York; John C. Schafer, Wisconsin; Oscar De Priest, Illinois; Charles D. Millard, New York; George F. Brumm, Pennsylvania; James J. Connolly, Pennsylvania; George J. Schneider, Wisconsin; Fred J. Hartley, jr., New Jersey; E. W. Goss, Connecticut; Richard Freeman, Connecticut; Robert H. Clancy, Michigan; H. H. Peavey, Wisconsin; Frank H. Foss, Massachusetts; Richard J. Welch, California; Ralph Horr, Washington; Harry C. Ransley, Pennsylvania; Charles A. Kading, Wisconsin; Richard Aldrich, Rhode Island; R. J. Sullivan, Pennsylvania; John B. Hollister, Ohio; Guy E. Campbell, Pennsylvania; Charles A. Eaton, New Jersey; Charles L. Gifford, Massachusetts; Chester C. Bolton, Ohio; Peter A. Cavicchia, New Jersey; Malcolm Baldrige, Nebraska; Isaac Bacharach, New Jersey; Hamilton Fish, jr., New York; Harry L. Englebright, California; Thomas R. Amlie, Wisconsin; William E. Hess, Ohio; Mel Maas, Minnesota; Gardner R. Withrow, Wisconsin; Harold Knutson, Minnesota; Robert L. Bacon, New York; L. C. Dyer, Missouri; G. J. Boileau, Wisconsin; A. Piatt Andrew, Massachusetts; C. F. Curry, California; E. H. Wason, New Hampshire; Benj. W. Golder, Pennsylvania; Joseph N. Martin, jr., Massachusetts; Fred A. Britten, Illinois; H. F. Niedringhaus, Missouri; David Hopkins, Missouri; Edmund F. Erk, Pennsylvania; Jesse P. Wolcott, Michigan; Frederick R. Lehlbach, New Jersey; James B. Whitley, New York; Henry W. Watson, Pennsylvania; W. R. Coyle, Pennsylvania; Carl R. Chindblom, Illinois; Pehr G. Holmes, Massachusetts; Edmund F. Cooke, New York; C. E. Hancock, New York; George P. Darrow, Pennsylvania; Royal C. Johnson, South Dakota; Harry A. Estep, Pennsylvania; George H. Tinkham, Massachusetts; Clark Burdick, Rhode Island; Vincent Carter, Wyoming; James Wolfenden, Pennsylvania; Seymour H. Person, Michigan; R. B. Wigglesworth, Massachusetts; Charles A. Wolverton, New Jersey; Clarence J. McLeod, Michigan; Samuel S. Arentz, Nevada; F. H. LaGuardia, New York, secretary Republican wet group.

Organized labor, Mr. Speaker, strongly indorses efforts for immediate modification of the Volstead Act. Following is a telegram received by me from Matthew Woll, president of Labor's National Committee for Modification of the Volstead Act, July 7, 1932:

On behalf of Labor's National Committee for Modification of the Volstead Act, we sincerely hope that all Members of the Senate and House who recognize need for immediate change in present conditions will join in supporting the bills modifying present Volstead Act. We sincerely hope forces favoring modification of Volstead Act will not become divided to the point of permitting defeat because of difference as to alcoholic content. We trust you will leave no stone unturned to secure immediate modification of Volstead Act, especially in view of both political party conventions having expressed dissatisfaction with present prohibition situation.

MATTHEW WOLL,
President Labor's National Committee for Modification of Volstead Act.

FEES FOR DOMESTIC MONEY ORDERS

Mr. MEAD. Mr. Speaker, I call up the conference report upon the bill H. R. 10246, to fix the fees to be charged for the issue of domestic money orders, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from New York calls up a conference report on the bill H. R. 10246 and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement of the conferees.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10246) to fix the fees to be charged for the issue of domestic money orders, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, and 3.

JAS. M. MEAD,
M. A. ROMJUE,
JOHN H. MOREHEAD,
A. D. SANDERS,
CLYDE KELLY,
Managers on the part of the House.

TASKER L. ODDIE,
GEO. H. MOSES,
PORTER H. DALE,
PARK TRAMMELL,
KENNETH MCKELLAR,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10246) to fix the fees to be charged for the issue of domestic money orders submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The managers on the part of the House insisted upon the House bill because it contained a specific schedule of rates applying to domestic money orders, while the Senate amendment conferred the power of establishing these rates upon the Postmaster General. The managers on the part of the House believe that the authority for setting the rates should be left with the Congress, and therefore insisted upon the House bill, and the managers on the part of the Senate concurred, the report being agreed to unanimously.

JAS. M. MEAD,
M. A. ROMJUE,
JOHN H. MOREHEAD,
A. D. SANDERS,
CLYDE KELLY,
Managers on the part of the House.

Mr. MEAD. Mr. Speaker, I move the adoption of the conference report.

Mr. STAFFORD. Mr. Speaker, I think the gentleman should state to the House that the Senate has virtually agreed to the House bill.

Mr. MEAD. Mr. Speaker, in reply to the gentleman from Wisconsin let me say this is one of the bills that was reported by the Post Office Committee, with the department's approval, as a revenue-producing measure. It increases the rates on domestic money orders. The committee and the House decided that the Congress should set the rates rather than permit the Postmaster General to do so. The Senate amended the bill giving the Postmaster General authority to establish the rates. The House conferees insisted that the rates be set by the Congress, and the Senate conferees receded and agreed with the House.

Mr. STAFFORD. When will these proposed rates go into effect? A Senate amendment provided that they shall go into effect July 1, 1932, to which the House conferees disagreed. I assume that they will go into effect from the time of the enactment of the law, as I notice from the original House bill that no date is fixed in the bill as to when they shall go into effect.

Mr. MEAD. The gentleman is correct. The rates will go into effect on the day on which the bill is approved.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

POSTAGE CHARGE ON UNDELIVERED SECOND-CLASS MAIL MATTER

Mr. MEAD. Mr. Speaker, I call up the conference report upon the bill H. R. 10494, to provide a postage charge on notices to publishers regarding undeliverable second-class matter, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the statement of the conferees.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10494) to provide a postage charge on notices to publishers regarding undeliverable second-class matter having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted in said amendment insert the following: "except that where the undeliverable copies bear the pledge of the sender to pay the return postage no notice shall be sent to the publisher, but the copies received during the period specified in this paragraph shall be returned charged with postage due at the rate of 1 cent for each two ounces or fraction thereof, with a minimum charge of 2 cents, and indorsed to show the reason they are undeliverable and the new address of the addressee, if known"; and the Senate agree to the same.

JAS. M. MEAD,
M. A. ROMJUE,
JOHN H. MOREHEAD,
A. D. SANDERS,
CLYDE KELLY,
Managers on the part of the House.

TASKER L. ODDIE,
GEO. H. MOSES,
PORTER H. DALE,
PARK TRAMMELL,
KENNETH MCKELLAR,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10494) to provide a postage charge on notices to publishers regarding undeliverable second-class matter, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The managers on the part of the House objected to the Senate amendment which, as it was written, set a fee of 1 cent for each 4 ounces or fraction thereof, with a minimum charge of 2 cents, for the return to the sender of undeliverable copies of second-class matter bearing the pledge of the sender to pay the return postage. The House managers insisted on an amendment reducing the amount of 4 ounces to 2 ounces. This amendment the managers on the part of the Senate concurred in, and the report was unanimous.

JAS. M. MEAD,
M. A. ROMJUE,
JOHN H. MOREHEAD,
A. D. SANDERS,
CLYDE KELLY,
Managers on the part of the House.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

STATE OF THE UNION

Mr. RAINEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the President's message.

Mr. SNELL. Mr. Speaker, before the motion is put will the gentleman yield?

Mr. RAINEY. Yes.

Mr. SNELL. As I understand the situation, nothing more will be brought up this afternoon. There will be no more business this afternoon?

Mr. RAINEY. No.

Mr. SNELL. All that will be done will be debate by gentlemen who desire to address the House?

Mr. RAINEY. Yes.

Mr. STAFFORD. And may I inquire whether it is planned to have a session to-morrow?

Mr. RAINEY. We will determine that later in the afternoon.

Mr. STAFFORD. As I understand it, if the Senate is not making progress on the relief bill so that it will be considered to-day, it is planned by the majority leader to adjourn over until Monday?

Mr. RAINEY. It is.

Mr. SNELL. One further question. I understand the division of time will be left with the chairman, and the time will be equally divided?

Mr. RAINEY. Yes. Pending that motion, Mr. Speaker, I ask unanimous consent that the time be equally divided, the time on the minority side to be controlled by the gentleman from New York [Mr. SNELL] and the gentleman from Wisconsin [Mr. STAFFORD], and the time on the majority side to be controlled by the gentleman from North Carolina [Mr. DOUGHTON].

The SPEAKER pro tempore. The gentleman from Illinois moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering the President's message, and, pending that motion, asks unanimous consent that the time be equally divided and controlled on the minority side by the gentleman from New York [Mr. SNELL] and the gentleman from Wisconsin [Mr. STAFFORD], and the time on the majority side by the gentleman from North Carolina [Mr. DOUGHTON].

Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Illinois.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the President's message, with Mr. LOZIER in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the President's divers and sundry messages.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he desires to the gentleman from Illinois [Mr. RAINEY].

Mr. RAINEY. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. RAINEY. Mr. Chairman, this session of Congress is drawing to a close, and before we meet again a new Congress will have been selected.

As I look on this side of the House and see those with whom I have served so long, it occurs to me that it is most unfortunate that in the great State of Missouri there has not been a redistricting of the congressional districts. In a State of diversified interests, covering a vast amount of territory, the importance of local or district representation can not be overestimated.

Hence, I, as the Democratic leader, regret that the members of the Missouri delegation are compelled to run in the State at large. The members of this delegation have both ability and experience, which with the seniority rule, give them a place of power and influence in this body that comes only as a result of long service and which no new Member can acquire until he has had years of experience. I can safely say, speaking for those on the Democratic side of the House—and I might add those on the other side of the House—that these Missouri Members have rendered to the people of Missouri valuable, faithful, and efficient service and by reason of their ability, long experience, intimate knowledge of economic problems and legislative procedure are now in a position to render a much greater service to their State and Nation. I refer to MILTON A. ROMJUE, RALPH F. LOZIER, JACOB L. MILLIGAN, JOSEPH B. SHANNON, C. C. DICKINSON, ROBERT D. JOHNSON, WILLIAM L. NELSON, CLARENCE CANNON, JOHN J. COCHRAN, CLYDE WILLIAMS, JAMES F. FULBRIGHT, and WILLIAM E. BARTON.

If there was ever a time when a State needs sound, seasoned, and experienced men in Congress, that time is now.

Mr. DOUGHTON. Mr. Chairman, I yield two minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, letters and telegrams are now coming in from banks in all sections of the country reporting on the first collection of the tax on bank checks. The tax has been in operation less than 30 days, and yet the figures available as of July 1 indicate unmistakably the general effect of the tax to date and the further results to be expected in the immediate future.

Three ominous developments are to be noted.

First. The tax is failing to produce the revenue which was anticipated. The amount collected by the average bank up to July 1 was far below the amount expected by the Treasury Department, and will be even farther below the estimates on August 1. It is the consensus of opinion among bankers that the tax will produce on a ratio of constantly diminishing returns as the public becomes familiar with its operation and with methods by which it may be avoided.

Second. It has reduced to an alarming extent the number of small accounts carried in the banks. This is especially true in rural communities. Banks from every section report the withdrawal of funds following the imposition of the tax, and I am in receipt of numerous protests saying it has completely nullified the effects of the antihoarding campaign. Small depositors refuse to submit to a tax on withdrawals and are carrying currency to pay their bills and secreting their surplus. The amount withdrawn since the tax became effective reaches a staggering sum and is mounting daily. The consequent inconvenience to business, which has become accustomed to depend on bank records, and the invitation to crime attracted by the amounts known or believed to be in private hands is becoming a serious menace to the public welfare.

Third. And, most important of all, the heavy withdrawal of funds and the consequent stagnation of business are materially reducing the amounts available in the average bank—and especially in the country banks—for loans. A bank can lend only in proportion to its deposits. The reduction of surplus funds in the banks means inevitably a restriction of credits and the calling of loans or the refusal of loans at a time when liquid funds are desperately needed. Credit was never so in demand for the orderly processes of legitimate business as now, and this tax is drying up the springs of credit at the source.

Mr. Chairman, the situation is imperative. The tax should be repealed and it should be repealed before Congress adjourns. [Applause.] I have introduced a joint resolution for its repeal, which has been referred to the Committee on Ways and Means. I sincerely hope Congress will remain in session long enough to permit the committee to give it consideration. No tax imposed in recent years affects so directly and so drastically the welfare of the people and the prosperity of the Nation. If allowed to remain on the statute books, this brake upon the wheels of business will work immeasurable harm during the five or six months Congress is in vacation. Let us have an opportunity to consider it at the earliest date possible and repeal it before adjournment. [Applause.]

Mr. COLLINS. Will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Mississippi.

Mr. COLLINS. I have likewise introduced a joint resolution for the repeal of this tax on checks, and it has been referred to the Committee on Ways and Means.

Mr. CANNON. The demand for relief comes from all parts of the country. I trust the committee will take early action on these bills.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. PURNELL].

Mr. PURNELL. Mr. Chairman, before the flood of political oratory is turned loose in the House this afternoon, I wish to seriously call to the attention of the Members a matter which ought to be given preferential consideration before we adjourn. Before I refer to it, however, I want to take this opportunity to thank the gentleman from Missouri [Mr. CANNON], who just preceded me, and to indorse the resolution which he has introduced to repeal the tax on bank checks. [Applause.]

Mr. FOSS. Will the gentleman yield just there?

Mr. PURNELL. I can not yield just now.

We all realize how hard it is to repeal or amend any legislative enactment within a few days, weeks, or months after it has been placed upon the statute books, but we ought not to hesitate to correct flagrant errors when we know them to exist. I shall not discuss the tax on bank checks further than to say that the short time in which that tax has been in operation has demonstrated most clearly and forcibly the great hardship it is working upon our farmers and the people who issue small checks throughout the country. I know of no reason why our Committee on Ways and Means, composed as it is of the strong characters of this House, should not recognize this evil and take the necessary steps to remove this curse which has been saddled upon the people of this country who write checks.

I asked to follow the gentleman from Missouri [Mr. CANNON], because I wanted to call attention to another injustice

which, in my judgment, is even more serious than this tax on bank checks. I refer to the 400 per cent increase in tax which was placed on sales of produce for future delivery. We are now about to market the wheat crop of this country. With conditions existing throughout the world and throughout this country that would, under normal and ordinary circumstances, bring about a steady upward trend of the market, we find it hovering at a very low ebb if not actually pointing downward. The reason for it very largely is the exorbitant tax which has been placed upon future trading, of 5 cents per $100 as against the original 1 cent per $100, an increase of 400 per cent. The result has been to decrease the amount of future trading more than one-half, with the result that this falling off in future trading is reflected in the prices received by the producers of this country.

I wish to say very frankly that when we began consideration of this question of future trading I was one Member of this House who had a very definite opinion that we ought to abolish all future trading.

I say to you now time has demonstrated to me that I knew little or nothing about future trading and its relation to commodity prices.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield the gentleman from Indiana five additional minutes.

Mr. PURNELL. When we went fully into the consideration of future trading, I was one of the first Members to change front on this proposition. I became convinced that unless we can maintain a liquid market and preserve the hedge the people who produce the foodstuffs of this Nation will suffer.

I am not speaking to-day in behalf of speculators or gamblers on the grain exchange. I am talking in behalf of the producers of this country. [Applause.] I think I violate no confidence when I say the Secretary of Agriculture and the experts in the Department of Agriculture, who never asked for this 400 per cent increase in the first place, are with me 100 per cent in this effort to have this tax reduced from 5 cents per $100 down to 2 cents by amending section 726 of the revenue act of 1932. Looking toward that end, I have introduced H. R. 12886, which is now pending before the Ways and Means Committee.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. PURNELL. I yield.

Mr. MARTIN of Oregon. I have information that this law is especially hard on the small men, the small traders. Is this correct?

Mr. PURNELL. The gentleman is correct.

Mr. MARTIN of Oregon. In an attempt to get the big fellow they are hurting the little fellows?

Mr. PURNELL. It is hurting everybody. I will let somebody else speak for the grain people whom I mentioned. I do not undertake to speak for them, although they have the same rights as any other group and are entitled to equal justice. I am now speaking for millions of American farmers. May I say that the farm organizations of this country with whose representatives I have conferred are in hearty sympathy with this effort and, as a matter of fact, were largely instrumental in setting the machinery in motion which I hope will result in bringing about the passage of the amendment which I have proposed?

Mr. CHINDBLOM. Will the gentleman yield?

Mr. PURNELL. I yield.

Mr. CHINDBLOM. I am pleased indeed to have this expression by the gentleman from Indiana, who knows more about agriculture, I think, or surely as much, as any other Member of the House.

I may say that I myself have introduced a bill to restore the tax which existed prior to the enactment of the revenue act of 1932, or 1 cent per $100 in value of produce sold for future delivery.

The 100 per cent increase from 1 cent to 2 cents would give us very little revenue at best, and I may say to the gentleman I think it is best that we should concentrate our efforts on restoring the law as it was before the new revenue act went into effect.

The truth is that the present tax of 5 cents per $100 of value is destroying trading on the grain exchanges. Other gentlemen may speak for the cotton exchanges, but so far as grain is concerned there is now practically no market where the farmers' products can be sold. These products must be sold upon a market which can take care of future deliveries, because grain can not be sold the moment it is ready for delivery. There must be a market for sale in advance of completed production and that market, like most other business, is necessarily to some extent of a speculative character.

Mr. PURNELL. The gentleman is entirely correct, and I wish to thank him for his observation.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. PURNELL. I yield.

Mr. CLARKE of New York. I may say the testimony before the Agricultural Committee of the forward-looking people who appeared made me certain in my mind that this was an unjust tax and was going to work exactly the hardship that it is now working upon the people. As far as I am concerned, this situation should be remedied, and I think the gentlemen on this side [Democratic] are willing to go along. [Laughter.]

Mr. SABATH. Will the gentleman please bear in mind that the gentleman from New York is on the right side for the time being at least? [Laughter.] I do not know whether he will stay put or not.

Mr. PURNELL. I will say to the gentleman from Illinois that the gentleman from New York is on my right as I stand here. Further than that I can not agree with my friend from Illinois.

Mr. HOPKINS. Will the gentleman yield?

Mr. PURNELL. I yield.

Mr. HOPKINS. I was very much interested in what the gentleman had to say concerning the necessity of the futures market. Would it not be just as logical to prohibit the sale of hail insurance, fire insurance, or tornado insurance as to prohibit the use of the futures market? It acts as an insurance of the grain market.

Mr. PURNELL. It absolutely does; and unless we can maintain this insurance feature of the hedge it can not help but be reflected adversely in the prices the farmers receive.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield the gentleman from Indiana five additional minutes.

Mr. PURNELL. Mr. Chairman, our farm people never asked for this legislation in the first place. Frankly, I do not now recall how it got in here; but it is here and in operation and has already demonstrated its death-dealing effect to farm prices.

Now, let me call your attention to these facts: Right now there is an upward trend of prices in Liverpool.

We have definite reports of black rust in Nebraska and Kansas.

Grasshoppers are running rampant in the Red River Valley. We have heard about grasshoppers before, but it is a serious matter and has a direct bearing upon the wheat crop and the price of wheat.

The first winter wheat is now being marketed in Minneapolis and the tests show a very low protein content. This fact, together with the others which I have suggested and certain world conditions which I do not have time to enlarge upon, should send the price of wheat upward. But the price has not gone up; and it has not gone up because future trading has been diminished by half.

Here is an opportunity to do something tangible for agriculture, and it is of such an emergency nature that it ought to be taken up for consideration at once and passed promptly.

I shall not go into this subject further at this time. My desire was to call it to your attention in the hope that I might make some little impression upon the Members, particularly the membership of the Ways and Means Committee. We have been groping around in the dark.

Mr. BARTON. Will the gentleman yield?

Mr. PURNELL. I yield.

Mr. BARTON. If I understood the gentleman a while ago, he indicated that this would be an insurance policy to prevent the price of grain from going down. Is that correct?

Mr. PURNELL. That is true, in a sense.

Mr. BARTON. Is it not also an insurance policy to keep grain from going up?

Mr. PURNELL. If you refer to future trading I will say it is a stimulation. I want to say this in conclusion: The first and most important thing to be done in our efforts to restore prosperity and bring this country back to normal is to put money into the pockets of the American farmers. The very minute we can restore in any appreciable degree the buying power of our farm population just that soon shall we begin to see a general return of prosperity throughout this country. It can not return before. Here is one place to start. I sincerely hope that all of you will talk and think seriously about this matter, and if you feel so disposed express your sentiments to the distinguished gentlemen who served on the Ways and Means Committee, who must first give us an opportunity to present this matter to the House.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. PURNELL. Yes.

Mr. WILLIAM E. HULL. I favor everything the gentleman has said. I know that in Peoria, where we have an exchange, things exist as the gentleman states them. What process will we have to go through to have this done immediately?

Mr. PURNELL. The first thing necessary will be for the distinguished chairman of the Committee on Ways and Means, Mr. COLLIER, of Mississippi, to call his committee together, have the committee take favorable action and set the necessary machinery in motion to amend the revenue act so as to reduce this tax from 5 cents to 2 cents, or even 1 cent.

Mr. BLACK. Will the gentleman yield?

Mr. PURNELL. Yes.

Mr. BLACK. Does the gentleman know what effect his suggestion and the suggestion made by the gentleman from Missouri would have upon the famous Budget?

Mr. PURNELL. I do not, but since the Budget is not yet in complete balance, I would rather see it a little farther out of balance than have our farm prices completely demoralized by reason of this unjust tax. [Applause.] Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, this afternoon I desire to call the attention of the Members of the House to a situation that has developed in New York that primarily affects the administration of justice in the district courts and particularly in the District Court of the Southern District of New York. The district judges there have seen fit to disregard the members of the legal profession in New York in the appointment of receivers and attorneys for receivers and trustees in bankruptcy and equity receiverships. They have turned all of that patronage over to an impersonal entity, the Irving Trust Co., so that the Irving Trust Co., one of the largest banks in New York City, has now supplanted an honorable profession in the administration of bankruptcy cases and equity receiverships.

A few years ago there occurred some scandals in the city of New York concerning the appointment of receivers (and personally I believe the judges were just as much to blame as the incompetent and dishonest officials they may have appointed). Now, causing the pendulum to swing far in the other direction, those judges have surrendered their rights and appointed the Irving Trust Co. in all cases, as though honesty, integrity, and fair dealing had entirely departed from the legal profession and could reside only in this impersonal entity, the Irving Trust Co. This company they set up as a huge monopoly in all bankruptcy and equity receivership cases.

The legal profession was somewhat complacent in the beginning, but murmurs of discontent are now being heard on all sides. I believe a great scandal is brewing. I believe irregularities far worse than the ones these judges were supposed to correct are cropping up and will continue to crop up. It must be brought home to the judges that they have set up a veritable Frankenstein, with power to appoint, not only the receivers in bankruptcy and equity cases, but the appraisers, the custodians, the auctioneers, the trustees as well as the attorneys for the trustees and receivers.

There is no longer anything personal about these transactions. The trust company is usually anxious to complete the proceeding. There is nothing professional or personal in its work. The rights of the bankrupt and creditors mean nothing. The important thing is, How much can the trust company earn? The whole proceeding mush be washed up as quickly as possible. The conduct of the Irving Trust Co. in many cases, as is natural with corporations, borders on the ruthless. There is no sympathy for the bankrupt, no matter how honest he may be. He is cowed and coerced. The trust company will never take the time to effect settlements or reorganizations. If there is little or no money in the estate, the Irving Trust Co. refuses or neglects to investigate diligently or to follow up assets that the bankrupt frittered away or has fraudulently concealed. There is no motive to do the job right in many of the smaller cases, because there is no money in it for the trust company. Furthermore, there often arises conflict of interests. Since the trust company is receiver and trustee in all cases, it finds itself making claims against itself. A bankrupt estate has claims against another bankrupt estate. Thus the trust company claims against the trust company. Such a situation is intolerable. I have many communications from lawyers in New York City bearing out all these statements.

I venture the assertion that the Judiciary Committee of the House, of which I am a member, and which has now under consideration amendments to the bankruptcy act, will be compelled to reach the conclusion that the district judges in the southern district of New York have unwisely, improperly, and improvidently, as well as unlawfully, set up a monopoly in the Irving Trust Co. In the beginning I did not pay much attention to the complaints of my fellow lawyers in New York, but so sustained has been the criticism that I could no longer remain indifferent. Upon the basis of the facts disclosed to me I believe these judges deserve condign censure for their abject position in this matter. One of the judges explained to me that formerly they were importuned at their homes, upon the streets, and at public gatherings by those who sought to be appointed as receivers in bankruptcy cases, and that they now have great peace of mind because they are no longer bothered with these insistent demands for appointments. He pointed out that the judges are human; that they have their friends whom they would be glad to see earn fees; but that they felt they had a far superior duty to the commercial world than the giving of favors to friends and have therefore established the present system.

I have great respect for the opinion of this particular judge, but in his position in this connection he is utterly wrong. Most of the lawyers in New York pointed out that the bankruptcy statute was not enacted for the convenience of judges or their peace of mind. In fact, I replied to his statement that he should have been able to steel himself against such importunities of friends, and that he should have rendered himself impervious to the demands of those who wished to be appointed as lawyers, appraisers, custodians, auctioneers, or attorneys for trustees and receivers.

Furthermore, it is interesting to note that the bankruptcy statute, as it is now written, does not permit or countenance the action taken by these judges. It must be remembered that the present statute provides for creditor control over bankrupt estates. But under the existing system the creditors can not appoint their own trustees, even if they wished. They are practically coerced into acceptance of the Irving Trust Co. as trustees. This great mogul stands in the way of the creditors and says, "We will be appointed, and we will not tolerate anyone else being appointed."

The judges complained that they were tired of political patronage in the appointment of receivers, but note what has happened now. They have set up another kind of patronage—that of the Irving Trust Co. Unless a man

can bring business to the Irving Trust Co. he can not be appointed trustee or receiver or as attorney for trustees and receivers of the Irving Trust Co. He must either bring to them trust business or encourage deposits to the trust company. That is but natural. Appointments of lawyers are not exclusively upon merit or efficiency. Already charges are made that lawyers of large depositors and friends of the trust company's officers are being favored.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CELLER. I yield to my colleague from New York.

Mr. LAGUARDIA. Will the gentleman also point out that just as the gentleman and myself were about to proceed against this system by reason of the fact that the Irving Trust Co. was depositing with itself bankrupt estate funds, a rule was enacted by the Supreme Court, I believe, making this permissible? I doubt the legality of that action.

Mr. CELLER. I quite agree with the gentleman. These judges had no right to allow the funds of these bankrupt estates and these equity receiverships to be deposited in the very bank that is the equity and bankruptcy receiver. Suppose I were appointed a receiver in any kind of a proceeding, I would not be permitted to hold my own funds, yet that is the situation in New York; and I quite agree with my distinguished colleague from New York, who, incidentally, has a bill which will strike a blow at this very practice, because he sees eye to eye with me and with most of the members of our profession in New York City with reference to the situation that now prevails in that city.

Mr. SABATH. Will the gentleman yield?

Mr. CELLER. Yes; I yield to the gentleman.

Mr. SABATH. Does the gentleman's committee intend to investigate conditions in New York, or has a report been made on such an investigation, or is it intended to include other sections of the country where some of these abuses may also prevail?

Mr. CELLER. I will say to my distinguished colleague from Illinois that our investigations of the bankruptcy situation throughout the Union have not been concluded. If the gentleman has any specific cases where there are similar discrepancies or scandals, we would be very happy to consider them.

Mr. MILLARD. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. MILLARD. The presiding justice of the circuit court of appeals agrees with the gentleman's statement.

Mr. CELLER. I thank the gentleman for his suggestion.

One of the judges of the circuit court of appeals, Martin T. Manton, in the public press this morning, has this to say on the subject:

> All integrity, honesty, and understanding have not left the bar just because of the so-called bankruptcy scandal. Lawyers give to bankruptcy cases their individual, personal attention—their humane consideration. They are efficient and competent, and I believe can handle the exigencies of bankruptcy situations more satisfactorily than a banking corporation.

I heartily indorse what Judge Manton says in the public press this morning, and I am sure that all liberal-minded, forward-thinking men and women of this House will think likewise, and I shall do all in my power to prevent a continuance of the Irving Trust Co. as sole, monopolizing receiver in these cases in New York. [Applause.]

I am in receipt of some very interesting communications from lawyers, and I herewith submit extracts from these communications. The names of the lawyers will be furnished upon request. I do not see my way clear to publish the names of these attorneys for fear that reprisals may be visited upon them.

> 1. In the past few years of high finance we have learned that even the largest financial institutions had very little virtue, and that their doings caused losses to the public generally and greatly contributed to our economic breakdown. We know how ruthless and self-sufficient corporations become when they enjoy a monopoly. We also know that in the past in connection with railroads, public utilities, etc., receiverships were used for the purpose of obtaining control of valuable properties. The experience of the past dictates that corporations should not be appointed receivers or trustees.
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> The government serves best that does good to the greatest number, with due regard for the welfare of all. Greatest efficiency, even if attainable, when it takes away a living from large numbers generally does much harm to a community. The Irving Trust Co. now enjoys a complete monopoly in bankruptcy receiverships and a favored position as trustee and in equity receiverships, with the tremendous patronage that goes with the same, to the exclusion of the general bar and other agencies. While lawyers are not permitted to solicit claims to elect a trustee, the referee, a judicial officer, under a local court rule is required to send out with his notice for the first meeting of creditors a printed blank of proof of debt and power of attorney to be executed by the creditor, authorizing the referee to vote for said trust company as trustee. The designation of the Irving Trust Co. originally as receiver was to meet a temporary condition, and the United States district judges tried to do the best they could at the time. However, the legal machinery of supervision is, or could be made, sufficient to prevent a recurrence of what happened and for which the bar generally was not to blame.
>
> There are entirely too many upright and competent laymen and lawyers who would execute their trust efficiently if appointed. Referring to lawyers, they are a very important social and economic factor in our community. In the southern district of New York there are approximately 19,000 lawyers, employing probably 20,000 office assistants, many of whom support dependents. Thousands of law offices are maintained at a probable total overhead expense of $35,000,000 or more annually, without taking into account the lawyer's net earnings and personal and family expenditures. If the latter were taken into account, we would probably have more than 75,000 persons in this district directly dependent for their living upon the earnings of the legal profession and spending for living purposes over $100,000,000 annually. The lawyers participate in and contribute to the community activities, and they also pay direct and indirect taxes. They, together with their assistants and immediate families, are sufficient in numbers to make up one of our fair-sized cities. The lawyers are, therefore, entitled to consideration, and their rights and privileges should not be curtailed, unless there is absolute public necessity for the same, which is not the case.
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> 2. In our opinion, no corporation should be appointed as trustee, executor, or administrator, or in any other confidential relation. A corporation is just naturally unfit to perform the intimate service which such trust demands.
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> In relation to the Irving Trust Co. of New York, our firm has had very considerable experience over the past year with the manner in which they administer bankrupt estates. The administration of each estate is left to some lawyer, how selected we do not know, who is permitted to operate largely in his own way without much accountability to anybody, is actually in a great many instances very arbitrary and in an extra legal manner, and in many instances is arrogant and anxious to display his power as backed up by a great banking institution.
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> In one bankruptcy estate in 1931, as shown by a final determination when the matters came before the court, one of these lawyers arbitrarily used the power of 21 A of the bankruptcy act in an effort to harass and annoy people entirely outside the proceedings for the benefit of an alleged bankrupt in furtherance of his private schemes.
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> Owing to the supposed power of the banking institution and the extraordinary honesty and integrity which bankers are supposed to possess above all the rest of us, our clients were put to many thousands of dollars of expense in the courts to protect themselves.
>
> We do not think the human beings who occupy swivel chairs in banks are entitled to any greater reputation for honesty and integrity than the members of the bar, and disagree with the implication that nobody but a bank can be trusted to act as a trustee in bankruptcy in the southern district of New York.
>
> 3. The referees in the southern district include a proxy vote for the Irving Trust Co. as trustee. But it was deemed unethical for a receiver to solicit the appointment of himself as a trustee. Evidently there is a double standard. The result, of course, is that a client, who is often entitled to rescind an entire transaction and recover back his merchandise or moneys, does not do so, because he no longer consults with his attorney and loses often great rights. Only a few weeks ago one of my clients lost $700 that way.
>
> Members of the bar are officers of the court. Violations of their duty are susceptible to grave, immediate, and summary punishment, including disbarment. Their character and fitness must be passed upon before admission to the bar. To secure creditors from any monetary losses, a sufficient bond is usually ordered by the appointing court. Why, then, should one small clique be appointed professional trustees?
>
> I certainly am in favor of rigid supervision by administrators and examiners, duly qualified, with the penalty imposed upon them for failure to adequately examine and report in bankruptcy estates. This method would be much superior to appointing professional trustees or giving all receiverships to the Irving Trust Co. Just as a matter of interest, I respectfully suggest that your committee check the time that the moneys collected from bankrupt estates remain dormant in the Irving Trust Co.'s account before a dividend is declared. It would also be advisable to check and see the number of real estate brokers used to effect sales of the real property of the bankrupt estates. I would also suggest that a checking be made of the brokers used to sell stocks, bonds, and merchandise of bankrupt estates handled by the Irving Trust Co., and check whether or not a small group of insiders are controlling the business. If they are, I would advise further investigation into the results of such actions.

4. I noticed with interest your statement with regard to the Irving Trust Co.'s seizure of all bankruptcy business in New York, and take this occasion to heartily indorse your stand. As was pointed out by Charles H. Hyde, Esq., in a speech before the Federal Bar Association in New York some time ago, the Federal district court judges in the southern district of New York are placing a premium on the attorneys representing the Irving Trust Co., thereby stating in effect that no other attorneys than those hired by the Irving Trust Co. are ethical.

5. I can not too strenuously express dissatisfaction with the proposed appointment of a certain New York trust company as exclusive receiver, as the same is abhorrent to legal and fundamental American principles. It is in effect substituting an inanimate corporate body not bound by legal ethics in the place of our fellow members of the bar. I wish to further characterize it as an eminent piece of favoritism. It also tends to breed a spirit of contempt for our profession. Not to say that it will deprive lawyers of a livelihood, I would point out in this regard that lawyers are a substantial part of this community; many thousands of persons are dependent upon the legal profession, in whole or in part, for their means of existence, such as employees of law offices, printers, and landowners. Such a law would be unfortunate and another severe blow to the already hard-pressed profession.

6. If we do not lead [in advocating reform] we lawyers will be swept aside by those who, goaded by the defects in the present act, may not be qualified to suggest progressive reforms.

We have a good example of that in the handling of the liquor problem. For years we temporized—we delayed—and instead of a temperance reform, the country got bone-dry prohibition, with the cure perhaps much worse than the evil.

Do we want the same thing to happen with reference to the bankruptcy practice? Isn't this what really happened in the southern district of New York? The evils became so bad, the need for reform so urgent, that the judges gave a virtual monopoly to the Irving Trust Co. in the receivership field.

This is a good illustration of a case where, in order to correct an evil, reform has gone too far. Mind you, the writer does not intend to criticize the administration of estates by the Irving Trust Co. He frankly believes that a good many of the evils have been eliminated by the businesslike way in which they have conducted the administration of estates. But it is a fair question for us to ask: Was it necessary to go that far? Suppose the judges in other Federal districts adopt the same procedure as was adopted in New York? This means that you would establish a monopoly of receiverships throughout the country in just a few institutions. Is this desirable or in accord with our whole competitive theory of life in this country?

If such a thing came to pass, would not the members of the bar be worse off, for then they would be dependent, more or less, upon the whim, or perhaps the favoritism of a few persons in charge of the bankruptcy department of those various corporate receivers?

These extracts are typical of the observations of most of the lawyers in New York. A real tempest of reproach against the Federal judges is brewing. Unless they backwater and rescind the order setting up this monopoly legislation will be enacted, tying their hands.

Mr. STAFFORD. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, it is an accepted postulate in governmental administration that the budget of a government must be balanced. No less true, I hold, is it necessary that the world's budget of administration expense must be balanced if there is to be world recovery.

At Lausanne for several days past the great powers of Europe have been in conference attempting to adjust to a reasonable, workable basis the obligation of payment of Germany for their loss of the World War conflict.

Immediately after the war the estimate of the burden that Germany was to assume for the loss of the war was fixed at $125,000,000,000. In June, 1920, the allied representatives fixed the loss at $64,000,000,000, or about one-half the first figure. In April, 1921, the reparations commission appointed under the treaty of Versailles fixed the amount that should be paid at $31,680,000,000. No attention was then given to the ability of Germany to pay.

Under this arrangement Germany was called upon to pay $476,000,000 in yearly annuities and 26 per cent of the value of her exports.

You remember the cataclysm that befell Germany in the years of 1921 and 1922. Her finances were wrecked completely. France, still being prompted by the military spirit of the war, made the futile mistake, as I view it, of invading the Ruhr to force Germany to pay something that she could not pay.

Things got to such an impasse that Secretary of State Hughes felt the need of intervention and called upon the great powers to have representatives appointed to try to bring about some arrangement whereby order might be established in Germany in place of the chaos that was causing or threatening to cause absolute ruin to the German Republic and the German people.

You will recall in those trying days for the German people how it was threatened with the spread of bolshevism, and if it had spread into Germany there was no telling whether the soviet revolutionary spirit might not spread still farther westward over all the governments of Europe. So a conference of the great powers was called, at which the two outstanding representatives of our Government were Mr. Charles G. Dawes and Mr. Owen D. Young.

That conference arrived at the so-called Dawes agreement. That agreement did not fix the total amount of reparations that was to be paid, but only provided that from the year 1925, $238,000,000 annuity should be paid by Germany up to 1928, and thereafter $595,000,000 annuity.

Well, that arrangement stabilized the currency for the time. Germany attempted to put its house in order, but it was found impossible under such terms to meet these burdensome obligations.

And so another conference was called. In January, 1929, J. Pierpont Morgan and Owen D. Young met in Paris in conference with French officials to try and fix the terms and the basis of payment of reparations by Germany to the allied powers.

In June of that year, after almost Herculean efforts of this great business financier and statesman, Owen D. Young, the powers fixed the total indebtedness that Germany should pay at $8,800,000,000. On the basis of that fixed determination Germany was able to float a loan of $190,500,000 to pay a part of the reparations.

More than that, there was such confidence of the world that the Young plan was workable, even though the former president of the Reichsbank, Mr. Hjalmar Schacht, refused to sign the agreement because he believed the terms were impossible of execution, the German Government was able to borrow between six and seven billions of foreign credit.

Now it is barely possible that if this industrial depression had not come upon not only the United States but the world, Germany might have been able to meet these conditions.

But a year ago—in June, 1931—conditions were so critical, not only in Germany but throughout the world, that President Hoover felt impelled to propose to all the interested governments a moratorium of all the reparation payments and interallied debts for one year.

France hesitated in agreeing to the terms as proposed by President Hoover and insisted on a modification of the terms, whereby delay ensued and the main psychological effect of the Hoover moratorium was lost. Nevertheless, on July 1, 1931, the moratorium went into effect. That deferred the payment of the amounts owing us during the year, totaling $269,000,000, which was to be paid over a period of the following years.

This past year, with all the industrial wreckage that has gone on, it became more and more apparent that at the end of the moratorium on July 1 of this year, Germany would not be in a position to pay the obligations as laid down by the Young plan.

So the great powers of Europe met at Lausanne, and this morning's paper carries the heartening message that France, Germany, Great Britain, Belgium, and Japan, recognizing that if we are going to have industrial revival in the world it is necessary first and foremost to settle for all time the reparations that Germany is to pay, and place them on a basis with a sum total fixed that Germany can pay. The amount is not the 8,000,000,000 marks that France went to the conference intending to insist upon, not the 4,000,000,000 marks that she would agree as a basis to accept, but 2,600,000,000 marks, equivalent to $618,800,000.

And so to-day an accord between Germany and France is about consummated, brought about through the Herculean efforts of Premier Ramsay MacDonald, with Germany in a position to know a definitely fixed amount whereby she can

from this time forward look to the future, and be able to pay $618,800,000 and wipe out for all time the reparation payments.

I claim that if to-day, as it is hoped and expected, the German representative, Lieutenant Colonel von Papen, and the French Premier, Edouard Herriot, come to an accord, as Ramsay MacDonald is urging them to do, you will see that July 9, which is the date abroad to-day, will be a cardinal date in the world's industrial calendar for the revival not only of European industry but of American industry, and industry throughout the world. I have taken the position, after my study of this question during these years since the war, that there could be no industrial revival in America unless conditions were placed upon a sane basis in Europe. The policy of self-containment, that America can prosper when the world without is depressed and is in the throes of depression, is counter to all economic history.

The British, recognizing the need of curtailment of government expenditures, have virtually accepted and gone one step farther than the proposal of President Hoover that armaments shall be reduced one-third. According to this morning's paper, Stanley Baldwin, Deputy Premier of Great Britain, in the absence of Ramsay MacDonald, made a speech in the House of Commons yesterday wherein he said Britain favored not only a reduction of one-third of tonnage but one-third of gun capacity of her naval vessels. Therefore, Mr. Chairman, we are hopeful that after these weeks and weeks of virtually little accomplishment at Geneva as to arms limitation, something may yet come out of that conference whereby the governments of the world will be relieved of this tremendous burden of armament, which is costing the people of America hundreds of millions of dollars annually, even to the extent that our war cost to-day is nearly 70 per cent of the entire cost of running the Government. The people in these industrial depressions, when they are feeling the pinch of income and other burdensome taxes, are calling aloud to their representatives in Washington to cut down these unnecessary, extravagant expenditures for war armament. It is a heartening cry, indeed, that comes from across the ocean that Great Britain joins hands with America to try to relieve not only their respective countries of the burdens of armament, but all the countries incidentally as well.

The only hitch in the negotiations going on between Germany and France over the economic accord is a demand on the part of Germany for a change in article 231 of the Versailles treaty, which places the entire guilt of the war upon Germany. Germany claims that it should be modified and rescinded.

Mr. Chairman, I served in this body during the war. I was one of 50 who cast their votes against war. I do not intend at this moment to review that tragic April 6, when President Wilson from that rostrum read his famous war message, nor the night following, when Claude Kitchin, the great leader of the Democratic majority, read his 2-minute speech in which he said that he regretted that he could not follow his President on this issue of our entering the war; but during that war Congress, busy as I was as a member of the Committee on Appropriations, delegated by the chairman of the committee, Mr. John J. Fitzgerald, who was chairman up to January 1, 1918, and after his resignation by his successor, Mr. Swagar Sherley, to watch every piece of legislation on this floor, because they were so busy preparing the Budget of billions and billions of dollars to carry the war to a successful conclusion, I believed then that the nation primarily at fault as causing the war was Austria and the stubbornness of Emperor Francis Joseph, and that next to Austria so far as responsibility for the war is concerned was Russia, whose secretary of state, Count Zarnoff, had declined as the records show, for 18 hours to communicate a personal letter that the Kaiser had sent to his cousin, the Czar of Russia, to stay mobilization, so that the threatened impending conflict might be averted; and my reading of official documents during the interim of Congress and books by Count Montzelaf and by Earl Grey, and others I had an opportunity to get hold of, confirmed that original opinion I had formed while the conflagration was raging abroad, that Austria was primarily at fault, and that secondarily it was Russia with the covert aid of the secretary of state, Count Zarnoff, and that Germany was not responsible for the war; that she, of course, had as her ally Austria under the treaty of alliance, and that when Russia invaded Austria she was obliged to come to her defense.

I recall a wonderful meeting in which members of the Committee on Appropriations of the House and of the Senate met at Miss Mabel Boardman's house one Sunday afternoon, when a representative of the Rockefeller Institute was present, who stated at that time—and we were not then in the war, it was 1917; and who was seeking to have our Government appropriate $500,000,000 to aid the people of Russia—that the German Emperor had held back for five days, against the will of the military staff, the German Army under orders to proceed through Belgium, and that those five days were proven later to be the fatal days which prevented Germany reaching Paris in her drive to conquer France.

But I am here to-day happy as an American representative that the war hate which dominated France and was supported by British statesmen following the war, has abated, and that to-day France places her industrial revival ahead of her hate of Germany, and that they are coming to a reasonable accord, so that instead of $125,000,000,000 being exacted as the war cost that Germany was to pay they are willing to accept 2,600,000,000 marks, the equivalent of $618,800,000. Mr. Chairman, if this accord is an accomplished fact, as I hope and pray, then it is my expectant hope and wish to see America, great international America, rebound also in prosperity, under the spell of the resumption of activity through Europe by reason of this safe, sensible, and reasonable accord between Germany and France. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield one minute to the gentleman from Illinois [Mr. RAINEY].

Mr. RAINEY. Mr. Chairman, I simply desire to announce to the committee that when the committee rises I shall ask unanimous consent that when the House adjourns to-day it adjourn to meet on Monday next. The Senate has determined not to take up the relief bill to-day, and that means that nothing can be done in the House to-morrow.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. RAINEY. I yield.

Mr. BRITTEN. Unless the gentleman, who is majority leader of the House, will make some agreement with us who desire to get a vote on the beer bill, we shall object to any unanimous-consent request along that line.

Mr. RAINEY. If the gentleman objects, that is his privilege, and if the gentleman does object, then I will state that no business will be transacted to-morrow except the reading of the Journal.

Mr. BRITTEN. We will determine upon that to-morrow.

Mr. RAINEY. Very well, but we will see that nothing else happens.

Mr. SCHAFER. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. SCHAFER. Why can we not take up this War Department appropriation bill? These enlisted men have to be paid when pay day comes around. The workers on flood-control work and rivers and harbors must be paid.

Mr. RAINEY. That bill is still in conference, and I am not one of the conferees.

Mr. SCHAFER. The gentleman is the majority leader, however.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, I thank the gentleman for yielding me this time.

Much has been said about agricultural conditions. The gentleman from Indiana this morning made a very important statement concerning them. I think, however, that many of the Members do not realize what the exact condition is in many parts of the western agricultural area. For example, on day before yesterday I went over to the res-

taurant and I paid 15 cents for an ear of corn, and out in the district which I represent in the State of Iowa our farmers get only 15 cents for an entire bushel of corn.

When I was at home a little more than three weeks ago the farmers were contracting their oats, this year's oats, and they could get only 8 cents a bushel. It will not pay to harvest them, except possibly for hay. If you go down to the restaurant here, you would pay 20 or 25 cents for a dish of oatmeal. So it goes.

Not long since a constituent who was here in the gallery told me about selling his ewes in Omaha for 10 cents. I do not mean 10 cents a pound. I do not mean 10 cents a hundred pounds. I mean 10 cents per ewe. That is all he got for them net. If you go to a restaurant in this city, they will charge you $1.10 for a couple of little lamb chops.

I could continue these illustrations, but I only have five minutes, and I want to say a few other things. I want you to know that it will not cost the people of the United States who are not in the agricultural area a single penny if they see that justice is done to the farmers. They will not be charged any more for their food or foodstuffs.

There came to me yesterday and to-day some very alarming reports. The largest city in my district is a city of about 22,000 people. On the 2d day of July, under a proclamation issued by the mayor of the town, all business places there were closed in order that the two banks might go out and get what they call waivers, whereby the depositors waive the right to withdraw their accounts for three years at 3 per cent. Not only did it apply to the banks but it applied to the stores, so that the stores are closed in that city to-day. For example, it is impossible to buy a shirt. The restaurants are open only a part of the time. Filling stations are open a part of the time during the day.

Now, that same thing spread to two adjoining counties, and at the present time there is a 10-day moratorium or holiday in three of the counties of my district. In my own county the same thing happened three weeks ago, except that the holiday was for three days only. They went out and got what they called pledges of confidence in the bank, being mere waivers, whereby the depositors declared they had confidence in the bank and they would wait for three years for it to pay deposits.

The point I want to make to-day is that these conditions must not be allowed to continue. There must be some way of remedying this situation. It will soon be too late. Farmers are being evicted right and left. Foreclosures are increasing. It is appalling and tragic. The remedy depends upon our money conditions. I think we need a reflation of the currency and of the purchasing value of commodities. [Applause.] I think that is requisite to our industrial life, not only amongst the farmers but amongst all the people of this country. Relief must come quickly.

I made some statements recently in a newspaper article concerning reflation in connection with a discussion of the soldiers' bonus, and as my time is about to expire I ask unanimous consent, Mr. Chairman, to extend my remarks on that question by inserting that article in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The matter referred to is as follows:

JULY 6, 1932.

EDITOR GLOBE GAZETTE,
Mason City, Iowa.

DEAR SIR: My attention has just been called to the editorial which recently appeared in your paper concerning the vote on the soldiers' adjusted compensation bill. With overzealous confidence you venture a guess that it is doubtful whether in the list of 209 Congressmen who voted for the bill there could be found "two dozen who had any other major consideration than political effect." You then say that you will give me space to tell my reasons for voting in favor of this bill. This invitation was also tendered to Congressman HAUGEN. I understand he has already availed himself of this privilege, and I now desire to do likewise.

Let me first reaffirm the statements which Congressman HAUGEN made in your columns. He gave the reasons for paying these veterans at this time from a standpoint of adjusting their compensations so that they would be paid a fraction of what noncombatants were paid during the war, and because of their services to the country and of the debt which rich and poor alike owe them because of patriotism and public policy. I join in these sentiments, but will make no further reference to them, inasmuch as he presented the matter so forcefully that I could not hope to equal him.

The bill did not involve any new or additional appropriation or even any appropriation at all. The obligation to these soldiers had already been acknowledged and had been outstanding for years. Everybody agreed that it will have to be paid some time—presumably in 1945. The soldiers already had certificates issued to them which acknowledge the debt and promise payment. The bill did not require the appropriation of one penny. The plan was to have the ex-service men surrender the $2,200,000,000 of adjusted-compensation certificates already owned by them, and then have the Government issue bonds, due, say, in 20 years, for this amount. With these Government bonds as security and as a basis, Treasury notes were to be issued in an equal amount. The bonds were to be deposited with the Federal reserve system and were not to be sold unless this became necessary at some future time. The Treasury notes were to be given to the ex-service men in exchange for their adjusted-service certificates already outstanding and in payment of the debt we owe them. This would not create a new obligation but simply change the form of an existing one. It would convert a noncirculating Government obligation into a circulating Government obligation. A noncirculating Government obligation does not affect the price level, but when we increase the circulating obligation we cause an increase of commodity-price level. Surely such an objective is highly desirable at this time. Credit facilities have been contracted and reduced to such a point that there is a comparatively small percentage of business being done at this time by the circulation of checks, bills, and drafts. Money is in hiding. Bank deposits are at a low ebb, and banks have failed in many places. There is a scarcity of circulating media. While the Treasury has put out a moderate amount of currency, nevertheless vast amounts of it are in hiding and are not circulating at all. There has been a contraction of the circulation, both in regard to money and in regard to checks, notes, drafts, acceptances, and other agencies used in our business exchanges.

The result of all this is that economic conditions, especially in agricultural communities, are at the lowest ebb. The prices of many farm products are lower than they have been for generations. It is said that wheat was lower recently than since those ancient days when the Virginia colonists founded the first permanent English colony at Jamestown. Many prices are comparable only to those current shortly after the Pilgrim Fathers landed on the stern and rock-bound coast of Massachusetts. In several counties in Iowa practically one farmer out of every seven has had his land sold by the sheriff at the front door of the courthouse. The other six have been able to keep only one jump ahead of the sheriff, but they are constantly losing in the race, so that they all may soon expect to be evicted. In my district eggs are selling for 7 cents a dozen. We are offered about 8 cents a bushel for the new crop of oats. Ewes brought a net of 10 cents each at Omaha recently. Hogs, although now on the upturn, are at ruinous prices. Surely it does not take any argument at this point to show that agricultural conditions are tragic. While I do not go into this argument, nevertheless my thesis fails unless I am right in claiming that conditions surrounding agriculture are cruel and even tragic. There must be found some method for restoring prices for farm commodities. There must be found some means for getting more money into the country before we can hope to pay our debts.

My vote was based on my conviction that the expansion of currency and of circulating mediums for facilitating exchange was the only remaining means available to this Congress by which the Federal Government might aid in overcoming such depression and in restoring normal business relations throughout the country.

The measure would have put large sums of money out into the country, and everyone would have been greatly benefited thereby. For example, $725,272.60 would have gone into Cerro Gordo County alone and would have been spent there for commodities or for investments. This is about three-quarters of a million dollars to go into your own county. Other Iowa counties would have received sums in about the proportion of their population as compared with your county.

In my judgment, this money would have helped measurably to restore prices for farm commodities. It would have increased the business of your merchants. It would have enabled your people to pay some of their debts. And people are not going to start buying from your storekeepers in large quantities while they are miserably in debt. This money would have restored values generally. At least, I think it would have tended to do all of these things.

This money would not, as has been claimed, have been mere "printing-press" money. As was pointed out in the debate, it would have had behind it gold reserves and Government bonds very similar to all the other issues of our currency. For example, vast amounts of national-bank currency are now circulating, and these have no better security than was contemplated by the soldiers' adjusted compensation act. But no one doubts the safety of such national-bank currency. I can not extend the argument at this point in this very brief statement, except to say that this money would have been sound and safe and worth a hundred cents on the dollar. It would not have been mere fiat money in the sense and within the meaning of those who argued against the bill, any more than much money now outstanding may be characterized as fiat.

The total amount going to our State would have been $46,577,200.15. Iowa would have received about 2 per cent of the entire

distribution. On the other hand, Iowa pays much less than 1 per cent of Federal taxation. One authority says that it is only fifty-five one-hundredths of 1 per cent, but I do not think this takes into consideration some items which should be considered. It is plain, therefore, that Iowa would have gotten much more than $2 for every $1 that it would have cost us. Even if interest were to be paid upon the bonds (which was not probable), nevertheless it would have been very good business for us in Iowa, looking at it from a merely selfish standpoint.

These bonds were not to draw interest until they were sold by the Federal Reserve Board. The original Owen bill provided that they could not be sold unless the amount of currency outstanding became so large that it was necessary to sell them in order to contract and draw in such currency. This provision made the bill subject to a point of order so it was changed to read that such board could sell such portions of such bonds as it might from time to time desire.

Your readers will understand that the board contracts or expands the currency by open-market transactions. If it wants to contract currency, it sells bonds and other securities and thereby gathers in currency from the country and contracts it. On the other hand, if it wants to expand the currency, it starts buying Government bonds and other securities. It pays for such purchases by issuing Federal reserve notes, and this puts money out into the country and increases the amount of currency in circulation.

Right here a conflict of opinion existed. The followers of the bonus bill claimed that it would never be necessary to sell any of the bonds and that consequently the payment of adjusted compensation would not cost the Government anything, because the Government already owed the debt and the payment of it at this time in the manner indicated would not have been an expense even for interest. There was much argument on this question. But it seemed certain that if such sales were ever made, it would be for the salutary purpose of drawing more money out of circulation after the time should have come that there would be too much of it in circulation. It is hard to conceive of such a time. If the bonds were not sold, then the bonus payment would cost nothing by way of interest, and so it would not entail any additional expense. It certainly is not a new obligation. If the bonds were negotiated before 1945, then there would have been some additional expense to the Treasury. If they were not negotiated, then there would not be any additional expense.

Even though some sales of bonds were found to be necessary in the future and attendant interest payments should be required, nevertheless such interest payments would be offset and compensated for by sinking-fund payments which are now required to be raised annually in order to create a fund to pay adjusted-service certificates already outstanding. It is stated that this sinking-fund payment amounts to about $112,000,000 per year, and it is a very important item in making up the annual budgets. No such sinking fund would have been required if the bonus bill had become a law. The sum last named would pay interest at 4 per cent on $2,800,000,000, and this is more than was required by the bonus measure.

I maintain that the dollar is too high priced, and that it takes altogether too much of the labor and produce of the farmer in order that he may be able to buy a dollar or to pay a dollar's worth of his debts. We are in the closing days of this session of Congress. We have all along talked about restoring the parity of commodity prices. We have all along pleaded for a dollar which would enable farmers to pay their debts and to get at least a considerable portion of cost price for their commodities. The real intrinsic value of commodities has not fallen, but the purchasing power of money has gone high. Amos, one of the lesser prophets, was a farmer and sheep herder about eight centuries before Christ. He cried out against iniquities which are similar to those which now exist, and he condemned those who had made the ephah (which was a dry measure about the size of a bushel) small and the shekel great. The bushel should not be too small nor the dollar too great. Each should be balanced equitably and fairly. We should not be "debushelized." The value of the bushel should not be so small as to cause agricultural bankruptcy. The value of the dollar should not be so great as to prevent payment of debts on an equitable basis as measured in labor and commodities.

With these things in mind and with a very positive realization of what had been done or what had omitted to be done by this Congress, we came to a vote upon the bonus bill. We had supported such measures as the Goldsborough bill which was indorsed by all of the great farm organizations, by leading economists, and by men in public life generally. It was considered safe and substantial. It passed the House by a vote of 289 to 60, but a flank attack was made upon it in the Senate whereby it was proposed to allow certain favored financial institutions to issue and emit nearly $1,000,000,000 in currency on the basis of Government bonds already owned by them. In this manner the owners would have received interest on the bonds and also interest on the currency which it was proposed to allow them to issue. This attack was a mere subterfuge. And the sponsor of this bill is reported in the press to have said that he did not believe in the plan but that he had proposed it in order to stop the Goldsborough bill. That bill was dead for this session at least.

We had also had before us various farm relief bills. Some of these involved the equalization fee. Some of them proposed the debenture plan and some of them would have put into effect an allotment plan, while still another would have combined all of these plans and would have allowed the Farm Board to use one or the other or any combination of them so that it could put into effect one plan with reference to a certain commodity and another plan with reference to a second commodity and still a third plan with reference to a third commodity. But at the time of the bonus vote it was known that all of these measures had no chance to pass Congress at this session.

Indeed there was nothing remaining before us which looked forward toward the restoration of currency except the bonus bill itself. Under the dreadful and pathetic conditions surrounding agriculture there was no help or hope to be expected at this session from any other proposed legislation. It was this bill or nothing. Leading economists assured us that the basis for this soldiers'-bonus issue was as sound and as well protected as many other kinds of money now current. It had every support that other currency had in gold reserves and in Government obligations.

Professor Fisher, the celebrated economist from Yale University, personally was against the measure. But notwithstanding this, and as an expert economist, he testified at the time of the hearings before the committee that the plan was perfectly sound in money mechanics. He said:

"But this method proposed by Senator Owen—and I understand it is practically the same as Senator THOMAS'S bill—is that the Government should issue bonds to the Federal reserve banks, in return for which the Government would get Federal reserve notes, and then they would give these Federal reserve notes to the soldiers or use them for expenses for any other purpose. It is a perfectly sound method."

On the last day of March this year we had a total outstanding currency of all kinds of about $5,400,000,000. Our total gold reserve held by the Treasury and the Federal reserve bank was $3,549,694,087. The currency outstanding in excess of the total gold reserves was only $1,864,391,298. Of this last-named amount a large portion had behind it only the promise of the Government to pay. National bank notes are on a parity with gold coin by virtue of the gold standard act and no one questions their value as a medium for exchange. Yet on the last day of March, this year, there were nearly $700,000,000 in currency of this character outstanding and the only reserve behind it was United States bonds and a little less than $30,000,000 in lawful money.

It must be remembered, however, that only about two and a half billions of our currency is circulating. Doctor Goldenweiser, Director of Research and Statistics of the Federal Reserve Board, testified concerning this $5,400,000,000 of currency outstanding, and said there were about $750,000,000 kept in the banks, about $1,750,000,000 hoarded, about $100,000,000 destroyed, and about $300,000,000 that was abroad; so that the active money in circulation was something like $2,500,000,000 only. This is much less than our needs require. There is a congestion of money and a paralysis of circulation and consequently a lack of means to carry on the normal volume of business. An accepted formula is that the gold reserves need equal only 40 per cent of the outstanding currency. On this basis the amount of currency required by the adjusted compensation act could be floated without danger and the currency would have behind it 40 per cent of gold as well as 100 per cent of Government bonds.

This Congress was about to adjourn. A Member from Iowa was fully justified in voting for the bill because of the reasons herein suggested, being:

(a) It was the only means left us whereby we could move toward restoring the dollar to equity.

(b) It was the only means remaining before us which would have increased the amount of currency in circulation in any substantial amount—a thing that is sorely needed.

(c) It was the only means open whereby we could have restored purchasing power to country commodities.

(d) It presented an opportunity to pay an existing obligation in such a way as to distribute the proceeds among all sections of the country equitably without first passing it into the hands of large financial institutions and allowing them to draw interest both upon the bonds and also upon the currency issue for which the bonds were pledged.

(e) It was not a new obligation, but simply a payment of one already incurred and outstanding and recognized by the Government.

(f) It was good business for Iowa, looking at it from a mere selfish standpoint, and put money into Iowa instead of taking it away from there.

(g) Suffering exists among these men, and it is claimed that one-third of them needed this help right now. Payment to them should not be delayed.

(h) Equities were with the soldiers as shown in your columns by Congressman HAUGEN.

(i) An emergency exists and emergent remedies are justified, especially when none other are available.

The bonus legislation was in payment of a debt and went on a different basis than an appropriation for flood control or harbor improvement or post-office building or bridge building or like projects. It is entirely different than the so-called "pork-barrel" bill, which was to be paid by a direct tax upon gasoline. Iowa consumes almost 3 per cent of all gasoline consumed in continental United States, although we have only about 2 per cent of the population and less than seventy-five one-hundredths of 1 per cent of the taxable income. Under the "pork-barrel" bill we were to build useless and expensive buildings and were to contract new and additional and huge debts and we were not getting our full share of the pork, although we were paying about three times our share of the total expenditures. Even if it be agreed that we can not squander ourselves into prosperity, nevertheless we ought to

arrange to pay outstanding obligations. The two things are very different.

No legislation has been passed here which directly helps agriculture. Bills have been passed which have rescued railways and insurance companies and banks, including Federal farm-loan banks, from great embarrassments. I supported such relief bills. It is now claimed by some, however, that very little good has been done to the country banks by their passage. While the Reconstruction Finance Corporation loaned money to the country banks, nevertheless much of this money went to the metropolitan banks to pay what the country bank owed them. The effect of much of it was that the country bank simply changed the name of its creditor from the city bank to the Reconstruction Finance Corporation. Even this was helpful. Some of this money went to pay depositors, of course, but there is as yet no real or adequate relief for farmers.

We put $125,000,000 into the hands of the Federal Farm Loan Board, but these millions have acted more generally to support the price of the bonds of this system, thereby helping the bondholders and not the farmer. The farmer is not permitted to buy these bonds and present them in payment of any mortgage that he might be owing to the Federal land bank. On the contrary, the Federal land bank can foreclose its farm mortgage, evict the farmer, sell the land, and with the proceeds go into the market and buy its own bonds for a fraction of their face value, thereby making large profits. Indeed, some men acquainted with the Federal joint stock land-bank system have stated that this is one way by which such banks can maintain their solvency. The Hare bill, which I have tried to help, would have permitted the farmer to buy such bonds at current prices, much below par, and present them at face value in payment of his mortgage. This bill can not pass at this session. Furthermore, there is doubt as to its legality.

Few persons, if any, doubt that a reasonable reinflation or expansion of currency and credit facilities is desirable. Most people demand this as an absolute necessity and as a means by which we may hope to recover from financial debacle. All of the great farm organizations have asked for an honest dollar and one which will enable farmers to pay their debts and get at least as much as cost for their production. No measure will bring them that honest dollar quicker and surer than this method. This bill would have paid money into the various counties of my own congressional district in the following amounts: Boone County, $551,758.35; Calhoun County, $331,854.25; Carroll County, $420,845.10; Crawford County, $396,377.80; Emmet County, $242,335.60; Greene County, $311,552.80; Hamilton County, $395,435.30; Hancock County, $279,017.70; Humboldt County, $248,857.70; Kossuth County, $479,770.20; Palo Alto County, $290,252.30; Pocahontas County, $295,699.95; Webster County, $762,011.25; Winnebago County, $247,745.55.

And this money would have been spent in such a way as to quicken industry and revive business. A survey made last year by the Veterans' Bureau discloses that the first payment of bonus money under the loan bill was used in legitimate channels except a very small proportion, shown to be less than 7 per cent.

I can not object to criticism of my conclusions or of my votes when based on economic grounds, as I realize that there must be a very great divergence of opinion upon such questions. I can not hope that my friends will always agree with me. But any criticism of my vote based upon political expediency is not warranted. Congressman HAUGEN'S vote on this bill was right. So was mine.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to use to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD of Georgia. Mr. Chairman, I am in most thorough accord with what the gentleman from Iowa [Mr. GILCHRIST] has just stated with reference to the farming situation throughout the country, and I ask unanimous consent to extend my remarks in the Record along that line and to include a letter written by me to a constitutent of mine.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. SCHAFER. Reserving the right to object, does that letter written to a constituent explain how the farm situation will be helped after the gentleman from Georgia votes for beer and to modify the Volstead Act?

Mr. LANKFORD of Georgia. It does not deal with the beer proposition. It does deal with farm relief and taxation.

Mr. SCHAFER. Does the gentleman believe the farmers will be helped after the gentleman and the rest of his Democratic colleagues at some future time in the next few years change the Volstead Act?

Mr. LANKFORD of Georgia. I believe the farmers will be helped when we elect a Democratic President and carry into effect the benign provisions of our platform.

Mr. SCHAFER. Are you going to carry out the platform?

Mr. LANKFORD of Georgia. The Democrats are pledged to do so as fully as the Republicans are pledged to carry theirs into effect.

Mr. SCHAFER. The gentleman is going to vote several years from now for modification of the Volstead law?

Mr. LANKFORD of Georgia. The gentleman from Wisconsin is now entering the field of prophecy.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. LANKFORD of Georgia. Mr. Chairman, I know of no reason why I should not vote to amend the Volstead Act, if such course should become necessary. With my own right hand I wrote a small though very important part of that act. So far as I know I am the only Member of Congress to write a vitally important part of the Volstead Act and receive congratulations of both the wet and dry forces for writing and securing the adoption of the amendment.

Mr. Chairman, on the 19th day of July, 1919, I offered and secured the adoption of an amendment to the Volstead Prohibition Act to protect all innocent owners and lien holders against improper forfeiture of their cars where intoxicants were being illegally transported in such car. It is interesting to note that prior to the adoption of my amendment neither the Federal statutes nor the laws of any of the States, so far as I am advised, had any provision affording the protection to innocent people provided by the Lankford lien amendment to the national prohibition act.

In order to show the opinion of my amendment entertained by Mr. Gard, of Ohio, one of the ablest lawyers in the House when my amendment was adopted, I quote from the CONGRESSIONAL RECORD of the Sixty-sixth Congress, first session, page 2903, as follows:

Mr. GARD. Mr. Chairman, I desire to say, first, that I think the amendment offered by the gentleman from Georgia [Mr. LANKFORD] is the most lucid amendment and expressed in the best legal phrasing of any amendment offered during the consideration of this bill. [Applause.] It should be adopted because it stands for justice, and stands for the right of a man having an honest interest in property to assert that lien in a court of competent jurisdiction wherever such property may be.

I wish also to quote from the decision of Justice Stone of the Supreme Court of the United States in the case of Richbourg Motor Co., intervenor, petitioner, against United States, as printed in the CONGRESSIONAL RECORD of the Seventy-first Congress, second session, pages 11404, 11405, and 11406, where Justice Stone, after mentioning the carefully chosen language of the amendment, said:

The conclusion we reach is not without support in the legislative history of section 26. The clause protecting the interests of innocent lienors was added by amendment in the House of Representatives to H. R. 6810, which became the national prohibition act. The sponsor for the amendment pointed out that the procedure prescribed by the section as originally drawn protected the interests of the innocent owner and stated that the amendment was designed to save from forfeiture the interests of innocent lienors and innocent owners alike. (CONGRESSIONAL RECORD, 66th Cong., 1st sess. vol. 58, pt. 3, p. 2902, July 19, 1919.)

Having said this much about this amendment I wish to submit the letter referred to by me when I first rose which also contains a reference to this amendment. This letter, leaving off the name of the addressee, is as follows:

MY DEAR FRIEND: Answering your last inquiry first let me say that while I have a preference in the senatorial and gubernatorial races in my State, in fairness to them and my friends I can not afford to take any stand for either candidate except to vote.

As to my preference for State commissioner of agriculture I will say I do not wish to take sides in this contest except I quote with approval what the Valdosta Times recently said of my lifelong friend, Hon. W. W. Webb, of Hahira, as follows:

"The race for commissioner of agriculture is expected to be warmly contested, and there are several strong candidates. The Times believes, however, that Hon. W. W. Webb, of Hahira, a pioneer in developing better markets for Georgia farmers and a practical agriculturist himself, is the outstanding man in the field.

"Mr. Webb has the interest of the farmers at heart. He is sound and honest. He would serve the people well."

As disclosed by the CONGRESSIONAL RECORD, I have on the floor of Congress on several former occasions mentioned the splendid qualifications of Mr. W. W. Webb, of Hahira, and called special attention to the splendid unselfish service he is rendering the agricultural interests. At personal sacrifice he has faithfully worked for the farmer all these years. No one has been more loyal to the farmer than Mr. Webb.

I feel that no one can blame me for being interested in the race for State treasurer. Hon. George W. Lankford, of Lyons, Ga., a candidate for that office, is my brother, and except for his splendid assistance I would never have been elected to Congress. Hon.

George W. Lankford, while State senator, drew and secured the adoption of a proposed amendment to the State constitution providing:

"The ad valorem tax for State purposes on all classes of property shall not exceed 4 mills for the first year an income tax is collected, and shall not exceed 3 mills for the second year an income tax is collected, and shall not exceed 2 mills for any subsequent year thereafter that an income tax is collected, except that the State's right to levy ad valorem tax for the purpose of paying the interest and principal of the present outstanding, recognized, valid, and legal bonded indebtedness of the State shall not be hereby abridged."

If this amendment had been ratified by the people of Georgia, their property tax would now have been less than half what it is. This is the very relief our people need.

This amendment did not become part of the State constitution because an aggressive fight was waged against it by those who want large and sometimes unnecessary appropriations to be made. These beneficiaries of large appropriations did not want the ad valorem or property taxes reduced for fear their pet appropriations might be reduced. This amendment being mentioned by the newspapers as the Lankford amendment caused some of my friends to ask me if I was the author of the proposal. I may say that while the authorship belongs to my brother, still I favored the ratification of the amendment. Brother George W. Lankford and I are in thorough accord on the idea that ad valorem or property taxes should be greatly reduced, if not done away with, and that as income taxes, sales taxes, and so forth, are put into force, property taxes should be accordingly reduced.

If the amendment of George W. Lankford had gone into effect, the people would now be far advanced on the road to real tax relief. The same fight made by George W. Lankford in the Georgia Legislature is being waged by me in Congress.

Your next question is easily answered. I want to be reelected to Congress on my record and on the proposals for which I am working.

After years of hard study, I believe the Lankford farm-relief plan is the very best yet suggested. I would like for anyone to suggest a better one. I would gladly help put it into effect. I have unbounded faith in my plan to reduce taxes, to stop the orgy of mortgage foreclosures, to help home owners, and relieve the present financial depression. I shall discuss all these matters many, many times in every county in my district this summer and want the good people of my district to hear me. I want to meet them again face to face and have a heart-to-heart talk about these matters that mean the very life of us all and of our Nation. I repeat, I want every man, woman, and child to hear me at least once this summer.

I shall discuss real plans for real relief for which I have fought, am now fighting, and shall continue to fight as long as God gives me life. I am determined every speech and every word thereof shall be clean, high class, and of such a nature as to be heard by and be truly beneficial to all, including our innocent children. Let us make laws for the children and all else will be well. In these awful trying times and through all our activities of every nature, everywhere, may the children lead us to act and live for them. Unless we can save our children and give them a chance this Nation will not long endure.

You ask me to name any legislation of value to the whole Nation that was passed solely by my efforts. This is impossible, since over 500 Members of the House and Senate, either directly or indirectly, take part in every measure that passes. The main thing we do in a legislative way is be on the right side and do our best.

Among the thousands of legislative proposals I have fought for and the hundreds of bills and amendments I have either offered or helped others to propose and sponsor, I remember two that passed of which I was the author, that to my mind are as important as any amendments to be adopted since I came to Congress. One is the Lankford lien amendment to the Volstead Prohibition Act protecting all liens of innocent people on automobiles or other carrier vehicles, aiding those who sell cars, providing safer buying and selling conditions, and enabling the average citizen to buy cars for less money on more satisfactory terms. Many of the States of the Union later used the exact language of the Lankford amendment in their prohibition enforcement acts. Some newspapers a year or two ago stated that many hundreds of millions of dollars had been saved by innocent people by my amendment; that this money so saved was then large enough to have paid my salary as a Member of Congress from the birth of Christ to the present time; and that the interest on it is large enough to pay my salary in the future forever.

Another important amendment bearing my name as author is that to the old War Finance Corporation act making available for discount by that corporation notes given by the farmers of the country to supply men or other people for farm purposes. This amendment helped every farmer who needed credit, every person who extended credit to the farmers and the banks of the whole Nation. To my mind, this amendment had more real farm relief, little-business-man relief, and small-bank relief than all numerous proposals considered and passed here since last December. The benefits of the War Finance Corporation act as broadened by the Lankford amendment are as far above the benefits to the common people under the Reconstruction Finance Corporation act as the heavens are above the earth.

Of course, at this time I can not discuss my whole record in Congress. This would require the writing of a book. I have not the time to do this at present. I will discuss three or four more measures I have either helped enact into law or very much hope to help bring about in the near future.

Within the last month two of my measures have been written into law—one to furnish 500,000 bales of cotton for use by the Red Cross for the use of the suffering people of our country and the other to furnish transportation back home for the World War veterans who are now in Washington. To my mind, the cloud-capped mountain peak in my service here, though, is my contract plan of farm relief which is now receiving recognition by so many and which I believe will be enacted into law at next Congress, since the principle of my plan is approved by the Democratic nominee for President and is in the platform of the Democratic Party, which undoubtedly will be in full power after March 4 of next year.

From the time Adam and Eve were driven out of the Garden of Eden to the present the farmer has been the burden bearer of all peoples and has never received just compensation for his services. The fight to give him a square deal has been designated the battle for farm relief. This battle has never ended; it has never been won. I am hoping this may be done in the near future.

Another important fight, in so far as my district is concerned, though not so long a fight, is the proposed canal across south Georgia and north Florida. The first and only real survey of this canal was made when I was a small baby. It is now my great desire to actually pass the measure that will cause the immediate construction of this canal across my district.

The actual survey of two routes are now to be made. One for a ship canal, which will probably be across Florida at Jacksonville, and one for barge purposes, which, I am sure, will be across my district.

I was truly glad when the order was issued for a survey of a route for barge purposes separate and independent of the route selected for the proposed ship canal. I appreciate to the fullest extent a letter in this connection which I received from Mr. Hollins N. Randolph, general counsel for the Georgia State Canal Commission, which is as follows:

MAY 26, 1932.

Congressman W. C. LANKFORD,
House of Representatives, Washington, D. C.

MY DEAR JUDGE: I am just in receipt of yours of the 24th instant, inclosing the statement you gave to the press for release May 27. I have carefully studied the statement and approve of it 100 per cent. I think it is a clear, sufficiently explanatory, and concise statement of the exact facts in the matter.

Its publication by the press of Georgia will, in my opinion, hearten the people of the entire State, because it signalizes the fact that, after many long years—50 or more—the Government has at last given official recognition, through the Board of Army Engineers, to the building of a barge canal connecting the Atlantic inland waterway system with the Gulf inland waterway system, the same to run through south Georgia and north Florida.

As I wrote you a few days ago, what you have accomplished is really a wonderful achievement and, without meaning to indulge in compliment, I think you are entitled to the congratulation and commendation of every man, woman, and child in the State. I particularly feel very pleased and very happy about it, because for nearly three years I have labored hard and earnestly on this particular project; and while we gained much progress in getting the items in the last rivers and harbors bill, that was all put in the discard by the report of the engineers of last December, and by their subsequent reports, all recommending a ship canal across Florida and a barge canal along the same route. You, therefore, by your fine, tactful, and energetic handling have not only revived the proposition but have put it completely on the map, because I haven't a doubt myself that when the physical survey of a barge canal route is rendered by the engineers Congress will almost immediately appropriate the funds and build the canal.

Cordially yours,

HOLLINS N. RANDOLPH.

I am very glad I sacrificed the opportunity of being chairman of an important House committee in order to go on the House Committee on Rivers and Harbors, where I am in position to render real service to my district in connection with the location and construction of this canal.

My seniority entitles me to an appointment on the very largest committees of the House, but I would not, until this canal is built, give up my place on Rivers and Harbors for any other committee assignment. To my mind, the greatest committee of the Congress is the one where a Member can render the greatest service to his district. For me that committee is now Rivers and Harbors. If I live and stay in Congress, I shall stay on this committee until this canal is built across south Georgia and north Florida.

There are many other matters I would like to discuss in this letter, but I shall not be able to do so without making this letter too long.

I wish I could meet all the people of my district this summer and tell them of the serious problems now confronting us.

We are at the parting of the ways. We must save the farmers, the laborer, the independent business man, and the ordinary private citizen or all will be lost. I have some very definite ideas on farm relief, solution of the unemployment situation, taxation, the railroad questions, and others which I wish to discuss with my people.

I shall not, though, leave Washington while Congress is in session. My first duty is here. After the adjournment of Congress I hope to make several speeches in each county, giving a more complete account of my stewardship here and telling more fully

of the principles for which I am contending than is at all possible in this letter.

I invite a careful study of what I have done, am now doing, and hope to do for the good people of my district and Nation.

Sincerely yours,

W. C. LANKFORD.

This letter contains the speech I had intended to make at this time. At a future date I shall be glad to discuss these matters more fully.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, our Committee on the Post Office and Post Roads, in keeping with the Sabath resolution, is holding hearings in connection with the expenditures of the Post Office Department. We expect to continue these hearings during the recess of Congress, and we ask the cooperation of Members on both sides. We have in mind recommending constructive measures that will reduce the deficit and put the Post Office Department on a better business basis.

I now want to discuss with you two of the biggest problems which confront our country at this time. These two problems, as you will no doubt agree, are the economic and the prohibition problems. The economic problem is, of course, the more important. It affects every man, woman, and child in the country. It affects every activity of Government and every activity of humanity. It includes the agricultural problem, and to-day we find agriculture in a deplorable condition, worse off now than ever in the history of American agriculture.

Agriculture is a basic industry, and until it is rehabilitated, until such time as tariff discriminations are rectified, agriculture will not come into its own, and the country in general will suffer because of the impoverished condition of this all-important industry. The creation of the Federal Farm Board in 1929 was a political gesture that has since proved itself to be a complete flop.

Unemployment, of course, enters into any economic debate or discussion, and, with approximately 10,000,000 out of work, it is a most serious question. According to a recent statement accredited to the president of the American Federation of Labor, 13,000,000 men and women will be without work in the coming winter.

The paralyzation of American industry is another phase of the economic question, but, looking toward the rehabilitation of our financial institutions, our railroads, and our industries, we have already enacted some remedial legislation. Therefore, the problems I desire to discuss with you are those that include unemployment and the prohibition question. Of the two questions prohibition is the simplest. Its solution is now in the hands of the American people.

We have during this session taken up this question on several different occasions, and the Members of the House have for the first time since the adoption of prohibition faced the issue, established their records, and now they go home for the approval or disapproval of their stand by the constituents they represent. This in itself will result in a referendum in which the people will make the decision.

Both political parties in convention assembled have taken action on this important question. The Republican Party has adopted a plank that is sometimes referred to as a wet-and-dry plank, an amphibian plank, good on land or water, a plank that dissatisfies the wets because it is too dry and disappoints the drys because it is too wet. Although nothing more than a straddle, they have taken a sort of a stand. It is the first time they have taken a stand—such as it is—on the question except to laud and defend it since the adoption of prohibition in 1919.

The Democratic Party, on the other hand, has adopted a clear, clean-cut, precise, definite plank that embodies within its provisions the acceptance on the part of the party of the responsibility to repeal the eighteenth amendment and to modify the Volstead Act. The plank adopted by the Democratic convention pleases the wets and commands the respect and admiration of the drys. It faces the issue honestly and sincerely.

The prohibition question is now ready for solution. It is now in the hands of the American people. The conventions have acted, the platforms have been adopted; and now the candidates go forth on these issues to the American people, and the verdict of the people as registered at the polls in November will settle the matter for a long time to come.

Republican Members of Congress from certain wet districts, smarting under the terrible handicap inflicted upon them by their convention, are striving to throw off that burden before they return home. They stand upon the floor of the House and demand action here and now. They have my sympathy.

Perhaps I would do the same thing if my party, blind to the demands of the day, subservient to the Anti-Saloon League, agreeing to play the duck-and-dodge game, adopted such a plank. It is certainly unfair to an honest wet or a sincere dry. Yes; we would be denouncing our party, demanding some action, in order that we might get out from under before we would face our constituency in the coming campaign, if we had adopted a plank that looks both ways as does the Republican plank.

Mr. Chairman, as I said in the beginning, the prohibition question is now up to the American people for solution and if there was an opportunity for the passage of remedial legislation, now so eagerly sought by the wets on the other side of the aisle, I would join and give them all the support and cooperation I possibly could. But they come too late, for the majority of their party in this and the other Chamber will not agree with them, and the action of the President in the last campaign, in defense of the "noble experiment," his action in connection with the work of the Wickersham commission, and his every public utterance in favor of prohibition would not permit a man in that exalted position to make such a somersault on the question in this late day of the session. Why, the dry leaders are now gathering in our city to indorse the President on his dry record.

Now, Mr. Chairman, I say again the prohibition question is in the hands of the American people, and when we assemble here in December as a result of the action of the people, we will have not only the 190 votes we now have in this Chamber—but we will have, I predict, 250 wet votes that will insure a just and substantial modification of the Volstead Act. We will have a majority in the Senate as well, and we will have, after March 4 next, a man in the White House who will willingly sign a wet bill when it reaches him. This is my prophecy. [Applause.]

THE UNEMPLOYMENT QUESTION

The unemployment question on the other hand is far more complicated, and its proper solution is one that taxes the ability of the statesmanship and the leadership of Congress and the country. For nearly three years this scourge has been upon us and so far as this session of Congress is concerned nothing has been done that will remove the scourge. It is true that we have passed a number of measures recommended by the President, but these measures, every one of them, have only cushioned the fall, simonized the surface, stayed for a time the progress of the debacle.

To open the way for a proper approach to the solution of this question, we must find out how it developed, what brought it on, and what mistaken theories and practices have aggravated the situation.

In 1920 a depression which followed the industrial and financial breakdown of that time set in and developed through 1921 and 1922. Wage deflation and a general reduction in costs had been adopted to rebuild trade and industry, to restore prosperity, but this mistaken policy was without success. In 1923 a group of public officials and leading industrialists took issue with those who advocated the false program calling for a return to normalcy. This group condemned the reduction of wages and prices to a pre-war level as was advocated by those who would return to normalcy. The country was urged to get its mind away from the idea that pre-war wages and standards of living as well as volume of business would then be normal.

Normalcy, this leadership claimed, was a vastly higher and more comfortable standard than 1913. The leaders of the new order therefore advocated standardization of output, elimination of wastes from industry, the increased use of the machines to extend mass-production methods and to

reduce labor and other costs of production. Under this policy it was contended that wage and salary rates could be increased while prices to consumers could be reduced, and at the same time generous profits would accrue to those in control of industry. These were revolutionary suggestions, but as a result of their adoption at that time an era of great prosperity set in and developed. Industrial, financial, and labor leaders accepted this new economic policy. It was a new industrial revolution, and the United States was to become the marvel of the world. Not only was man-hour productivity increased by improved machinery, new methods and processes in mines, plants, mills, and factories, but the very farms of the land were mechanized. European nations, including Russia, amazed at the changes and achievements in our industrial policy, sent special students and official commissions to the United States to observe and investigate the progress we were making.

This new era, beginning in 1923, came to an abrupt and disastrous termination in 1929, and its failure can be charged to our industrial and financial leadership, whose practices did not conform to the theories and principles laid down by the group of public officials and industrialists who initiated the program in 1923. Thus the hope of a new industrial régime in which capital would profit and humanity would benefit to a greater degree than ever was destroyed by a short-sighted and misguided desire for immediate and unreasonable profits.

In the building of an industrial machine such as was in progress during the years 1923 to 1929 certain fundamental principles should have been adhered to. We should have been concerned with the stabilizing as well as the planning for individual and collective industries. Prices should have been reduced, which would have increased real income as well as the consuming capacity of our people. Wages and salaries should have been advanced in comparison to reduced costs and not in accordance with consumption demands. Hours of labor should have been reduced to offset mechanical displacements and reduced employment. Too large a proportion of the wealth produced during this period was reserved for profit, while it should have gone to increasing the purchasing and consuming power of our people. The failure on the part of our industrial and financial leaders to adopt a permanent policy, failure to stabilize our industries, failure to plan for the present and future of our industries, brought about the disaster which, of course, was inevitable under such circumstances. The displacement of men by machines increased constantly, and in 1927 and 1928 the country became disturbed because of the large numbers then out of work as a result of technological displacements. This situation continued to increase steadily until the stock market collapsed in October 1929.

Had the productive gains resulting from the new industrial development been fairly apportioned to labor as well as to capital, we could have maintained our prosperity and averted the economic crisis which now overwhelms us. The denial of higher wages and salaries to our workers in keeping with their increased productivity, as well as the refusal on the part of industry to recognize the need for a shorter work period, decreased consumer purchasing power and accelerated unemployment. Under such a system a collapse was inevitable. Highly capitalized security values could no longer be maintained and our new economic development which had its origin in 1923 broke down, precipitating the stock market crash and the general deflation which finally passed out of control and which now threatens our economic and political institutions. Immediately after the break those in control of our industrial, financial, and credit resources demanded drastic reduction in wages which further decreased the demand for goods and added to the seriousness of the present crisis. With the beginning of the current year, alarmed at the continuance of the depression and in an effort to check the avalanche of deflation which threatened to destroy everything in its path, a program was presented to Congress and quickly approved in the hope that it would remedy the situation. Included in this relief program were the Reconstruction Finance Corporation bill, the Glass-Steagall banking bill, the farm loan and home loan bank bills, as well as several minor measures.

In addition to this program, reserve banks adopted a policy of open-market operations, purchasing millions of Government securities each week in an effort to improve the banking situation. The effects of these measures and policies were merely palliative and conserving and, while the epidemic of bank failures has been checked, the general situation is not improved. Our problem is to provide for the immediate relief of our unemployed; relief that will prevent indescribable suffering which will take place this coming winter unless we act now. Second, we must restore the lost purchasing power of our people. This can only be accomplished by creating employment opportunities financed by the Federal Government. This involves a public-works program and should include Federal, State, and municipal undertakings. Many of these projects would be self-liquidating. All of them would provide large employment opportunities. Private industries and public enterprises, whose activities and expansions could meet with the approval of the Reconstruction Finance Corporation, should also receive assistance in order that they, too, might increase employment. If such a program was adopted and properly applied, it should turn the tide of the depression. In the promotion of this enterprise it should be remembered that the basic procedure involved is the authorization of the use of Federal Government credit and not merely a bond issue, as is sometimes suggested.

This credit might consist partly of a direct issue of bonds for direct relief and public works, and it might include an authorization to the Reconstruction Finance Corporation to issue more debentures or other evidence of debt to the banks and public, or Government bonds might be sold by the Secretary of the Treasury and the proceeds used by the Secretary to purchase the debentures or evidence of debt emitted by the Finance Corporation. If this program of public works is authorized, the Government should insist upon a 6-hour workday with a 5-day week, in order to extend the field of employment, and this shorter work period should become a permanent fixture in public and private endeavor. Once business is under way we must insist that the blunders responsible for the present debacle be eliminated in the future, and to bring this about a Federal agency with powers to aid in the stabilization of industry and to perform the work of an advisory economic council should be created. Above all, we must recognize the fact that our prosperity in the future is contingent upon the proper and equal division of the profits of industry, and so forth. Workers supplanted by machines or other labor-saving methods must be absorbed by new industries or by a reduction in the hours of service. From our experiences in the past we can not hope to avoid similar breakdowns in the future unless we plan, guide, and keep stable our economic development.

Mr. Chairman, I ask unanimous consent to extend my remarks on the work of the Committee on the Post Office and Post Roads.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MEAD. Mr. Chairman, in view of the large postal deficit, the committee's first concern this session was to consider means whereby the postal receipts might be increased, and it is interesting to note that when the committee was reached on the calendar early in March, with the privilege of bringing its reported bills before the House, of the 10 bills passed that day, seven were for revenue purposes—making adjustments in rates for special services, requiring fees to compensate the Post Office Department for the work involved in passing upon applications for certain postal privileges, and eliminating some of the free services for which the department felt it should be paid.

The Post Office Department's attitude toward the cooperative work of the committee was expressed by the Third

Assistant Postmaster General who, at a hearing before the committee, stated:

* * * the prompt and able efforts of your committee which have resulted in the enactment by the House of Representatives of several bills embodying recommendations of the department to increase the postal revenues in the neighborhood of $15,000,000.

In addition to the bills included in the above statement, the committee has reported other revenue-producing postal-rate measures, bringing the total anticipated revenues from such bills to between $17,500,000 and $20,000,000. Five of these bills have already been enacted and are being put into effect by the Post Office Department, while two others are at the White House awaiting the President's consideration. It is believed that this legislation, together with the increased postal rates on first and second class mail matter provided in the revenue act sponsored by the Committee on Ways and Means, will greatly reduce the postal deficit in the fiscal year just begun.

The committee is greatly concerned with the welfare of the postal employees. Many bills for the relief of substitute postal employees have been given consideration and extensive hearings held in this connection. Early in the session the committee reported a bill (H. R. 4719) providing leave with pay for substitutes. This was promptly passed by the House and sent to the Senate. The committee also believes that in endeavoring to increase the postal revenues and build up the service it is indirectly benefiting the substitutes as well as the regular postal employees.

Because of the abnormal reduction in postal receipts, the salaries of postmasters, assistant postmasters, and supervisors, which are based thereon, have been greatly reduced. On July 1, 1931, 4,681 postmasters were reduced; on July 1, 1932, 6,848 were reduced. On July 1, 1931, 232 assistant postmasters were reduced; on July 1, 1932, 570 assistant postmasters were reduced. On July 1, 1931, 323 supervisors were reduced; on July 1, 1932, 547 supervisors were reduced. These workers have also been affected by the economy law, which applies to all Government employees.

The committee tried to avert these unusual reductions in salary caused by the falling off in postal revenues, but its bill to this effect (H. R. 6305) is still pending before the House. The committee's bill (H. R. 4602) to compensate third-class postmasters who furnish their own equipment is in the same status.

The salaries of all postal employees are being reduced by the economy law. The Post Office Department's policy for some time, however, has been to effect economies wherever possible, by means of curtailed service, consolidations in rural routes as vacancies occur, and so forth. During the fiscal year 1931 more than 800 rural routes were merged in this manner, with a reduction in the annual rate of cost of nearly $890,000.

It was brought to the committee's attention that more business might be given private printers if the Government should discontinue the practice of printing return corner cards on stamped envelopes. After lengthy hearings, the committee took favorable action in this connection and reported H. R. 8576 to the House, and several Members later appeared before the Rules Committee asking for a rule for the special consideration of the bill by the House.

The committee has also reported favorably a bill to permit the submission and publishing of statements of ownership, circulation, and so forth, of newspapers, magazines, periodicals, and other publications once a year, instead of twice a year, as now required by law.

While only 24 bills were reported, the committee has had many others under consideration, 127 bills and resolutions having been referred to the Committee on the Post Office and Post Roads during this first session. In addition to the hearings held on relief measures for the substitute postal employees, salaries of postmasters, assistant postmasters, and supervisors, and equipment allowance for third-class postmasters, there have been extensive hearings with respect to the air mail service, parcel post, purchases of supplies for the Post Office Department, threatening communications in the mail, puzzle contests, fraudulent devices and lottery paraphernalia, postal savings, stamped envelopes, mail matter for the blind, and other rate measures.

Pursuant to House Resolution 226, the committee will conduct an investigation into all mail contracts as well as post-office sites, post-office buildings, and power, heat, and light contracts, with the view of obtaining information necessary as a basis for legislation. Hearings in this connection have been begun and will be continued during the summer by special subcommittees being appointed for the purpose.

A résumé of the bills reported by the committee this session follows:

COMMITTEE BILLS ENACTED INTO LAW

H. R. 96: To punish the sending through the mails of certain threatening communications. Signed July 8, 1932. Public Law No. 274.

H. R. 4594: To fix the rate of postage on publications mailed at the office of entry for delivery at another post office within the postal district in which the headquarters or general business offices of the publisher are located. Signed June 28, 1932. Public Law No. 201. Estimated additional revenue, indeterminate.

H. R. 8317: To provide for fees for entry of a publication as second-class matter, and for other purposes. Signed July 7, 1932. Public Law No. 271. Estimated additional revenue, $500,000.

H. R. 8318: To amend section 287 of title 39 of the United States Code, Supplement V. (Transient second-class rates of postage.) Signed July 5, 1932. Public Law No. 262. Estimated additional revenue, $500,000.

H. R. 10244: Fixing the fees and limits of indemnity for domestic registered mail based upon actual value and length of haul, and for other purposes. Signed June 28, 1932. Public Law No. 202. Estimated additional revenue, $7,000,000.

H. R. 10247: Prescribing fees and corresponding indemnities for domestic insured and collect-on-delivery mail of the third and fourth classes, and for other purposes. Signed June 28, 1932. Public Law No. 203. Estimated additional revenue, $2,500,000.

COMMITTEE BILLS PASSED BY HOUSE AND SENATE AND SENT TO PRESIDENT

H. R. 10246: To fix the fees to be charged for the issue of domestic money orders. Estimated additional revenue, $1,250,000.

H. R. 10494: To provide a postage charge on notices to publishers regarding undeliverable second-class matter. Estimated additional revenue. $250,000.

COMMITTEE BILLS PASSED BY HOUSE AND REPORTED TO SENATE

H. R. 278: To compensate the Post Office Department for the extra work caused by the payment of money orders at offices other than those on which the orders are drawn. Estimated additional revenue, $20,000.

H. R. 9636: To authorize the Postmaster General to permit railroad and electric-car companies to provide mail transportation by motor vehicle in lieu of service by train.

COMMITTEE BILLS PASSED BY HOUSE AND REFERRED TO SENATE POST OFFICE COMMITTEE

H. R. 4719: Granting leaves of absence with pay to substitutes in the Postal Service.

H. R. 6688: To fix the rates of postage on certain periodicals exceeding 8 ounces in weight; estimated additional revenue indeterminate.

H. R. 9262: To amend section 321 of title 18 of the United States Code. (To curb the practice of depositing statements of account, circulars, sale bills, etc., in letter boxes or other receptacles established for the receipt or delivery of mail without payment of postage thereon.) Estimated additional revenue, $4,000,000.

H. R. 10644: To require postmasters to account for money collected on parcels delivered at their respective offices.

COMMITTEE BILL REPORTED TO HOUSE AND TABLED

H. R. 5612: To limit the purchases of the Post Office Department, so far as possible, to articles of the growth, production, or manufacture of the United States. (See Post Office Department appropriation bill.)

COMMITTEE BILLS BEFORE HOUSE OF REPRESENTATIVES

H. R. 4602: Granting equipment allowance to third-class postmasters.

H. R. 6305: To amend the act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes. (To defer reductions in salaries of postmasters, assistant postmasters, and supervisors, which are based on postal receipts.)

H. R. 8576: To regulate the manufacture and sale of stamped envelopes.

H. R. 9555: To authorize the Postmaster General to hire vehicles from postal employees.

H. R. 10462: To prohibit the use of the United States mails for the transmission of any matter advertising puzzle contests, naming contests, prize offers, or any other form of competition for a prize wherein such offers are made to induce persons to compete in another contest which involves either the purchase or sale of goods as a requisite of winning.

H. R. 11152: To amend section 293, title 39, of the United States Code, Supplement V, to promote Parcel Post Service. Estimated additional revenue, $1,500,000 to $4,000,000.

H. R. 11270: To amend section 2 of the act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes." (Organization statements from newspapers, magazines, etc.)

SENATE BILLS PASSED BY SENATE AND REFERRED TO HOUSE COMMITTEE ON THE POST OFFICE AND POST ROADS

S. 88: To authorize the Postmaster General to investigate the conditions of the lease of the post-office garage in Boston, Mass., and to readjust the terms thereof. Reported to House July 14, 1932.

S. 621: To repeal section 7 of the postal act approved May 29, 1928. (Parcel post.) Reported to House April 21, 1932.

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. MOUSER].

Mr. MOUSER. Mr. Chairman, I hope the few remarks I make this afternoon during this talk fest, which is costing the American taxpayer money, will be helpful.

I had in mind making a few remarks in regard to the necessity of repealing that iniquitous part of the tax bill which charges the issuer of each check 2 cents. When this measure passed the House I raised my voice in humble protest. I said we were trying to encourage business; we were trying to get money out of hoarding; but that the effect of this tax would be to make people take their money from deposit accounts in banks and put it in safety-deposit boxes, and that they would go to those boxes for money when they paid their living expenses. I believe that prophecy is coming true, and I am glad to see men on both sides of the aisle raise their voices against this proposition. In these closing days of the session, instead of killing time when we are talking about reducing expenses, let us get busy and remedy this situation.

Mr. HARLAN. Will the gentleman yield?

Mr. MOUSER. I am pleased to yield to the gentleman from Ohio for a brief question.

Mr. HARLAN. Did the gentleman vote for the limited sales tax, which was the only means by which we could raise sufficient revenue without resorting to this stamp tax?

Mr. MOUSER. I did not vote for the sales tax because it was a smoke screen behind which the multimillionaires of this country wanted to place the entire tax burden upon the backs of the humble. [Applause.] I regret that the gentleman from Dayton was so misled by that kind of propaganda that he was willing to place upon the backs of his constituents for all time to come that kind of a tax.

Mr. SCHAFER. Will the gentleman yield?

Mr. MOUSER. For a brief question.

Mr. SCHAFER. Is it not a fact that the sales tax was a Democratic creature, strongly supported by the multimillionaires who have the ability to pay, and that it came out of the Democratic-controlled Ways and Means Committee in this session of Congress, which has a Democratic majority and Speaker? Yet the Democrats had the intestinal stamina to write a tax plank in their platform pledging their party in favor of Federal taxation according to ability to pay.

Mr. MOUSER. I do not believe I am quite as partisan as my friend from Milwaukee. There were many men on my right who disregarded the appeal for this tax when a certain person, actuated by selfish motives, tried to put that across on the American people, and I give them credit for it.

I want to address myself for a few minutes to the necessity of getting down to business and passing the important measures now before us in the interest of economy and going back to our homes. Every day we delay in this House it is costing the American taxpayers $41,000. The more we embark upon the dangerous seas of isms and experiments, we are doing so to the detriment of the American taxpayer. It is easy to talk; it is easy to theorize and conjecture, but we are forgetting that a pay day must come.

We must pass a relief bill. I hope that politics will not be injected at this critical hour, but I do not believe any sane person can believe that by creating a superbanking structure and the necessity of adding a great many employees, thousands of them, to the pay rolls in order to carry out the administrative features of such a superbanking structure, we are going to relieve the situation. I do not believe the humble citizen, who is out of work to-day, has sufficient security to obtain one of those loans. So we are simply holding out a futile hope to him. We are raising his hopes, and then when he can not get his loan he is going to bitterly resent it.

When we are talking about the creation of boards and commissions, about the necessity of reducing overlapping governmental activities, about the necessity of taking parasites off of the pay roll in one breath, and in the next breath talking about creating a bureaucratic superbanking institution, run by the Federal Government, and necessitating the employment of hundreds of thousands of additional employees, we are inconsistent. But we must pass a relief measure.

Many of us who are voting and talking for economy realize that when we loan $300,000,000 to the States for relief, we are taking that money out of the Federal Treasury. Pay day is going to come. That money has to be taken away from other activities, and next winter we are going to be faced with the problem of placing further taxes upon the backs of the American people. I want to say to you, my colleagues, that your constituents and mine have become tax minded. They are not going to stand for a further burden upon them. However, realizing the necessity of taking care of the hungry and the unemployed, we are willing to vote for the $300,000,000. We are willing to add to the powers of the Reconstruction Finance Corporation so that it may loan to self-liquidating organizations.

It is the worst kind of demagoguery and hypocrisy to say that when you loan to the railroad companies you are not helping the employee or that you are not keeping men in jobs. Two towns in my district would to-day be absolutely stagnated if it were not for the pay rolls of the Erie Railroad Co. and the Pennsylvania Railroad Co. Is that helping the common man? Are you helping the common man when you are loaning money to insure the integrity of the life-insurance policies of 65,000,000 policyholders in the country, the rank and file of the people, the head of a family who has invested in life insurance in order that his wife and his little ones may be taken care of on a rainy day when he has passed into the Great Beyond? Such a man is not able to save anything except his life insurance because he is under the necessity of putting his humble pay to work for the living expenses of his family.

Let us quit talking theory. Let us quit conjecturing. Let us pass a relief measure that is sound, that is not tinged with political demagoguery, and then adjourn this Congress, after passing the home loan bank bill and the other measures now pending in order that we will practice that which we are preaching, economy. Let us stop this expenditure of $41,000 a day every day we are in session. [Applause.] I

appeal to you, regardless of party, to practice economy and not be making a lot of hot-air speeches on the floor of this House about it. [Applause.]

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I want to call the attention of the members of the committee to two pending bills, one the Bacharach bill, which reduces the rate of interest on the adjusted-service certificates to 4 per cent, and the Norris bill, which passed the Senate and is now pending before the House, which reduces the rate of interest on these certificates to 3 per cent, both of the bills also making available the 50 per cent loan on the adjusted-service certificates to World War veterans who have had them for less than two years and under existing law may not borrow on them until the expiration of the 2-year period.

There is a great deal of criticism by millions of veterans in this country of the action of the Congress in permitting the Treasury Department and the Government to charge the veterans 4½ per cent interest. The veterans are merely a cross section of the American people. They are good, bad, and indifferent, but at least they know this: That if the Government continues to charge the veterans 4½ per cent for the next 13 years, until these certificates mature in 1945, it will eat up the balance of the certificates and the veterans will have nothing left at all. I submit it was never the intention of the Members of Congress to exploit the veterans or to profit at the expense of the veterans.

I introduced six months ago two separate bills, one reducing the rate of interest on the adjusted-service certificates to 3 per cent, and the other making available the 50 per cent loan to all World War veterans regardless of the date of issue of the certificates. I would have preferred to have the bills reported and considered separately, but am willing to support any compromise in order to get action before the adjournment of Congress.

The Government can raise money at 4 per cent. It is charging the veterans four and a half per cent. A year ago the Treasury Department floated a bond issue at 3⅛ per cent, and on that basis made a profit of 1⅜ per cent on every loan at the expense of the veteran. It seems to me to be only an act of fairness and of justice to pass one of these bills before we adjourn, either the Bacharach bill reducing it to 4 per cent or the Norris bill reducing it to 3 per cent, or, perhaps, better yet, a compromise of the two establishing a rate of interest of three and a half per cent.

I do not propose nor have I the time to speak about the veterans who have marched upon Washington. Of course, they had the right to come here. They had the right to petition the Congress. I doubt very much, however, whether they will have any influence in shaping legislation, as the Congress is not easily coerced and is not in sympathy with the attempt of any group of Americans to influence legislation by marching upon Washington. These bonus marchers are a mere handful of veterans—some ten or fifteen thousand—out of 4,000,000; but back of these veterans, not in sympathy with their march on Washington, however, are millions of veterans who honestly believe that the Government is profiteering on their adjusted-service certificates, which the Government gave them as adjusted compensation for their World War services.

At the last convention of the American Legion there was a bitter fight over whether the Legion should go on record for the payment in full of the adjusted-service certificates or whether they would oppose it. Those who opposed a payment at this time won after a full, fair, and free debate by a vote of 2 to 1; but I can say to the Members of the Congress that if you do not take some action before adjournment toward reducing the rate of interest to 4 per cent or 3½ per cent or even 3 per cent, there is apt to be a majority at the next national convention of the American Legion, to be held in September, that will ask for the payment in full of these certificates. I am opposed to the payment of the adjusted-service certificates at this time because the finances of the Government will not stand it, but certainly there is no one in Congress who desires for one moment to make money at the expense of these veterans upon these certificates.

Mr. BRITTEN. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BRITTEN. I have great sympathy with the sentiment of the speech the gentleman is making, and I quite agree with him. I am wondering just what action is preventing the adoption of one of these bills during the present session of Congress. We are wasting time this afternoon and they talk about adjourning over until next Monday because of lack of business. Why not do the very thing the gentleman is talking about now?

Mr. FISH. I rose to call the attention of the Members of Congress who agree with me to this situation. I am of the opinion that the distinguished Speaker of this House, when we reach suspensions, will recognize the gentleman from New Jersey [Mr. BACHARACH] for the passage of his bill or the Norris bill; but if that is not done, it is up to the Members of the House themselves to demand action.

Mr. SCHAFER. Will the gentleman yield?

Mr. FISH. I yield.

Mr. SCHAFER. Does the gentleman believe the Democratic Speaker will recognize anybody for suspension of the rules in this case any more than he is going to recognize some of the leaders of his party to move to suspend the rules and consider eighteenth-amendment and Volstead Act legislation?

Mr. FISH. I agree with the gentleman to this extent: The responsibility for legislation in the House rests upon the shoulders of the Democrats. They are in control of the House and in control of the committees. I think they have been very fair in permitting the gentleman from New Jersey [Mr. BACHARACH], a Republican, to have his bill reported out, and therefore I believe they see the wisdom of passing this legislation during this session of the Congress. I sincerely trust that I am not mistaken in my views of the attitude of the Democratic leaders. I have just been home in my district and talked with a great many veterans during a Fourth of July celebration, and they all told me the same story. They are sore, they are bitter, and believe that they have a justifiable grievance against Congress, and so do I. They are all, of course, loyal to our country and our institutions; but they are bitter against Congress and against the Government for charging these high rates of interest that mean that at the end of 13 years there will not be a penny left on these certificates. That was not the intention of Congress; and if we do not remedy the situation, it will become a travesty and a farce.

The Democratic candidate for the Presidency, in accepting his nomination, suggested that the rate of interest on farm mortgages be reduced throughout the country. In Congress we have reduced the rate of interest on all of our war debts. We reduced the rate of interest on some of the war debts down to 1 per cent and down to 1½ and 2 per cent for others, and yet we have and are charging the veterans 4½ per cent when the Government can raise money at 4 per cent, and in the past has been able to raise money at 3 per cent.

Mr. SABATH. Will the gentleman yield?

Mr. FISH. I yield.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. SABATH. That act was passed by a Republican Congress, permitting these exorbitant rates to be charged to the veterans of the World War.

Mr. FISH. Well, the Democrats are in control of the House now and I believe you are going to help reduce the rate, and I believe you want it done.

Mr. SABATH. I agree with the gentleman.

Mr. FISH. And I ask every Democrat who agrees with me to help to reduce the existing high rate of interest before we adjourn, because otherwise you are going to make it very difficult, not only for every Member of Congress when he goes home, but you are going to make it very difficult for the

American Legion to continue its stand against payment of the adjusted-service certificates in full at the present time.

Mr. SCHAFER. Will the gentleman yield?

Mr. FISH. Yes.

Mr. SCHAFER. The gentleman from Illinois [Mr. SABATH] tried to place the blame for this on a Republican Congress. Is it not a fact that the Republicans are the only ones that placed on the statute books worth-while bonus legislation and other veterans' legislation? When we came out of the war, as a Democratic bonus, we got $60, and that was all.

Mr. FISH. Yes. We Republicans voted for these measures in the past and we are not apologizing for voting for them now. We are merely trying to do what is right and fair in view of the recent development of the loan situation.

Mr. SCHAFER. Perhaps the Democrats do not want to pass this legislation because it will interfere with their promise in their platform to cut $1,000,000,000 from the expenditures of the Government.

Mr. FISH. Now, in these few moments remaining, I would like to place myself on record, as far as public works and relief are concerned. I regard that, by far, the most important issue before the country.

I believe that the Republicans and Democrats are subject to very severe criticism for not bringing into the House several months ago a constructive relief program and giving it preference over all other bills that have been brought up in the House.

It is very well to talk about balancing the Budget. We are all for that, but it does not help the man who is hungry and unemployed, it does not mean much to him as he walks the street looking for a job.

The unemployed in America are not seeking charity or doles, but jobs, and that is the outstanding issue; and yet Congress has delayed consideration of it until the very last moment before adjournment, and, consequently, because of hastily drawn up and inadequate legislation, has gotten into a legislative jam.

If the President vetoes the relief bill, which he says he will, I hope when it is brought back the Committee on Ways and Means will consider this suggestion. I do not care whether there is a bond issue of $500,000,000 or a billion, I am for the bond issue if it is necessary for needed public works and relief purposes, but I would like to see a bond issue of $500,000,000 or a billion backed up by a 1-cent sales tax. I believe that you would find both organized labor and conservative business elements in favor of such a proposition, as it would help turn the wheels of industry and provide employment.

The distinguished gentleman from Wisconsin [Mr. STAFFORD] made a very able speech in regard to the proposal to reduce the Navy. I do not know which side he took. [Laughter.] But on numerous occasions I have pleaded with this House to try and save vast naval expenditures by reducing the number of battleships, through agreement with Great Britain and Japan, from 18, which both Great Britain and the United States now have, to 10, and 6 for Japan. Then we would have exactly the same proportional national defense and we could save $100,000,000 annually.

Only to-day, according to the statement of the distinguished gentleman from Wisconsin, Great Britain has agreed to such a program. She has agreed to cut her battleships down by one-third or more; and if we are sincere, if we want to balance the Budget, if we really believe in economy and are sincere in our protestations for world peace and limitation of armaments, then we should accept the offer of Great Britain without hiding behind hypocritical subterfuges and talking about the necessity of military disarmament as being an indispensable requirement before we can proportionally reduce the number of our battleships. What rank hypocrisy and what a travesty as an answer to an offer from Great Britain to further reduce the number of costly battleships and thereby lift a burden of $100,000,000 a year from the shoulders of our overburdened taxpayers. I am for national defense and I am for the maintenance in full of the 5-5-3 ratio; but I am at the same time in favor of commensurate and proportional limitation in the number of these huge and expensive battleships costing forty millions to build and at least three millions to operate each year. I know of no easier or safer way to reduce governmental expenditures $100,000,000 annually and at the same time maintaining the same proportional national defense and security than by entering into an agreement with Great Britain and Japan, two nations heavily burdened with taxes, to further reduce on the 5-5-3 basis the number of battleships and battle cruisers over 10,000 tons.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman and members of the committee, two of the main issues that will be brought forth in the coming national political campaign will be unemployment and the protective tariff. It is very evident that the Democratic Party is going to attack the Republican Party's policy of protection. They have a plank in their platform in which they pledge their candidate for President to call an international conference with foreign countries on the tariff question.

My own personal opinion is that we are able to settle our own domestic questions without calling in the aid or assistance of any foreign country. [Applause.]

I have always believed in the principle of protection. I live in what is probably one of the greatest industrial districts in the United States, and many years ago that district was represented in this Congress by that champion of all champions of the protective tariff, William McKinley. Therefore, coming from a district of that character, it is only natural that I should be in favor of a protective tariff. I have asked these five minutes this afternoon in order to read into the RECORD a statement which I have received from George H. Charls, the president of the National Association of Flat Rolled Steel Manufacturers, with offices located in Cleveland, Ohio. The title of the statement is "Foreign Dumping Menaces United States Steel Industry."

Mr. GRIFFIN. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. Not now.

Mr. GRIFFIN. I wanted to ask if this is the same communication that we all received in the morning mail.

The CHAIRMAN. The gentleman from Ohio refuses to yield.

Mr. COOPER of Ohio. Mr. Chairman, I read:

FOREIGN DUMPING MENACES UNITED STATES STEEL INDUSTRY

If we are to save the American steel industry, its workers, stockholders, and all those industries and utilities depending upon it, from the economic madness now rampant in continental Europe, if we are to prevent more paralyzing unemployment, if we are to restrain all our coastal business from seceding to European mills, some immediately effective emergency action is imperative.

Never in the history of the steel industry have such demoralizing prices been made as in the reckless dumping of foreign steel in the United States to-day; cargoes of wire dumped into the heart of Chicago; bars into Detroit; wire, bars, shapes, plates, strips, and sheets dumped along our entire seaboard, at prices which, with duty paid, are $10 to $25 per ton less than American producers can name.

It is a crucial situation.

In the morning paper we read: "England raises from 10 to 33⅓ per cent import duty on pig iron, castings weighing under 1 hundredweight and spring steel, effective June 13."

This last move about completes the 33⅓ per cent duty on all steel products imported in England.

When England, the bulwark of free trade, finds it necessary to boost her tariff—not, as some would have us believe, in retaliation to the American tariff policy, but actually to save her steel industry from being closed down tight by the influx of cheap continental steel—it is in order that the United States take heed and act at once.

France to protect her home markets (although dumping in other countries) is virtually embargoing steel by a system of license arrangements which limits almost to the zero point the tonnage which can be imported from other countries. According to the last report, the United States is limited to 80 tons of sheets per month.

From a prominent steel producer in England we have the following: "Sheet bars are being sold in this country at 81 shillings delivered into South Wales with a 33⅓ per cent duty to pay. This leaves the Belgian not more than 30 shillings per ton at his works for tinplate bars, which is certainly 12 to 13 shillings per ton below the cost of the pig iron required for the manufacture of bars."

Out of a population of 40,000,000, a total of 2,700,000 English workers are unemployed, and each unemployed man gets the dole of 15 shillings 3 pence per week, plus 10 shillings for a wife, plus 3 shillings for the first child and 2 shillings for each additional child. Each man in work pays 10 pence, and the employer pays 10 pence per week for each man employed, and the state makes up the balance when necessary.

From these facts and figures one can understand why England has been compelled to raise her tariff.

Aware of what has happened in England, will we supinely submit to this foreign dumping dementia being imposed upon American industry, with its corollary, the character-desiccating dole?

The American steel industry asked for no increase in duty in the Smoot-Hawley bill of 1930, and it received none. The existing rates are those of the Fordney-McCumber bill of 1922.

Under normal conditions these rates would suffice and reasonably protect American workingmen and producers.

But the conditions are not normal, because, with all the protection the tariff can afford and if common labor in the production of American steel were reduced to 75 cents a day or $19.50 a month, American producers could not possibly meet this foreign competition. These, incidentally, are the labor rates paid by the most aggressive foreign producers invading our shores.

With the American steel worker, whose wages were never inflated, now working 20 per cent of the time, bearing up under wage reductions of 25 per cent or more; with practically every steel corporation's statement showing large losses; with steel executives exhausting every recourse to furnish some sort of employment to their men, any further temporizing with this menace will be fatal.

The following summary of first-quarter statements is nothing short of tragic. After a strenuous period of cutting production and sales costs, overhead, salaries, wages, and for the most part passing dividends, we still find the 19 leading steel producers showing a loss of almost $30,000,000 in the first quarter of 1932:

Allegheny Steel Co	$366,378
American Rolling Mill Co	571,917
Bethlehem Steel Co	3,685,769
Colorado Fuel & Iron Co	399,278
Eastern Rolling Mill Co	169,751
Follansbee Bros. Co	301,196
Gulf States Steel Co	144,196
Granite City Steel Co	37,896
Inland Steel Co	820,541
Interlake Iron Corporation	391,495
Jones & Laughlin Steel Corporation	2,399,089
Ludlum Steel Co	50,920
Newton Steel Co	126,132
Otis Steel Co	701,162
Republic Steel Corporation	2,476,292
Superior Steel Corporation	150,644
United States Steel Corporation	13,218,549
Wheeling Steel Corporation	823,137
Youngstown Sheet & Tube Co	3,057,736
Total	29,892,078

Political differences of opinion on protective measures become unworthy in the face of this crisis. Only coalition and sound, economic statesmanship can save us; increased hardships and distress for hundreds of thousands of steel workers is the alternative.

A close-up portraying the conditions in the countries from which these frantic policies emanate seems most pertinent.

What are the conditions and motives prompting such desperate tactics? What is behind it all?

The gist of the whole deplorable affair is that the principal steel works of Belgium have turned their plants into public utilities for providing gas, electricity, and power to the more populous districts of that country according to quotas arranged among themselves.

This gave them a tremendous advantage in selling cheap steel. Then came the depreciation of the pound sterling and the increased British duty. This action struck consternation to the hearts of the steel makers in Belgium, France, Luxemburg, and Germany, because England was their most important market.

However, the Belgian steel producers, driven by the necessity of their municipal contracts to operate, must dispose of their steel. Possibly hoping that the gold standard would be restored and the duty eliminated, they continued delivered sterling prices only slightly higher than those they had accepted before, and absorbed both the 33⅓ per cent duty and the 25 per cent depreciation in pound sterling.

The French and German steel makers were compelled to follow suit.

On top of this, wages were reduced in Belgium, and common labor receives approximately 75 cents per day, rollers $1.75 to $2.25 per day. Only slightly higher wage rates apply in France and Germany.

In the two latter countries they have some assistance from an export bounty, which averages 10 to 30 per cent. This bounty is paid at the expense of the domestic client who pays higher prices for equivalent product. It is not, as is commonly understood, a Government refund but a pool made up by manufacturers. All Belgian-Luxemburg steel is sold through a syndicate, but there is no information on any bounty on exports, their municipal contracts for gas, electricity, and power evidently take care of that.

In addition to the above, unbelievably low ship rates are obtained to all foreign countries. As low as $3 per ton applies from Antwerp to the United States, and it is more than probable that there is a rebate beyond these published rates.

As a result, at shareholders' meetings in France and Germany it is a common confession that plants are being kept working by recourse to sales abroad at disastrous prices. Prices are down 50 per cent since 1930, leaving producers with a loss of 30 to 40 per cent on the cost of production, according to testimony of the French comite des forges.

This same comite des forges is forced to the conclusion that the only real remedy lies in international ententes to make production conform to consumption. They state, "The process of deflation might work itself out in its own way—unless, indeed, the problem of unemployment and social discontent becomes such as to force governments to step in and try to regulate industries."

This is the "economic madness" and "foreign dumping dementia" referred to in previous paragraphs. It seems to call for the most effective barrier possible, namely, an embargo.

Since 1921 the United States has not exported more than 5.93 per cent of its steel production in any one year; and

The maximum of 2,480,000 tons (steel exported in 1929) was 4.45 per cent of the 55,650,000 tons produced in that peak year of the steel industry of the United States.

Since 1922, with a maximum annual production of a little over 6,000,000 tons, Belgium and Luxemburg have never exported less than 2,471,000 tons; and

In 1931 they exported 3,650,000 tons as against 725,000 tons by the United States in the same year.

In the last seven years England, France, and Germany have consistently exported one to two million tons more of steel than did the United States, with a maximum productive capacity of nine and one-half million tons in England and France and 16,000,000 tons in Germany.

English exports have averaged in that period from 36 to 83 per cent of all the steel she produced; Germany, 26 to 47 per cent; France, 43 to 70 per cent; Belgium-Luxemburg, 69 to 76 per cent.

Contrast these with the 5.93 per cent maximum exports of the United States.

From the foregoing it will be seen that European steel makers have depended to a very great extent on export markets to run their plants. Now that these markets have been closed to them or their purchases restricted by one reason or another, they are dumping their cheap products in the United States.

The term "cheap products" is used advisedly. It is cheap Bessemer steel, usually quoted $5 a ton lower than what is termed "good open-hearth steel" by the makers themselves. It is a cheap galvanized product. Samples of a well-known brand made in Belgium averaged eight-tenths of an ounce of zinc coating per square foot. It is so cheap in price that if all the labor charges were eliminated from the cost of galvanizing these sheets, American producers could not compete.

The absurdity of selling galvanized sheets at £1 per ton, or 16 cents per hundredweight more than the price of black sheets, is painfully obvious even though such sheets carry but eight-tenths of an ounce of zinc coating per square foot.

Estimating 30 man-hours of labor to the production of a ton of the heavier grades of finished steel at the average wage now applying in the American steel industry, one can readily compute from the prices quoted on foreign steel delivered along our seaboard that if all labor charges were eliminated from the cost to American steel producers, they could not compete with the freight rates now existing from the mills to the American seaboard.

The question of protecting American steel interests is no longer debatable. Especially is this true if we keep definitely in mind that every ton of foreign steel imported into the United States means the loss of approximately four days' work to some steel laborer.

In addition thereto it means a loss by the railroads and their employees of the transportation of 4 to 5 tons of raw material necessary for the production of 1 ton of finished steel, together with a proportionate loss to all industries, utilities, and labor serving the steel industry.

The seriousness of the situation is demonstrated by what occurred in 1931, when 370,000 net tons of imported steel caused the loss of a week's work to 237,000 men in the steel industry and 37,000 coal miners, and the loss in revenue and wages to the railroads of transporting approximately 55,000 cars at an average of 33 tons per car.

One can easily be internationally minded and maintain a liberal attitude regarding the advantages of a free interchange of products between nations until confronted with an increased unemployment and destitution among friends and neighbors due to the importation of foreign goods.

This is indeed just what we have to contend with now and it is to be hoped that any further temporizing with this desperate situation will be supplanted by determined measures to effect their remedy, which seems to exist only in an embargo against all dumping of foreign steel in the United States.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. WOOD].

Mr. WOOD of Indiana. Mr. Chairman, some few weeks ago the Secretary of Agriculture in a public address said the United States was the greatest dub in the world when it comes to loaning money. This assertion made by the Secretary was well founded upon the facts within his knowledge based upon the experience of the Agricultural Depart-

ment and the Department of Justice with reference to the abuses that have been perpetrated upon the Government by some of those who have been the recipients of the Government's bounty through loans made to farmers in the storm, flood, and drought-stricken areas of the United States; and that Congress may know and that the taxpayers may know how the Government has been imposed upon, I deem it advisable that information be given disclosing the fraudulent practices that have been resorted to in some of the sections of this country to obtain these loans and to evade payment thereof.

For each of the years 1929, 1930, and 1931 the Secretary of Agriculture, under appropriate legislation of the Congress, made seed, feed, and fertilizer loans to farmers in the storm, flood, and drought stricken areas of the United States. The first year the legislation was enacted and approved for the relief of farmers of the Southeastern States; but for the other two years the territory to be benefited was increased to cover the entire agricultural area where the need for such assistance was shown to exist. The loans were made, in the discretion of the Secretary, under regulations promulgated by him, in sums not in excess of $2,000 to any one borrower, and through agencies prescribed by the Secretary.

During the three years named, approximately $400,000 was loaned to farmers in Houston County, Ala., alone, and comparable sums were loaned to farmers in numerous other counties of that State for the same years.

In the late summer and early fall of 1931 reports were made of numerous frauds having been practiced in the obtaining of those loans in southeastern Alabama and elsewhere, including Houston County; and an investigation of the loans in that county for the said three years was commenced during the last few days of August, 1931.

The investigation of loans in Houston County, Ala., involved approximately 800 loans, and, as the result of the investigation, upward of 60 indictments were returned covering such offenses as straight violations of the penal clauses of the respective seed-loan resolutions, conspiracies to defraud the United States, conspiracies to violate other criminal statutes, forgeries of Government loan checks, embezzlement, and forgeries and complete fabrication of loan and application papers and submitting them to the Government for the purpose of obtaining the public money.

It was found that in Houston County, Ala., the loans were, for the most part, obtained upon material false representations—representations not made, as a rule, by the borrowers themselves with any intention to defraud the Government, but made by them through the procurement of banks, landowners, merchants, and other persons and concerns to whom the borrowers were heavily indebted, and with intention on the part of those procuring the applicants to get such loans to take the loans and the proceeds thereof from the applicants and apply and use them for their own benefit. Furthermore, the investigation disclosed that not only did such persons and concerns obtain such loans, but they took from the borrowers the crops raised by them and converted the crops, with the result that the Government's money was misapplied and the crops were diverted to purposes other than the repayment of the loans. The Government lost both ways.

As examples of the material false representations made in procuring the loans, the ignorant tenants and persons who were heavily indebted to those procuring them to apply the loans would, at the instigation of the other persons and concerns, sign applications stating that they, the applicants, were cash renters of the lands, whereas they were share croppers and were, at the time of making the applications, under agreement with the persons referred to whereby such persons and concerns were obligated to furnish them the supplies necessary to make the crops. The borrowers were procured to represent falsely their indebtednesses, their land ownership, their livestock holdings, their equipment, and so forth, and that they did not have, and could not procure, the necessary feed, seed, fertilizer, and so forth, for planting and growing crops, and to state that they did not have any basis for such commercial credit as would enable them to do so.

In numerous instances the prominent landowners obtained loans in their own names under representations that they did not have, and could not obtain, the necessary supplies to plant and grow crops; that they had no credit with which to obtain the same; that they had no other business than farming, and the like, notwithstanding they were under agreements with tenants or renters which relieved them from the necessity of furnishing such supplies or large parts thereof, notwithstanding they had already arranged for such supplies, notwithstanding they were engaged in business other than farming, and notwithstanding they had procured their tenants to obtain loans covering the self-same lands described in their own applications. So, then, as the loans were worked out, the object of the assistance which Congress extended and intended to extend, did not receive the benefit of the loans, and only the creditors, such as banks, merchants, fertilizer dealers, and so forth, benefited to the extent of the loans and the crops grown and upon which the Government expected to get, and thought it did get, a lien as security for the loans made.

These offenses were committed through the connivance and cooperation with landlords, banks, merchants, and so forth, by the county agent of the Department of Agriculture, who arrogated unto himself the powers, duties, and functions of all of the machinery set up by the Department of Agriculture for making the loans. In assuming and exercising these functions he acted for the county seed-loan committee by signing their names to applications as approving them; and he testified on the stand that he so approved the applications without knowledge, and without trying to find out or even caring, whether the representations in the applications were true or false.

The persons who cooperated with the county agent in these matters included not only the State circuit solicitor but attorneys and other people prominent in that county's political, social, and business life.

Shortly after it became known in southeastern Alabama that the Government was investigating fraudulent seed loans some dozen or so persons who had been guilty of misconduct and offenses in connection with such loans became apprehensive and fearful that they would be brought to account for their offenses, and some of them met one of the Government's former seed-loan collectors, who had also been guilty of offenses while serving in that capacity, and a conspiracy was formed between him and them at Augusta, Ga., for their mutual protection and the protection of their friends who were similarly situated. The agreement made between the conspirators was that the former seed-loan collector would write bogus or fictitious receipts covering and showing payment of all fraudulent loans that had been obtained, also certain items of cotton and other matters in respect of which crimes had been committed; that the bogus and fictitious receipts were not to be used by any of the persons for whom they were to be written unless and until such persons were proceeded against by the Government civilly or criminally; and that when such persons were so proceeded against they were to introduce the spurious receipts, and the former Government employee was to appear in court and testify that he had collected the money represented by the receipts and embezzled it.

In this way the local offenders were to be protected and the former Government employee was to shoulder the blame. Some time after the receipts were written pursuant to the conspiracy certain of their recipients commenced to exhibit the receipts to the Government investigating agents, and thereupon the former Government employee who had so written the receipts confessed his part in the conspiracy and later pleaded guilty to that offense and became a witness for the Government. As such witness the former employee was thoroughly corroborated in all respects as to the conspiracy.

One of the amazing things disclosed by investigations already made with reference to these loans is that gentlemen occupying high official places in the Government have been guilty of encouraging farmers to obtain these loans upon the assurance that they would never have to be repaid, and that should they get into trouble by reason of the

methods resorted to in obtaining these loans that there would be plenty of avenues to escape punishment for their infraction of the law.

The persons who have been investigated and indicted and those who expect to be are prominent and influential politically, socially, and financially; they control all angles of politics and political machinery and their power of resistance to law and order is unusually strong. They have spread all manner of propaganda, their claims being, for the most part, that while they may have been guilty of technical violations of the seed-loan resolutions there has been no moral turpitude, and, they being the best citizens, there should be no punishment. They insist very loudly that the Government is persecuting them, not prosecuting; and they have exerted all manner and kinds of influence, including political influence and pressure of all grades and kinds, to prevent their prosecution and punishment.

In addition to indictments returned in the middle district of Alabama, several of the defendants were also indicted for conspiracies in South Carolina (headquarters of the Government's loan office) and for use of the mails in furtherance of schemes to defraud the Government. The principals in the conspiracy to defeat and obstruct the administration of justice were also indicted in the southern district of Georgia, where their conspiracy was hatched; and, while the Government has not as yet moved to procure their removal to either jurisdiction for trial, the defendants have exerted every influence and taken every step possible to forestall their removal. It is current gossip among the well-informed in that locality of Alabama that, if the defendants can prevent removal, they will be able to "fix" juries and defeat any further trials in their own district.

The first indictment charging 13 defendants with conspiracy to defraud the United States and obstruct the due administration of justice came on for trial at Dothan, Ala., on March 14, 1932; and, at the end of a week, the jury reported a disagreement and was discharged. It is reported that the jury stood 9 for conviction of all the defendants and 3 for acquittal of all, with the gossip current that the defendants had "fixed" those who were favorable to them. During the trial of that case there was an unprecedented parade of palpable perjury, not only by the defendants but by witnesses produced by them. It was admitted by two of the principal ones that they did meet the former Government seed-loan collector in Augusta, Ga., on the date charged by the Government and there conferred with him about certain seed-loan transactions. Also, during this trial much fabricated, false, forged, and spurious documentary evidence was introduced, including the spurious receipts written pursuant to the conspiracy as well as books and records made to support and corroborate the oral testimony given by the defendants and their witnesses. Subsequent inquiry among well-informed persons demonstrated to a moral certainty that the defendants had that jury "loaded," which bore out the oft-heard pretrial predictions that convictions could not be had because of the facility and ease with which the defendants "fix" juries.

As the result of the first mistrial a second indictment was returned which strengthened the charges against the defendants by alleging that, in said first trial, they introduced and used in evidence the fabricated and spurious receipts written pursuant to the conspiracy as one of the acts in the obstruction of justice.

The second indictment came on for trial on May 23, 1932, and, at the end of 10 days, the jury again reported its inability to agree and was discharged. Subsequently inquiry developed that one of the jurors who sat on the second trial was related, in the generic and commonly understood sense of the term, to one of the defendants, but had not truthfully answered as to that fact on his voir dire. The United States attorney filed contempt proceedings against that juror, and the matter is now under the court's consideration. As the result of the second trial, contempt proceedings were also instituted against one of the defendants for having produced and introduced in the first trial certain accounts which were shown on the second trial to have been fabricated, forged, altered, and prepared thereby for the occasion of that defendant's testimony; and, on completion of the contempt proceeding, this defendant was adjudged in contempt of the court and sentenced to one year in the county jail of Montgomery, Ala. It is worthy of note, also, that as soon as the jail sentence was pronounced by the court against this defendant for contempt, the leading Democratic paper, which backs the defendants and their political purposes, published a scathing editorial criticizing the court for the sentence, and for other things.

What has been said of Houston County, Ala., is equally true of the four or five adjoining counties where investigations have been made in part. The only difference in the situations of the several counties being that, in the counties adjoining Houston County, there is not so large a number of persons involved in the schemes to defraud the Government. In those counties larger numbers of borrowers were indebted to small numbers of persons and concerns, and as an example, when the purpose to make the loans was announced, the creditors sent out riders to, and they did, have the borrowers come in and make the applications for the loans with the intention on the part of the creditors to, and they did, confiscate the loan checks and the crops on which the Government thought that it had liens, with the result being the same as in Houston County—the creditors got the loan money and the crops and the Government lost in every way. In the adjoining counties much was done in the way of juggling and manipulating of supposed prior mortgages, so that the claim could be, and was, advanced that the Government's lien was secondary, whereas, in truth and in fact, it was but a claim of those who robbed the Government and defeated the purposes of Congress to assist the farmers.

Well-founded reports show that similar conditions exist in many counties of Georgia, Florida, South Carolina, Mississippi, and perhaps other Southern States.

In short, experience and inquiry show that the seed-loan resolutions have been prostituted to the purposes of the politicians; and that they are going to all lengths to prevent punishment of those who have violated the laws.

The situation referred to herein is appalling, and it seems there is no length to which the defendants and their supporters will not go to escape the punishment to which they are entitled and so strongly merit. Not only Congress is entitled to know this but none of its Members should lend an ear to requests for assistance from such people as are involved in these frauds. Such assistance must necessarily involve interference with the courts; and if the Government fails to carry the prosecutions to the extreme limit, it will amount to a recognition that this organization of criminals is above, and bigger than the Government itself. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. HARE].

Mr. HARE. Mr. Chairman, for the past several weeks I have had numerous telephone calls from Members of the House making inquiries as to the status of H. R. 8167, a bill to require Federal land banks and joint-stock land banks to accept their bonds in satisfaction of mortgages when presented by the mortgagor. This bill has been before the Banking and Currency Committee for a year or more. Recently it was reported by the committee, and is now before the Committee on Rules.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. HARE. Yes.

Mr. MICHENER. As a member of the Committee on Rules, I remember the gentleman appearing in behalf of his bill. I suggest that if he is interested in the legislation he confer with the Speaker and the Democratic leaders in the House, because it is within their power to report out a rule and let us dispose of this matter, if the gentleman desires to have it disposed of.

Mr. HARE. I am very anxious to have it considered, and I am taking this opportunity to bring the matter to the attention of the House; and while I think perhaps the Speaker of the House and the Democratic majority floor

leader might have some influence with the Rules Committee, I think the gentleman is unfair when he attempts to shift the responsibility from the committee of which he is a member to the Speaker or the floor leader of the House, because it is solely within the power of the committee to report the rule and bring it to the floor of the House, and not within the power of anyone else.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. HARE. Yes.

Mr. O'CONNOR. I am willing to wager the gentleman that not one of the Republican members of the Committee on Rules would ever vote for a rule to bring out the gentleman's bill.

Mr. MICHENER. I have never conferred with the gentleman from New York, also a member of the Rules Committee, in reference to this matter, and he has no right to charge——

Mr. O'CONNOR. Oh, I am wagering.

Mr. MICHENER. He may satisfy his own imagination when he makes the assertion that the Republicans would join with him, but possibly that is not true.

Mr. O'CONNOR. If the gentleman will yield, I was only hazarding a guess.

Mr. HARE. Mr. Chairman, aside from all that, the bill is before the Rules Committee, and it has not been reported. My reason for introducing the bill is this: Under existing conditions, farmers who borrowed money from land banks several years ago are now unable in many cases to repay. The bonds issued by the banks whereby money was obtained to lend to the farmer have depreciated in value. Land-bank bonds in some sections of our country are selling for 20 cents on the dollar. In other words, where a farmer borrowed $10,000 ten years ago and the bank issued $10,000 worth of bonds to obtain the money and turned it over to a farmer who gave a mortgage on his farm as security, the bonds have depreciated in value until they are worth only 20 or 25 cents on the dollar in some sections of the country.

Mr. COLE of Iowa. Mr. Chairman, will the gentleman yield?

Mr. HARE. In a moment. Under the present situation when the farmer is unable to meet his mortgage and make the amortization payment the banks foreclose the mortgage. The land is sold, and we will say in this illustration the property brings $5,000 cash. This is turned over to the bank. The bank then goes into the market and buys $10,000 worth of bonds for $3,000 or possibly $2,500. The bank then retires the bonds and wipes out its indebtedness entirely with $2,500, and has $2,500 profit, and still has a judgment against the farmer for the difference between the $5,000 and the amount due on the mortgage. This is not fair to the borrower, and the purpose of this bill is to give the farmer the right to go into the market and buy the bonds and present them to the bank in satisfaction of his mortgage, because he should have the right to profit by the depreciation in the price of these bonds as much so as the banks. I yield now to the gentleman from Iowa.

Mr. COLE of Iowa. The bonds that are selling for 20 cents are joint-stock land-bank bonds.

Mr. HARE. Yes.

Mr. COLE of Iowa. Not the Federal farm land bank?

Mr. HARE. No.

Mr. COLE of Iowa. The joint-stock land banks are semi-private institutions and ought not to have been organized.

Mr. HARE. Well, that is not a question to be argued to-day. They were organized and they loaned money to the farmers. They may have served a good purpose in their day. Their bonds have depreciated in value, and I think the farmers should have as much right to profit by the depreciation as the banks, and the purpose of this bill is to give them that right. Several Members within the last 10 days have telephoned my office inquiring as to the status of the bill. Consequently I felt there must be considerable interest in the proposed legislation. Borrowers from various sections of the country are inquiring almost daily as to the status of the bill, and I thought I should give information to the House that the bill has been recommended by the Committee on Banking and Currency, and is now before the Rules Committee. If we are to remain in session anything like two or three days or a week, I think the committee should report the bill and give the House an opportunity to pass on it, because it will give thousands of farmers in this country an opportunity to take advantage of the depreciation in the value of bonds and redeem their farms upon the same conditions and upon the same terms that the banking institutions are relieving themselves of their liability. In other words, if the banks are permitted to buy their own bonds at 25 cents on the dollar and retire their obligations, I think the farmer ought to have the same right, because it is no injustice to the bank when a borrower offers to relieve the bank of its obligation in satisfaction of his obligation to the bank. No harm has been done. No one has been injured except the bondholder, and he is not required to sell it unless he so desires.

Mr. CAMPBELL of Iowa. Will the gentleman yield?

Mr. HARE. I yield.

Mr. CAMPBELL of Iowa. The gentleman well knows I have been in sympathy with his proposition, but, as the bill came out of committee, was it amended so that the interest payments were to be paid in cash and not in bonds?

Mr. HARE. I appreciate the interest the gentleman has manifested in this piece of legislation. The committee amended the bill to provide that the amortization installments must be paid in cash.

Mr. CAMPBELL of Iowa. And the interest on the loan?

Mr. HARE. Yes; the interest on the loan as well. But under the provisions of the bill bonds may be presented in satisfaction of the mortgage.

Mr. CAMPBELL of Iowa. That is, of the principal?

Mr. HARE. Yes.

Mr. SCHAFER. Will the gentleman yield?

Mr. HARE. I yield.

Mr. SCHAFER. Are any of the national farm organizations supporting or sponsoring the gentleman's bill?

Mr. HARE. I am not certain, but I think so.

Mr. SCHAFER. Then that bill will come within the scope of the farm-relief plank of the Democratic platform, because it favors every kind of legislation which the farm organizations are for, whether it costs $5,000,000,000 or $10,000,000,000 or $25,000,000,000, except that it must meet the requirement that it is constitutional.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. DOUGHTON. I yield to the gentleman from South Carolina one additional minute.

Mr. HARE. I have had a number of inquiries from the gentleman's State of Wisconsin urging and insisting upon the passage of this bill; and should it become law, I am satisfied that the farmers of Wisconsin will appreciate any interest the gentleman from Wisconsin may have taken in its behalf.

Mr. SCHAFER. The gentleman from Wisconsin comes from a city district, but he has supported much farm legislation; and if the gentleman will get the Democratic majority to bring the bill out, I assure the gentleman that the gentleman from Wisconsin will give deep and sympathetic consideration to it with a view to supporting it if he can.

Mr. HARE. Of course I appreciate the sympathy and support of the gentleman from Wisconsin.

The CHAIRMAN. The time of the gentleman from South Carolina has again expired.

Mr. DOUGHTON. Mr. Chairman, I yield one-half minute to the gentleman from Kansas [Mr. AYRES].

Mr. AYRES. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD on the question of farm relief and also to extend my remarks on the question of the tariff.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

FARM RELIEF LEGISLATION

Mr. AYRES. Mr. Chairman, I understand that my opponent is making an issue of the fact that I voted for the present farm marketing act. This is, indeed, interesting.

Especially is this true when you consider that this was the outstanding plank in the Republican platform of 1928. It may be that he has forgotten this. There can be no mistake as to this declaration, which is as follows:

The Republican Party pledges itself to the enactment of legislation creating a Federal Farm Board with the necessary powers to promote the establishment of a farm-marketing system of farmer-owned and controlled stabilization corporations or associations to prevent and control surpluses through orderly distribution.

Mr. Hoover, the Republican candidate for President, made many speeches during the campaign of 1928 similar to the one made by him October 6 of that year at Elizabethton, Tenn., when he said:

We stand specifically pledged to create a Federal Farm Board of men sympathetic with the problem, to be clothed with powers and resources with which not only to further aid farmers' cooperatives and assist generally in solving the multitude of different farm problems which arise from all quarters of our Nation, but in particular to build up, with initial advances of capital from the Government, farmer-owned and farmer-controlled stabilization corporations which will protect the farmer from depressions and the demoralization of summer and periodic surpluses. Such an instrumentality should be able to develop, as years go on, the constructive measures necessary to solve the farmers' new problems that will inevitably arise. It is no proposal of subsidy or fee or tax upon the farmer. It is a proposal to assist the farmer onto his own feet into control of his own destinies. This is not a theoretic formula. It is a business proposition designed to make farming more profitable.

I assume that my opponent supported Mr. Hoover for President, notwithstanding he was running upon that platform and made many speeches like the one just quoted. If he did support him, I can not understand just why he, as a Republican, is finding fault with me at this time for having voted for the measure his platform and his candidate for President so strongly advocated.

The voters by an overwhelming majority elected Mr. Hoover. By that act they said, in effect, "We have confidence in him that he can and will do what he says regarding agriculture." In view of this, and the further fact that all farm organizations throughout the country indorsed the plan of the farm marketing act, there was but one thing for a Representative from an agricultural State to do and that was to give the President an opportunity to carry out the promise he made the voters, and that is what was done almost unanimously in both branches of Congress. No one, at this late date, can consistently criticize a Representative in Congress for having voted for this measure under the circumstances, and least of all a supporter of Mr. Hoover in the 1928 campaign for President. I can say with all emphasis that it was not my bill nor one that I wanted. It was President Hoover's measure and passed just as he dictated. As evidence of that fact I call attention to the CONGRESSIONAL RECORD of the 27th of last June, of a running debate in the United States Senate in which the farm marketing act was involved, at which time Senator LA FOLLETTE said:

Mr. President, I want to make a brief statement for the record. It was stated by the Senator from Pennsylvania [Mr. REED] and now it has been repeated by the Senator from North Dakota [Mr. FRAZIER] that the Farm Board bill was framed by Congress. I do not think that is historically accurate. The bill was written by the President of the United States and it was jammed through the Congress because all of the farm organizations and Senators who have worked upon farm-relief problems became convinced that it was the only measure that would receive the approval of the President of the United States.

I repeat, I was not for the farm marketing act as it was passed but was willing and anxious for the President to have a fair chance to see what could be done with his "business proposition designed to make farming more profitable."

In a speech made by me on July 3, 1930, which appears in the CONGRESSIONAL RECORD, pages 12487 to 12491, inclusive, on the condition of agriculture after more than a year of the farm marketing act and the Federal Farm Board I said:

I supported—that is, I voted for—this measure, as did almost every Member in both branches of Congress. There was nothing else to do except vote for it and then trust that the President, who was so confident that his plan was not a theoretic formula but a business proposition designed to make farming more profitable was right. It has been in effect for more than a year. The Farm Board has been given $500,000,000 in that time to demonstrate to the world, and more especially to the sorely depressed farmer, that it is not a theoretic formula but a business proposition to make farming more profitable.

The question is, Has it done it? Has it even made a favorable impression? The result so far is the best answer. We have a statement made recently by Mr. Hyde, Secretary of Agriculture and a member of the Farm Board, that for the next seven years the price of grain will be lower than it has been in the past seven years. This certainly is a tragic manner in which to inform the farmer that he need not expect much encouragement from the Farm Board. The Good Book relates how a young man by the name of Joseph interpreted a king's dream to mean that there would be seven years of great plenty to be followed by seven lean years. We now have a new interpretation which gives only the seven lean years.

At the time this bill was being considered it was distinctly understood that it was solely an administration measure, and no attempt was made to change it in the least. It provides many things: First, to prevent and control exportable surpluses of agricultural products; second, to establish the market for farm products; third, to give the farmer a price which would insure a reasonable wage above the costs of production; fourth, to place agriculture on a basis of economic equality with labor and industry; and, fifth, to extend to the farmer the benefits of the American tariff system. As already stated, it has had over a year's trial with an enormous amount of money at its command, and I am endeavoring to find how many of these five propositions it has accomplished.

It certainly will not be claimed that it has disposed of the agricultural surplus. Nor has it stabilized the market. Who among its most ardent supporters will contend that it has given the farmer a fair price for his product? Does anyone claim that it has given agriculture equality with industry? And, last, how has it extended to the farmer the benefit of the tariff? The present tariff measure has erected a wall so high as to make it impossible for the foreigner to bring his wares into this country, sell them, and with the money received buy some of our surplus farm products and take back with him, and thus has destroyed what foreign markets he did have.

The only method so far advanced by the Farm Board is for the farmer to produce less. In the past the farmer has had to battle with the elements. When he planted a crop he did not know whether there would be floods or drought to destroy it. And now here is an additional proposition that he must face; that is, the edict of the farm marketing board to plant less, decrease his acreage, or else for the next seven years the price of grain will be lower than it has been for the past seven years. Why is it necessary for this great board to have $500,000,000 out of the United States Treasury to enable it to give such information and advice to the farmer?

That speech described my thought of the farm marketing act and the Federal Farm Board over two years ago.

Ever since making that speech I have felt that the President and his Farm Board have had ample time to demonstrate whether or not the farm marketing act was, as he said—"This is not a theoretic formula, it is a business proposition designed to make farming more profitable." I have stood ready to vote whenever the opportunity was offered for one of the many measures that have been introduced to repeal the act and abolish the board. It is another one of those expensive experiments, and should be abolished. This, however, can not be done under the present administration, but without doubt will be done under the next administration, for, in his speech of acceptance a few days ago Mr. Roosevelt said:

We should repeal immediately those provisions of law that compel the Federal Government to go into the market to purchase, to sell, to speculate in farm products in a futile attempt to reduce farm surpluses.

I can say that I am in entire agreement with that statement. I am ready and anxious to help make effective that emphatic declaration.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Chairman, on the 17th of June the House had under consideration House Resolution 247, which reads as follows:

Resolved, That the House of Representatives of the Congress of the United States does hereby approve and encourage the efforts which have been made to hold an international economic conference to be participated in by as many countries as may be willing to send representatives for the purpose of considering methods for the improvement of general economic and monetary conditions.

Several gentlemen spoke on that resolution, including myself. I said on that occasion that I had no confidence whatever that anything would be accomplished in the case of silver and monetary conditions by the international conference. My reason for that statement was, and is, that I think the countries of Europe have a different interest in the price level than has the United States of America.

It is my belief that the United States of America must have a higher price level for bulky commodities, at least, than is required in European countries, including England.

The Committee on Coinage, Weights, and Measures, upon which I have the honor to serve, has thoroughly investigated during this session of Congress the question of silver, or, as it is otherwise expressed, the effect of the low price of silver.

I never was interested in silver. In fact I do remember the campaign of Mr. Bryan in 1896, but if I knew anything about silver at that time I had forgotten it, and, as I say, I was not interested in the question of silver until it was my honor to be upon the Committee on Coinage, Weights, and Measures, and a subcommittee thereof. I may say to the House that the effect upon economics that silver has had in the world is a revelation to me, because of the debasing of silver by European countries, and also the effect that resulted from the British Government taking India off of the gold-exchange basis and putting India upon the gold-bullion basis, and in order to do that selling some four or five hundred million ounces of silver. To my mind these things had tremendous effect in precipitating the debacle we had in this country in 1929.

I arise here this afternoon because it seems to me we are going to get nowhere on this international economic conference, and I do not regret if we do not get anywhere. As I said, I have not any confidence in this economic conference anyway. The other night I was reading the proceedings of the Senate in the CONGRESSIONAL RECORD of June 29, 1932. On that date there had been a communication sent to the Senate from the President of the United States asking for an appropriation of $40,000 to cover the expenses of an international economic conference to be held in London during the year 1932. This was pursuant to a communication by the Director of the Budget, Mr. J. Clawson Roop, who communicated the information that an appropriation of this amount would be necessary for our participation in the conference.

In the Seventy-first Congress the President was authorized to call an international monetary conference, the object of which was to consider the question of silver. The President has never called this economic conference.

To explain his position we called before our committee Mr. Charles Grafton Rogers, an Assistant Secretary of State, and he went over the matter to the satisfaction, I think, of our committee, that the State Department under the direction of the President of the United States had been watching this matter throughout the world; that they were ready, whenever the nations of the world were ready to participate, to call a conference or to participate in a conference that might be called by any other nation. So I am not finding any particular fault with the President of the United States because the conference has never been called up to this time. However, the Senate, on the 29th of June, passed an amendment to an appropriation bill it had under consideration on that day, an amendment offered by Senator ODDIE, and I want to read the amendment to you as it was adopted by the Senate:

> For the expenses of participation by the United States in a monetary conference, including silver, to be held during the year 1932, and for each and every purpose connected therewith, including transportation—

And so forth.

The point is, that the British Government, through its Premier, Mr. Ramsay MacDonald, issued an invitation to this Government, as well as other governments, to participate in an international economic conference to investigate the price of commodities as well as monetary conditions. As I understand, the appropriation as provided for under this authorization passed by the Senate will not permit us to participate in the general economic conference that may be held in London, because this provides specifically for a monetary conference to include the question of silver. As I say, I am not disappointed.

Mr. BRITTEN. Will the gentleman yield?

Mr. FIESINGER. Certainly.

Mr. BRITTEN. The gentleman has failed to indicate the date of the conference that is to be called by Ramsay MacDonald.

Mr. FIESINGER. I do not think the date has been set. I think there was a communication between the governments, but the date has not been set as yet.

Mr. SABATH. But it is this year.

Mr. FIESINGER. It is this year, but I do not think the date has been set as yet. There have been communications between the two governments, but no date has yet been set.

Mr. BRITTEN. The remarkable thing about the amendment adopted on the other side of the Capitol was that it provided for an expenditure of $40,000 for something that did not exist.

Mr. FIESINGER. That is absolutely right.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. FIESINGER. Yes.

Mr. COCHRAN of Missouri. As a matter of fact, has it not been stated that the reason why the President has not called this conference on silver is that Great Britain has, through diplomatic channels, expressed a desire not to be invited at this time?

Mr. FIESINGER. I would not state it exactly that way. As it was expressed to us, our State Department communicated with Great Britain and she has never shown any interest in accepting such an invitation, although she has never refused an invitation. She has let it lie on the table, so to speak.

Mr. COCHRAN of Missouri. Does not the gentleman feel the question is of such magnitude that the President should call the conference whether Great Britain attends or not?

Mr. FIESINGER. Absolutely.

Mr. McFADDEN. Will the gentleman yield?

Mr. FIESINGER. Yes.

Mr. McFADDEN. I was interested in the gentleman's statement with reference to the appropriation of $40,000, which was confined to a monetary conference. In view of the fact that the House has not authorized the President to participate in this conference, is it the gentleman's judgment that we can now participate in that conference?

Mr. FIESINGER. I do not think we can, because the Senate provided for our participation in a monetary conference to include the question of silver, whereas the proposition we were talking about was an international economic conference. That is my view about it, though I may be mistaken.

Mr. HOUSTON of Delaware. Will the gentleman yield?

Mr. FIESINGER. Yes.

Mr. HOUSTON of Delaware. The President asked an appropriation for an economic conference, did he not?

Mr. FIESINGER. Just so.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. FIESINGER. I want to say that when I addressed the House on June 17 I said it was my notion that, irrespective of any other government, the United States should itself have a silver policy. The report of our committee to Congress under date of May 14 contains these statements. I quote as follows:

> Our investigation has revealed that certain European nations, in an effort to protect their manufacturing industries by affording a better cost basis through lower prices of raw materials and foodstuffs, suddenly and either inadvertently and unintentionally or quite deliberately depressed the world commodity price levels below the point that admits of any profit to the American producer. We find that this result has followed directly and definitely

from certain governmental acts, the effects of which are clearly traceable, so that all the important facts are well sustained by the evidence we have gathered. * * *

It is recognized that some nations may not desire to participate in such a conference for reasons regarded by themselves as adequate. We feel, nevertheless, that such nations as do desire to participate in the effort to improve the situation should have the opportunity to do so and we believe they are sufficient in number and importance to assure substantial and beneficial results.

We recommend, therefore, that the President of the United States immediately issue a call for a conference of all nations interested in the restoration of the commodity price level through the stabilization of the international exchanges by restoring the equilibrium in the metallic bases of the money systems or otherwise; such conference to be held at the earliest possible date and in such city as the President may designate.

This is an entirely different kind of a conference from that which has been proposed by Great Britain.

I want to reiterate, therefore, what I said on the 17th of June, that our committee is in favor of our adopting an American plan and an American program as to this silver and monetary problem and that our committee is in favor of keeping the gold standard. We are in favor of extending the monetary reserves of the country by including silver at the gold price of silver. As I have stated before, we believe in sound money, and we can evolve a plan which can accomplish these things without reference to international conferences among nations whose interests are opposed to what we are trying to accomplish. When I addressed the House on June 17 I said the committee was about to take some very important steps to accomplish that end, namely, that the United States establish a policy with reference to silver. On the old theory of bimetallism a world agreement is necessary, but on the gold standard basis for measuring the silver values we can act alone.

The committee, through the chairman, Mr. SOMERS of New York, is introducing a bill to-day to cover the matter of a policy with reference to silver so far as the United States is concerned. We will later invite the nations that are similarly interested to participate with us in a conference which we may call in this country. But for us to continue to permit our policy to be fixed for us by other nations is no longer necessary. Under the plan we have to submit we can act alone. I invite all of the Members of this House on both sides of the Chamber to read and study this bill and give us the benefit of your criticism.

Mr. BRITTEN. Will the gentleman yield?

Mr. FIESINGER. Yes.

Mr. BRITTEN. While those interested in this proposed monetary conference lay great stress upon the desire of the conference to stabilize currency, is it not a fact that the thing they desire to stabilize is the price of silver?

Mr. FIESINGER. No, sir. The object in view is to raise up and stabilize commodity prices. I am not interested in silver as such, but I want commodity prices to be raised so that the people who produce commodities can pay their debts and make a profit on what they produce and give employment to the unemployed. [Applause.]

Let me conclude by throwing a little more light on just what I mean by that statement. After the war European countries debased their subsidiary silver coinage and sold the silver resulting from the debasement. England put India upon a gold-bullion basis, and in order to accomplish that object sold, or offered for sale, silver; the French put Indio-China upon a gold basis. These various acts had the effect of destroying more than $2,000,000,000 of primary world money, thus putting a strain upon gold which greatly damaged and weakened the confidence of the credit structure of gold-standard countries. The effect of these things, moreover, has deprived the Orient of purchasing power, as well as gold-standard countries, to an extent that if it were not so would make a demand for commodities that would lift the price level, thus relieving the world of the economic pressure that it is suffering under; make business profitable; provide a profitable market for our farm products, to wit, wheat and cotton, and so forth; and give employment to vast numbers of unemployed.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield two minutes to the gentleman from Colorado [Mr. TAYLOR].

Mr. TAYLOR of Colorado. Mr. Chairman, Congress recently passed House Joint Resolution 461, authorizing the Federal Farm Board to turn over to the American Red Cross 45,000,000 bushels of wheat and 500,000 bales of cotton for distribution to the destitute people of this country. For the purpose of providing funds for putting that resolution into effect, the subcommittee of the House Committee on Appropriations, in charge of deficiency appropriations, conducted hearings on the matter, and we had before the committee Mr. James C. Stone, the chairman of the Federal Farm Board, and we made quite an extensive inquiry of him into the activities of that board. Owing to the widespread lack of information and large amount of misinformation on this matter, I feel that the questions of the various members of that subcommittee and his answers thereto, and the information brought out, is important to the agricultural interests of this country. And for that reason, under the permission granted me to extend my remarks in the RECORD, I am inserting that hearing herewith, as follows:

DISTRIBUTION OF GOVERNMENT-OWNED WHEAT AND COTTON

(Hearings conducted by the subcommittee, Messrs. JOSEPH W. BYRNS (chairman), JAMES P. BUCHANAN, EDWARD T. TAYLOR, WILLIAM A. AYRES, WILLIAM W. ARNOLD, ROSS A. COLLINS, WILLIAM R. WOOD, EDWARD H. WASON, FRANK MURPHY, and GUY U. HARDY, of the Committee on Appropriations, House of Representatives, in charge of deficiency appropriations, Wednesday, July 6, 1932.)

STATEMENT OF HON. JAMES C. STONE, CHAIRMAN FEDERAL FARM BOARD

Indefinite appropriation for distribution of wheat and cotton

The CHAIRMAN. Mr. Stone, the subcommittee has before it an estimate of the President requesting what might be called an indefinite appropriation to enable the Farm Board, of which you are the chairman, to comply with the law directing the turning over of 45,000,000 bushels of wheat and 500,000 bales of cotton to the Red Cross.

There are really three indefinite appropriations involved, as set forth in the law and also in the report of the Bureau of the Budget as transmitted to Congress by the President. They are found in subdivisions (a), (b), and (c) of section 3 of the public resolution referred to.

We would like to have you tell the subcommittee just why this is needed in the first place, and why it is necessary to make an indefinite appropriation rather than a fixed charge on the Treasury, and any other facts you want to present to the committee.

Mr. STONE. Mr. Chairman, I knew what you wanted with me this morning and I dictated a statement, which I should like to read to you, and then I shall be glad to answer any questions any of you gentlemen want to ask me in regard to this.

The CHAIRMAN. We shall be glad to hear your statement.

Mr. STONE. H. J. Res. 418 directs the Farm Board to deliver 45,000,000 bushels of wheat of the Grain Stabilization Corporation and 500,000 bales of cotton of the Cotton Stabilization Corporation to the American Red Cross or any other organization designated by it, on July 1, 1932, or as soon thereafter as may be practicable, and further authorizes appropriation to be made covering—

"(a) Advances to repay loans held by commercial or intermediate credit banks.

"(b) Reimbursing the stabilization corporations for their net equity in the wheat or cotton used for donations at the current market value at the time of the donations.

"(c) Carrying and handling changes between the date of the approval of the resolution and delivery of the wheat or cotton."

There is also a provision which reads as follows:

"Such wheat or cotton shall be delivered upon application therefor, but only upon the approval of the President of the United States, and in such amounts to each organization as the President may approve."

It is obvious that two uncertainties exist:

(1) When the wheat or cotton will be delivered.

(2) The value of the wheat or cotton at the time of delivery.

So far as the first uncertainty is concerned, our best judgment is that if deliveries are started immediately that it would take not less than three months to complete same, because of the volume involved. It is necessary for the Red Cross to make arrangements for the spinning or exchange of the cotton, and, of course, place and time of delivery and quality of cotton desired will depend on the goods into which it is to be spun and the mills which are to spin it. In the case of the wheat, the same uncertainties exist as to the use to be made and as to point of delivery.

It may be that the Red Cross or other accepting organization will take the position that the wheat or cotton shall be delivered to them only when they apply therefor and they may put off the time when application will be made from days to months.

Referring to the second proposition, as to the value of the wheat or cotton at the time of delivery, the obvious uncertainty which exists from it is as to what the value of the wheat or cotton will then be. It may go up or down.

Further, there must be taken into consideration the present impossibility of determining the value at to-day's market of the wheat or cotton which is to be delivered. The committee will

understand that cash wheat or spot cotton is not sold at a definite fixed price but that the price varies in accordance with the location, the grade, and the demand at the particular time that the commodity is sold. At the present time, in the Northwest, high premiums are paid for protein wheat which brings to the holder thereof prices many cents in excess of the Chicago quotations. Cotton also has premiums, known as basis, for the different staples and qualities. It will be impossible to accurately determine the market values of the commodities delivered under this resolution until it is known what commodities, at what place, and what qualities are actually delivered.

In order that the Federal Farm Board may be in a position to carry out the mandate of Congress for delivery of these commodities to the suffering when needed, it is, in our judgment, advisable to make an appropriation indefinite in amount, couched in such language as will require the expenditure of the funds solely for the purpose specified in the resolution. Such indefinite appropriations are justified by precedent in instances where Congress has been confronted with the same uncertainty as to the amount required. An illustration of such indefinite appropriations is one made as a part of—

"Joint resolution authorizing the President to ascertain, adjust, and pay certain claims of grain elevators and grain firms to cover insurance and interest on wheat during the years 1919 and 1920, as per a certain contract authorized by the President. Approved February 4, 1929. (U. S. Stat. L., vol. 45, p. 1148.)"

After making certain recitals, this resolution reads as follows:

"*Resolved, etc.*, That the Comptroller General of the United States be, and he is hereby, authorized to ascertain the amount due on said claims, if any, and he is further authorized to settle and adjust said claims, and to certify same to the Secretary of the Treasury for payment to the several persons entitled thereto as their respective interests may appear, together with the reasonable and necessary expenses incident to the administration of this resolution, out of any funds now in the hands of the United States Grain Corporation and belonging to the United States, or out of the funds in the United States Treasury, not otherwise appropriated: *Provided*, That attorneys' fees shall not exceed 15 per cent of the amount recovered."

Other illustrations are found in United States Code Annotated, title 31, section 711; title 46, section 748.

Gentlemen, that just about covers the situation, I think, as briefly as I can put it. In my opinion, it would be impossible for you or anyone else to determine to-day just how much money this is going to take.

The CHAIRMAN. Is it possible to make an estimate, Mr. Stone?

Mr. STONE. Well, it is possible to make an estimate, Mr. Chairman; but, take cotton: To make an estimate on cotton, you would have to know the kind of cotton that they wanted to give away, the staple, the grade, the location, and all of those things that enter into the definite price. Of course, I could get those figures for you, if you would specify particular grades of cotton or particular locations. If you did that, I could figure out about how much it would be to-day.

Mr. WOOD. It would depend upon the requisition made by the Red Cross, would it not, as to the number of bushels of wheat that would be required and the number of bales of cotton?

Mr. STONE. That is right.

Estimated cost of wheat and cotton to be distributed

Mr. WOOD. Has any survey been made by the Red Cross or any of its agencies looking to the ascertainment of those facts?

Mr. STONE. Not that I know of, Mr. WOOD.

Mr. WOOD. Suppose this appropriation is made, what will be the machinery that will be put in motion then? Will these products be given out upon requisitions made by the Red Cross from time to time?

Mr. STONE. It will be upon requisitions made, if I understand it correctly, by the Red Cross and approved by the President and delivered to the Farm Board. We will then direct the stabilization corporations to deliver the wheat and cotton to the Red Cross.

Mr. WOOD. Has there been any thought as to a limitation of time during which this might run? Or is it going to run forever?

Mr. STONE. No. I think it runs to July, 1933, if I understand the resolution correctly.

Mr. TAYLOR. This investigation that you mentioned as being necessary—is that going to delay things for six or eight months before anything is done?

Mr. STONE. No; that will not delay the delivery of the wheat or cotton a moment.

The CHAIRMAN. You said something about three months; I do not recall exactly what it was.

Mr. STONE. I said that if we were to start to deliver all of it now, it would take that long to make the actual delivery.

Mr. WOOD. Suppose that 45,000,000 bushels of wheat were called for to-day or within the next month, let us say, and 500,000 bales of cotton at present prices; how much money would that involve?

Mr. STONE. As I have just tried to explain to the chairman, Mr. WOOD, that would depend entirely upon the grade and staple of cotton that they demanded, and also the grade of wheat and the location.

Mr. WOOD. You have some general knowledge as to the average of those things, have you not?

Mr. STONE. If you take the average as of the present time, take the average run of cotton and the average run of wheat, it would amount to something between $40,000,000 and $50,000,000. That is, if it could be delivered immediately.

Mr. WOOD. For both of those items?

Mr. STONE. Yes. But you can not figure it that way. It may be below that, it may be considerably above that, depending entirely upon the location of the wheat, the kind and character of cotton that they demand and the location of it.

Mr. WOOD. Have you any information from which you can conclude whether or not this entire amount will eventually be called for?

Mr. STONE. No, I have not; I do not know. Judging from the way the first 40,000,000 bushels of wheat that was given away has been taken by the Red Cross, I would imagine that all of this 45,000,000 bushels will be taken. We have no precedent in relation to cotton to go by.

The CHAIRMAN. This authorization provides, as you have just stated, for the payment of the loan, in the first place, and then the cost of handling. Could you give the committee any idea of the amount of the loan?

Mr. STONE. You mean of the primary loans?

The CHAIRMAN. Yes; in other words, that appropriation covered by subdivision (a)?

Mr. STONE. Yes. The primary loans on wheat amount to $50,000,000. Some of these loans have been falling due recently, and some of them have been paid off; just what the net amount now is, Mr. Chairman, I do not know. I can get that information for you, if you want it.

The CHAIRMAN. I was asking simply for an approximate amount.

Mr. STONE. The loans on cotton will run from $18 to $20 a bale, and on wheat 35 to 37 cents per bushel.

Amount of wheat and cotton held by Federal Farm Board

Mr. WOOD. How much wheat has the Federal Farm Board now?

Mr. STONE. We will have, of actual cash wheat, after this 45,000,000 bushels is given to the Red Cross, approximately 28,000,000 bushels.

Mr. WOOD. And how much cotton?

Mr. STONE. We have 1,300,000 bales of cotton in the stabilization cotton holdings; 500,000 bales from that would leave 800,000 bales.

Mr. WOOD. In your opinion, will this have any effect on the market?

Mr. STONE. I do not know; but I do not think it would to any degree.

Mr. WOOD. If the surplus is reduced, is not the tendency for the price of commodities to rise?

Mr. STONE. Yes; I think possibly it may have that effect later. It may be possible that the remaining 28,000,000 bushels of the stabilization wheat can be sold to foreign countries.

Sales of wheat to foreign countries

Mr. WOOD. Are we selling any wheat now to foreign countries?

Mr. STONE. Some. The demand was very good in the export trade during April, May, and June.

Mr. WOOD. Are we making any special effort to sell our wheat abroad?

Mr. STONE. It has been unwise, Mr. WOOD, in my opinion, to try to push the sale above the normal demand; but we have been doing everything we could to sell in the normal channels of trade in export and have been quite successful with it.

Mr. ARNOLD. Am I right in this, that this takes the wheat and cotton off the hands of the Farm Board to the actual amount that the Farm Board has in it?

Mr. STONE. No. That is all based on the actual market price of wheat and cotton at the time of delivery.

Mr. ARNOLD. We will first have to pay off the indebtedness against the wheat that we have got.

Mr. STONE. Yes.

Mr. ARNOLD. And then pay off whatever equity the Farm Board has in that?

Mr. STONE. If I understand it correctly, Mr. Congressman, what the Government pays for this wheat and cotton that is given away is based on the price of the wheat and cotton at the time it is delivered to the Red Cross.

Mr. ARNOLD. And it has no reference to the amount that the Farm Board paid for the wheat?

Mr. STONE. No.

The CHAIRMAN. In other words, it amounts just to a purchase of the wheat?

Mr. STONE. Yes.

Mr. ARNOLD. At the market price.

Mr. STONE. That is right.

The CHAIRMAN. What effect is that going to have, in your opinion, Mr. Stone, if you care to express an opinion on it, on the price of wheat that will be in the hands of the farmers this year?

Mr. STONE. I do not see that it will have any effect. It may have some little effect, but I do not think so. I think that if we could get rid of this balance of 28,000,000 bushels of wheat, into export trade, that would have a strengthening influence on the market.

Mr. TAYLOR. What countries have been buying some of this wheat from us?

Mr. STONE. You can not always tell; but France and England and some other continental countries have been buying wheat.

Mr. TAYLOR. Do they actually pay us for it in real money?

Mr. STONE. Yes; we sold seven and a half million bushels to Germany, some six or eight months ago, on 3-year time. We also sold 15,000,000 bushels of wheat to China.

I want to impress on you gentlemen that this is a most important appropriation from our point of view, because if it is not made, we can not deliver the wheat under the resolution.

Inability to estimate amount of appropriation required

Mr. TAYLOR. Can you give this committee any idea as to how much money is going to be needed, if we give your board this carte blanche authorization to spend all you want to?

Mr. STONE. I have just answered that question for Mr. WOOD, but the statement I have just made expresses my views on it.

Mr. TAYLOR. I do not understand just how much money we may obligate the Government to pay out in cash.

Mr. STONE. That is a question that I am unable to answer.

Mr. TAYLOR. Can you not give us the slightest idea, or conception, of what amount it will be?

Mr. STONE. If you were to take this wheat and cotton to-day on the average grade, quality, and staple, at the present price of both wheat and cotton, the amount of money involved would range between, I should say, $40,000,000 and $50,000,000. If the price of cotton or wheat goes up, it will be more. If the period of time over which they take it is a long one, it will be more.

Mr. TAYLOR. Will the passage of this resolution give you the authority to spend that amount of money?

Mr. STONE. We do not spend a cent. This is one time when we are not spending anything.

The CHAIRMAN. The first requirement set out in the law is to pay the loan made by the Farm Board to these stabilization corporations, which consist of farmers.

Mr. STONE. Consist of what?

The CHAIRMAN. Farmers, do they not?

Mr. STONE. No.

The CHAIRMAN. What do they consist of?

Mr. STONE. That refers to the primary loans that have been gotten on this wheat and cotton through commercial banks and intermediate-credit banks.

The CHAIRMAN. The first thing done would be to pay them off, if the price is sufficient to do that.

Mr. STONE. I don't think, Mr. Chairman, that has anything to do with the appropriation. If I understand the resolution correctly, all that the Farm Board gets for this wheat is the market price at the time of delivery to the Red Cross.

The CHAIRMAN. As a matter of fact, there would be no money paid into the coffers of the Farm Board at all.

Mr. STONE. No.

The CHAIRMAN. All that this appropriation will be used for is to pay the loans.

Mr. STONE. That is right.

The CHAIRMAN. And the cost of handling, and then if there is any equity——

Mr. STONE. If there is any equity, we get it; and that will be small, in my opinion.

The CHAIRMAN. You get it; and suppose there is an equity in considerable sum?

Mr. STONE. That goes back into our revolving fund.

The CHAIRMAN. That goes back into your revolving fund to be used just as you have used the money that has been heretofore appropriated?

Mr. STONE. That is correct.

Mr. WOOD. If you gave the Red Cross 10,000,000 bushels of wheat to-day, under the terms of this resolution, if the appropriation is made, you would be reimbursed into your revolving fund by the amount of the market price of that wheat.

Mr. STONE. That is right. We would then take that money and pay off the bank loans on the wheat.

Mr. WOOD. The net result of all this would be that the Government would simply give away whatever amount it becomes necessary to give away in order to meet the demands of the Red Cross under this resolution.

Mr. STONE. That is right, and no more than that.

Mr. ARNOLD. All the loans would not be retired out of this appropriation; just the loans covering the wheat and cotton that is sold.

Mr. STONE. That is right.

The CHAIRMAN. You say that it is impossible to even roughly estimate how much money will be required?

Mr. STONE. It is, because of the reasons that I have just stated here to you.

Receipts from sale of wheat to be used for payment of primary loans

Mr. WOOD. Suppose the 45,000,000 bushels of wheat were given to the Red Cross by you to be distributed by them. Then would you take this money that you would derive from the transaction and replace with it the same number of bushels of wheat in your reserve?

Mr. STONE. No.

Mr. ARNOLD. You mean to say you have gone out of the market?

Mr. STONE. We have not been in for about a year.

Mr. WOOD. This is perhaps far afield, but I would like to ask you, Mr. Stone, how do you determine when you are going to buy wheat? You have bought up the wheat that makes this surplus now. You have bought that wheat from time to time. Will you or will you not determine in the future to buy up more wheat?

Mr. STONE. We can not do that, because we have not the money with which to do it, Mr. WOOD.

Mr. WOOD. But if you get this money, this $45,000,000, which the Government will have to pay for this wheat for the Red Cross, you will have that amount of money in your revolving fund and you could buy wheat with that, could you not?

Mr. STONE. No. We have got to pay these primary loans that are on the wheat now.

Loss by Federal Farm Board in wheat and cotton operations

Mr. WOOD. What is the amount of your debt to-day?

Mr. STONE. It runs around 35 to 37 cents a bushel on this wheat, I think; probably a little more than that, and about $18 to $20 a bale on cotton.

Mr. WOOD. What has been the total loss in the operations of the Farm Board on wheat and cotton?

Mr. STONE. That can not be accurately determined until we wind up the business and sell all of the wheat and cotton.

Mr. WOOD. Suppose you closed your books to-day and struck a balance. What would that loss be?

Mr. STONE. I could not tell you that offhand, but I can get you the figures, if you wish.

Mr. TAYLOR. It seems to me it would be a good idea to have those figures put in the record of this hearing. I think this committee ought to know how we stand, at least approximately. I am sure the Congress would also like to know.

Mr. Stone. You can get that now, gentlemen, from the hearings before the Senate Agricultural Committee as of last November. They asked us to make all of those estimates at that time, and it is a matter of record in those hearings.

Mr. TAYLOR. We have not the time to read all of those hearings, but we would like that information in these hearings. This committee has been and will be asked a great many questions about the activities of your board.

Mr. STONE. It is in a very brief statement.

Mr. WOOD. The situation differs to-day from what it was then?

Mr. STONE. Yes; to some extent.

Mr. WOOD. You have been losing money since then, have you not?

Mr. STONE. Yes; to some extent that is true.

Information recently compiled for the Senate Agricultural Committee, and not yet made public, shows estimated costs of stabilization operations as follows:

Deficit in cotton stabilization operations, at market values of Mar. 31, 1932	$82,109,000
Deficit in wheat stabilization operations, at market values of Mar. 31, 1932	144,518,000
Net estimated deficit	226,627,000

You asked, though, Mr. WOOD, on what we based our conclusions as to when we should buy wheat. I might state to you briefly just what we were confronted with in November, 1930, when we began to buy wheat actively. It was on the 15th of November, 1930.

Mr. ARNOLD (interposing). May I ask this, Mr. Stone? Is the stuff you have in storage deteriorating to any extent?

Mr. STONE. No; it has not deteriorated. We have had this wheat inspected at stated intervals by the Department of Agriculture. The last inspection was made a couple of months ago and they found approximately 99 per cent of it in good millable condition.

Mr. ARNOLD. There was something of a flurry over here in Baltimore some time ago to the effect that there was great deterioration?

Mr. STONE. There was absolutely nothing to that; not a thing in the world. That was reported by a man who was connected with the Baltimore Chamber of Commerce. The Red Cross immediately had their own inspectors go over and inspect this flour. The Department of Agriculture had their man inspect it, and there was another inspection made by parties in Baltimore, and they found the flour in good condition.

Mr. ARNOLD. And there is no deterioration at all of the wheat or the cotton?

Mr. STONE. No; as long as it is in good storage.

But to continue with the statement that I started to make in answer to Mr. WOOD's question. We were confronted at that time with 60 bank failures the day before in Arkansas. The National Bank of Kentucky, in Louisville, with $60,000,000 resources, closed. There were four or five banks in that territory that closed in sympathy with the closing of the National Bank of Kentucky. There were about 12 bank failures in North Carolina. There were 5 or 6 bank failures in southern Illinois and about 6 or 7 bank failures in Iowa, and there was a very persistent rumor that 2 of the largest banking institutions in this country were in trouble.

In addition to that, we knew of from thirty to forty million bushels of wheat on which loans had been obtained from commercial and intermediate-credit banks, that, if the market were to go 2 cents a bushel lower, would have been thrown on the market. The price at that time was around 69 cents a bushel in Chicago. We felt that if that happened wheat prices in Chicago probably would go below 50 cents a bushel within 10 days after that wheat was thrown on the market. That is when we began to buy wheat and stabilize the price.

We stabilized the price from the 15th day of November, 1930, until the 5th day of June, 1931, at 81 cents May Chicago. If any wheat brought above that, somebody else bought it. If any wheat sold below that, or at 81 cents, the Grain Stabilization Corporation bought it. During that period the price was stabilized at 81 cents a bushel.

Mr. WOOD. How much?

Mr. STONE. Eighty-one cents a bushel, May Chicago.

Mr. WOOD. How is it, then, that the farmers throughout our section of the country were getting less than 45 cents a bushel for their wheat?

Mr. STONE. Some of that difference may be in the difference between the terminal price and the local elevator price, which is based, say, on Chicago less the expense of getting it from that

local elevator to Chicago. But during that period I do not think you had any wheat in Indiana which sold as low as 45 cents.

Mr. WOOD. I think we did. I think it sold as low as 39 cents.

Mr. STONE. That was after June the 5th.

Mr. WOOD. It might have been.

Mr. STONE. We could not continue that operation indefinitely because you can not continue any operation of buying and not selling unless you have unlimited funds. Since that time we have bought no wheat; that is, the Grain Stabilization Corporation has bought no wheat for stabilization purposes.

Mr. TAYLOR. Is the situation concerning cotton substantially the same?

Mr. STONE. What is that?

Mr. TAYLOR. What were your activities concerning cotton?

Mr. STONE. The Cotton Stabilization Corporation has not bought any cotton since 1930, nor have we sold any of the stabilization cotton since September, 1930, and we have not sold it for the simple reason that we did not want that cotton to compete against the crops that were coming along in the hands of the grower. And I want to say to you frankly, gentlemen, this is the first operation I have ever gotten into where almost everybody, including Members of Congress, want you to buy and nobody wants you to sell.

The CHAIRMAN. Do I understand, Mr. Stone, the Grain Stabilization Corporation bought this wheat and it was paid for out of funds advanced by the Farm Board plus the amount of borrowings that you made from the intermediate-credit banks and private institutions?

Mr. STONE. That is right.

The CHAIRMAN. That is the way the Stabilization Corporation got the money with which to pay for it?

Mr. STONE. Yes.

The CHAIRMAN. And this appropriation will take care of the whole transaction, based upon the value of the wheat or the price of wheat when it is actually taken from the corporation and turned over to the Red Cross?

Mr. STONE. That is right.

The CHAIRMAN. If there is a profit, the Farm Board will get it; and if there is a loss, the Farm Board will suffer it?

Mr. STONE. That is right. This is nothing more or less, gentlemen, than a sale of wheat, and the Government is buying it at the market price when it is delivered. We take that money in payment for the wheat and pay our debts with it. If there is any money left, it belongs to the revolving fund. If there is a loss, we have to pay it out of the balance in the revolving fund.

The CHAIRMAN. That is also true of the cotton.

Mr. STONE. That is right.

Mr. ARNOLD. How does this differ from the other transaction involving 40,000,000 bushels of wheat?

Mr. STONE. You did not pay us anything for that. We simply had to credit the revolving fund at the market price of the wheat.

Mr. ARNOLD. And the Farm Board lost all of that.

Mr. STONE. That is right, which I thought was very unfair. We started out, for instance, in the fall of the year thinking that we had $25,000,000 more than we really had, which upset all of our calculations and threw all of our estimates out of line by $25,000,000.

Benefit to Grain and Cotton Stabilization Corporation in making distribution of wheat and cotton

The CHAIRMAN. Mr. Stone, the estimate submitted by the Bureau of the Budget, containing, of course, a copy of the resolution which it was desired that Congress should pass, provides that the appropriation should be made out of any money in the Treasury not otherwise appropriated, to be used only for the purposes specified in the resolution. I take it there could not be any possible objection—and it would certainly make it clearer—if it were simply stated for the purposes specified in subdivisions (a), (b), and (c) of section 3 of such public resolution?

Mr. STONE. I see no objection to that.

The CHAIRMAN. That covers everything for which an appropriation could be made?

Mr. STONE. Yes.

Mr. TAYLOR. Mr. Stone, do you think that Congress is not only warranted in passing this legislation but that it is very important for us to pass it?

Mr. STONE. I do.

Mr. TAYLOR. Can you tell us what you estimate the benefits will be if we pass it, and what the alternative will be if we do not pass the legislation? Will you tell us that for the record?

Mr. STONE. Yes. It simply means that if an appropriation is not made by Congress, we can not live up to the requirements of this resolution.

Mr. WOOD. What benefit will be derived from it other than the benefit that will accrue to the Red Cross by the passage of this legislation?

Mr. STONE. It will reduce the holdings of the Grain Stabilization Corporation and the Cotton Stabilization Corporation down to a point—especially those of the Grain Stabilization Corporation—where they will not be a factor in the market.

Mr. TAYLOR. That is, it will not represent a menace to the price of the product. You think possibly it may tend ultimately to help the price, whereas at the present time this surplus is held over them as a club, as a menace?

Mr. STONE. In other words, it is the black cloud over the market that the grain trade has been talking about for the last two years.

Mr. TAYLOR. Has not that been unduly magnified and without foundation?

Mr. STONE. I can go farther than that. I think it has been maliciously lied about.

Mr. WOOD. That suggests this question: The very fact that it is known throughout the world that the board has a surplus of wheat, does not that have a tendency to lower the export price—that of itself?

Mr. STONE. I do not think it has for this reason.

The price of July wheat three or four weeks ago was identically the same as July wheat was a year ago. That is the only thing I know of in America of which that can be said.

The price of wheat has improved since last October 10 or 15 per cent, and this, too, is the only thing that I know of which that can be said.

Mr. WOOD. How do you account for that similarity?

Mr. STONE. I think the best answer I can give you is the one made to me by one of the large old-line grain operators when I put the same question to him. He started off by painting the old dark-cloud picture, but when I insisted that he answer my question as to why the price of wheat for the last 12 months had ranged from 6 to 18 cents above the world parity price, although we had more wheat in this country than a year ago, he said: "It is due to the way the Grain Stabilization wheat has been handled."

I said, "You tell the public the reverse of that." He said, "There is a big difference between what I have to tell the public and what you have to tell the public. I do not have to tell the public anything if I don't want to; but you have to tell them everything."

The CHAIRMAN. I understood you to say in answer to a question by Mr. TAYLOR that if this appropriation is not made it will be impossible to comply with the law as passed by Congress providing for the turning over of this wheat.

Mr. STONE. That is correct. The only way we have to pay loans on the wheat is to sell it.

Mr. TAYLOR. Do you think if, instead of providing for 45,000,000 bushels of wheat, and 500,000 bales of cotton, we had provided for turning over to the Red Cross all of the cotton and all of the wheat you have on hand, it would be more beneficial?

Mr. STONE. I do not know; I have not thought along those lines.

Mr. TAYLOR. There was some talk on the floor of the House about cleaning up the whole business and putting it all in one bunch, and the reason they did not do that was because it was said that the amount provided for was as much as could be handled or would be needed between now and the time Congress convenes again in December.

Mr. STONE. I think that is probably right.

Mr. TAYLOR. So they said they would wait.

Wheat sold to China and Brazil

Mr. STONE. We have had an opportunity of selling fifteen to eighteen million bushels of wheat to China on credit in addition to what we have already sold there. I do not know whether what we have already sold there will ever be paid for, although I think it will.

When China bought the first 15,000,000 bushels they set aside a certain percentage of their import duties for the purpose of paying these obligations.

Mr. WOOD. Have you any security for that?

Mr. STONE. No. When the trouble broke out in Shanghai there was an interruption, in collections, but since that time they have reestablished at least a part of their import duties and put them into a fund to pay these obligations.

China wanted this additional wheat to use in payment for the construction of roads. They expected to pay their laborers in wheat.

I have had letters from China saying that the wheat that was given away by the relief committee in China had changed a lot of Chinamen from eating rice to eating wheat, and had created a better feeling there toward this country.

Mr. TAYLOR. Is not China one of the apparently few countries that actually tries and intends to pay its honest debts instead of borrowing all it can and then trying to work out some scheme or find some subterfuge for repudiating its obligations?

Mr. STONE. I think it is. I think the obligation will be paid. But whether it is or not, I think it would have been a very good thing to have gotten an additional 15,000,000 bushels of wheat out of this country and reduced our stocks to that extent.

Mr. WOOD. I think if they ever stabilized the Government over there you would have no trouble in being paid.

Mr. TAYLOR. Can you tell whether or not you are dealing with the government that is on top temporarily or that is likely to be on top any length of time?

Mr. STONE. Yes; we dealt with the recognized government at the time, and we have their obligations.

Mr. TAYLOR. Is that same government still recognized now?

Mr. STONE. Yes.

We were criticized very severely last August when we sold 25,000,000 bushels of wheat to Brazil and took coffee in payment for it. Yet Brazil is a country that used very little American wheat. Our exports are largely in flour and have never exceeded 850,000 barrels annually. When the trade for coffee was made you would have thought we had destroyed the milling industry in this country. All of you gentlemen got telegrams about it, which eventually landed in our office.

When I investigated what effect the trade would have on the milling business in this country, I found that 75 per cent of all the flour exported from here to Brazil is milled from Canadian wheat in bond.

You would have thought that this trade was the direct cause of most of the unemployment in this country, but I found that it

takes only approximately 200 men to mill 850,000 barrels of flour in a year's time.

That sort of criticism is made, for one reason, and one reason only. It is because the handlers of farm commodities do not want the farmers to organize their own business so they can have something to say as to what they will get for their products.

Difficulties confronting farmers in selling of farm products

I have had experience in farming, and believe that I know what I am talking about. I own some farm land in Kentucky. I have possibly $200,000 invested in land. I do a general farming business. I raise from 30 to 40 acres of tobacco, I have 300 head of sheep, I feed 150 head of hogs, I strip bluegrass seed, and I raise all the grain on the farm necessary to feed the livestock. Under the present marketing system I have not a chance on earth to succeed as a business man in that operation.

We hear a lot about the law of supply and demand. It was set aside, so far as the farmer is concerned, 25 years ago.

To illustrate this point I will explain to you the old system under which I sell all the products produced on this farm of mine. When my tobacco is ready for sale, there are four tobacco manufacturing companies which buy 95 pounds out of every hundred pounds I produce. These four companies are owned by approximately as many stockholders as there are producers of this particular type of tobacco. Through corporate power these stockholders have concentrated their buying power into four men, while the tobacco producers sell individually. In other words, if these four concerns wanted to they could tell me what I would get for my tobacco three years before it is grown, irrespective of what it may be worth based on the law of supply and demand.

In relation to the cattle I handle, the whole operation is done completely in the blind so far as I am concerned. In the fall of the year I invest $10,000 to $15,000 in cattle. I feed a corn crop to them during the winter months, with no idea as to what weights they should be finished at, and in 9 years out of 10 if I finish them at 1,500 pounds the top price will be at 1,200 pounds, and if I finish them at 1,200 pounds in 9 years out of 10 the top price will be at some other weight. I have no information as to the demand for finished beef, no information as to the amount of beef sold the previous year to the public; I have no information as to the amount of beef carried over from the previous year in the cellars of the packers.

The same condition applies in regard to sheep, lambs, and wool. As an example let me analyze for you the method under which I sell my wool. Three hundred sheep will produce around 1,500 pounds of wool. This amount does not justify me to keep in touch with the wool conditions in Australia, New Zealand, South Africa, or the Argentine. In fact, I really never know the relation between the price offered by the local dealer and the Boston wool market, which is the recognized wool market of the country. I don't know one wool grade from another, and it wouldn't do me any good if I did as long as I sell as an individual. My local wool buyer tells me the price of wool and if I don't take his price I simply keep my wool, because no one is interested in as small an amount of wool as 1,500 pounds; and yet there is produced in this country, east of Kansas and Nebraska, in small flocks like mine, as much as 100,000,000 pounds of wool annually. Therefore, the price I get under this kind of a sales program is what the local dealer gives me.

Mr. TAYLOR. He tells you a price that somebody else has told him to tell you?

Mr. STONE. Yes; that is the position I am in as a landowner, and there are hundreds of thousands of other farmers in this country in the same fix.

At least three-fifths of the bluegrass seed produced in this country for commercial purposes comes from about 15 counties in central Kentucky. This seed for many years has been bought from the farmers by three or four dealers. These men have made independent fortunes in buying and cleaning and selling this seed to the public, while at the same time the farmer has received hardly enough to warrant him gathering it. My personal experience in bluegrass, for the past five or six years, has been that I have not stripped any for commercial purposes, only stripping a sufficient amount for my own use. The prices paid growers ranged anywhere from 15 to 40 cents a bushel, while the price realized by these men who buy it from the farmer and sell it to the public has ranged during this same period from $2 to $5 a bushel.

Assistance given by Federal Farm Board to cooperative marketing associations

These examples which I have related will give you a pretty fair idea of what the average farmer is up against in the sale of his products under the old system and my interpretation of the real objective of the agricultural marketing act is to assist the farmers of America to develop a marketing system which they will own and control and which through concerted action on their part will give them as great a concentrated selling or bargaining power in the sale of their products as the buyers of farm products now have through their corporate organization, which has been developed over the past 30 years.

That is what we are striving to do, and we are making progress. The only thing I regret is that you Members of Congress do not know what we have done, and we can not get the information to you.

Mr. TAYLOR. Why not?

Mr. STONE. Because you are so busy doing other things that you will not listen to us.

Mr. TAYLOR. Mr. Stone, this deficiencies subcommittee is listening to you now with very great interest, and I know the entire Appropriations Committee of the House and Congress itself would be pleased to have you make as full and complete a statement in this record of all the activities of your board and the matters that you feel that Congress and the country ought to know.

Mr. STONE. I am very glad to have had the opportunity to make this statement to you. I believe if the fair-minded people of this country knew what we are trying to do under this law, that instead of paying any attention to what the representatives of the grain trade, the cotton trade, the livestock trade, and others who are operating under the old system are saying about the act and the board, they would take their coats off and fight for what we are trying to do. I do not believe there is a group anywhere that we can not sell this program to, if we have an opportunity to tell them about it.

I have never worked harder in my life than I have since I have been in Washington. I gave up my business and came here to do this work, but with Congress continuously on the backs of the board, largely due, I think, to lack of information, our difficult job is made just that much harder.

But I am not a quitter; I am going to stay here until the Senate Agricultural Committee investigation is held, and I think when the people of the country know the real facts about what the Farm Board has done and is doing, they will be for it.

We can not get these facts to the public; they are not news. However, if we buy a million bushels of wheat, it comes out in big headlines, and a lot of people immediately get out their pencils and start figuring what the Government is going to lose.

I am not saying things to you I have not said to friends of mine in the grain trade and in the cotton trade. I do not blame them for what they are doing. They are trying to protect their business. But I believe it is much more important for the welfare of our country that the 6,000,000 farm owners succeed in intelligently organizing their business along lines similar to those on which industry has organized, and in that way bring about the desired financial improvement in agriculture.

Mr. TAYLOR. Kindly tell this committee in detail what progress is being made along that line.

Mr. STONE. Real progress, I think. I will be glad to let the chairman of the committee tell you some of the things that have been done in his territory which would not have been done if it had not been for the Farm Board.

The CHAIRMAN. Since Mr. Stone has mentioned it, I want to say this, very briefly:

We had a situation down there that we had up with the Farm Board here. Gentlemen came from all sections of the dark-tobacco districts in Kentucky and Tennessee, and it was very apparent that the farmers were not going to receive anything, practically, for their crop, and chaos was confronting the farmers in my district and in the adjoining districts of Kentucky, in every district where dark tobacco was produced.

Some of the men down there determined or came to the conclusion that the only possible relief was the organization of an association, if you are to call it that, of the producers, for the purpose of having a cooperative association, in order to secure at least a fair price for their tobacco.

They could not do it without money, because it was necessary to advance a certain amount to the producer when he brought his tobacco in. He had to live and pay his debts. There was no place where he could get the money.

They came here and talked with Mr. Stone and the members of his board, and I want to say this for Mr. Stone, that I never in my life—and I have appeared before a great many boards—I have never attended meetings where more sympathetic consideration was given to the farmers. If it had not been for the Farm Board—and I say this without the slightest hesitation—it would have been absolutely impossible for that association to have been organized and to have functioned.

As the result of the creation of that cooperative organization down there the price of tobacco has been from 2 to 3 cents more in the pound than it otherwise would have been. It was just gradually going down, and they had no market.

When that association was formed it created a market, and while they have not been getting anything like what they ought to get, and it was impossible for them to expect it, the organization of that association has enabled those farmers to get a little something as the result of their labor, and I do not know what would have happened if it had not been for the Farm Board.

Mr. TAYLOR. To what extent is that being done in other places? Kindly amplify this matter as fully as you desire.

Mr. STONE. Similar service has been rendered in every State, with the exception of two—Delaware and Maine—and we have done some work in those.

The board and its staff are assisting cooperative marketing associations directly in almost every State. This now includes assistance in teaching farmers how to form and run cooperative marketing associations in 37 States; advice and assistance to existing cooperatives in solving problems pertaining to organization, operating policies, and accounting systems, production and marketing programs, and legal programs, in 109 cases; and assistance in determining whether a cooperative is needed in particular cases, whether one, if formed, would have a good chance of succeeding, and if so, help in organizing one, in 48 cases. There are thus 194 individual projects now under way.

The nation-wide character of the work of the board is indicated by the attached map, which shows the States in which we have helped cooperatives and the commodities we have worked with in each State.

As a practical illustration of what we are doing, take, for instance, the Eastern Shore Potato Association. There is an association that has been in operation for 31 years and has a good financial statement. They handle about 15,000 carloads of potatoes annually. Until these hard times developed in 1929 the association was able to get its financing from commercial banks. Last year about $500,000 was needed. The money was to be used in paying growers, on delivery, for potatoes that had been sold but which had to be graded at the receiving station before shipment to the buyer with a draft attached to the bill of lading. About 10 days elapsed between the time the grower delivered his potatoes and collection from the buyer by the association. The loan thus was needed by the association to finance its operations for this 10-day period.

The association came to the board last year and said. "We can get but $200,000 from the banks, and we have to have $300,000 more or we can not operate our business." The board let them have it, and they paid us back.

This year they were unable to borrow any money from commercial banks and said that if they could not borrow what they needed from the board they could not operate and would be compelled to discontinue their operations.

We loaned them $400,000, and they are handling the potatoes and are paying the money back.

Take the situation in Senator BYRNES's own State of South Carolina. There are two asparagus associations there; one has been operating for 17 years and the other for about half that period.

With nearly every bank in South Carolina closed they could not get any money with which to handle the asparagus crop of their members.

Upon investigation we found that they had some defects in their organization set-up. We sent one of our men down there and helped them straighten out these defects. We then loaned the two cooperatives $55,000, which they needed, and they paid us back in less than 60 days.

There is another interesting thing that is encouraging to me in this work. In the past three years we have had thousands of failures in all lines of business, but among some 12,000 farmers' cooperative marketing associations we have had fewer than 80 failures since 1929. If it had not been for our help, however, I think many of them would have failed.

The Cotton Shippers Association have a lobby in Washington and they have appeared at every meeting where anything relating to the Farm Board or its work has been taken up by any congressional committee. It makes my blood boil when I think that those men are here fighting everything that is being done to help agriculture.

What have they done and what are they doing for the benefit of agriculture? In the last 50 years the wheat men and the cotton men have gotten rich off of the sweat of the brow of the man who raises cotton and wheat. We of the Farm Board are trying to help work out a better system for the men who own and till the land.

And yet these wheat and cotton men come here and sit continuously. There has never been a committee hearing where they have not come in and spilled their talk about what a harmful thing this effort is, and I think it is a crime.

Mr. COLLINS. It is the result largely of combinations, is it not.

Mr. STONE. Yes; I do not think there is any question about it. I have been on the other side of this game most of my life. But I have given up my business and I will not go back into it, because I do not think the old system is a fair one to the farmers.

Take these commodity exchanges. Is there a single member of their boards of directors or governors representing the man who grows the commodity? Is there a man handling farm commodities interested in the price the farmer gets? Every one of these men's chief interest is in getting big volume, because the business is all done on a commission basis of so much per unit of the commodity or on a set-price basis.

We are trying to work out a system, based on the law of supply and demand, where the farmer can, through intelligent organization, have the same trading power as the man who is buying his products, where he can sit down across the table and be able to talk prices based on the law of supply and demand. If farmers can not make money on that basis, they are in the wrong occupation.

Mr. TAYLOR. What is the hope of your board for the future? What are your present objects? All members of both the Senate and House and most of our constituents would like to know and what would you like to have Congress do?

Mr. STONE. The thing I would like to have the Members of Congress do first of all is to know what is in this law. I have found very few Members of Congress who even know what is in it, and they do not know what we are trying to do under it. Many are continually knocking us and our work from daylight to dark. The big trouble is they get their information from the fellow who does not want the farmer to organize his business. I do not think that is a fair way to approach this problem.

Take me, personally. God knows, I did not want a Government job. I am here trying to do something helpful for the fellow who is growing farm products, and I know the Farm Board is doing it in an intelligent way.

Mr. COLLINS. Of course, your principal trouble with Members of Congress is that our Government is so large, and our duties are so numerous, that it is practically impossible for anyone to know all the workings of the various departments of the Government, and the laws that are presented to us for enactment.

Mr. STONE. That is true.

Mr. TAYLOR. There are 18,000 bills in Congress before us right now. No human being could even get a superficial idea of what they all are.

Mr. STONE. I have taken that into consideration, and what I have said has not been in the spirit of criticism.

Mr. TAYLOR. Our Government has become a great big bureaucratic centralized government, the biggest governmental machine the world has ever known. The work of Congress has increased about four times since our chairman, Mr. Byrns, and I came to Congress in March, 1909, in the Sixty-first Congress. The work has increased so enormously that it is utterly impossible for any set of men to do all the work that is heaped upon us.

Appropriations made for expenses of Federal Farm Board

Mr. STONE. Let me discuss briefly the question of the appropriation for our operating expenses.

We have tried to spend the money as if it was our own. Of course, we have made mistakes. We have probably some duplications with other Government departments in our organization.

However, we have gone to the Bureau of Efficiency and had their experts come to the board, to find out where economies could be made.

In three years Congress has appropriated $5,527,000 for administrative expenses of the board. We did not spend the full amount of our appropriation each year just because we had the money, but instead built our organization conservatively and expanded it only when actually needed in order to render the maximum service to farmers and farm organizations, with the result that we have saved for the Treasury in the three years more than 35 per cent of the $5,527,000 appropriated for us. Yet with this record Congress this year cuts our operating funds almost 50 per cent of our current rate of expenditures. Although we are heartily in favor of economy in government, we did object to agriculture being singled out for reductions far greater than those made for any other Government activity.

In this connection, I would like to call your attention to the fact that up to May 31 this year we had made loans from the revolving fund amounting to $985,300,000, with loans outstanding on that date of $469,225,000. This means that the total administrative cost of the board since its creation, $3,527,000, has been only thirty-six one-hundredths of 1 cent for every dollar loaned. The interest collections on loans during this period have amounted to $9,100,000, or more than two and one-half times the total administrative expense of the board.

Our economics department seems to have caused much of the trouble in your minds; we may have some men we can get along without, and would have done so, if necessary, without any action on your part.

We have about 126 different commodities we are loaning money on.

For instance, there is a cooperative association in Colorado, handling beans. It requested a loan. We needed immediate information from our economics staff on beans. It was impossible for us to know what the bean situation was over the world or in the United States, and we had to have intelligent information on beans immediately. Our economics department contacted the economic departments of the Department of Agriculture, the Department of Commerce, and the Treasury Department, where they have much larger organizations than we have, to get information about beans, bring it back, assimilate it, and put it on our desks in an intelligent form so we can act intelligently on the loan application.

Mr. TAYLOR. Have you been able to do anything for the Pinto Bean Growing Association?

Mr. STONE. The Pinto Bean Association has its troubles. The reason is that there have been tremendous crops of pinto beans, and a bean market that has been declining from year to year for three years. It is a question as to what is the best thing for that association to do. They have been in consultation with us constantly and we are doing what we can to help.

Salaries paid to officers of cooperative associations

Mr. COLLINS. One thing that has been capitalized more than any other for the purpose of prejudicing the public was the question of the salaries of certain officers in the cooperatives.

Mr. STONE. That is true. Personally, I do not think it is wise for a Government agency to try to operate a cooperative. We have loaned the cooperatives money. The only thing we told them was that we wanted efficient, honest men to operate them.

Take Mr. Milnor, for instance. Farmers' National Grain Corporation agreed to pay him $50,000 a year. An examination of the operations of this big cooperative organization shows that the entire executive expense, including Mr. Milnor's salary, had amounted to seventeen one-hundredths of 1 per cent of the business handled. Upon investigation I found that 400 commercial organizations of various kinds paid on the average for similar executive expense 2.77 per cent of the business these concerns handled.

I have tried to look at the salary question in a broad way. Sometimes, when you consider the salary of one individual in a corporation or an association, it looks as if it is out of line, and I am not saying that some of the salaries paid by cooperatives are not too high under present conditions. They have been reduced, however, and will be reduced more if conditions do not improve.

I realize that the enemies of this act, and the enemies of what we are trying to do under it, talk incessantly about the big salaries paid by cooperatives. There are only two men in that class—Mr. Milnor, of the Farmers' National Grain Corporation,

and Mr. Creekmore, of the American Cotton Cooperative Association. They are both excellent men. They are technically trained men and are handling a larger business in both grain and cotton than has ever been handled before by any one individual concern.

Mr. WOOD. Somebody said on the floor that a certain man—I do not know whether it was one or the other of these men—was getting forty or fifty thousand dollars a year, and never got over six or seven thousand a year in his life before that.

Mr. STONE. I do not think that is true. Take Mr. Creekmore, for instance, a man who has accumulated a million dollars, so I hear, in his own business, not from salary, but from his own effort and his own judgment; and he was recommended by practically all of the best cotton men in the trade as being young, active, intelligent, and competent. When the cooperatives go to a man like that, who has made a million dollars in his own business, and say, "We want you to give this business of yours up completely and come with us," when neither he nor they know at the time whether it will be successful or not—they can not get men to work on as cheap a basis as they could if they were operating an ordinary business that had proven its ability to succeed.

Mr. TAYLOR. But when he knows, as he must know—you gentlemen all know—the psychology of the thing in our country at these times, it is simply like waving a red flag in the face of a bull to pay anybody $75,000 or $50,000. That one thing has made and is making your board and this committee and Congress itself a world of trouble and severe criticism. We can not justify that to the people back home.

Mr. STONE. You are right.

Mr. TAYLOR. And it seems to me, as a patriotic citizen, and especially if he is a man worth that much money, he should and would promptly reduce his salary. The Members of Congress have made four separate and very large reductions in our salary, clerk hire, mileage, allowance for office stationery, and also increased our own income tax on our salaries. We have cut our salaries 10 per cent and cut our mileage—that is, our travel allowance—25 per cent, and cut our allowance for office clerk hire 8⅓ per cent, and cut our office stationery allowance 28 per cent, and increased our income tax about 300 per cent, making a total reduction of about $2,000 a year for each Congressman.

Mr. STONE. Mr. Creekmore voluntarily reduced his salary 33⅓ per cent, and Mr. Milnor has done something along the same line.

Mr. TAYLOR. I am glad to hear that. They ought to.

Mr. STONE. Yes.

Mr. TAYLOR. Because if they are actuated as they should be and intend to encourage the farming and stock and other business and make a success in a great big patriotic way, they ought to cooperate in every way they possible can.

Mr. STONE. That is true.

Mr. TAYLOR. We get a lot of bitter criticism from home for appropriating large sums of money to your board and then having them consumed in salaries as high as that of the President of the United States. We can not and do not try to explain or satisfy the farmers and local business men and the laboring people generally at all on those complaints.

Mr. STONE. I agree with you.

There is another thing that we have been criticized for. We have been trying to get the story of what we are doing back to the farmers and the business men. It is a problem as to how to do it. I can not get it in the newspapers. They will not publish it, because it is not news—not the kind of news they want. We employed two or three men to appear before business men's service clubs and before groups of farmers all over the country. The minute we did we were accused of having these men out propagandizing the public.

Salary of general counsel of Federal Farm Board

We have also been criticized for paying our general counsel $20,000 a year.

Mr. TAYLOR. I know that. These actions of the board are largely the cause of the effort in Congress to abolish the board entirely and turn over all your activities to the Agricultural Department.

Mr. STONE. I want to explain that. When we came here in 1929 we got Mr. George Farrand, of Los Angeles, who is recognized as one of the leading cooperative attorneys in the United States. He had practically quit practicing law in the cooperative marketing field and was devoting all of his time to the general practice of law, in Los Angeles.

He came here and spent three months with us at a nominal salary to help develop our legal department. It is difficult to realize how broad our operations are. We are doing business in every State in the Union, making loans in every State with the exception of two. We make three kinds of loans—loans on facilities, effective merchandising loans, and loans on commodities. You can imagine that many intricate things develop in doing business in that many States. We had to have a lawyer, so Mr. Farrand told us, who had knowledge and general ability in corporate law, who had practiced in corporate law, and who had experience in cooperative marketing law, and we had one devil of a time finding that kind of a man. We had to have the best legal talent we could get and we struggled along here for three months trying to locate some one who had had that kind of experience. I felt a delicacy in recommending Mr. Reed, because he came from my own State. He was at that time the general counsel in Kentucky for the Chesapeake & Ohio Railroad Co. He had had six years of experience with the cooperative that I managed for six years.

He had started practicing law at the bottom in the magisterial courts and come on up in his practice to where he was when we employed him, general counsel of the Chesapeake & Ohio Railroad Co. He was making more than $20,000 a year in his general practice. I called him up and asked him if he would be interested in becoming the general counsel of the Farm Board. He said he would. He came here on a basis of $10,000 a year. He has two boys in college.

He discontinued his private practice entirely and is giving all of his time to the board, and after he had been here for 8 or 10 months and had proven to be such a competent man for us, we thought it was nothing more than fair and right to give him enough money to induce him to stay with the board.

His salary has recently been cut by Congress to $10,000 a year, and I do not know whether he can afford to continue with the board or not. The place will be a hard one to fill.

On top of that, other governmental departments are allowed to employ legal counsel at higher rates of compensation with no more responsibility than the legal department of the Farm Board has; and when you realize that we loaned a billion dollars in the last three years, and loaned it at a time when the banks were failing, when agriculture could not get credit anywhere, and have collected back over $550,000,000 of the loans in that time, we have not anything to be ashamed of, and I am not.

Congress has not approached our operation fairly, and the reason for it is that you have not known what we have done or what we are trying to do or accomplish.

Reduction of salary of members of Federal Farm Board

You reduced the salaries of the members of the Farm Board $2,000 a year. I do not care anything about that personally. The only thing I am thinking of, and the most important thing involved in that, is the real importance of keeping the right kind of men on this board; because if you do not keep the right kind of men on it, and if it were ever to get into politics, it would be a menace. I have been on the board for three years, and I have never heard politics mentioned.

We have employed our personnel through merit, those who could do the job and do it intelligently and efficiently.

When I know that that has been our objective; when I know that that has been what we have been doing 14 hours a day, I can look any of you men in the eye and tell you anything you want to know, and go home at night and sleep, and I will guarantee you that as long as I am there I will be able to do just that.

The only thing I regret, gentlemen, is that I do not know all of you personally. What I would like to do would be to sit down and show you just what we are doing. If I could do that, I would have 500 friends in Congress, in my opinion.

The CHAIRMAN. Well, I am glad that Mr. Stone had an opportunity to talk to us and that we have had an opportunity to hear him.

Mr. TAYLOR. So am I. We have appreciated your statement very much, Mr. Stone. I hope the Members of Congress will read it and that the farmers and producers of the country generally may have an opportunity to read it. We would all like to see your board make a great success. Our country very seriously needs the relief that we Members of Congress all hoped that your board would bring about.

The CHAIRMAN. From personal experience I know something of the work that the Farm Board is accomplishing.

Amount of wheat sold by Federal Farm Board

Have you the figures, Mr. Stone, on how much wheat you have sold?

Mr. STONE. I can give you the approximate figures.

Mr. COLLINS. You can correct them in the record.

Mr. STONE. We had on last July 1 approximately 257,000,000 bushels of wheat.

The CHAIRMAN. You sold 25,000,000 to Brazil?

Mr. STONE. We sold 25,000,000 to Brazil; we sold seven and one-half million bushels to Germany; we sold 15,000,000 bushels to China; we have sold an average of 5,000,000 bushels a month into the general trade; and you have given away 85,000,000 bushels to the Red Cross. That leaves us around 28,000,000 bushels of actual cash wheat and around thirty-odd million bushels of futures.

The CHAIRMAN. What about cotton?

Mr. STONE. The total purchases of the Cotton Stabilization Corporation were approximately 1,300,000 bales of cotton. We still have that number of bales.

The CHAIRMAN. This will take 500,000 of it?

Mr. STONE. Yes.

Mr. TAYLOR. This is the first sale you have made of cotton?

Mr. STONE. Yes.

The CHAIRMAN. We are very much obliged to you. We have been very much interested in your statement.

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Massachusetts [Mr. GRANFIELD] such time as he may desire to use.

Mr. GRANFIELD. Mr. Chairman, yesterday afternoon my colleague, the distinguished gentleman from Missouri [Mr. CANNON], introduced House Joint Resolution 463, "To amend the revenue act of 1932 by repealing section 751 imposing a tax on checks, drafts, and orders for the payment of money." This resolution was referred to the Committee on Ways and Means of the House. To-day, the gentleman

from Missouri [Mr. CANNON] brought to the attention of the Members of this House his reasons for the immediate repeal of the tax on checks and drafts. He was supported this afternoon in his efforts to repeal this provision of the revenue act by our distinguished colleague from Indiana [Mr. PURNELL].

I was not surprised to learn from these gentlemen that the tax imposed on checks and drafts has not only failed to produce the revenue which was anticipated, but it has interfered greatly with business throughout this country. I am constrained at this time to call to the attention of the House remarks made by me when I addressed you on January 28, 1932. At that time the House Committee on Ways and Means had under consideration the revenue bill, and the committee was giving its attention to the recommendations of Ogden L. Mills, then Assistant Secretary of the Treasury, who urged the adoption of a stamp tax on checks and drafts. I am going to take the liberty to quote to you to-day certain statements made by me at that time, which can be found in the CONGRESSIONAL RECORD of Thursday, January 28, 1932, on page 2925. Quoting from the RECORD of that date, I said:

> I do insist however, that a stamp tax or any tax on checks is unwise at this time. It is a method that should not be employed to raise the revenue which is needed. Business is in a very bad financial state, and the imposition of this tax would aggravate conditions and will bring many harmful effects on the paper industry. From my study of this question I am confident that it will produce a reduction of the working forces and add to the increasing army of unemployed. * * * This is no time to interfere with the orderly processes of business in the country. Every Member of this House knows that it is our duty as Members of the Congress to pass legislation which will relieve them, as far as possible, of the financial strain from which they are now forced to undergo by reason of the condition of the times.

I stated then that—

> The imposition of the stamp tax on checks would result in further hoarding of money, and we all know that this practice has interfered greatly with the economic and business life of this Nation. * * * The imposition of this tax would influence many people to use money as a medium of exchange—a method of doing business which is unsound, unwise, and impracticable. Individuals and business concerns would limit their activities in the issuance of checks in order to save the expense incurred if this tax proposal becomes a law.

These remarks of mine in the light of the present situation were most prophetic. The business of our country has been interfered with in an alarming degree in consequence of this tax. Millions of small depositors have withdrawn their funds from our banks, and very little revenue has been obtained by the Government. Our brief experience with this tax has conclusively indicated its ineffectiveness as a means of revenue. Industry and business generally has suffered greatly from this tax.

I join with my colleagues in urging that the Committee on Ways and Means amend the revenue act before the adjournment of this Congress by striking out this provision which is so devastating to the business of our country. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield three minutes to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Mr. Chairman, I have introduced a joint resolution to amend the revenue act of 1932 by repealing section 751 imposing a tax on checks, drafts, and orders for the payment of money. This provision of the recent revenue act was one of the Senate amendments. I was opposed to it and voted against it, but it was approved and put into the law.

As has been stated here frequently to-day this tax is not producing the revenue that was anticipated by the Congress when it was enacted. During the World War one of the World War acts required a similar stamp tax.

It encourages hoarding and the keeping of money out of the banks. You are going to find that this will be the result. We have been encouraging the taking of money out of hoarding and getting it into circulation. To require a 2-cent stamp on each check will cause people to pay cash for a great many things, when, if this were not the law, they would put the money in the banks and give a check.

I sincerely hope the Committee on Ways and Means during this session and before adjournment will consider the question of the repeal of section 751 in the interest of encouraging the circulation of money and the prevention of hoarding. I believe this would have a wholesome effect. We are not going to get much revenue from it, and the retention of this section would do more harm than good. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield one-half minute to the gentleman from Illinois [Mr. KARCH].

Mr. KARCH. Mr. Chairman, I ask unanimous consent to extend my remarks by including therein an address delivered before the Manufacturers Committee of the Senate last March, describing the halcyon days in Belleville before prohibition.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. KARCH. Mr. Speaker, under leave granted, I insert the following statement of Hon. CHARLES A. KARCH, a Member of Congress, before a Subcommittee on Manufactures, United States Senate, considering Senate bills 436 and 2473, Seventy-second Congress, providing for the legalization of beer as a beverage, January 8 to February 19, 1932:

> The CHAIRMAN. You may proceed.
>
> Mr. KARCH. In my judgment, if beer of the alcoholic content prescribed in this bill would be made a legal beverage, the greater part of the mischief of prohibition would be eliminated. The uncompromising prohibitionist mistakingly assumes that the people of our Nation desire potent liquor as a beverage. This statement is proven by the fact that before prohibition, when distilled spirits were as easily accessible as beer, the price of each within the reach of the poorest individual, 75 per cent of those who used liquor at all confined themselves entirely to beer and wine. Beer was the national drink.
>
> The city of Belleville, Ill., in my district, has always been known as the wettest community in the United States.
>
> I may say here that in the Literary Digest poll this community voted 95 per cent for modification and 95 per cent for repeal.
>
> It consumed the greater portion of the output of two large breweries located within its corporate limits. In addition, a goodly quantity of the Anheuser-Busch product found its way into the retail trade. The whisky drinks were used chiefly by the bonvivants and those given to extravagant habits and luxurious tastes.
>
> In 90 out of its 100 years of experience it maintained 1 saloon for every 200 inhabitants, three-fourths of such saloons dispensing only beer and wines. Only the hotel bars, as a rule, dispensed distilled liquors.
>
> I venture the assertion that prior to prohibition, in the entire history of Belleville, the death rate from alcoholic cases was less than one per annum. The police records of that city will verify that arrests for intoxication were negligible. What could be called drunkenness in public was unknown. Life-insurance companies regarded the average Bellevillean an ideal risk, and I dare say there were less rejections for applications for life insurance in that city than in any other city in the United States.
>
> During that period the general health of these citizens was outstandingly good, and its high percentage of octogenarians and those who lived beyond their allotted span of three score and ten have been beer drinkers all their lives.
>
> The same community held, throughout that period, one of the highest literacy and intellectual standards. It held the reputation of having the best schools in the Middle West. It held its own with every other community of the North in its number of church-going people. Law observance was 100 per cent. It averaged one murder in 10 years, and those that did occur were either of the manslaughter type or committed by persons who might have justly interposed the defense of mental irresponsibility.
>
> Prior to prohibition I do not recall a single instance of highway robbery, burglary, or larceny on the part of its citizens. Every man of affairs was an honorable man. The directorate of every bank contained among its number one or more saloon keepers, and all of them were habitual beer drinkers, and not one of them was ever accused or suspected of dishonesty or infidelity to his trust.
>
> Ninety per cent of the male school-teachers regularly used beer as a beverage. This city produced some of the most illustrious educators of the country, every one of whom freely patronized the beer saloon. Here flourished the noblest of society and the highest of culture and the finest examples of American citizenship.
>
> What was true of Belleville in those days was also true, in more or less degree, of every city in the Middle West where beer and wine were used as the chief beverages. I would never subscribe to the theory that the use of 4 per cent beer has any deleterious or demoralizing effect upon the American people.
>
> Thomas Jefferson understood this problem, and the Belleville experience bears out his views in these words imputed to him:
>
> "I rejoice, as a moralist, at the prospect of a reduction of the duties on wine by our National Legislature. It is an error to view a tax on that liquor as merely a tax on the rich. It is a prohibition of its use to the middling class of our citizens and a con-

demnation of them to the poison of whisky, which is desolating their houses.

"No nation is drunken where wine is cheap; and none sober where the dearness of wine substitutes ardent spirits as the common beverage. It is, in truth, the only antidote to the bane of whisky. Fix but the duty at the rate of other merchandise and we can drink wine here as cheap as we do grog; and who will not prefer it? Its extended use will carry health and comfort to a much enlarged circle. Everyone in easy circumstances (as the bulk of our citizens are) will prefer it to the poison to which they are now driven by their Government."

If President Hoover was ever right, he was right when, as United States Food Administrator, he contended that the stoppage of beer production during the war would drive the people to drinking whisky, and thereby produce a situation which would militate against the best interests of the Nation. Here are his exact words taken from a letter he then wrote to the Hon. MORRIS SHEPPARD, United States Senator from Texas, now appearing in the CONGRESSIONAL RECORD:

"If we stop brewing, the saloons of the country will still be open, but confined practically to a whisky-and-gin basis. Any true advocate of temperance and national efficiency in these times will shrink from this situation, for the national danger in it is greater than the use of some 4,000,000 bushels of grain monthly in the breweries.

"If the American people want prohibition, it should prohibit by legislation to that end, and not force the Food Administration to the responsibility for an orgy of drunkenness. It is mighty difficult to get drunk on 2¾ per cent beer; it will be easy enough if we force a substitution of distilled drinks for it."

In the same connection, President Wilson urged before the Senate of the United States that the manufacture of beer be not prohibited as a food conservation measure.

Senator BULKLEY. Is that a direct quotation there?

Mr. KARCH. Yes, sir; I have taken that from the CONGRESSIONAL RECORD, page 721, put into the RECORD by Senator SHEPPARD.

Senator BULKLEY. What was the date of that, do you know?

Mr. KARCH. June 1, 1918. Is there any question about the authenticity of it?

Senator BULKLEY. I just wanted the record to see how authentic it is.

Mr. KARCH. Thanks.

I may add that during the beer régime in Belleville there was neither gambling nor prostitution. Boys and young men were practically abstemious. I have never known a young girl to drink even beer, and no minor of either sex was ever found in a place where intoxicating liquor was publicly dispensed.

Now what is the picture? I shall not take the time to go into detail, but the conditions which are now known to flagrantly exist with respect to crime and morals and lawlessness everywhere in the United States is also to a considerable extent the situation in that community; probably not so aggravated, and I am, in fact, proud to say that the degrading tendencies of prohibition have been somewhat checkmated there because of the sound morale and the sterling manhood and womanhood of the older generation, which grew up in the age of liberty and still reflects its influence in the social and civic affairs of that community. I do not wish to be understood as injecting the saloon issue into the question of relegalization of beer. However, I do not know of a better method of distribution and dispensation than by means of a local retail store, and call it whatever you may.

Next to the point that there should be enough liberty in the United States to permit any person who chooses to drink a glass of beer, in the scale of importance, is the question of subjecting the traffic in beer to a reasonable burden of the internal revenue of the Nation—not of the Nation alone but of the States and the cities thereof, most of whom are now in a state of insolvency.

The two principal cities in my congressional district before prohibition raised annually as much as $180,000 by way of license. I am certain that if beer becomes a legal commodity, it will be an easy matter for these municipalities to impose a tax or license upon the traffic, yielding a total revenue between $300,000 and $400,000 annually. These amounts will go far to relieve these cities from their present stringency—it will enable them to better police the communities, and at this time relieve the poverty and starvation which exist there as everywhere else in the United States during these times of calamity and national distress.

As stated before, I very much hesitate to inject the distribution question into the present issue. I am confident, however, that the several States and the various municipalities thereof are fully competent to so regulate the traffic in legalized beer as to produce the highest measure of local revenue without reintroducing any of the objectionable features the saloon system may have had in its days.

Now, I venture to say, there are two speakeasies for every licensed saloon these communities had in preprohibition days. That fact presupposes, of course, that a large number of persons are receiving and exacting large sums of money from the patrons of these illicit institutions.

There is really no way of accurately calculating the profit that goes to vendors of illicit liquors, and that is immaterial. The fact remains that many hundreds of thousands of dollars are spent annually by the patrons of these speakeasies, and I am now speaking only of the two principal cities in my district. If we subtract from this vast total expenditure, if such a process were possible, the aggregate sum which would have been expended by these same patrons for the same amount of legally dispensed liquor, then the difference, in my judgment, would equal what is usually called the bootleggers' profit. My guess is as good as anybody else's, and I am sure I am within reasonable bounds when I say that these bootleggers' profits, within the territory I have in mind, are as much as $500,000 annually. It is this bootleggers' profit that I would like to see go back into the public treasuries, and I believe we would be making a fair start in that direction by legalizing beer under this bill, or any other measure undertaking to legalize beer, which Congress would be willing to consider.

Senator BULKLEY. The bootleggers' profit to which you refer is a gross profit, is it not?

Mr. KARCH. You mean is there such a thing as a gross profit?

Mr. HULL. No; hardly. The profit would be just what he would make clear. You could have a gross sale, but you would not have a gross profit.

Senator BULKLEY. Is that after all deductions that he might have to pay for protection, or does he not have to pay anything for protection?

Mr. KARCH. I have tried to show a table here of what the bootlegger takes from the trade. Now, what he does with his income I, of course, do not know, but I assume that a great deal of it is expended for protection.

Senator BULKLEY. Which would be deductible on his income tax, you think?

Mr. KARCH. Well, if the Government of the United States is capable of ascertaining what is deductible—but I understand the Supreme Court here held recently that that was not a proper item of reduction.

In giving this testimony, as you have probably noticed, I am confining myself to matters that have come to my personal knowledge. Many things can be said against prohibition which we all know as a matter of common knowledge, but I prefer, in this brief statement to relate my own observations and experience.

I believe that the legalization of beer would relieve the congestion in the district courts of the United States quite materially, and in the same proportion reduce the present high cost of the administration of justice. In the last typical year before prohibition, namely, 1918, I happened to be United States attorney for the eastern district of Illinois. At that time all of the business of the court was performed by a decrepit and superannuated judge—holding 6 terms within the district annually—by the way, it contains 1,200,000 inhabitants—at an average of 3 weeks per term—18 weeks of court in one year. Now two young judges have all they can do and are busy holding court on the average of 40 weeks each year. The number of grand jurors and petit jurors attending at the court have increased in the same proportion. The personnel in the United States marshal's office and the United States attorney's office has increased threefold. The number of witnesses and the expenses of bringing them to court have increased in the same ratio. What is true of the eastern district of Illinois is true, practically in the same degree, of every district in the United States.

In spite of the fact that we have been increasing the number of judges to expedite Federal criminal business, we hear the Supreme Court of the United States is still concerned about the overcrowded dockets in many jurisdictions and has recommended more judges as the only means of disposing of these overcrowded dockets.

I have a letter from one of the most diligent and capable judges in the United States stating that 90 per cent of the criminal cases in his court represent liquor violations and have clogged his court. I notice to-day the President has nominated an associate judge in his district.

I notice that the President has appointed an associate judge in his district, the southern district of Illinois.

The legalizing of beer, of course, would not remedy the whole evil of overcrowded dockets and the necessity for additional judges and the high cost of the administration of justice. But I contend that if beer were legalized the business and expenses of the Federal judiciary throughout the United States would be decreased at least half, if not more than half.

The people would be more contented and have a greater regard for their Government and would feel more inclined to cooperate with the Government in suppressing the illicit traffic which would remain. Federal enforcement can only succeed with the cooperation of the public, and that, of course, would carry with it the whole-hearted and effective participation by the State, county, city officials, prosecutors, sheriffs, and police in the apprehension and prosecution of alleged offenders against the liquor laws of the States as well as the Nation. It would eliminate the beer racketeer—the largest and most vicious element contributing to the appalling crime situation rampant throughout the country.

The speakeasy could not thrive if the public demand for beer were satisfied by lawful means. The speakeasy is the biggest curse wrought by prohibition. Some of these institutions are orderly and respectable but, nevertheless, nuisances in the eyes of the law and, at best, a menace to orderly society. But most of them are dens and dives, serving both as rendezvous for the gangsters and a lure to the profligate, and in most instances conducted by underworld characters. Here crime is hatched and criminals are harbored.

I can not agree with Mrs. Willebrandt that the speakeasy is as good and as respectable as the old-time saloon. Again I say I do not intend to confuse the issue by injecting the saloon problem; but I often wonder where and how these people who in this day and age condemn the old saloon got their information. The people who rail most against the saloon are people who never saw one. It strikes me that these people get their information from story books written by the Anti-Saloon League. It is all fiction.

It does not become any person to condemn an institution about which he knows absolutely nothing. I do not know what kind of saloons Mrs. Willebrandt saw in her younger days, but the saloon which I knew and had occasion to frequent did not permit any woman to enter, and in those days no woman had any desire to enter a saloon.

Senator BULKLEY. I would like to ask your opinion of the recommendation made by the Wickersham Commission for a substantial increase in the number of prohibition-enforcement officers.

Mr. KARCH. Under the present conditions?

Senator BULKLEY. Yes, sir.

Mr. KARCH. I would oppose that. I do not see any necessity for it. I do not see any good to be accomplished, because you could increase that force tenfold and the eighteenth amendment and the Volstead Act in its present form would be unenforced.

Senator BULKLEY. In other words, you think it is hopeless anyway and there is no use to increase the prohibition-enforcement officers?

Mr. KARCH. Exactly, sir.

Senator BULKLEY. Would we not get a greater measure of enforcement if the officers were increased?

Mr. KARCH. You would get a greater measure of enforcement, but you would also have a greater new crop of new violators.

Senator BULKLEY. Why would it produce new violators?

Mr. KARCH. Because there is always somebody ready to start up where somebody else was taken away by the criminal processes.

Senator BULKLEY. Is that based on your personal experience?

Mr. KARCH. Yes, sir.

Senator BULKLEY. And what would be the effect on this congestion in the courts that you refer to?

Mr. KARCH. Well, if we had legal beer, there would not be that particular situation.

Senator BULKLEY. I mean, if the recommendation of the commission were carried out to increase the prohibition-enforcement agents.

Mr. KARCH. Oh, there would be a larger congestion in the courts.

Senator BULKLEY. We would need more judges and more United States attorneys?

Mr. KARCH. You would need more judges, who are appointed for life, and probably beyond the system of prohibition. We would have a lot of idle judges in about 10 years on life tenure. Yes; we would have to have more judges, more marshals, more jails.

Senator BULKLEY. Well, you do not think it would reduce the amount of violations of law?

Mr. KARCH. No, sir. The people of the United States will never submit to the rigid enforcement of the eighteenth amendment, especially if it deprives them of harmless beer to which they have been accustomed and in which they believe, under the spirit of our Constitution, they have a right to indulge.

The CHAIRMAN. Thank you.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, an official who does nothing is bad enough, but an official who prevents others from acting is a public enemy. For months Congress has been endeavoring to draw a relief bill and just as they had accomplished a serviceable compromise the White House marplot threatened a veto.

This was not playing politics with human misery, this was cold-blooded, inhuman interference with American rights and procedure for the sake of obeisance to the financial aristocracy of America. The old feudal robber barons suppressed the people by arms; to-day their counterparts do it by control of the public moneys. The medieval big-shots took a chance with their lives, the modern, paramount racketeers let the Republican Party do their fighting. The G. O. P. is like the Hessians, it fights for pay.

The White House accuses Congress of not cooperating. The Democrats went beyond the limits of cooperation when they assented at the White House request to relief for the inane, insolvent, blubbering, staggering Republican Farm Board. Hyde, the teacher's pet of the Cabinet, would help this Republican atrocity of politics in business. Hyde, the reforestation rejoinderer of the White House, is a babe in the woods on the farm question. His administration was so stupid that at last the farmers have realized the injury Republican politics has done them.

When the Democratic conferees agreed to take the Hoover quid on the Farm Board, as a good sport, Hoover should have taken the Democratic quo for all the people. It was a shameless thing for the President to hook his decrepit Farm Board on the mighty Democratic engine for relief.

If Hoover does not sign the relief bill, may the results be upon his head. He has refused to heed the cries of misery from below. He has ever heeded the cry for more from above. His is the real Republican philosophy of letting the pennies of the millions make the millions of the few.

What a fortunate thing for Americans that we face a general election this year; a fortunate thing, particularly, for Democratic Americans. It will produce an orderly revolt by American methods against the domination of malefactors of great wealth and little sense. Election day will see prosperity come around the corner accompanied by Frank Roosevelt and JACK GARNER [applause], and on March 5 we will read this notice in the shipping news of the metropolitan papers:

Among those sailing on the *Berengaria* for England were Peggy Joyce, Charles A. Levine, Dudley Field Malone, James N. Beck, Clarence True Wilson, and the "forgotten man," who was identified as Herbert Hoover. The ex-President, when asked to comment, said, "I am traveling incognito, because the other passengers might be alarmed that I would sink the ship."

[Laughter and applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Chairman, I want to address the House this afternoon on the subject of the President's message to the Geneva conference on the matter of disarmament; but before we disarm, I want to read a telegram I received this morning from the chamber of commerce of my home city, Portland, Oreg., a great seaport, as you know, on the Pacific coast. This telegram states:

Is there any prospect that the Army supply bill will remain indefinitely in conference? We are naturally worried over the jetty work. The contractors are now proceeding, without assurance of payment, and the work is liable to close down.

This caused me to inquire of the Chief of Engineers about the matter, and he said:

Yes; we owe those contractors $54,000, and that is a situation that exists all over this country. I am about at the end of my resources.

What will be the result if the river and harbor work and the flood-control work have to close for lack of money? It is due to our neglect to obtain final legislative action on the appropriation bills, including the Army appropriation bill, which passed the House on the 9th of June and the Senate on the 19th of June. Why at this late date should we stand idly by permitting the continued deadlock of the conferees on the Army appropriation bill when such inaction results in the suspension of Government work and allows these thousands of employees to be added to the distress and unemployment of the country? You talk about a relief bill; here is a relief bill of first-class proportions held up, and held up by whom?

Mr. COCHRAN of Missouri. I will tell the gentleman. The gentleman well knows that it is being held up by the chairman of the Military Affairs Committee of the Senate.

Mr. MARTIN of Oregon. No; it is being held up by Members of this House.

Mr. SCHAFER. Is it not a fact that the man who has been holding up the appropriation bill is the chairman of the Military Affairs Committee of the House, who wants to make the Government follow some British major or captain in providing for national defense?

Mr. MARTIN of Oregon. Absolutely, but it is not the chairman of the Military Affairs Committee, but the chairman of the Subcommittee on Appropriations.

Mr. SCHAFER. The gentleman from Mississippi, Mr. COLLINS.

Mr. MARTIN of Oregon. Now that we have got that off our chest, let me proceed.

Mr. BRITTEN. Will the gentleman yield?

Mr. MARTIN of Oregon. I yield.

Mr. BRITTEN. My good friend has answered his own question, but what is he, a good staunch Democrat, going to do about this terrible situation, which is in the control of another Democrat?

Mr. MARTIN of Oregon. He is making the situation worse. I do not want to go along with any such proceeding.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. MARTIN of Oregon. I will.

Mr. CHIPERFIELD. The gentleman is repudiating him and all his works.

Mr. MARTIN of Oregon. I am. [Laughter.]

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MARTIN of Oregon. I will yield.

Mr. COCHRAN of Missouri. Will the gentleman be kind enough to tell the House exactly what is holding up the military appropriation bill? It is a question of officers.

Mr. MARTIN of Oregon. I am going to explain that in my remarks—you passed the bill on a false hypothesis. The question now is whether there shall be sufficient money available for river and harbor work.

Mr. COCHRAN of Missouri. No; whether there shall be ten, eleven, or twelve thousand officers. The Senate insists on 12,000 and the House on 10,000.

Mr. MARTIN of Oregon. The House has no show at all.

Mr. MICHENER. Will the gentleman yield?

Mr. MARTIN of Oregon. I yield.

Mr. MICHENER. The gentleman from Oregon was asked what he is going to do about it.

Mr. MARTIN of Oregon. What are you going to do about it?

Mr. MICHENER. I want to call the gentleman's attention to paragraph 1½ (a) in Rule XXVIII, a modification that was adopted in 1931, which permits the discharge or the instruction of conferees after the conferees have been appointed for a period of 20 days.

I was going to call attention to the fact that these conferees were appointed on the 18th day of June. Therefore, if I figure correctly, it will be within the power of the House about Monday next to do something. If the gentleman is interested in having something done, I would suggest for his consideration the rule to which I have referred.

Mr. O'CONNOR. Has the gentleman taken into account the legislative days, because there are some Sundays intervening there. The consistent ruling of the Chair has been on every occasion where the matter of days is in question to count only legislative days.

Mr. MICHENER. I think the rule specifically provides for counting calendar days. I read from the rule:

> After House conferees on any bill or resolution in conference between the House and the Senate shall have been appointed for 20 calendar days and shall have failed to make a report, it is hereby declared to be a motion of the highest privilege to move to discharge said House conferees and to appoint new conferees and to instruct said House conferees.

So that regardless of what the organization of the House may desire in reference to this matter, on Monday the burden and responsibility will move to the House, and action can be had.

Mr. MARTIN of Oregon. I am glad to hear that, because I think it is about time something was being done.

Mr. GOSS. If the gentleman will permit further, to ask the gentleman if the Speaker could not appoint the same conferees and whether we would not get into the same deadlock.

Mr. MICHENER. We can instruct under this rule. The Speaker probably would appoint the same conferees, it is true, but we could have a motion considered to instruct the conferees so that the House would be permitted to express itself regardless of the autocratic attitude of the conferees or of anyone else.

Mr. MARTIN of Oregon. Mr. Chairman, I decline to be interrupted further. I want to proceed now to my address and make a few comments on the wonderful pronouncement of the American position with reference to disarmament, made by the President to the disarmament conference at Geneva.

We heard recently on this floor a supposedly great military authority speak at length about the mechanization and implementation of warfare. Mr. Chairman, a doctrine on the conduct of war that visualizes combat on future fields of battle between machines rather than between men is the most damnable doctrine that could be preached, and against the whole tradition and history of this country. All these "old fogy" generals we have had at the head of our Army, who advise our President, are dead set against this extreme mechanization, which is carrying us back to the Dark Ages. As a great free people, the President states our position nobly in this message to Geneva, that we are opposed to this excessive implementation of warfare which started after the close of the World War and has grown apace.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. MARTIN of Oregon. May I have a little more time?

Mr. DOUGHTON. Mr. Chairman, I yield two minutes more to the gentleman.

Mr. MICHENER. And I yield three minutes from the time controlled by the gentleman from Wisconsin [Mr. STAFFORD], who is momentarily absent.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. MARTIN of Oregon. Mr. Chairman, the excessive implementation of warfare is aimed principally at noncombatants and the destruction of private property, the very thing that all real soldiers, men who know about warfare, are trying to avoid.

In the proposals by extremists who prate about replacing men by machines on the battlefield we hear only vagaries as to how this will be accomplished. No one will question the value of motor transport in moving men to the battlefield. That has been done in the past and will be done in the future. But the complete replacement of the foot soldier by the tank, and that seems to be the method of mechanization most talked about, is only a fanciful conjecture. Tanks can be utilized only over certain kinds of terrain, and while there will likely be cases where 2 tanks will be worth 200 foot soldiers, yet there will be many cases where many times that number of tanks will be absolutely worthless. What will be the value of a tank in heavily wooded country or in water-soaked areas? We have just recently noted the absolute failure of tanks in the operations around Shanghai where Japanese tanks were proved to be absolutely ineffective. Tanks contributed nothing in the capture of Kiangwan which was defended by Chinese foot soldiers. The stronghold was captured by Japanese foot soldiers, and the issue was thereby decided. In certain situations, without doubt, the tank can be of valuable aid to the foot soldier, but it does not follow that this machine can replace the foot soldier. Far from it. It merely enables him, in certain situations, to accomplish his purpose, the victory on the battlefield, with greater economy and perhaps more readily.

If mechanization, as visualized, is to obtain the victory by the exclusive use of the airplane, then that, too, is leaning the defense of the United States on a rather slender reed. The airplane is important in war; no military man will minimize its value. However, we must not let popular enthusiasm over aviation cause us to lose the proper perspective. The Army's airplanes are an adjunct to the ground forces and aid the infantryman, together with the artillery and other auxiliary arms, to gain the decision in battle. The very nature of the machine, its handicaps of fragility, its lack of capabilities in coping with adverse weather conditions, its inability to capture any locality, preclude it from replacing the foot soldier in war. I again refer to the recent operations at Shanghai—the story is well known—where the Chinese foot soldiers budged not an inch as a result of the continued efforts of bombardment by the large Japanese air fleet which attempted to bring the Chinese army to submission without the sufferance of extensive casualties by the Japanese. What the Japanese air force did to the civilians in Chapei aroused the civilized world to indignation.

I do not depreciate the value of machines in warfare, and I believe we should provide every suitable machine that will be an aid to the man who fights the battle. However, I take strong issue with a doctrine which, if put into practice, would dupe the American people into a false sense of security by reason of the possession of war-making machines, without adequate provision for man power, trained in the practical and inevitable methods of combat on the field of battle, and with leaders who by years of study and experience are capable of conducting operations with a maximum of economy in blood and money and with the assurance of victory.

Now, mark the difference between the arguments offered as justification for certain provisions of the Army appropriation bill as it was when it first emerged from the Appropriations Committee of this House and the arguments contained in the President's message on disarmament. The President very properly recommends the universal abolition of all tanks, all chemical warfare, and all large mobile guns. He would abolish all bombardment aviation and he would prohibit bombardment from the air. No halfway measures should be accepted, for by such means the intended purposes can be avoided and the effect on the military power of the nations will be disproportionate. If every nation should agree to accept these proposals in their entirety, considerable reduction in the costs of armaments could be effected, for the costs of mechanization are enormous. A bombing plane with a speed of 120 miles an hour to-day costs as much as $70,000. To-morrow that plane may have to be replaced by a newer type capable of a speed of 200 miles an hour. The proposals of the President would, in addition to the savings on expensive implements of war, eliminate to a large degree the dangers to which defenseless civilian populations might be subjected by preventing bombing from the air and by prohibiting the use of poisonous gases. Compare, if you will, these practical proposals with some of the arguments you have listened to on this floor on the substitution of mechanization and gas warfare for man power in war.

On the subject of the strength of personnel of armies, and to which subject I shall confine the remainder of my remarks, the President proposes a reduction by one-third of the strength of all land armies over and above the so-called "police component," using the army of Germany as the yardstick. In other words, he would leave intact in each country an army sufficient to maintain internal order in connection with the ordinary peace forces of the country, based on his suggested yardstick, as well as two-thirds of the "defense component," that additional force maintained for defense against foreign attack. I desire to point out a fact or two in connection with the application of this yardstick to our own Army, which may be a revelation to some who are persistent in their efforts to reduce the strength of our Regular Army. Germany was restricted to 100,000 men in her army by the treaty of Versailles, and this number was determined to insure her internal stability and order and for that purpose alone. Compare this "police component" of Germany with our Regular Army in the continental limits of the United States of only 99,675 officers and enlisted men. We have less than the Germans. Our population is 122,000,000, and Germany's population is 63,000,000. Applying the yardstick on the basis of ratio of population, we find that the United States has no "defense component," and the "police component" only is one-half of what it should be under the formula. We ought to have, on the basis proposed by the President, a Regular Army in continental United States of approximately 200,000 men. Mind you, that does not allow the United States any "defense component" of regular forces.

In addition, under his plan, we should have additional forces in our overseas possessions. If we should apply the yardstick with wealth per capita as the basis, the strength of our Regular Army in the continental limits should be 250,000. If the yardstick should be applied on the basis of relative areas, a factor which can not be overlooked in the exercise of police power, our Army should be sixteen times the size of the German Army. The President understands those things. He has able advisers around him, and he has the good sense to take their advice, because it is based upon knowledge of the Army and upon knowledge of military history. By the application of any logical factor, therefore, the Regular Army of the United States should be increased to give it a police power the Allies acceded to Germany; yet in the Army appropriation bill as passed by this House, we reduced the Regular Army by 2,000 of its trained leaders.

I submit, Mr. Chairman, that the action of this House in voting to reduce the Regular Army by 2,000 officers was a grave mistake, which I hope will be rectified when the conferees determine to give us another vote on this matter. The action of the House, if it were in accord with the sound proposals for disarmament of the President of the United States, should have been to increase the Regular Army to a minimum figure that will assure "adequate national defense," rather than cutting down the existing inadequate forces on which we must rely to hold off an enemy until our great citizen forces can be assembled and trained to meet the foe. What were the arguments that were used to defend the action of the House in reducing the Regular Army by 2,000 trained officers, besides the specious, absurd plea for mechanization on which I have already addressed some remarks?

Economy and promotion. These bear analysis.

It has been stated that the economy to be effected by retiring the 2,000 officers would be $3,800,000 in the fiscal year 1933. No mention was made of the fact that over $900,000 would have to be spent to send these officers to their homes and to make the essential redistribution of the remaining officers to carry on at such of the vacated positions that would have to be continued. It was asserted that a large saving would be made in the housing program of the Army if we had 2,000 less officers. The truth is that the approved housing program of the Army, if the required sum is ever appropriated, will bring the officers' quarters up to a total of 8,388. Whether the Army has 12,000 or 10,000 officers, the housing requirements will remain unchanged, for the 2,000 officers would be removed largely from duties not at Army posts where housing facilities are supplied. Officers not on duty at Army posts are given commutation for quarters, the saving for which is already included in the estimated economy of $3,800,000 to which I have referred. One other inaccuracy on savings to be effected needs to be examined. The expense of travel and promotion through longevity for 2,000 officers was expressed as being "about $20,000,000 annually." That estimate is grossly in error, for if we take one-sixth of the total of travel expenses and longevity pay of the Army bill as it passed the Senate, or $9,801,517, that saving could be only $1,633,586. So we see that this House was grossly misinformed on the economy that would result by an action which would cut a most damaging and irretrievable swath through the heart of our national-defense system. The argument was presented that these 2,000 officers on the retired list would be just as available to step into the ranks in case of emergency as if they remained on active duty and that their services would not be lost to the national defense. That is absurd.

Not only would these officers become less available for active duty as time went on but their capabilities to render maximum service would fall off most rapidly; certainly their value to the Nation as retired officers would in no wise be proportionate to the difference of one-fourth of their pay that would be saved. There would be small saving, but truly it would not be an economy. The more apt term to describe this procedure is extravagance.

Much has been said about the great service that would be rendered the Army in the matter of promotion by effecting the elimination. This is nothing but a herring dragged across the trail. Promotion in the Army can not possibly be facilitated by reducing the number of officers in each grade, and some of those who offered the argument to the contrary ought to have had a clearer understanding of the problem. They not only quoted from the report of the Interdepartmental Pay and Promotion Board, which made findings and recommendations in the interests of procuring a reasonable plan for adequate promotion in the commissioned ranks, but read interpretations into that report that were far afield. Mr. Chairman, I consider that these misinterpretations, presented to prove that a reduction of officer strength would create a healthy situation for morale in the Army, were most unjustifiable. The facts are that this board at no time suggested the reduction of the officer personnel by 2,000 or by any other number. Its findings were based upon the desirability of increasing the flow of promotion with the object of eventually eliminating the "hump"

caused by increasing the size of the Army at the end of the World War. It recommended the desirability of permitting a certain number of officers to retire each year, their places to be filled at once from those below.

Wherein does the plan to take out 2,000 officers, some from each grade, and not thereby create vacancies to be filled from those below, make for promotion or the elimination of the hump? It can not possibly solve the perplexing problem in any sense, and I deplore the loose talk that has taken place on this floor about the creation of a normal flow of promotion and the enhancement thereby of the efficiency and contentment of the Army. I contend that even were a contribution made toward the solution of the promotion problem, that could not be a justification for reducing the officer strength and thereby further weakening our national defense.

The matter of ratio of officers to enlisted men has been seized upon as an argument for the reduction of the number of officers. Erroneous figures have been quoted purporting to show what an undue proportion of officers we have in our Army. I have previously given you, as have others, the correct figures on foreign armies. There have also been shown here the requirements for the body of officers we have to-day; in fact, it has been forcefully pointed out that for our defense establishment as it now exists we have 2,000 less officers than are actually required. Inasmuch as our whole national-defense system must have a staff, many instructors, supervisors, and planners, if it is to be kept in order, no relationship exists between the number of Regular officers necessary for these manifold and important duties and those who are merely necessary to officer the units of our small Regular Army. In this continuing body of officers reside the professional knowledge and technical skill which insure that the enormous latent military strength of America shall be used to the best advantage. To reduce that strength would be the height of folly.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. DOUGHTON. Mr. Chairman, I yield two minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Chairman, when statements of fact are made which are probably inaccurate, I think the House is always desirous of having such inaccuracies corrected. The gentleman from Oregon has brought a rather severe charge against a Member of the House, who I find is absent this afternoon, since it was understood there would be no business transacted. It seems that all the blame which he considers to be blame is, in his opinion, chargeable to one Member, the gentleman from Mississippi [Mr. COLLINS]. I am reliably informed that the differences between the House and Senate conferees at this time are that the House conferees have proposed to yield to the Senate by accepting a reduction of 1,000 officers from the number authorized by the House to be retired and to limit such reduced strength of the Army officer personnel to one year. The House conferees are the gentleman from Mississippi [Mr. COLLINS]; the gentleman from Georgia [Mr. WRIGHT]; the gentleman from Arkansas [Mr. PARKS]; the gentleman from California [Mr. BARBOUR], who was former chairman of this same subcommittee; and the gentleman from Minnesota [Mr. CLAGUE], who for some time has also been a member of this subcommittee. My information is that the Senate conferees have not indicated a willingness to accept any proposal of the House conferees looking to a reduction of the present officer personnel of the Army.

Mr. BRITTEN. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. BRITTEN. The gentleman has been a member of the Committee on Naval Affairs for a number of years, and he has served honorably and well. The gentleman knows that to take a military man out of active life for one year, with a view to putting him back the following year, would be exceedingly bad practice, does he not?

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. DOUGHTON. I yield to the gentleman from Alabama one additional minute.

Mr. OLIVER of Alabama. I did not rise for the purpose of discussing the merits of any proposal made by the House conferees, but in view of the statement made by the gentleman from Oregon [Mr. MARTIN], I felt that the House would at this time like written into the RECORD the facts relating to the matter in disagreement between the conferees as to the officer personnel. The House conferees, who are distinguished Members of this body, will, I assume, at the proper time explain their proposal.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. MARTIN of Oregon. I hope they will. Does the gentleman recognize that of the majority conferees on this bill only one Member is present in Washington at this time?

Mr. OLIVER of Alabama. I have no knowledge as to that.

Mr. MARTIN of Oregon. That is my understanding; that only one of them is present.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. DOUGHTON. I yield five minutes to the gentleman from Illinois [Mr. RAINEY].

Mr. RAINEY. Mr. Chairman, I have obtained this brief time for the purpose of reading a dispatch which the International News Service is sending out and which will appear in the evening papers to-day. The International News Service is reliable always, and therefore I am sure they have the facts with regard to this matter. The dispatch is from Lausanne and I read it now:

> Agreement on a new reparations treaty scrapping the Young plan and providing for liquidation of Germany's postwar obligations in a lump sum totaling $750,000,000 was reached by France, Germany, and Great Britain here to-day.
>
> Representatives of Italy, Belgium, and Japan accepted the agreement late this afternoon.
>
> A plenary session was set for 9 p. m. The treaty will be signed to-morrow.

This news, which I have every reason to believe is reliable, comes with crushing effect upon this country. A year ago last June when President Hoover, in the absence of Congress, agreed to a moratorium for one year, I received one of his telegrams asking me to agree to it, and I replied refusing to do it. It is in line with the policies of this administration. Yesterday a bill was vetoed in advance. A year ago an indebtedness of over $10,000,000,000 to us from foreign nations was canceled by the President for one year. At that time I stated in my interviews that this meant we could expect no more payments on the amount due us from foreign nations. When he granted that in this unconstitutional way and when he polled Congress and made good on it last December, he canceled $10,000,000,000 which they owe us. When he did that he in effect accomplished this—this means nothing to those countries over there. They lose nothing by it. Those were political debts, but we borrowed $10,000,000,000 from our nationals, which we loaned to them, and we still owe it. Our taxpayers will be compelled to pay that through future years.

Now, it has already been admitted that the bill we have passed fails to balance the Budget by at least $150,000,000, and I think the amount is more than that. You must remember that in balancing this Budget we counted as cash $269,000,000 the allied nations will owe us this year.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman from Illinois an additional five minutes.

Mr. RAINEY. Therefore this means, under the facts as they exist now and without any further losses from our income sources, that to-day and this hour the deficit for the fiscal year upon which we have now entered is $419,000,000, almost half as much as it was for the year 1931, and this in spite of the fact that we have been compelled to inflict upon the people of the United States over $1,000,000,000 of new and irritating taxes.

Mr. MAPES. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. MAPES. I do not understand from the dispatch the gentleman read, as I heard him read it, that the United States was a party to the agreement or that it made any reference to the indebtedness which the foreign countries owe the United States.

Mr. RAINEY. The United States is not a party to this agreement.

Under the Hoover administration we have pursued a splendid policy of isolation. Under the Hoover administration we kept away from all these entangling alliances, as they are called. Under the Hoover administration we had no voice whatever in this settlement which places upon us this enormous burden and which means that our taxpayers will now be compelled to pay this enormous amount.

Mr. MAPES. Will the gentleman yield further?

Mr. RAINEY. I yield.

Mr. MAPES. My recollection is that the President very definitely stated that he was opposed to the cancellation of foreign debts or any further extension of the payment of interest.

Mr. RAINEY. It does not make any difference what he says. Of course he is not going to be in favor of it now, with the campaign approaching.

The reporters who cover the State Department, I am reliably advised, will send out dispatches to-day saying that the State Department is now ready to enter into negotiations for the purpose of scaling down still further the amounts which are owing to us, and we have already canceled 50 per cent of them.

Mr. SCHAFER. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. SCHAFER. In view of the fact these billions of dollars were loaned to the foreign governments by the Democratic administration, when the Democrats get in power will they be able to collect 100 cents on the dollar?

Mr. RAINEY. The mistake was made in ever putting the gentleman's party in power. That is where the mistake was made. [Applause.]

From the moment in 1920 that the gentleman's party took charge—and those were prosperous times—from that moment these depressions commenced until now we are staggering under the depression which will affect us from now on more than any other nation in this world.

From that moment they commenced to form across the seas the United States of Europe, and to-day we are left on the outside of their tariff walls simply looking in. To-day their markets are closed to us, and our ships are rusting in our harbors, and our income from every possible source has been diminished.

I understand also, although it does not appear in this dispatch, they agreed over there to-day that they would pay us no more money on this indebtedness until prosperity returned to them. This is the situation now, and this is what our splendid policy of isolation under three Republican administrations has done for us, and this is where it has left us.

Mr. McFADDEN. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. McFADDEN. I was interested in a statement made by the gentleman relative to the State Department taking up negotiations. I recall that the House placed a rider on the Franco-American agreement last December which forbade any further negotiations looking toward a reduction or cancellation of the debt.

Can the gentleman tell us how the State Department can proceed now with that rider on the bill?

Mr. RAINEY. I can not tell the gentleman. But a President who can violate the Constitution twice will find some way of getting away from a proposition like that.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman from Illinois an additional five minutes.

Mr. BRITTEN. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. BRITTEN. The gentleman has mentioned that there will be a deficit of some $450,000,000 in the Treasury in the present fiscal year.

Mr. RAINEY. I said according to the figures available to-day it would be $419,000,000.

Mr. BRITTEN. That is right.

Mr. RAINEY. There is no doubt but what it will be more than that.

Mr. BRITTEN. I do not doubt that a bit. I am wondering, in view of this statement, what action the gentleman, as leader of the majority party in the House, is going to take before we adjourn to safeguard this particular deficit and provide against it.

Mr. RAINEY. That is up to the initiative of the leader of the gentleman's party. It is up to him to say whether he wants to keep Congress in session here long enough to meet this tremendous impending deficit.

What kind of taxes does he want to levy to do it with?

Does he want to make the tax on first-class mail matter 5 cents instead of 3 cents?

Does he want to increase the tax on checks?

Oh, we are face to face with some unpleasant things as a result of the administration of the gentleman's party in the last four years.

Mr. MICHENER. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. MICHENER. In reference to taxes, the gentleman suggested that there might be something done. Does the gentleman think, if we were to bring in a sales tax, which the gentleman favored when it was before the House previously and which would balance the Budget, that he could induce enough Members on his side to join with us to pass a tax of this kind, which is sound, according to the gentleman's own contention, and which will balance the Budget?

Mr. RAINEY. Remedial measures to meet this depression must be basic in their character, and there is not the slightest chance as long as Mr. Hoover is President of the United States of accomplishing the slightest thing in the matter of bringing about a betterment of conditions, and there is no use to try to.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman from Illinois five additional minutes.

Mr. BRITTEN. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. BRITTEN. The gentleman's party in Chicago the other day adopted a plank in their platform which is basic in its character for the immediate modification of the Volstead law for the raising of revenue.

Is the gentleman going to do anything about this during the present session?

Mr. RAINEY. Do not make a speech in my five minutes.

Mr. BRITTEN. I am not; I am asking a question.

Mr. RAINEY. At this point in my speech—I have not got it right here—I will insert extracts from the campaign speeches of Mr. Hoover four years ago in which he declares himself unequivocally and forever against any repeal of the eighteenth amendment or any modification of the prohibition laws in which he declares himself drier than any man in this House.

THE PRESIDENT'S POSITION FOUR YEARS AGO ON PROHIBITION

I have the extracts here and in this connection, and at this point, it becomes necessary for me to quote the President of the United States, and I quote for the benefit of the gentleman from Illinois [Mr. BRITTEN] in order to indicate to him and to others who so strenuously uphold wet banners on the Republican side of this House, where the President stands.

On the 11th day of August, 1928, when Mr. Hoover was notified by the Republican National Committee of that year of his nomination, his address of acceptance was delivered in Stanford Stadium in California. Bands played, drum corps marched, airplanes flashed overhead. The speech of acceptance was carefully prepared, and among other things he said:

I recently stated my position upon the eighteenth amendment, which I again repeat: "I do not favor the repeal of the

eighteenth amendment. I stand for the efficient enforcement of the laws enacted thereunder. Whoever is chosen President has under his oath the solemn duty to pursue this course."

On September 17, 1928, in the State armory in Newark, N. J., in his address Mr. Hoover referred to prohibition as having "contributed to magnificent progress."

Again, on October 6, 1928, at Elizabethton, Tenn., the President said:

Abolition of the liquor traffic has become a part of our fundamental law—

and later on in the same address he said:

The purpose of the eighteenth amendment is to protect the American home.

In his Madison Square Garden speech on the 22d day of October, 1928, in New York City, Mr. Hoover condemned any proposition to change "from prohibition to the State purchase and sale of liquor."

These utterances of the President show where he stands. They are unequivocal. The Republican platform may be construed by the wets as being wet, and it is so construed by Senator BORAH and by other leading drys belonging to his party, and they refuse to support it for that reason. The platform is so evasive that some drys find that they can stand on it; but the utterances of the President in the campaign of four years ago are not evasive. They are perfectly clear. I am unwilling to believe that for reasons of expediency the President is prepared now to abandon his convictions.

Yesterday the gentleman from Illinois [Mr. BRITTEN] voted against the bill which contains the propositions for relief which his city of Chicago is demanding. He voted against it because the President was against it.

The gentleman from Illinois nails the beer flag to his masthead and courageously stands for it, and he will stand for it until he finds the President is against it, and then his convictions on the subject of prohibition will disappear like a morning mist in the rising sun. The gentleman from Illinois is a Republican first of all. He follows Republican leaders. He is ready to surrender any conviction if the President of the United States apparently is opposed to it. The gentleman from Illinois is an ideal Republican.

Sincerity, even on the question of liquor, would demand that the gentleman from Illinois [Mr. BRITTEN] support in the approaching election the Democratic candidates for the Presidency, running on an unequivocal Democratic platform. If, unfortunately for the country, Mr. Hoover should be reelected, and if he should maintain his dry stand as his dry followers expect him to do, we will find the gentleman from Illinois tearing down his beer flag which he has nailed to his masthead and will find him following in dry paths of his leader.

Mr. BRITTEN. The gentleman, of course, is not answering my question about the basic principle for collecting revenue adopted at Chicago, and on which modification plank the gentleman will run for reelection.

Mr. RAINEY. I am a candidate for reelection. The President will veto any beer revenue bill, even if such a bill could be passed now. He, in effect, also vetoed this proposition in advance in the speeches he made four years ago. I want to say, in the brief time I have, that I admire the gentleman's courage. He is the bravest man in this House. He admitted on the floor yesterday that he had voted against this war, and he did. Then, when we are engaged again in a war more serious than that, an economic war against poverty, unemployment, and the present Republican depression, which demands a remedy at once, and when we presented this remedy to him he voted against it yesterday. He has voted now against two wars, and, of course, it takes a lot of courage to vote against two wars.

Mr. BRITTEN. Not when both wars are wrong in principle.

Mr. RAINEY. The gentleman nails his banner to the masthead and stands for beer. Beer is in his judgment the remedy for every situation that affects this country.

Mr. BRITTEN. That is right.

Mr. RAINEY. The gentleman has been finding his way into the public prints in Chicago, advocating loans for Chicago in order to feed her unemployed, advertising that he is making a most tremendous, a magnificent, and winning fight here to get money for Chicago out of the Federal Treasury, in order to do what Chicago can not do for herself, and yesterday provisions were in the bill by which Chicago can borrow up to $45,000,000 for the purpose of feeding her 600,000 unemployed, which she is feeding every day.

Yesterday in the bill there were also two provisions under which municipalities can borrow for self-liquidating projects and for any project that will employ labor. That was all in the bill, and it was in the bill largely in the interest of his city. I put them there myself. The gentleman had nothing to do with it. The gentleman who has been so courageous and so brave in the newspapers in trying to get money out of the Treasury for Chicago yesterday was so courageous and so brave that in order not to offend the President of the United States he voted against his own city and against her chance to get anything out of the Treasury of the United States to meet conditions which have been brought about in one of the great cities in the world, the second city in the United States. [Applause.]

Mr. BRITTEN. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. BRITTEN. May I ask the gentleman if he, like myself and others from Chicago, received a telegram to-day from his Democratic friend, Mr. Bowler, of the sanitary district?

Mr. RAINEY. I received it.

Mr. BRITTEN. That telegram stated, if you please, that the bill passed yesterday in no sense took care of the situation in Chicago.

Mr. RAINEY. Mr. Bowler has been listening to you and you did not know what was in that bill. The telegram stated that the sanitary district could not borrow.

Mr. BRITTEN. The gentleman is mistaken. He is of the gentleman's party.

Mr. RAINEY. But he seems to have been misled by your vote. The sanitary district also was taken care of in that bill. If they have a proposition which employs labor—and they have—they can borrow money under this bill. You voted against it, and Mr. Bowler got his information from you, not from me. I corrected him by telling him the facts, and he will find out to-morrow, if he does not know it now, that you voted against the bill. All the people of Chicago will know that to-morrow. [Applause.]

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield myself 10 minutes. If the distinguished majority leader had read anything other than the despatch with reference to the conclusion of successful negotiations that had been going on for several days past at Lausanne to try to bring Germany and France to an accord on reparation payments, he would have known that throughout those negotiations it was stated as a fundamental that the United States would not relieve the foreign governments from the payment of international debts. But from his position of authority he jumps to the conclusion, absolutely unwarranted by the facts, that it is the policy of the present administration to cancel foreign debts when it has been the policy of the present administration throughout that those debts would not be canceled.

I had hoped that instead of the plaint and whine of the distinguished majority leader against this accord he would have hailed it as one of the great achievements in international relations. But, no. He takes occasion to minimize the accord, whereby France has yielded from the total payment of 34,000,000,000 marks as the amount that Germany should pay to the small amount of 3,000,000,000 marks, or an equivalent of $750,000,000.

I stated earlier in the day that it was a matter of congratulation that those two great powers, Germany and France, had got together so that those countries, and, in fact, all of Europe could revive industrially. I also stated that

it was my primal belief and had been my primal belief for years that this country could not revive industrially until conditions abroad had revived. I am hopeful and expectant that with this accord, which I acclaim as one of the greatest master achievements of Ramsay MacDonald, Premier of Great Britain, we will now see conditions in Europe revive and conditions in America revive.

The gentleman says that the moratorium which President Hoover negotiated a year ago, when Germany was on the brink of financial disaster and bankruptcy, meant a cancellation of debts owing to us to the extent of $269,000,000. If he had known the very A B C's of that negotiation he would have known that was merely a deference of the payment of that amount, to be spread over a period of time, and not a cancellation. If the distinguished majority leader had known more about international relations and was not concentrating so much on political maneuverings, he would have known that France is obligated on December 1 next to pay $30,000,000 of her war debt and there is no question it will be paid. If he had known a little more he would have known that the $10,000,000,000 of international indebtedness represented by bonds would have to be paid or the foreign governments would be in default. Now, these foreign governments are not shysters who are going to default on their bonded obligations, and until some negotiations have been consummated changing the present foreign indebtedness, it is expected they will pay the full amount of the bonds.

Of course, there are only a few more days of this session of Congress and we will have to expect the majority leader on every occasion possible to emit fulminations of political speeches, not based on facts but only on the vagaries of his mind. [Laughter and applause.]

Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. COYLE].

Mr. COYLE. Mr. Chairman, two years ago I made a report to the people of the district in which I stated that every Member of Congress had a duty to keep his constituents informed as to his own work and his views on the issues which came before the Congress. I still regard that practice as an excellent one. The session now drawing to a close has perhaps been the most momentous since the war days. We have all been faced with trying and difficult problems to solve. My own sincere desire has been to follow unswervingly the course which my judgment dictated as best for the people of the country as a whole and for the people of my district. On some questions, it is true, that judgment has run contrary to the desires of the heart as regards certain groups of people. Nevertheless, I have considered it my duty to the electorate of the district to follow the course which such judgment as I have indicated was for the greatest common good. The pledge of the Spartan soldiers more than 2,400 years ago, when they were defending the Pass of Thermopylæ against a force of Persians many times as great, might very well at this time be transposed to serve as a pledge for every American:

"I pledge service to my fellow man.

"I pledge whole-hearted cooperation in solving America's problems in the best interests of all her people.

"I pledge that I will transmit the freedom and democracy of my America unmarred and even greater than it was transmitted to me."

MORATORIUM ON FOREIGN DEBTS

The President's action in 1931, while Congress was in recess, in recommending that an extension of time be granted our foreign debtors was without doubt a wise and timely one. I was glad to support that proposal when the Congress met last December. I do, however, oppose cancellation of the foreign debts. The United States has been just and generous to our allies. If the allies fail to pay completely their debts to us, the taxpayers, who are the people of the United States, will find it necessary to raise by taxes whatever shortage there is in that payment by the other nations. It really means that the taxpayers of the United States must pay as the Liberty bonds which raised the money that was advanced fall due. I am, as heretofore, convinced that at least the principal of these debts should be paid by the foreign nations.

RECONSTRUCTION FINANCE CORPORATION

I supported the President's proposal for setting up the machinery of the Federal Reconstruction Finance Corporation, with $500,000,000 of original capital and authority to expand its resources to $2,000,000,000 by the issue of bonds, "to aid in financing agriculture, commerce, and industry"; $200,000,000 was allocated for the relief of banks and their depositors. The Finance Corporation met and helped a real emergency in our banking situation. While bank failures have been distressing, there is no question but that the situation would have been a great deal worse if such an organization had not been created shortly after the convening of Congress to give assistance to those banks who were in an entirely solvent position but were not able to liquidate on short notice on loans which in normal times would be regarded as eminently satisfactory and safe security.

REVENUE ACT OF 1932

The increasing of taxes is always one of the most unpleasant and difficult tasks facing a legislator; but one of the most urgent problems facing Congress when it convened last December was the balancing of the Federal Budget. The tax problem was linked with the urgent necessity for curbing and economizing in governmental expenditures. It was early estimated as necessary that a revenue measure should be enacted which would return to the Treasury an additional $1,000,000,000 of taxation annually. I favored the idea of the general sales tax as a temporary measure for two years. I believe that it would raise needed money in a fair and rather painless way and would be effective in balancing the Budget. The adoption of the general sales tax would have made unnecessary the nuisance taxes and discriminatory taxes levied on certain lines of business, increasing postage rates, and so forth. It was not quite possible, however, to accomplish inclusion of the sales tax in the revenue bill in the House because of rather concerted opposition from many Members from the South. Practically all legislation is a compromise, and I voted for the tax bill as it was finally enacted in the opinion that it was a measure necessary toward stabilizing the finances of the Government and in the hope that the balancing of the Federal Budget would provide an incentive for better business conditions. I also favored the measure because it included an—

EXCISE TAX OF 10 CENTS PER HUNDRED POUNDS ON IMPORTED COAL

The growing importations of anthracite from Russia, and more recently from Indo-China, were rapidly assuming such proportions as to constitute a real menace to the Pennsylvania anthracite industry. Along the northern Atlantic seaboard, during the year 1931, there was imported, free of all duty, nearly three-quarters of a million tons of anthracite. The importation figures for 1932 were exceeding those of 1931, and during the month of February, 1932, there was imported in that one month alone more than 140,000 tons of coal.

For each 6,000 tons of this coal for household use which comes into the United States there is lost to the American miner and American railroad man the pay for the mining and preparation and labor of transporting 10,000 tons, this because of the fact that 40 per cent of the American production is in small sizes and can only be mined when there is a market for the household sizes. Much of this foreign coal was sold by the importer to dealers in the Atlantic ports at from $2.50 to $2.70 per ton less than the going market rate. The cost of ocean transportation on cargoes from Indo-China in American dollars has been about one-half the established freight rate on coal from my district in Pennsylvania to these same New England and Middle Atlantic ports.

Early in the consideration of the revenue bill, as the chairman of the anthracite group in Congress, I served notice, in an address in the House, that at the proper time an amendment would be offered providing for an excise tax on coal.

For purposes of strategy, due to the Democratic complexion of the House, it was deemed advisable to have a Democratic Member from the anthracite region offer the amendment. Its adoption was made possible, however, by the fine cooperation of all Members from the anthracite field in Pennsylvania. I do take some pride in the fact that my office served as headquarters and clearing house for the movement to get this import tax enacted. I have been more interested in getting results than in claiming credit.

This tariff on imported coal, as now carried in the 1932 revenue law, will be advantageous in putting some American miners back to work. We have, and can produce, in this country ample anthracite equal to any hard coal in the world. Also, this tariff will be a revenue producer for the Federal Government, and furthermore it will not result in increased cost of fuel nor in any other respect cost one dollar to any American consumer. The only loss will be the loss of certain—as yet unearned—profits of a few importers on the Atlantic seaboard and a certain loss of potential markets for Russian and Chinese miners.

ECONOMY IN GOVERNMENT

An economy program, making curtailments in the appropriations and usual expenditures of the various Government departments, was enacted into law. The program includes furloughs of Government employees and other reductions and is estimated to produce $150,000,000 of savings in the expenditures of the Government in order to help meet the Treasury deficit.

PROHIBITION

Several efforts were made during the session to get action on the modification of the Volstead law or resubmission of the eighteenth amendment. Although I voted for or was paired for such action in these attempts, they were all unsuccessful. It has been apparent for some time that conditions in the United States were not the conditions anticipated by proponents of the eighteenth amendment and which they desired and hoped for when the amendment was adopted. The matter is one that should be again submitted to the people of the United States for their decision. Men may change but principles remain. It is clearly the right of the people to pass on this question at the present time, since there is no doubt but that millions of citizens desire that the amendment be resubmitted.

WORLD WAR VETERANS AND THEIR DEPENDENTS

Whatever the condition of the country, I frankly acknowledge the debt which the Government owes to our dead soldiers, to the wounded, to bereaved families and to all for whom the absence of their men meant distress, and to the soldiers whose career was damaged by their service in arms. For that reason I supported the bill to grant pensions to widows and orphans of World War veterans, which passed the House but which has not yet passed the Senate. The very fact that there is depression in the land makes the hardships confronting widows and orphans much more severe than they would otherwise be and emphasizes the need for this legislation.

The cash payment of the bonus, however, was a point where my judgment rather went contrariwise to the desires of the heart. I do have a continuing and lifelong interest in the welfare of all men who have served their country in war time. The hundreds of former soldiers whose names are in the files in my offices at Washington and Bethlehem will bear testimony to the time and energy I have gladly spent to get cases satisfactorily adjusted before the Veterans' Bureau and the Pension Bureau. However, the only practicable way to pay the bonus in cash would have been to saddle additional burdens on the taxpayers, in which the veterans, of course, would participate. Borrowing the money was out of the question in these times. I could perhaps think of nothing that would retard economic recovery more than the issuance of $2,400,000,000 in fiat or pretend money. To the statement that the payment of the bonus would expand the currency, the very reasonable reply seems that if such be the case there is far better reason to pay the cost of government by the issuance of greenbacks than by the levying of taxes. When we get down to the facts—which, as often happens with facts, is disagreeable—the United States can only pay by borrowing or levying taxes. At this time especially, with what I feel to be the interest of all citizens at heart, I could not support cash payment of the bonus, which is not due for 13 years, and my vote was recorded against the measure in the House.

EMERGENCY-RELIEF PLAN

A bill providing a total of $2,120,000,000 to meet the present emergency conditions is being considered, which I favor and am supporting. I think it will be passed; $300,000,000 will be available for direct relief to the destitute; $1,500,000,000 will be available for loans to put into effect self-liquidating projects in an effort to provide much-needed employment on necessary improvements; and a public-works program, calling for an expenditure of $322,000,000, will be inaugurated.

PERSONAL SERVICES

My office has been open and functioning at all times, in order to give prompt and careful attention to all requests received from constituents. These requests cover a great variety of matters—pensions and compensation, patents, insurance, passports, immigration, military and naval enlistments and discharges, publications, post-office matters, and so forth. Hundreds of applications have been handled for Federal fish and every possible cooperation extended to improve fishing conditions in the district. I am always glad to hear from the people at home in the district and am more than pleased when it turns out that I can render some service to them.

ELECTION CONTEST

In an undoubted legal and proper way the people of the district nominated and elected me to the House of Representatives in November, 1930. However, my opponent, who had twice been in Congress, but who was fairly and honestly defeated, filed a notice of contest, claiming that "frauds, irregularities, and substantial errors occurred in each and every election district." At the time it was rather generally known that there was not a scintilla of truth to support the slanderous allegations made. Several months after the election a bold attempt was made to steal the congressional seat by changing marks on ballots in six precincts in Carbon County, but overwhelming evidence was presented during the weeks that the case was in the court of common pleas, Carbon County, clearly showing that fraud was perpetrated after the ballot boxes had left the custody and control of the election officers, and that fair and honest returns had been rendered by the election officers. The matter was carried to the House of Representatives at Washington; and after examining all the evidence and holding a hearing, the Committee on Elections No. 1, comprised of six Democrats and three Republicans, submitted a unanimous report to the effect that my opponent had not sustained in any way any of the charges made by him and recommending that a resolution be adopted declaring me duly elected. Unanimous action was also taken in the House in passing that resolution; and although the Democratic Party has a majority in the House, and, of course, controls the proceedings, not one voice was raised in support of my opponent nor was one vote cast for him. It is self-evident that my opponent realized he had no basis on which to pursue a contest; it is also self-evident that he relied upon partisan politics only to vote him the seat in Congress to which he was not elected. I would feel very remiss indeed did I not express sincere thanks to the members of Elections Committee No. 1 and to the entire membership of the House for the courteous, fair, and judicial manner in which this contest was at all times handled.

GENERAL

In spite of many obstacles the Federal Government has done everything that is possible for it to do to cure the present evils. There are some signs—faint, but still discernible—that the brighter day is dawning. If out of the hard times there comes in industry a shorter work week and a longer time for the individual to broaden education

and powers of enjoyment, and a larger share of earnings to faithful workers, then will the trials and sorrows of the times have been not in vain.

CONCLUSION

There have been many other things of moment and of interest that I have been forced to omit, lest I weary my listener or reader. I have continued to attend closely the sessions of Congress and to attend to my duties on the Naval Affairs Committee, believing that by so doing I could best serve my constituency and increase my standing in the House. As a consequence, it has been necessary that I be in Washington much of the time, as Congress has been in session almost continuously for the past seven months. In matters of legislation I have made no pledges except the one to myself to be guided by the interest of the people of the district and to vote and work for the interest and fair name of America. For the confidence that the people have reposed in me I am very grateful, and in return I promise always the best service that it is in me to give.

Mr. DOUGHTON. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman, some newspaper writers and others who have not taken the time to investigate and ascertain the facts have, in recent years and especially during the present session of Congress, had much to say about the alleged abuses of the franking privilege by Members of Congress. Most of these statements are rash, grossly inaccurate, and unfounded.

To illustrate the reckless and ridiculous limit to which this palpably false propaganda is being carried, I quote from a recent issue of a reputable Missouri newspaper, which said:

> An eminent authority tells us that the Members of Congress franked 789,000,000 pieces of mail last year, which cost $11,500,000 to transport, from which it is estimated that the paper used, the printing, and franking of mail cost the taxpayers of our country on an average of $48,000 for each Congressman.

Of course, if any "eminent authority" made any such statement, he deliberately prevaricated. I am sure the editor who published this absurd statement was entirely too credulous and unwittingly gave publicity to obviously false and asinine propaganda.

The total cost of printing the CONGRESSIONAL RECORD in 1931, including all labor and material, was only $570,658, which is less than 4 per cent of the total printing bill of the Government, and is less than one-fifth of the cost of the printing for the Department of Commerce, and less than one-half of the Patent Office printing. I quote from the report of the Public Printer who says:

> The charges to the Government for congressional printing does not include the cost of printing copies of speeches which Members of Congress send to their constituents. This expense is borne by the Members themselves.

Members must pay for printing the speeches they distribute. The Public Printer fixes the price, and Members must pay that price. I am informed by the Government Printing Office that the charge includes the cost of all labor and material, and a part of the overhead expense of the Government printing plant. The Public Printer charges a price sufficient to reimburse the Government for all the labor and material used in these reprints, and practically as much as a commercial printer charges for the same service.

Irresponsible parties have gone so far as to charge that the post-office deficit for several years is due to the use of the frank by Members of Congress. The statement is absurd, as can be readily demonstrated.

The operating deficit in postal revenues for the fiscal year 1930 was $98,448,782 and $146,545,199 for the fiscal year 1931. By the direction of Congress the Post Office Department has for several years made a very thorough investigation to ascertain the cost of carrying each class of mail, and the last cost-ascertainment report was submitted by Hon. F. A. Tilton, Third Assistant Postmaster General, on December 7, 1931. The collection of statistics and the allocation of revenues and expenses to the different classes of mail and services proceeded according to well-established statistical methods and mathematical formulas.

The report explodes and conclusively disproves the claim that the free carriage of certain classes of mail is even in a remote degree responsible for the inability of the Post Office Department to balance its budget in recent years. This century-old bugaboo about the franking system bobs up every few years and is seized with avidity and worked overtime by the uninformed who either thoughtlessly or designedly overvalue its importance, overlooking the fact that the franking privilege is only used and can only be used in connection with official or departmental business and does not extend to the personal, business, or political correspondence of Members of Congress.

Habitually the cost of the franking privilege is grossly exaggerated. To borrow a phrase coined by Mr. Tilton, Third Assistant Postmaster General, in addressing the National Association of Postmasters at Detroit September 10, 1931—

> You all have heard this criticism and have seen cartoons and caricatures depicting the mailman struggling along the road under the load of congressional speeches, cook stoves, furniture, and other articles.

According to the findings of the cost-ascertainment committee—Table A, page 10—it cost the Government in 1931 only $530,298 to carry all the franked mail of the 531 Members of the House and Senate, which, of course, included only letters written on official or departmental business and public documents of every kind and character, including copies of the CONGRESSIONAL RECORD. The total cost of handling and carrying all congressional franked mail in 1931 was slightly more than one-third of 1 per cent of the $146,000,000 Post Office deficit, or less than thirteen one-thousandths of 1 per cent of the total Government expenditures for all purposes in 1931. Moreover, if all the franked mail carried for the 531 Senators and Representatives had been charged for at full postage rates, it would have produced only $723,671 revenue, or less than seventeen one-thousandths of 1 per cent of the total Government expenses for 1931. I am quoting official statistics embodied in an official document and further certified, not only by the Third Assistant Postmaster General but by Hon. Walter F. Brown, Postmaster General, and his executive assistant, Harold N. Graves.

We must not overlook the fact that the mail franked by Members of Congress constitutes an exceedingly small fraction of the "free mail," or mail carried without payment of postage, and a distinction must be made between congressional or "franked" mail and departmental official or penalty mail. Postage-free mail is divided into four classes:

(a) Letters on official business and public documents carried for Members of Congress.

(b) Letters and public documents carried for certain Government institutions and persons not Members of Congress, that is, official mail matter of the Smithsonian Institute, Pan American Union, National Homes for Disabled Volunteer Soldiers, and the mail of widows of our Presidents.

(c) Newspapers and other second-class publications carried free in the county where they are published.

(d) Mail for the blind.

Now remember all postage-free mail is not franked mail, and all franked mail is not mail carried for Members of Congress.

The computed cost of carrying the postage-free mail mentioned above is as follows:

Franked mail of Senators and Members of the House	$530,298.50
Franked mail other than for Members of Congress	98,680.03
Mail carried free in county, newspapers, etc	8,425,242.11
Mail for the blind	106,932.85
Penalty mail for the Post Office and other departments and branches of Government	8,643,300.46
Total postage-free mail	17,804,453.95

It will be observed that the total cost of carrying congressional franked mail was less than 3 per cent of the total cost of carrying all postage-free mail. So, instead of the congressional frank being largely responsible for the $146,545,199 postal deficit for the year 1931, we find that the

total cost to the Government of carrying the franked or official mail of Members of Congress is only one two-hundred-and-seventy-sixth part of the deficit and less than 3 per cent of the total expense of the Government for carrying all kinds and classes of postage-free mail, and as I have shown only thirteen one-thousandths of 1 per cent of the total Government expenses in 1931. Or to state the matter in a different form, only $1 in every $276 of the postal deficit is chargeable to the congressional frank, and only $3 in every $100 expense of the Government in carrying postage-free mail is chargeable to the congressional frank, and only $1 in every $8,000 of Government expense goes for carrying congressional franked mail.

There is a widespread belief that Members of Congress use their frank to avoid the payment of postage on personal business or political correspondence. Such is not the case. A Congressman or Senator can only legally use his frank on letters written by him on official or departmental business and for the transmission of the CONGRESSIONAL RECORD, or official documents issued by the United States Government, and Members of Congress must pay regular postage on all their letters relating to their personal business or political affairs.

If a person writes a Member of Congress about any matter not relating to the Government or some of its activities, the reply of the Member must be stamped. But if the Member is writing about official business, or any Government matter in relation to legislation, pensions, veterans' affairs, compensation claims, hospitalization, postal or rural route affairs, or in relation to anything connected with the Government or any of its activities, his letter is carried postage free under his frank, because it relates to Government business.

The franking privilege permits the free carriage of a Member's letters in which he discusses pending legislation or any official business in which any citizen is interested; but if the Member should add a paragraph relating to his personal or political affairs, he must and does pay postage on the letter. If a Member sends any political pamphlets, books, or circulars through the mail, he must pay regular postage thereon.

Now, there is a difference between franked mail and penalty mail. Penalty mail is mail matter carried for the departments and branches of the Government relating to official business. According to the cost-ascertainment report, the handling of this penalty or departmental mail in 1931, cost the Government $8,643,300. Please bear in mind that this is not for handling mail for Members of Congress but represents the estimated cost of handling the mail of the departments, boards, bureaus, and commissions of the Government. Of course, there is no reason why the Government should pay postage on its own mail, nor is there any sound reason why the Government should require Members of Congress to pay postage on their letters relating to official or Government business or for the transmission of Government publications.

All newspapers and other second-class publications are exempted from paying postage on their papers or periodicals circulated in the county where they are in whole or in part published; and, according to the cost-ascertainment report, it cost the Government in 1931 $8,425,242 to handle these free-in-the-county publications. This discrimination is granted on the theory that these local papers and other publications have an educational and cultural influence, promote the civic betterment, and improve community life.

I do not oppose this policy when applied to the county newspapers because I realize that they make a very valuable contribution to our social and civic life, but while newspapers and periodicals, that go free in the county where they are published, are being handled by the Government at a loss of $8,425,242 annually, it does not become them to complain of the $530,298 that it cost the Government to handle the franked mail of the Members of Congress, all of which relate to departmental or other Government business. In other words, the newspapers and periodicals whose issues are handled free in the county of their publication are enjoying a Government subsidy amounting to $8,425,242 annually as compared with $530,298, the total cost of carrying the official mail of 531 Members of Congress and the public documents they distribute.

In 1931 first-class mail produced a revenue of approximately $47,000,000 over and above what it cost the Government to handle it. But second-class mail, consisting of newspapers and periodicals, was carried in 1931 at a cost of $96,674,617 in excess of the revenue collected by the Government for this service.

Now the following are some of the items largely responsible for the ever-increasing postal deficit:

It cost the Government $23,388,894 more to carry third-class mail than the Post Office Department collects for that service. It cost the Government $20,031,599 more to handle the parcel post than the Post Office Department collects for that service.

It cost the Government $26,626,067 more to handle our foreign mail than the Post Office Department collects for that service. Of this loss on foreign mail, $5,784,435 is on account of our foreign air mail service, and the remainder, $20,841,631, on account of foreign mail other than air mail.

The special services in connection with registration, insurance, C. O. D., special delivery, money orders, and postal savings cost the Government $30,353,680 more than the Post Office Department charges for such special services.

Excess cost of airplane service over the postage revenues derived from air mail is $17,167,501.

So it is quite evident that the expense of carrying congressional franked mail is not a drop in the bucket as compared with the losses on many other classes of mail.

It is a well-known fact that metropolitan newspapers habitually misrepresent or fail to report the proceedings of Congress, and color their news reports in accordance with their political and economic views. The CONGRESSIONAL RECORD furnishes the only source of complete and accurate information as to the proceedings in Congress, and while the franking privilege is frequently abused, on the whole it serves a useful purpose because it gives the people access to the only source of information from which the actual transactions of Congress may be obtained. It would be fatal not to publish the proceedings of Congress. The American people do not want their Representatives to work in the dark.

Each Member of the House is entitled to only 60 copies of the daily issue of the CONGRESSIONAL RECORD, which supplies only a fraction of the demand. If a Member wants additional copies he must buy at the same price charged the public. And if a Member wants to circulate reprints of his speeches he must pay a price fixed by law which is sufficiently large to cover the cost of all the labor and material used in such reprints.

I have seen numerous articles in newspapers and periodicals referring to the alleged abuses of the congressional frank, and as these criticisms are based on a misunderstanding or misrepresentation of the facts, and inasmuch as the complaints and inuendos are unfounded, I have thought it worth while to present the facts as disclosed by the official records, to the end that this baseless criticism and misrepresentation may end. The people should be told the truth, for it is the truth that makes men free, tempers their opinions, sobers their passions and enables them to wisely judge and charitably weigh the actions, motives, and impulses of their fellowmen.

I will go as far as anyone in condemning the abuse of the franking privilege, but newspapers should be fair in appraising men and measures and should not withhold or misrepresent the facts on which their conclusions and criticisms are based.

A newspaper may intentionally or unintentionally create a false impression in several ways:

First. By misstating facts.

Second. By withholding facts or failing to state details the knowledge of which is necessary to enable the reader to form a just judgment and opinion.

Third. By misconstruing or drawing unwarranted conclusions from the admitted facts.

In view of the well-merited power and influence of the public press I am sure that the conscientious editor will appreciate the wisdom of not abusing that power, as is frequently done.

The reader in ninety-nine cases out of a hundred does not have access to the sources of information that are available to the news writer and editor, and consequently there is very naturally a disposition on the part of the public to accept the news items and editorial utterances as accurately reflecting conditions, and in like manner news reports from which important facts are omitted are given to and accepted by the public as embodying the essential facts in reference to any particular matter, and as public opinion is based largely on what people read in the newspapers, a grave responsibility rests on editor and publisher not to abuse their influence or misrepresent those whose actions they assume to describe and appraise.

Undeniably the newspapers as a class have either intentionally or unintentionally misrepresented the extent of the use and abuse of the franking system, thereby creating in the minds of their readers an opinion based on a misstatement of facts, and which is grossly unfair and unjust to Members of Congress.

Now, it costs the Government $530,298 to carry all of the official correspondence and public documents to which I have referred. The 531 Members of the House and Senate write every year probably as many as 5,000,000 letters relating to official, departmental, or public business, all of which are in reply to communications from constituents; and each year the Members of the House and Senate, in response to requests from their constituents, procure and mail several million farmers' bulletins, agricultural yearbooks, reports of the departments, bureaus, and commissions, statistical reports in relation to agriculture, industry, and business—in fact, public documents containing much valuable information and which are printed and distributed in response to a widespread public demand. Now, no one will contend that Members of Congress should pay the postage on these millions of documents and letters relating to the official business which their constituents have with some of the departments or agencies of the Government.

The franking privilege is as old as our postal system. It serves a useful purpose and is bottomed on a sound public policy. A Member of Congress is the agent, representative, attorney in fact, or, if you please, the "hired man" of the people of the district he represents. He is practically the only agency through which his constituents contact the Government and carry on their transactions with the Government. A system has grown up, and which will probably continue, under which the Member of Congress is expected to handle all the business of his constituents with the departments, bureaus, boards, and commissions.

If a constituent is interested in the establishment, changing, or extension of a rural route; if veterans or their dependents have claims for pensions, disability allowance, disability compensation, adjusted compensation, war-risk insurance, or hospitalization; if there is a vacancy in the position of rural carriers or if a consolidation or discontinuance of a rural route is contemplated; if teachers desire employment in the teaching service in Hawaii, Puerto Rico, the Philippines, or in the Indian Service; if ambitious young men desire appointments to West Point and Annapolis or in the National Park or Forest Services; if young boys from the farm who have completed their high school and vocational training want employment in the Bureau of Animal Industry or in some other governmental activities; if postmasters, city carriers, rural carriers become involved in any controversy with the departments; if young men and young women back in the district who are graduates of business colleges desire employment in the classified service; if a constituent is in disagreement with the Government as to the amount of his income tax; if the amount of an estate tax is in dispute; if a Government employee has been removed from the service; if a constituent wants a farm bulletin, Agriculture Yearbook, a soil-survey map, or other Government publications; in all these and in a multitude of other cases the constituent writes his or her Congressman, who is expected to, and does, render the desired service promptly and cheerfully.

There is so much Government in business and business in government that every year hundreds and thousands of a Member's constituents have business transactions of some character with the Federal Government, in the disposition of which he utilizes the services of his Congressman. You and I did not establish this practice. It existed long before we came to Congress, and these services demand each year more and more of a Member's time. We are glad to render this service, because it is frequently all that a constituent gets out of the Government. A Member of Congress who would refuse to perform these services for his constituents would and should be retired to private life.

Now, the service to which I have referred not only requires many visits to the departments, bureaus, and commissions, but in the course of a year necessitates the writing of many thousands of letters, the transmission of many thousands of legal documents relating to these Government matters, and the transmission through the mail of hundreds and thousands of pamphlets and Government documents. Obviously there is no reason why a Member of Congress should be required to pay postage on mail matter of the character to which I have referred, and which relates to the business of his constituents with the Government, and to a service that he is cheerfully performing without charge, as every service of this character by a Member of Congress must be gratis.

The franking privilege does not put a penny in the pocket of a Member of Congress. He has no interest in these transactions except to serve his constituents, and certainly he should not be compelled to pay postage on letters that relate solely to the business his constituents have with the Federal Government and in which the Congressman has no personal interest and in the transaction of which he is rendering a free service.

There is another service a Congressman renders that should not be overlooked, and which, without the franking privilege, could not be efficiently and satisfactorily rendered. I refer to his correspondence with his constituents in reference to legislation. Years ago very few persons wrote to their Congressman about pending legislation, but it is different now.

At every session thousands of men and women back in the home districts write their Congressmen urging them to support or to oppose this or that legislation. They ask for copies of bills that have been introduced relating to legislation in which they are interested and which they think will be harmful or helpful to them. They ask for the printed hearings—that is the testimony of witnesses given before the committees having jurisdiction of the particular bill. They want the printed majority and minority reports which analyze the provisions of the bill and give the arguments for or against the measure.

Farmers write about farm relief or other legislation which they or their organizations believe will promote the welfare or militate against the interests of the agricultural classes. Bankers, farmers, and others write about legislation relating to banking and currency, operation of the Federal Reserve Board, expansion or contraction of the currency, liberalization of credits, guaranteeing bank deposits, increase in commodity prices, branch banks, and other kindred subjects. Farmers, shippers, railroad groups, and others write in reference to legislation directly or indirectly affecting railroads, passenger and freight rates, interstate bus and truck traffic, the surcharge, and Government ownership or Government regulation.

Employees and employers write about labor legislation, settlement of disputes, prevention of strikes, old-age pensions, and the wage scale. Wets and dries unbosom themselves to their Congressmen, demanding this and protesting against that legislation. Government employees back home bombard their Congressman protesting against salary reductions, and not only hundreds but thousands of constituents take their pen in hand and write Mr. Congress-

man demanding a reduction in Government salaries and other expenses. One group writes demanding a 5-day week and a 6-hour day, and the same mails carry as many protests opposing legislation based on this principle.

Farm organizations use the mail in advocacy of this or that formula and in opposition to this or that legislative proposal. The average person has no accurate conception of the extent to which the constituents of a Member of Congress communicate with him in reference to pending or proposed legislation and demanding the repeal or amendment of previously enacted laws.

In short, in this day and age the constituents of a Member of Congress proceed upon the theory (and it is a correct theory) that the Member is their representative, agent, and hired man, and that they have a right to communicate with him, advise him as to their views, and expect him to reflect their wishes in matters of legislation.

It is a hopeful sign when a constituency takes an active interest in all legislation and keeps in close touch with their Representative. Do not think for one moment that our constituents are not interested in legislation. Do not imagine they are not following the proceedings in Congress. They are able to analyze pending bills. They know whether this or that bill will help or hurt them. They know what legislation will promote the welfare of their respective vocational groups. I welcome this correspondence.

I want to hear from my constituents. I delight to answer their inquiries and to render the service they very properly demand at my hands. This is a Government of, by, and for the people, and the people have a right to keep in touch with their Senators and Representatives and to assert their right to have their interests considered and safeguarded by legislation.

A Congressman who is unwilling or fails to perform this service should and will be quickly sentenced to private life. The Member conducts all this correspondence and renders this service without money and without price, as it is his duty to do, but if he had to pay postage on all these many, many thousand letters, public documents, and Government publications which the constituents demand, and to which they are entitled, it would mean a tremendous expense, and there is no rule or reason why a Member of Congress should pay postage on mail matter of this character, all of which relates to official business.

Organized business and the special-privilege groups are able to keep their agents and attorneys in Washington to present their cause and to protect their interests, and the common people of the Nation would be absolutely helpless if they could not command the services of their Representatives and Senators. Without the franking system the value of this service would be negligible.

I am convinced that very few Members of Congress abuse the franking privilege. In my office (and I am sure the same practice prevails in every other Member's office) the rule is that every letter that goes out must be stamped unless it clearly and unmistakably refers to official business. My office force understands that if there is any question as to whether or not a letter is frankable we resolve the doubt in favor of the Government and send it out under full prepaid postage.

I am sure the average editor or publisher has no desire to misrepresent the facts in relation to the franking privilege or to criticize Members for wrongdoing when they have violated no law or rule of ethics or good taste. I have, at the risk of being tedious, made a detailed statement of the extent to which the congressional frank is used, in order to correct a widespread misunderstanding, and in the hope that editors and publishers may hereafter state the facts more accurately and be more just and charitable in their appraisal of the actions and motives of public officials, who, under the most discouraging and difficult conditions, are endeavoring to serve their country and fellow men and at all times do the right thing.

In this connection I will say that the Congress of the United States is the most economical branch of our Government. The record conclusively demonstrates that every activity connected with the Congress costs the Government less than the same character of service costs in the executive departments. For instance, Uncle Sam's total printing bill in 1931 was $14,546,440, of which $2,499,995 was for congressional printing of every kind and character, and the sum of $12,046,445 was for printing in departments over which the President's Cabinet members preside.

The printing bill of the Department of Commerce was more than the entire printing bill of Congress. The printing for the Patent Office cost nearly one-half the total cost of all congressional printing. The following table shows the printing expenses of the several executive departments:

State Department	$250,559
Treasury Department	941,489
War Department	684,459
Navy Department	747,348
Interior Department	249,138
Post Office Department	1,895,680
Department of Justice	341,234
Department of Agriculture	1,080,021
Department of Commerce	2,894,677
Department of Labor	239,644

In addition to the foregoing, the printing for a multitude of boards, bureaus, commissions, and other governmental activities cost several million dollars. In fact, 83 per cent of all of the printing expense of the United States Government relates to departments, bureaus, boards, and commissions in the executive branch over which President Hoover presides. While critics find plenty of time to misrepresent the cost of the congressional frank and the cost of printing and distributing congressional speeches, they are silent in reference to the $12,000,000 spent for printing by the departments, boards, bureaus, and commissions which are under the direction and personal supervision of the President.

Under the appropriations made by the present Congress the Government printing bill for the ensuing year will be $4,000,000 less than last year's expense for printing, which is another evidence that Congress is the most economical branch of our Government. [Applause.]

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Nevada [Mr. ARENTZ].

Mr. ARENTZ. Mr. Chairman, I am deeply interested in the unemployment problem confronting the country to-day. It has been with us now in an aggravated form for over two years. Every Member of this House, every thinking man and woman in this country considers unemployment our major problem.

I look with the kindliest interest on any proposal which will tend to lessen unemployment. There has been much discussion of the statement made in his acceptance speech by Gov. Franklin D. Roosevelt, Democratic nominee for President of the United States, relative to his plan for placing 1,000,000 men at work by a National Government reforestation program. God knows we all wish for the consummation of a plan which will carry with it the relief, through employment, of such a large number of distressed, footsore and weary, jobless American citizens. Just how will Governor Roosevelt's plan work out when the bare facts are considered, when the most authentic facts regarding reforestation are considered, with full weight given to each factor and knowledge gained from past experience, is studied?

In the first place, what are marginal and submarginal lands? According to testimony given before the Irrigation and Reclamation Committee of the House and numerous articles written on the subject of placing waste lands to greater use, marginal land can not be tilled with profit; submarginal land can not be tilled without a loss; neither types of land justify the tillage. All who try to till these lands will remain in the slums of agriculture. It is a social and economic crime for families to remain on the land.

That there are millions of acres of such land has been established by witnesses from various parts of the United States, but particularly from the Southland. Such marginal and submarginal lands may or may not be cut-over lands and they may or may not be susceptible to reforestation, although it has been indicated that the major portion of the marginal and submarginal lands of the Mississippi Valley from Canada to the Gulf are for the most part susceptible to reforestation. There is no doubt that the tillage or cul-

tivation of marginal and submarginal lands has a great influence on the surplus of agricultural crops, and the sad part of it is that for the most part these crops are produced at a loss.

I have given considerable study to the utilization of marginal and submarginal lands, and believe it one of the most important of our national problems. Sooner or later this problem will be undertaken by the Federal Government, but it is far from so simple a problem that it can be solved in the manner suggested by Governor Roosevelt.

The major portion of these lands, if we exclude semiarid lands, I should say all of the lands, with the exception of the 11 Western States, are privately owned lands. Neither marginal nor submarginal land is found in great isolated tracts, easily classified and purchasable in large lots, but, as a matter of fact, is scattered and in many instances is adjacent to first-class farm lands. For this reason the initial move to be made in the plan for their purchase is a classification of the marginal and submarginal lands, their appraisement by men who must actually go on the ground, and the presentation of lists of tracts to be acquired, together with the appraisal value by a board established for the purpose. Contacts must then be made with the owners, prices agreed upon, titles examined, abstracts drawn, and deeds transferred.

The next question that would have to be settled is whether the county and the State would be willing to take vast acreages off the tax roll, because with the transfer of title to the Federal Government or to a corporation representing the county, State, and Federal Government the land would be taken off the tax roll, and in some cases half the wealth of a county would be stricken from the tax rolls, resulting in the loss of the major portion of the revenue collected by the county.

It has been suggested that bonds be issued, self-liquidating bonds, that would ultimately be paid off by the harvesting of the timber crop. Would the county or State be willing that the revenue should go to the Federal Government when throughout the years they had lost taxes by the transfer of the land to the Federal Government? I think not. Then, if arrangements were made so that after 25 or 50 years, when a crop of timber had been grown and time came for the harvesting, what portion of the harvest of the timber crop should go to the State, and what portion should go to the Federal Government? Surely the State is entitled to a portion of same in lieu of taxation. In any event, regardless of the proportion of the timber harvest going to the State, legislation would have to be passed by the State providing for participation by the State in this Government-State forestry operation.

These are the questions that must be answered in any plan of reforestation of marginal and submarginal lands—questions that can not be answered on the moment, and I dare say that in every State where they were brought up they would become a political issue.

If any Member of the House disagrees with me on these points I would be very happy indeed to have him explain his position and clear my mind of the doubts that I have as to the immediate benefits of any utilization plan for marginal and submarginal lands suggested by the Democratic nominee for President or anyone else.

The gentleman from Texas [Mr. JONES] takes issue with the Secretary of Agriculture, Mr. Hyde, and according to the Washington Post of July 7, from which I quote, says:

> Farmer Hyde has an apparent idea that reforestation consists of going to a nursery, buying a seedling, and planting it. He overlooks entirely the great problems of flood control and soil erosion, which are gripping the attention of the people to-day. He does not understand the immense amount of work connected with the preparation of the soil, the problems of drainage, and especially the matter of reforestation of cut-over land, which means the thinning out of thick underbrush, the preservation of the useful trees, and the elimination of the useless varieties.

Will the gentleman from Texas please explain to me whether he intends to have the employees of the Government, for that is what they would be in any such reforestation plan as proposed, go on all these lands which are privately owned to thin out the underbrush or does he intend to take up this work without asking the owner, without any classification of the land, without appraising it or having the title examined, in fact, without taking any of these preparatory steps which are essential unless we set up a dictatorship or have the Federal Government take over the police power of the various States? I am not referring at this point to Government land but rather to land to be acquired hereafter.

I agree with Mr. Ovid Butler, executive secretary of the American Forestry Association, when he says:

> To give the impression that forestry offers only the possibility of tree planting is in the judgment of the American Forestry Association to dismiss the subject without fair consideration of the very large and diverse possibilities which the field offers.

At least a year would elapse before actual work could commence on any appreciable scale through the utilization of lands outside the present program of the Forest Service. Later I will show that even then the plan presented for the utilization of marginal and submarginal lands could not be developed to the place where any large number of men could be employed without direct appropriation by Congress for work that is not self-liquidating in character.

Let us discuss now the plans of the Forest Service on lands either acquired or to be acquired by the Federal Government.

In 21 States situated east of the plains the United States Forest Service, pursuant to the Weeks Act, have acquired 4,675,000 acres of land for the purpose of carrying out a national plan of reforestation. This land was purchased for $21,070,000 at an average cost of $4.51 per acre.

To round out these acquisitions by the Government the Forest Service will purchase, under a 10-year program, 7,779,000 additional acres, for which there has been authorized by Congress the sum of $31,500,000. It takes time to acquire title. Certain procedures must be followed, as I have indicated. It is estimated that the purchase of these 7,779,000 acres could be completed in from three to five years.

All of the States in which this land already acquired or to be purchased is located have passed legislation providing for cooperation with the Federal Government. In a number of States the acreage of land that the Government may acquire is limited; others accepted the provisions of the Weeks law with certain exceptions noted.

When a crop of timber is harvested, whenever that may be, the Congress has guaranteed to each of the several States 25 per cent of the profit and 10 per cent to go toward the construction of roads and trails within the reforested areas. It is estimated that of the total national forests, including the 4,675,000 acres acquired under the Weeks law, that there are 2,000,000 acres which need replanting.

With an appropriation of $250,000 for 1932, there was reforested about 25,000 to 30,000 acres.

This acreage could not be expanded materially for at least two years. The various tree seeds must be gathered, planted in tree nurseries, and allowed to grow two or three years.

The propagation of trees does not lend itself to sudden expansion. The tree suited to the site must be used, although there are certain species adaptable to a wide field.

A number of States are following a policy of reforestation—some of them replanting as much as the Forest Service.

The work of replanting is split between spring and fall—about six weeks each or three months in all, during which time the trees are actually growing in the ground.

A small force of men is employed during the growing season, 150 to 200 days per year, in the nurseries.

Depending upon conditions, from 600 to 1,200 trees per acre are planted. One man may plant from 400 to 2,500 trees per day.

On an average, a man plants an acre per day, and the time taken in planting an acre varies from 3 hours to 20 hours. This work of planting would be supplemented by camp and nursery labor.

Since the amount of land in national forests presents but 2,000,000 acres needing replanting, the program of land

purchase and acquisition is slow, and the propagation of nursery stock can not be suddenly expanded, it is clear that no large number of men can find employment in the work of reforestation.

Such work, as I have indicated above, is self-liquidating in character. It will return its cost in time through the harvesting of a crop of saw logs or other timber products; but it does not offer much encouragement in the way of solving the unemployment problem. Fifty thousand or less men could amply plant all the trees under any expanded program reached by the Government, and the work of these men would be short-lived indeed, since the planting period is limited to three months at the most.

The one hundred and sixty and odd million acres of national forest offer a splendid opportunity for jobs in thinning cut trees, building firebreaks, placing water checks in watercourses to prevent erosion, beautifying the territory adjacent to present roads and trails, building shelters and corrals, lookout points, as well as roads and trails. These are but a few of a long list of jobs that are awaiting the unemployed whenever the Congress is prepared to make direct appropriations for that purpose.

The Forest Service appropriation for 1933 amounts to $21,377,464. Outside of the administration officers, 3,000 year-round men are employed to handle the more than 160,000,000. The rest of the labor is all short-time men. About $12,000,000 out of the total appropriation will be expended for their services.

The period of employment covering this $12,000,000 covers a range from the extreme of one day to six months, but most of the 110,000 men paid out of this sum work but a few weeks, particularly during the fire-fighting season.

We have, then, 12,000,000 spent in the payment of temporary labor.

It is estimated that the temporary labor in the field doing the jobs in the national forest which will tend to conserve and benefit them could be expanded for the year ending July 1, 1933, to the sum of $35,000,000 without having waste or extravagance creeping into the expenditure.

This would be a help, of course, to a man out of a job, for it would give work to tens of thousands, but in order to not hold out false hope to the unemployed in New York, Philadelphia, Chicago, Detroit, and other large cities of our country, it is only fair that I say these men could be found locally, and, besides, the very nature of the work, particularly its short duration and the impossibility of transporting labor long distance when local men are available, precludes the giving of relief to the men of these cities through Governor Roosevelt's plan of national reforestation.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, I am firm in the conviction that it is a breach of faith with the American people if we adjourn this Congress without immediately carrying out certain platform pledges made by the Republican and Democratic Parties. Both parties have pledged an international conference to consider the question of silver. Since both parties have promised such a conference, we should by a unanimous vote pass a resolution calling for this conference. There is no reason why the people should wait 17 months and until December, 1933, to receive this relief from a Congress which will be elected this fall on these platforms.

The Republican Party in its platform promises every possible reduction in public expenses. The Democratic Party promises a 25 per cent reduction in public expenses. Since we have placed upon the American people a billion dollars of new forms of taxes, we should immediately give to the American people the economy in government which is promised in the platforms of both parties. Since further economy in government and an international conference on monetary reform is the pledge of both parties, then any Congressman who votes to adjourn until these pledges are fulfilled stands before the country as admitting that these platform pledges are for one purpose and that purpose is to catch votes.

Mr. Chairman, in the first paragraph of the platform of the Democratic Party I find:

> In this time of unprecedented economic and social distress the Democratic Party declares its convictions that the chief causes of this condition were the disastrous policies pursued by our Government since the World War, * * * fostering the merger of competitive businesses into monopolies, * * *.

I am in full accord with the statement of the Democratic Party when it states that "fostering the merger of competitive businesses into monopolies" is one of the principal causes of our present economic and social despair.

Mr. Chairman, the ninth pledge of the Democratic Party in its platform is as follows:

> Strict and impartial enforcement of the antitrust laws to prevent monopoly and unfair trade practices and revision thereof for the better protection of labor and the small packer and distributor.

I commend the Democratic Party for this pledge. I am ready to help the Democratic Party make good this pledge. The Democratic Party is in control of the House of Representatives. It is at this moment in a position to pass legislation through the House of Representatives which will revise the antitrust and monopoly laws for the benefit of labor and individual business. The Democratic Party not only has a clear majority in the House of some 10 or 12 Members but in addition to that it can count upon a very substantial support from the Republican membership of this House for such legislation. For my part, I would ask for no greater opportunity to be of service to my country than at this time to join with the Democratic majority in the House of Representatives and vote for such legislation.

If the Democratic Party in the writing of this platform is in good faith and intends to give this legislative protection to the millions of American laboring men and the hundreds of thousands of individual business men, it will immediately proceed through its membership in this House of Representatives to enact such legislation as will revise the antimonopoly laws for the benefit of the individual American citizen.

Notwithstanding the fact that the Democratic membership in the House of Representatives has been in a position since the convening of this Congress last December to enact this antimonopoly legislation, which the Democratic Party now pledges in its platform, the Democratic majority of this House has not submitted or enacted one syllable of legislation which will bring any relief or protection to labor, the small packer, or distributor. On the contrary, the Democratic majority has smothered and refused to consider any such legislation.

Months ago, I introduced in this House H. R. 8930, which was for the purpose of restoring the antimonopoly laws to the full effect and force which they had for over 20 years, and until the so-called rule-of-reason decision by the Supreme Court in the American Tobacco case and the Standard Oil case in 1913. This bill, H. R. 8930, is in keeping with the dissenting opinion of Justice Harlan in those two cases.

Has this Democratic-controlled House of Representatives given any favorable consideration to this bill? It has not. The Democratic-controlled Judiciary Committee of the House of Representatives has not only smothered this bill and refused to bring it out for consideration, but it has also refused even to give a hearing on this bill. Furthermore, neither the Democratic-controlled Judiciary Committee, the floor leader of the Democratic membership, nor the Speaker [Mr. GARNER] has supported or submitted this bill or any other bill which will revise the antimonopoly laws for the protection of labor, the small packer, and the distributor.

If the Democratic Party permits an adjournment without keeping its pledge on monopoly legislation, then the Democratic membership in this House is not in accord with the Democrats of the Nation and deserves repudiation in the coming primary and general elections, or else this plank was put into the Democratic platform for no other purpose than to deceive the people and catch votes.

Let me say, in all kindness to the Democratic membership of this House, that there is going to be no way to adjourn this Congress without enacting this legislation and at the same time to fool the people of the South and the West as to your true intentions. Mr. W. K. Henderson, owner and operator of radio station KWKH at Shreveport, La., and an arch foe of monopoly, has the disposition and the ability to take the measure of political duplicity and hypocrisy of politicians and candidates. What is more, with KWKH he has the facilities to convey the report of his measure to the people of the South and of the West. The people of the South and of the West have confidence in the fearlessness and honesty of purpose of Mr. Henderson, while they have little confidence in the courage and good faith of politicians.

On July 6, Mr. Henderson sent a telegram to Governor Roosevelt. He sent to Speaker GARNER and to me a copy of the telegram which he sent to Governor Roosevelt. His telegram to Governor Roosevelt is as follows:

The power of monopoly by which money is centralized is responsible for the present economic stagnation of the country more than all things else combined. The verbiage of the national Democratic platform is not as direct and positive as it should have been, yet I am in sympathy with its limitations on this subject. It had occurred to me that upon the adoption of the platform, your acceptance of the nomination immediately and before the adjournment of the convention, you would insist that Congress remain in session and enact such legislation as would broaden the powers of the Sherman antitrust laws and nullify the action of the Supreme Court wherein it reversed itself in four unanimously rendered decisions through the medium of the "rule of reason."

Congress has the legislative authority to do this and this is conceded and admitted in the decision itself. Immediate action by Congress carrying out the pledge of the Democratic platform in this particular would assure your election in December. The failure of this Congress to act in this particular will be to presume upon the credulity of a knowing public and the knowing people are not at this time going to permit themselves to be deceived or misled. The Democratic leadership of your House is in relation to this question exactly in the position in which you and your address before the convention placed the Republican leadership. You can now, through the power of your position as nominee coupled with the power that goes with the platform, force this legislation before this Congress adjourns. The Democratic leadership has been cooperating and following the Republican leadership. The Democratic masses are not going to follow a party that follows. They prefer to follow the party that leads; and if there is no way to lead the Democratic leadership away from the Republican leadership, there can be but one result in November. Only a declaration that the existing antitrust laws be enforced is a declaration in support of the rule-of-reason decision which is the existing law as applied to monopoly. Party sentiment has no place in these trying hours.

W. K. HENDERSON.

Mr. Henderson is not partisan in this matter. He has praise and support for anyone of any party who is willing to restore the antimonopoly laws of this country to their former power. On the contrary, he has only denunciation and opposition for anyone of any party who is not willing immediately to make legislative provisions for the protection of competitive business in this country from monopoly.

On July 7 I received another telegram from Mr. Henderson, which is as follows:

Sent telegram to President Hoover to-day. I quoted the telegram of yesterday as sent to Governor Roosevelt, and followed with the following message:

"The two dominant issues, or, rather, the two issues which are going to contribute most to the result in November are warped in the monopoly plank of the Democratic Party and the prohibition plank in the platform of both parties. The prohibition plank of the Republican Party is more appealing and more forcibly addresses itself to the intelligent thought of the country as against the Democratic plank, which can only be interpreted as wanting in any opposition to the open saloon. My reference to the prohibition plank must not in any sense be understood as commensurate with what is involved in the attitude of the two parties with reference to monopoly and entrenched wealth. The economic condition of the country is forcing the people of the country to interpret intelligently the causes for this condition. The centralization of money through monopoly has had its day in court with disaster as the result. From this a patriotic righteous judgment should gather much. I am quite sure that the beneficiaries themselves of this system are beginning to see the light of day. Monopolies must have something upon which to feed, and they themselves destroyed their source of supply and are struggling under the weight of their own worthless securities, the fruits of their oppressive gains. The leadership of the Democratic Party in Congress is committed to the control of monopoly as interpreted in the rule-of-reason decision by the Supreme Court of the United States.

"The Democratic platform is not pledged to any hurtful opposition to monopoly. It is pledged only to the enforcement of the antitrust law as interpreted in this rule-of-reason decision. On this question Mr. Roosevelt's stump speech of acceptance at Chicago was a promise of water with two years' grace whilst the house is burning. A message from you to this sitting Congress advising against adjournment until legislation will have been enacted giving equal opportunity to every individual in business unhampered by the power of combined money for the benefit of monopolistic control would leave you in the White House after March 4, 1933. Mr. Roosevelt's criticism and condemnation of Republican leadership was a criticism and condemnation of Democratic leadership; yet he invited and directed the selection of the Speaker of the House as his running mate to aid him in opposition to the Republican leadership. Such inconsistency will not escape American intelligence. No complaint of a longer session in the heated season is any justification for delay.—W. K. Henderson, president Hello-World Broadcasting Corporation."

For the good of the country I appeal to the Democratic membership of this House not to adjourn this Congress until you keep the platform pledge of revisionary legislation of the monopoly laws. This Congress can not adjourn without the consent of this House. The Democratic membership is in the majority in this House. This House can never consent to an adjournment except that the Democratic majority votes and directs that there shall be an adjournment. Let me say to the Democratic membership you can not adjourn this House and fool the people. If you adjourn without passing this antimonopoly legislation, the people will know that your platform pledge pertaining to monopoly legislation is a false promise made for the sole purpose of deceiving the people of the South and of the West. They will know that this pledge was not made for the purpose of giving them any relief, but made solely for the purpose of defrauding them of their votes.

W. K. Henderson has the courage and the patriotism to tell the people of the South and of the West that you adjourned this House, refusing to pass antimonopoly legislation, which your party pledged, after it had solemnly stated to the people that it was its conviction that fostering the merger of competitive businesses into monopolies is the outstanding cause of our present economic and social misery. With KWKH he has the facilities to tell them. He will tell them. They will have confidence in his word, and they will believe it. Your adjourning this Congress without enacting this legislation will be conclusive proof that he is telling them the truth. Let me say to the Democratic membership of this House, if you adjourn before enacting this antimonopoly legislation then you will betray and fail the people by not keeping faith with this antimonopoly plank in your platform.

Mr. STAFFORD. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Chairman, the House of Representatives being under Democratic leadership and control in the Seventy-second Congress for the first time in 12 years, or since March 4, 1919, a discussion of the duty and performance of that national leadership seems opportune after seven months of its continuous operation.

SPECIAL FUNCTIONS OF THE HOUSE

The Constitution of the United States provides that all bills for raising revenue shall originate in the House of Representatives. It also provides that the Senate may propose or concur in amendments on such bills, as on other bills, but eventually every bill raising revenue originates in the House and after action by the Senate comes back to the House for its concurrence and final action thereon.

It has also become the universal practice, whether by inference or analogy from the Constitution or not, that general appropriation bills originate in the House. In fact, the Ways and Means Committee of the House had exclusive jurisdiction in the House of both revenues and appropriations until 1865, when a separate Committee on Appropriations was created. Subsequently numerous committees received jurisdiction of appropriations for specific departments of the Government, but with the adoption of the present Budget system, a Republican achievement, the single, exclusive Appropriations Committee was again established. The provisions of the Constitution and the practices there-

under doubtless had their origin in the power given the British House of Commons to hold "the purse-strings of the treasury." Just as the Federal Constitution designed that the foreign affairs and relations of the Government should be managed and controlled exclusively by the President and the Senate, so also doubtless it was intended that the House should have and exercise initial control over the fiscal legislation and the financial operations of the Government, with the concurrence and cooperation of the Senate in the matter of amendments and of the President in the matter of veto. It is not claimed by the present speaker that any sort of exclusive jurisdiction was given to the House of Representatives by the Constitution in the matter of appriations, but he does believe that, since the raising of revenues includes both taxing and borrowing, the House should feel special legislative responsibility for maintaining the proper balance between income and outlay and also for maintaining the credit of the United States.

In the present session of Congress there have been two main problems relating to the finances or fiscal affairs of the Federal Government. These problems have involved two general propositions—first, the necessity for raising revenue to take the place of Government income which has failed by reason of the reduced income of the people, who have heretofore paid income and other Federal taxes, and, second, the matter of reducing the expenditures and obligations of the Federal Government as a further necessary accomplishment by the Congress for the purpose of balancing the Budget and of avoiding further increasing of the national debt.

DEMOCRATIC PERFORMANCE IN THE PRESENT HOUSE

During the present Congress the House of Representatives has been controlled by the Democratic Party. While the numerical majority has not been large, the organization has been, or could have been, unusually effective by reason of the known practice of the Democrats in the House to bind their membership by caucus action. In fact, that caucus action has been invoked during this session when certain political objects were sought to be effected and should have been employed as well for the purposes of legislation. If this had been done or sought to be done to any considerable extent, sufficient Republican support was always available for beneficial legislation which failed in the House on account of the disorganization of the majority. These observations apply particularly to the consideration and passage of the revenue act of 1932 and the so-called economy amendment to the legislative department appropriation act, which represented the main efforts of the House Democracy toward balancing the Budget.

The Democratic House has signally failed in its duty and opportunity to legislate wisely upon the fiscal affairs of the Federal Government.

When the Congress convened on December 7, 1931, it was faced with the astounding development that, by reason of reduced tax receipts, the Federal Treasury sustained a deficit for the fiscal year ending June 30, 1931, of $902,023,828.11 and that a further deficit was estimated for the fiscal year ending June 30, 1932, of $2,122,961,000 and a still further deficit for the fiscal year ending June 30, 1933, was estimated at $1,420,142,248. Of course, these estimates of deficits for 1932 and 1933 were based upon expectation of ordinary expenditures and did not take into account the unusual items for financial reconstruction and depression relief which have been passed during the present session. The net result necessarily would be that unless expenditures were reduced or new revenues were obtained, the national debt would be increased during the three fiscal years 1931, 1932, and 1933 by the enormous amount of approximately $4,500,000,000. The logical and sensible procedure would have been to ascertain first what reductions or savings might be made in expenditures and then provide new revenues for the balance of the deficits. The condition of the Treasury and the necessity for speedy action to balance the Budget were promptly and forcibly brought to the attention of the legislative branch by the President of the United States at the opening of the Seventy-second Congress. Instead of first considering possible reductions in expenditures, the House began at once the consideration of collecting new revenues.

THE REVENUE ACT OF 1932

The Seventy-second Congress began its deliberations with considerable hope and promise of nonpartisan action on the all-important questions pending before it. The 15 Democrats and 10 Republicans of the Ways and Means Committee began the consideration of the revenue problem with a united determination to prepare an adequate and workable law. The loss in revenue was due entirely to the shrinkage in the income of the people. The national income in 1929 was nearly $90,000,000,000, while during the present year it will not exceed $60,000,000,000. Very evidently this large loss in income has affected large incomes to a greater extent than smaller returns for revenue-producing purposes. Under our recent revenue laws only a small part of the population of the United States has paid any income taxes. In fact, the head of a family with an income of $5,000 or less has paid practically no income tax to the Federal Government. Large income-tax receipts have therefore come from persons with comparatively large incomes and from corporations. It was necessary that the Ways and Means Committee find a substitute for the income taxes thus lost. It was clear that increased income taxes alone would not accomplish this purpose, as the returns would not be ample and as such taxes in turn would reduce the available capital for productive enterprises giving employment to the people. At first the committee sought to reestablish most of the so-called special excise and in some cases "nuisance" taxes imposed during and immediately after the World War. All persons and interests thus proposed to be taxed made vehement protests, and at the same time almost unanimously declared that in view of the situation, which they recognized, they would be willing to take their share of a general sales or producers' tax. The Ways and Means Committee took them at their word. Its members proceeded to prepare a general manufacturers' sales tax which would apply equitably and not oppressively upon all producers and products except the ordinary necessaries of life. The bill thus prepared was admittedly the best proposal of its kind ever submitted to any legislative body. The sales-tax expert from Canada, who gave the committee the benefit of his experience and advice, stated that the committee's bill would be a model for future legislation of its kind and that it had included all the virtues of the Canadian sales tax and avoided all of its vices and shortcomings. The Ways and Means Committee reported this bill to the House unanimously, with but a single reservation on the part of one of its Democratic members.

If the Democratic leadership in the House had taken hold of the situation then and there, this proposal could have been passed. Instead the bark of the committee was cast upon the turbulent sea of the House, where the winds of personal and political advantage, deep-rooted prejudice and fear and timidity threw it about, until finally it sank in the waves of the opposition, drawn in largest numbers from the Democratic majority itself. When the manufacturers' sales tax had been talked to death by unlimited debate in the House, and not until then, the leader of the House, Speaker GARNER, took the floor and rallied the shattered forces for the passage of "some" bill or "any" bill that would balance the Budget. Then came frantic efforts to save the legislation. The majority of the Committee on Ways and Means prepared substitute taxes for the manufacturers' sales tax. These substitutes were themselves all excise or sales taxes, but they applied to certain specially selected products, interests, and institutions, which had to supply the revenue that would have been paid by practically all of the people under the well-considered, nonpartisan, original plan of the Ways and Means Committee. An effort was made in the Senate to rally its membership to the revival of the manufacturers' sales tax, but the attempt met the same fate there as in the House. Eventually an act was passed which theoretically balanced the Budget, but contained all the incongruities and hardships which efforts merely to find revenue from any and every source

would naturally produce. Immediately after its enactment the House found it necessary to pass several remedial bills in the interest of the collection of the revenues expected from the measure. Several distinct and urgent hardships and destructive provisions have been brought to the attention of the Congress and its committees, but no opportunity has been afforded for action. Thus, for instance, the ill-considered increase from 1 cent to 5 cents per hundred dollars of valuation of sales for future delivery on produce exchanges has already demoralized the wheat and cotton markets. The tax on bank checks has seriously injured dairy farmers and small tradesmen and is reducing deposits in the banks. The admitted gross hardship upon estates of decedents caused by the depreciation of securities and other values since the boom period was not relieved, although a very fair and just provision to that end was contained in the bill as it passed the House. The excessive rates in the income and estate tax schedules will in all probability not produce the revenues expected. It is fairly certain that Congress will have to pass new legislation to obtain the revenue thus failing, either in the short session of the present Congress or shortly thereafter. It is a safe guess that some system like the manufacturers' sales tax proposed by the Ways and Means Committee will eventually have to be adopted. Firm and courageous, not to say well-directed leadership could have placed that proposal on the statute books and would have saved the Democratic House leadership from the humiliation of defeat and the country from an ill-considered revenue law.

THE "ECONOMY" PROGRAM

Equally unsuccessful and abortive was the effort of the Democratic House management to pass an economy bill for the reduction of expenditures in response to the universal popular demand. With great eclat a special Economy Committee was appointed, which received privileged status to report bills at any time and which started out with a pretentious program for slashing appropriations. The creation of this committee was clearly a move to circumvent the request of the President for complete authority to cut expenditures by administrative and Executive action. The plea was that Congress should not surrender its powers, but should demonstrate its own ability to handle this important matter. Instead of offering independent legislation that would have stood or fallen on its own merits, the Economy Committee, with the timely assistance of the Committee on Rules, submitted an amendment to the legislative department appropriation bill, which was heralded as insuring savings in appropriations and expenditures amounting to $200,000,000. When the Democratic majority in the House had worked its will as best it could, the net result of the economy amendment was a total annual saving in expenditures of $45,000,000. The Senate came to the rescue of the House leadership, so that eventually the economy amendment provided retrenchment in expenditures of $150,000,000 for the single fiscal year of 1933. The legislation gives the President the authority he sought to work out economies, but curtails his power by requiring that his plans for reorganization of Federal activities can not be put into operation until the Congress has had a chance to disapprove them. Congress is given 60 legislative days in which it may countermand the orders and plans of the President.

This Congress has, to a limited extent, reduced the appropriations for the ordinary purposes of the Government for the fiscal year 1933 below the corresponding appropriations for the fiscal year 1932. Some of our Democratic friends have made extravagant and misleading claims as to the economy thus effected. Comparisons have been made between the total appropriations for the fiscal year 1932 as compared with those for 1933, and on this basis economies or reductions in expenditures have been claimed as high as the enormous sum of approximately $1,400,000,000. Included in this alleged "saving" are the items of $500,000,000 appropriated in 1932 for the capital stock of the Reconstruction Finance Corporation, $101,900,000 for the Federal Farm Board, $22,000,000 for farmers' seed loans, and $125,000,000 for the capital stock of Federal land banks, totaling $748,900,000 of appropriations made for the fiscal year 1932 which are of extraordinary character and, of course, were not repeated in the appropriations for 1933. This claim also does not include the reductions in appropriations for 1933 recommended by the President through the Bureau of the Budget. When these items are eliminated, it will be found that the actual reductions for the ordinary expenditures of the Government in the various appropriation acts for 1933 were only $184,294,000 below the Budget estimates. Of course, these and similar parings will not bring any large or permanent retrenchment in the cost of the Federal establishment. There is only one way in which any considerable and permanent reduction of the Federal Budget can be obtained. That is by dismantling and discontinuing activities, services, bureaus, boards, and commissions which are performing functions not strictly or necessarily of Federal character or even contemplated by the Constitution of the United States. They have been established on the ground that they promote the "general welfare" of the people in many relations and include services and interests which have widespread sympathy and support throughout the country. Broadly speaking, these services and interests are: Public health; education; conservation of national resources; aids to agriculture, labor, industry, trade, aviation, and the merchant marine; and public buildings and public parks. It would be possible to curtail the activities of many of these departments and bureaus and to permanently eliminate some of them from the National Budget; but doubtless vehement and voluminous protests would arise from large groups and many individuals who are directly benefited by the maintenance of these activities.

If the campaign for any considerable reduction of Federal taxation is to succeed, it must address itself to the objects and purposes for which taxes are collected and spent, not merely to possible efficiency and economy in the use of appropriations or in the expenditure of taxes. The appropriations themselves must be eliminated, not merely curtailed or controlled. These trees in the National Treasury forest must be uprooted and destroyed, not merely trimmed and conserved for future growth. To attain these ends the present Congress has not even taken the first steps. The Democratic control in the House has shown no interest in such a purpose or procedure. Its efforts to balance the Budget have been directed merely and entirely to meet an immediate and temporary emergency.

PRESIDENT HOOVER TAXPAYERS' ONLY HOPE

The only hope of the Federal taxpayer for permanant relief from his onerous burdens lies in the President of the United States, to whom Congress should grant the authority, sought by him, without interference even by Congress itself, to reduce expenditures and advance efficiency in the executive departments, which are constitutionally under his management. The Democratic majority in the House has planned no permanent or considerable tax reduction by legislation, but it did strenuously oppose the President's program for retrenchment.

President Hoover has a consistent record in advocacy and support of the reorganization and consolidation of Federal activities in the interest of economy. The subject has challenged his attention since he entered the Cabinet of President Harding on March 5, 1921. On April 16, 1921, he made a notable address on the subject before the Council of Engineers in Philadelphia and called attention to the multiplicity and overlapping of Federal bureaus and departments. On January 22, 1924, in testifying before a joint committee of Congress, he said:

> I wish to emphasize that in reorganization the important thing is to assemble the various functions of Government according to purpose.

In his testimony at that time he outlined a comprehensive system for coordination and reorganization. Referring to the so-called independent establishments, not under

Cabinet heads but responsible directly either to the President or to the Congress, Mr. Hoover characterized them as—

> The floating islands of authority, technically anchored but sometimes actually responsible to nobody.

On another occasion he said that—

> Every single department, bureau, board, or whatever it may be called, in the entire Government, should be placed on the operating table and a clean-cut separation established between semijudicial and semilegislative functions on the one hand and of administration on the other.

If President Hoover is afforded the authority and opportunity which he has besought Congress to give him to reorganize and reduce Government establishments, real economy and efficiency may confidently be expected to result. The present Congress showed a partisan and narrow spirit in not granting him such full and untrammeled power to reform the administrative departments, which, after all, are under the constitutional jurisdiction of the Executive.

Mr. STAFFORD. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, on December 17 last, I introduced House Resolution 68, which was referred to the Committee on Rules. It provided that the Committee on Banking and Currency be authorized and directed to investigate the Federal Reserve Board and the Federal reserve banks, and such members of the Federal reserve system as may be necessary in their activities with respect to foreign banks and foreign central banks, their open-market operations and acceptance business, and their connection with the American Acceptance Council and their collaboration with other banks, American and foreign, in the operations of such banks and foreign financing and for the purpose of this investigation that the committee make an audit of the books of the Federal Reserve Board and the Federal reserve banks in connection therewith. I have repeatedly been asking the chairman of the Committee on Rules for action on this resolution. Up to this time I have had nothing but courteous replies. I say to the membership of this House, and particularly to the responsible leadership, that there is no more important matter pending before this Congress than consideration of this resolution. Only to-day the majority leader made a statement on the floor of this House which confirmed a prediction that I made on the floor of the House and have repeatedly made during the past three years, to the effect that the Young plan would not be carried out. On December 15 I referred to matters pertaining to the operation of the Federal reserve system which can not be ignored by the responsible leadership in this House. Again, the other day, June 10, I made a speech dealing with the Federal reserve, which can not be ignored. I rise now to call attention of the leadership of this House to the fact that this Congress should not adjourn until they give consideration to this resolution.

I call attention also to another resolution and I am prompted to do so somewhat by the discussion relative to the deficit which has taken place in this House to-day. I call attention to House Resolution 249 which I introduced on June 4, 1932, the same day that I made a speech on the floor of this House, and pointed out the fact that there was a large volume of uncollected taxes pending before the Bureau of Internal Revenue of the Treasury Department.

A lot of those taxes are being fraudulently withheld, and I pointed out the reasons for it and asked in this resolution that a committee be appointed and directed to investigate and determine the amount of income and excess-profits taxes which have been fraudulently evaded, either with or without the knowledge of the Bureau of Internal Revenue, and to investigate and determine the exact amount of income and excess-profits taxes which the Bureau of Internal Revenue failed to collect by the unconstitutional and illegal withdrawal of Attorneys General's opinions, and I cited these various opinions. I again call attention of the leadership of this House, and particularly do I call the Speaker's attention to this particular resolution, and in doing so I desire to call your attention to a speech made in this House on December 16, 1930, by the Hon. JOHN N. GARNER, now Speaker of the House of Representatives, in which he set forth the total internal-revenue receipts from 1917 to 1930, a total of 14 years, at $44,032,371,357, and also total income, excess-profits, and estate tax receipts for the same period as $33,794,833,701. He also set out refunds, credits, and abatements of internal-revenue taxes a total of $3,450,434,392; the abatements, however, only covered a period of 9 years of the 14 years. The statement also showed additional assessments and collections of internal-revenue taxes for the same period totaling $5,345,202,277.

And after analyzing very carefully the collection of these taxes and the payment of these refunds, and so forth, Mr. GARNER said—and I quote now from the CONGRESSIONAL RECORD:

> I just want the House to understand this situation, and especially my Republican brethren, as to how much dependence can be placed upon statements of the Treasury Department, based upon any statistics it gives.
>
> Mr. GOLDER. Is there anything to indicate that any of the refunds which are made are improperly or illegally made?
>
> Mr. GARNER. I think there is, sir.
>
> Mr. GOLDER. Will the gentleman produce it?
>
> Mr. GARNER. Produce it? Give me an opportunity to investigate the Treasury Department, and I will do it.
>
> Mr. GOLDER. The gentleman apparently has that power.
>
> Mr. GARNER. No; I have not. If you will give me that power with your vote, I will attend to the job very quickly.

And again, on May 26, 1930, on the floor of this House, as recorded on page 9572 of the CONGRESSIONAL RECORD, volume 72, part 9, the Seventy-first Congress, second session, Mr. GARNER said:

> Several weeks ago I introduced a resolution authorizing an investigation of the Treasury Department in connection with these tax refunds, and that resolution has never been reported by the committee to which it was referred. I believe that in view of this decision of the Court of Claims the resolution should be acted upon and Congress informed as to the reason and motives of the Treasury Department in granting these refunds without a court decision.
>
> The $33,000,000 refund to the United State Steel Corporation was approved by the majority members of the Joint Committee on Internal Revenue Taxation in March. Since that time refunds aggregating $5,845,052.75 have been approved by the Treasury Department, and it is interesting to note that of this amount $3,435,948 represents refunds to Pennsylvania corporations.
>
> I believe that the great mass of American taxpayers, upon whom the burden of these enormous refunds must fall, are entitled to demand of Congress and the Treasury Department that these matters be submitted to the courts for adjudication. The fallacy of the rule applied by the Treasury Department has been made evident by the decision of the Court of Claims, and it is obvious that a halt must be called, a thorough investigation made, and rules established upon a sound basis by the courts.

I call the attention now of our Speaker, and in no critical manner whatsoever but as concurring with what I am proposing, that now, under his leadership, he has the opportunity to investigate under my resolution that which he has already said should be investigated. If the Treasury will collect the taxes that are now due, there will be no deficit in the Budget.

Mr. O'CONNOR. To what committee was that resolution referred?

Mr. McFADDEN. The Rules Committee.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. GARNER. I still have the same opinion I expressed at that time. The reasons I have not pressed on the Rules Committee the investigation demanded by the gentleman from Pennsylvania are two. For the last six months the country has been very much disturbed in economic matters. I did not want to investigate the Treasury Department with a view to having the people of the country lose confidence in it. The only thing they seem to have left is confidence in the Government of the United States, in its fiscal matters. To make an investigation at this time and discover such things as the gentleman from Pennsylvania and I believe would be discovered in that department would certainly unsettle that confidence and would not be beneficial to the American people.

Secondly, I thought if we understook to do it at this time, with an election immediately in front of us, it would be

charged during the campaign that we attempted to use the investigation for partisan purposes.

Those are the two reasons why I did not ask for it to be done.

Mr. McFADDEN. I am very glad that the gentleman from Texas [Mr. GARNER] agrees with me, and I am just as much concerned as the gentleman is, as regards the confidence of the public; but I do want to say, in addition, that if there is anything that the public wants, it is the light turned on. That is why they have not confidence to-day.

Mr. MICHENER. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. MICHENER. In view of what the Speaker has said, and speaking as he does as the Speaker of this House and as a vice presidential candidate, his views should carry great weight to the country. The Speaker has said that he does not want this investigation for the simple reason that he believes, in substance, that it would develop corruption and fraud in the Treasury Department. In other words, this man in this high position tells the country that, in his judgment, there is fraud and corruption in the Treasury Department, and he says that if the country were to learn that at this time, it might have a bad effect upon the country.

Mr. GARNER. Will the gentleman yield for just a moment?

Mr. MICHENER. When I have finished my statement. I have the floor.

Mr. GARNER. Yes; the gentleman has the floor, but the gentleman ought not misquote me for the RECORD.

Mr. MICHENER. I am not misquoting the gentleman at all.

Mr. GARNER. I did not say "corruption and fraud." I challenge the stenographic report to show that.

Mr. MICHENER. But there are some of us who have some rights sometimes when we have been yielded to.

Mr. GARNER. Yes; but the gentleman has no right to make misstatements.

Mr. MICHENER. The Speaker makes a statement from his platform and we can not answer it, but when the Speaker takes the privilege of coming on to the floor it seems to me he is on the same level as any other man on the floor. I do not want to misquote the Speaker. I will not change my remarks in the RECORD, and I ask that the Speaker do not change his remarks, so that they will speak for themselves.

What I want to say is that I agree with the gentleman from Pennsylvania [Mr. McFADDEN] that if this fraud does exist it should be investigated; and if the Speaker of the House wants to say to the country that he believes that it does exist and he fears that the divulging of the existence of the fraud would be detrimental to the country, I say it is much better that we divulge this fraud and clean it up, if there is fraud, rather than to say to the country we know it is there but we are afraid to divulge it.

Mr. GARNER. Will the gentleman yield to me for a moment?

Mr. McFADDEN. Certainly. I yield.

Mr. GARNER. I used neither the word "corruption" nor "fraud," but I said I was afraid that a revelation of the condition existing in the Treasury—and I used the word "condition," and I will not change my remarks—would have a bad effect upon the country. However, let me say to the gentleman from Michigan, the leader on that side of the House, that if his side of the House is now willing to appoint a committee for the purpose of investigating the Treasury Department, including the Comptroller of the Currency and the Federal reserve system, I think I can speak for the majority side of the House that we will pass a resolution to-morrow or Monday creating that committee and give them ample funds to make this investigation. Now, if the gentlemen on that side want an investigation made, we will make it. [Applause.]

Mr. MICHENER. In answer to the gentleman from Texas, I will say the gentleman confers upon me an honor, in language, to which I am not entitled. The leader of the minority, Mr. SNELL, is not present. I am speaking in my individual capacity and only spoke after the gentleman's statement, and I want it to be understood that I am not speaking for anyone but myself. Personally, I should prefer an investigation to a statement by one in responsible position that corruption does exist.

Mr. GARNER. Will the gentleman yield?

Mr. MICHENER. Yes.

Mr. GARNER. Speaking in his individual capacity and as a member of the Rules Committee, will the gentleman assist in bringing out a rule and passing it on the floor of this House?

Mr. MICHENER. Yes; I think I will.

Mr. GARNER. I understand that the Rules Committee meets at 11 o'clock to-morrow. Speaking as far as I may for the majority, I request them to bring out the resolution of the gentleman from Pennsylvania [Mr. McFADDEN], put it on its passage, and make this investigation. [Applause.]

Mr. CHINDBLOM. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. CHINDBLOM. Speaking as one Member of the House and upon my own responsibility, I believe that the Rules Committee, if and when it acts upon this matter, should make some preliminary ascertainment of facts, and not base its action merely upon the language of a resolution which may have been introduced; and I am satisfied if the Rules Committee will do that, there will not be found to be any good reason for making the investigation upon the basis of the results.

Mr. MICHENER. Well, I take it the Speaker is to appear before the Rules Committee in the usual custom, and give the facts upon which he basis his charges. Of course, we would not think of reporting out a rule—not a Democratic Member would think of reporting out a rule—unless the Speaker or some one responsible, who makes the charges, does come before the committee and make his assertion.

Mr. SABATH. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. SABATH. I desire to state that the gentleman from Pennsylvania several times has made direct charges against the Treasury Department, as well as against the Federal reserve system. I believe that the resolution asking for an investigation should receive favorable consideration, but, due to the wishes of the Speaker, who feared that it might affect the stability and what little confidence there was left in the administration, I desisted in demanding favorable action on that resolution. But I think the gentleman has submitted enough proof on which the Rules Committee could act.

Mr. SCHAFER. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. SCHAFER. As an individual Member of the House, I hope the Rules Committee will meet to-morrow and that the gentleman from Pennsylvania, the distinguished Republican [Mr. McFADDEN], and the gentleman from Texas, the distinguished Democrat [Mr. GARNER], will both appear before that committee with some concrete evidence, justifying their statements on the floor of the House to-day, and that the Rules Committee will consider that evidence and bring the resolution to the House for action, either adversely or favorably, so that we can have the evidence that both of the gentlemen have and vote upon it. It will be better for the country, better for the Treasury, and for all concerned than to adjourn, as the Democratic majority wanted to adjourn, over to-morrow.

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Chairman, it is not my purpose, and shall not be, to take the floor for any political discussion, but rather for a discussion of why the House went into the Committee of the Whole here to discuss the President's message on the second deficiency bill. I want to call the attention of the House to the fact that when that bill was up for consideration in the House on June 9, 1932, as shown at pages 12485 and 12486 of the RECORD, I was privileged to have a little debate with the chairman of the Appropriations Committee on the reasons as to why the Appropriations Committee left out an item of $120,000 for the

continuation of the so-called Gifford unemployment relief committee. I read these excerpts from the CONGRESSIONAL RECORD of that date:

Mr. Goss. Mr. Chairman, I rise in opposition to the pro forma amendment, for the purpose of calling attention to the fact that the Bureau of the Budget recommended an item of $90,000 for salaries to carry on the work of the President's Unemployment Relief Committee, as well as an item of $24,000 for contingent expenses and an item of $6,000 for printing and binding. I notice the Appropriations Committee has refused to appropriate for any of the matters affecting unemployment relief, which Mr. Gifford and Mr. Owen D. Young have been heading for the past few months and have done an excellent job. I want to know if the chairman can inform the committee why the Committee on Appropriations left those appropriations out of the bill?

Mr. BYRNS. The very best reason I can offer the gentleman is that there was no law authorizing it, and it was so admitted by the gentlemen who appeared before the committee in support of the estimate. If these items had been reported, they would have been subject to points of order.

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Mr. Goss. Does not the gentleman know about the unemployment situation and agree that something should be done?

Mr. BYRNS. I do; but can the gentleman tell me one single thing this Gifford Employment Commission has done looking to the relief of unemployment?

Mr. Goss. Yes; many things. It raised funds in the various local communities to help those local communities take care of their own unemployment. They have done it in my district. They ran the Army and Navy football game in New York City for unemployment relief.

Mr. BYRNS. Are we going to spend $120,000 for a commission to run an Army and Navy football game?

Mr. Goss. No. The gentleman is facetious in that remark. They have done a good job all over the country.

Mr. BYRNS. The funds to which the gentleman refers were raised by local communities, and those funds could have been raised, and doubtless would have been raised, by those local communities without the establishment of an illegal and unauthorized employment commission. We have an employment commission in the Department of Labor. Why have another employment commission in the Department of Commerce?

Mr. Goss. Simply to follow up and help in this unemployment-relief program.

Mr. BYRNS. That is the trouble with these departments of the Government; there is so much duplication of service that it is impossible for anybody to know just what is being done, and that is one reason for the enormous increase of expenditure.

[Here the gavel fell.]

Mr. Goss. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. Goss. Then the only reason why your committee did not bring this in was because it was subject to a point of order?

Mr. BYRNS: Oh, no. I am not speaking for the other members of the committee, but I want to say to the gentleman that I think that was a useless expenditure of money and that I do not believe it ought to be carried on next year. Certainly when there is no authority of law for it the committee would not have been justified in bringing it in.

Mr. HART. Will the gentleman yield?

Mr. Goss. Yes.

Mr. HART. As a member of the Appropriations Committee I voted to exclude it because I thought it was a waste of money.

Mr. Goss. The gentleman does not think Mr. Young or Mr. Gifford have done anything toward the relief of unemployment?

Mr. HART. Mr. Young and Mr. Gifford put in no bill for their services.

Mr. Goss. But there are 108 employees working without any compensation at all, and there is more or less of a skeleton organization over the country.

Mr. BYRNS. Does not the gentleman know we have the United States Employment Service?

Mr. Goss. I know that, and it does a fine service.

Mr. BYRNS. Then why have one in the Department of Commerce? Is not the Department of Labor the proper place in the Government for that activity?

Mr. Goss. My information is that this agency is doing a different class of work from that of the Federal employment service in the Department of Labor.

In questioning the chairman, the gentleman from Tennessee [Mr. BYRNS], he felt that there was no need for this particular service any longer, and yet I find on the 5th of July the President of the United States sent a message to us requesting an appropriation of $120,000 to continue this relief committee.

Mr. SABATH. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. SABATH. Does the gentleman know what the $120,000 was requested for?

Mr. GOSS. Yes.

Mr. SABATH. Is it not a fact that most of it was for salaries?

Mr. GOSS. Yes. I will come to that. I will answer the gentleman. I may say right now that $90,000 of the $120,000 was for salaries, $24,000 was for contingent expenses, and $6,000 was for printing.

In this connection I wish to quote from the message of the President of July 5:

This organization, of which Mr. Walter S. Gifford is director, is comprised of leading men and women throughout every State in the Union and has served to establish and coordinate State and local volunteer effort in relief of distress throughout the Nation. The organization has secured in a large way the cooperation of industry and labor, of the national social-welfare organizations, and has assisted in mobilizing a large amount of voluntary funds and administering local resources to the best advantage. This organization is the only agency for national coordination and stimulation for the multitude of voluntary efforts and a clearing to these thousands of organizations with suggestions and methods for the alleviation of unemployment distress.

Should this organization be discontinued, not only would its important functions of stimulation of private giving and coordination be destroyed, but there would be grave danger of national, State, and local volunteer groups concluding that services such as they have rendered were no longer necessary. Voluntary effort amongst our people is of far more importance both morally and financially than the direct aid of local or other governmental agencies. To demobilize this organization might easily create widespread confusion and bring great hardships when the need is greatest.

It is obviously of the utmost importance that no action be taken which shall in any way diminish voluntary efforts which combine the intimate knowledge of local conditions with the sense of responsibility toward fellow citizens and neighbors in distress. Continuance of this organization with its background of experience is, in my opinion, most essential to the intelligent carrying out of the provisions of all relief activities, whether private or public.

I call the attention of the House to the fact that there were 108 volunteer citizens of this country in some 40 States who have been serving with this commission besides the clerks—I believe there are 35—to whom the Federal Government is paying these salaries mentioned by the gentleman from Illinois.

Mr. McDUFFIE. May I interrupt the gentleman?

Mr. GOSS. Certainly.

Mr. McDUFFIE. The question is not how much is being paid in salaries to the people on the pay roll but what are the results obtained by this commission?

Mr. GOSS. I shall be pleased to tell the gentleman what my own experience was in connection with this.

The Gifford committee took the place of the President's so-called emergency committee in August of 1931, true, without the authority of Congress, and that is what made the deficiency appropriation of $120,000 necessary as requested to the Bureau of the Budget this year.

Now I want to call the gentleman's attention to some of the things this committee has actually done.

In the field of social welfare and relief, the organization has cooperated actively with numerous groups, such as the Family Welfare Association of America, the Association of Community Chests and Councils, the National Association of Public Welfare Officials, the National Association of Travelers' Aid Societies, and the Red Cross. The organization has also worked closely with more than 200 national associations, fraternal societies, and service clubs.

In its function as a clearing house for information which may prove helpful to national, State, and local agencies engaged in the relief of unemployment distress, the organization has had prepared for and distributed to these groups a number of guidance reports and bulletins dealing with such subjects as made work, homeless men, homeless women, transient families, organization and administration of public-relief agencies, made work for white-collar unemployed, collection and distribution of clothing for relief, and so forth.

The organization has strongly recommended that commercial and industrial concerns increase employment opportunities by spreading work. A number of bulletins have been issued describing the methods and experiences of a large number of companies in dividing available work among

as many employees as possible, thereby reducing materially the number who would otherwise have to apply for charity.

The organization has also developed a number of special projects. During recent months the importance of subsistence gardens as a relief measure has been stressed. A bulletin describing garden programs followed successfully in 1931 by many communities and industrial organizations has been issued and distributed to local unemployment-relief committees and other organizations throughout the country. In cooperation with the agricultural-extension service in five States, the organization has been interested in the development of an experimental subsistence-garden program in connection with industrial employment. Those five States are Ohio, Indiana, Illinois, Kentucky, and West Virginia. At the present time a program for the conservation of surplus fruits and vegetables is being prepared and a bulletin will be issued.

Through cooperation with the United States Office of Education, emphasis is being placed upon the need of schools to develop or expand in night schools, vocational classes, and so forth, so that they may be of greater assistance to the unemployed. Recently reports have been received from some 300 superintendents showing a large number of unemployed men and women enrolling in such schools.

A report giving a cross section of the experience in this field is being prepared and will be distributed to State, county, and local superintendents of schools throughout the country.

Another fundamental problem pressing for the attention of emergency-relief committees is to provide for the satisfactory use of the free time of the unemployed. To this end many communities, in addition to offering opportunities for educational and vocational training, are carrying on recreational activities. A bulletin has recently been issued to unemployment-relief committees, presenting a suggested community program for recreational activities, prepared at the request of our organization by the American Library Association, Boys' Clubs of America, Federal Council of Churches of Christ in America, Jewish Welfare Board, Knights of Columbus, the Y. M. C. A., the Y. W. C. A., the National Federation of Settlements, and the National Recreation Association.

Mr. BRIGGS. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. BRIGGS. The gentleman spoke about the Gifford committee not being an efficient committee.

Mr. GOSS. I said it was not authorized by law.

Mr. BRIGGS. That is what I meant; not authorized by law.

Mr. GOSS. Yes.

Mr. BRIGGS. And that was responsible for the deficiency.

Mr. GOSS. That is the reason.

Mr. BRIGGS. I was wondering how the gentleman coupled up the deficiency with this committee attempting to carry on the operations indicated.

Mr. GOSS. The President appointed this commission, I will say to the gentleman from Texas, during the absence of Congress, on account of the unemployment emergency; and at the time he appointed this committee, of course, he had to have funds to carry on the work; and that is why it came in, as the gentleman knows, in a deficiency bill and why it was recommended this year.

Now, I want to call attention to what has happened, and a lot of it, I admit frankly, can not be seen. A lot of this work is in addition to the work in the usual Federal employment agencies throughout the States and should not be confused with their usual work.

I want to call attention to the fact that in the schools throughout the United States they have held night sessions for vocational training during their three hours to instruct these people who have been out of employment. Again, along the lines of vocational education, they have cooperated with the Young Men's Christian Associations, the Knights of Columbus, and all kinds of charitable organizations.

In order to help purely local situations, they put out different bulletins, and I want to refer to my own home city for a moment to show how it has operated there.

We got up little groups, and in our city we have not had to expend any city funds, and yet we have raised and expended on unemployment something between a million and a million and a half dollars toward relief this last year; and our distinguished mayor, Hon. T. Frank Hayes, a Democrat—and a lot of credit is due to him in the work that he accomplished—brought up this idea of cooperation with these committees, because I happen to know that he cooperated with this unemployment commission here in Washington, and each one who was working was given an opportunity to contribute 1 per cent of his wages up to and including those who earned $50 a week; 1½ per cent from $50 to $75; 2 per cent from $75 to $100; and 3 per cent over $100 a week; the factories, stores, and various industries have matched dollar for dollar that raised by the employees. It was a very small amount. A person earning $50 a week contributed only 50 cents. But it has relieved the unemployment situation. I am informed it has relieved all the people in dire distress. It has all been expended on public improvements after having an investigation made of the needs of the various classes who needed this type of work. That is the line along which this commission has been cooperating throughout the country.

Mr. McDUFFIE. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. McDUFFIE. Does not the gentleman think that those fine results, of which he has spoken, could have been obtained without this expenditure from the Federal Government?

Mr. GOSS. I will be frank and say that it is possible they might have been obtained, but at the same time it is very difficult in these local communities to set up an organization and have the people cooperate unless there is some head to the whole situation throughout the country. When the bill was under consideration I felt that this work should be continued, but enough Members disagreed with me to prevent the appropriation of the amount necessary to continue the work.

Mr. McDUFFIE. This is the committee that originated under the chairmanship of one Colonel Wood, is it not?

Mr. GOSS. Yes.

Mr. McDUFFIE. Does the gentleman know why the colonel quit?

Mr. GOSS. No.

Mr. McDUFFIE. Is it not a fact that the colonel thought it was a useless expenditure of public funds and that is the reason he quit?

Mr. GOSS. I can not answer the gentleman's question, because I do not know. However, I do know this, that after Mr. Gifford became chairman of the commission, in conjunction with Mr. Owen D. Young and various others of this executive group, millions of dollars were raised through the running of football games, charitable entertainments, and what not. In this way unemployment has been relieved in local places. When we have been considering unemployment relief to the extent of $2,000,000,000, and so on, I think $120,000 would be a paltry sum to appropriate for the continuance of an activity as worth while as this seems to me to be. I have been in close contact with the work at home and throughout my district. I think the bulletins and suggestions which have been handed out under the leadership of this commission have been very helpful. You can not say how much relief it has actually given, but I think the work this commission has done has been very helpful in relieving distress in local communities.

Mr. McDUFFIE. What is the status of this item now?

Mr. GOSS. The status is this: As the second deficiency bill came into the House it was minus this $120,000 appropriation which was asked for through the Bureau of the Budget. There were hearings on it before the Appropriations Committee, and the gentleman can find those hearings on page 66 of the hearings on the second deficiency bill.

When the bill was under consideration I asked the chairman of the committee [Mr. BYRNS] why that appropriation was not included. He stated it was not included because he felt it was not required. The bill passed the House and Senate without having that amount included, and the President is now asking us to appropriate this money, and I think it is worth while. [Applause.]

[Here the gavel fell.]

Mr. PATTERSON. Mr. Chairman, I yield to the gentleman from Illinois [Mr. RAINEY].

Mr. RAINEY. Mr. Chairman, I ask unanimous consent that the gentleman from Oklahoma [Mr. MCCLINTIC] may have permission to extend his remarks in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, there are times when nearly every Member of Congress has had to participate in a strenuous campaign. During the present session I have been confronted with a situation that has brought to me the kind of experience that I never before witnessed. The financial condition of the Nation has been at its lowest ebb, which has caused a period of unrest to the extent that many of our worthy citizens did not know what was best to do; however, in all my public addresses I have tried to acquaint those whom I have the honor of representing with facts connected with present conditions, in order that they might realize some of the causes that have brought about the present depression.

I know that the citizens of the seventh congressional district rate in intelligence as high as those who reside in any other section of the United States, and that they are sufficiently posted to know who is to blame for present conditions. I also feel that when my people ascertain the real cause of all this distress that they will be fair enough to place the responsibility where it rightfully belongs.

The Democratic Party went out of power in 1920. During the eight years that it was in control of the Government there was more progressive legislation enacted into law than in any other similar period in the history of the Nation. Furthermore, our citizens during this period enjoyed a greater era of prosperity than ever before. Farm products sold for higher prices. The laborer received more for his services, and there was reflected to every occupation a period of prosperity. Since this period the Republican Party has had a President in the White House, and it being the duty of the President to include in his message to Congress recommendations relating to needed laws, his party must share the responsibility for not bringing to the attention of the lawmaking bodies measures in the interest of the public.

In the speeches that I have made in the District, attention has been called to the need for certain laws, with the hope that the President and the heads of the various departments would join with the lawmakers in giving proper relief to the people. However, it is to be regretted that big business and those who occupy high positions in financial circles are about the only ones that have been able to get the ear of the President, as apparently his idea of bringing about better conditions has been to start at the top and work down, instead of beginning at the bottom and working up.

As secretary of the special Agricultural Committee in the House of Representatives, interested in agriculture, I have spoken before the committee, conferred with our party leaders, called together the representatives of the farm organizations, and in every way in my power tried to bring the kind of pressure to bear that would cause the enactment of an emergency farm bill which would provide the cost of production on that part of the yield needed for home consumption. This plan is sound; for if the Nation did not produce that which is needed to feed and clothe the people, it would be necessary to purchase the same abroad. Everyone knows that the source of all wealth is in the ground and unless the producers can obtain cost of production, it will be impossible to reflect a healthy condition to the other occupations. Therefore, notwithstanding the fact the President, the Farm Board, and the Secretary of Agriculture, whose duty it is to support needed legislation, have failed to recommend a bill of this kind to Congress, it has been possible to get the three farm organizations to support this principle, and I am hoping that the people everywhere will consider the facts and place the blame where it justly belongs, as no law can be passed when vetoed by the President unless there can be had a two-thirds vote, and my party has only a majority in the House of Representatives.

Over 30 nations have abandoned the gold standard and substituted silver. The United States formerly enjoyed a fine trade from most of these nations. The silver dollar is worth less than 50 cents, and these countries would be penalized from 30 to 50 cents on the dollar, or the difference in the value in gold, in carrying on trade relations with countries now on a gold standard. I take the position that a new policy should be put into effect with respect to money by using two metals, namely, gold and silver, with a fixed ratio, thus enabling the United States to resume trade relations with these nations, using the silver ratio as a basis for the exchange. I feel that the adoption of such a law will open up our markets, thus enabling a larger percentage of our surplus products to be disposed of and at the same time bring about friendly relations with all nations.

Nearly everyone realizes that some of our meritorious citizens can not pay their taxes this year and that the future does not hold out very much hope when it is known that the farm products are going to be sold for prices lower than cost of production. Many will not be able to pay the storekeeper, take up their notes at the banks, and retire the payments that are due the mortgage companies; therefore, I am in favor of a law which would allow a meritorious landowner to obtain loans at a low rate of interest, covering a long period of years, based upon a fair appraisal of the property, having in mind that funds could be obtained either from the Reconstruction Finance Corporation, the Postal Savings, or the Federal reserve banking system. Such a law, if advisable, would provide for the issuing of money against such security, enabling our currency to be inflated, thereby serving a double purpose.

I regret exceedingly that the President of the United States came out against the payment of the soldiers' bonus or adjusted compensation. Everyone knows that during the war labor received from $5 to $20 per day, when our soldiers were only being paid $1.25 per day. This being an appreciative Government, a law was passed to adjust the difference in pay, and these soldiers were given an adjusted certificate amounting to approximately $1 per day covering their services. The Government has promised this money to them. I take the position that the payment of over $2,000,000,000 at this time would do more to bring relief to the entire Nation than practically anything else, as this money would be distributed to every section of the Nation, thus causing the same to flow into channels that have not been touched by laws passed during the session. I spoke in favor of this bill and voted for same on final passage. It is to be regretted that the Republican Senate killed it, thus denying the relief that was so badly needed now. During the discussion of this bill I called attention to the fact that in many theaters in the Nation a retired Army general made a vicious talking picture, suggesting by inference that the Army should be called on to run the ex-service men, who were then at Washington, out of the city. This Army officer, in my opinion, represents the type that did their fighting about 25 miles behind the line. Anyhow, I venture to say that certain of these officers have enough medals to fill a half-bushel basket because of the record made by the men who were at the front, and that some never got close enough to smell gunpowder.

I resent the "dog-in-the-manger" attitude assumed by him and others. I know that these splendid lads were not tramps or beggars, but good citizens out of employment, out of food, out of clothes, seeking the payment of that which has been promised them. Therefore, regardless of what the President favors, the capitalistic-owned press and others have said in the way of criticism, I have stuck with them and will continue to stick so long as they conduct themselves in a proper way.

During my service, as much if not more consideration has come to the seventh congressional district as to any other similar district in the United States. I dare say there is more public-building construction, giving employment to labor, now going on than in many other districts. I feel that the ex-service men and their dependents have been taken care of in the best manner possible. I know that a deaf ear has never been turned to any worthy cause, and that every letter received has been answered, taking care of the wishes of the writer as promptly as possible. I have aided in the passage and enactment of the first road law, which caused the Government to match dollar for dollar with the States; and Oklahoma has received benefits from this act amounting to over $30,000,000. I have aided in the passage of the land bank law, which has saved thousands of dollars to my people in the way of interest charges. I supported the first immigration law, which protects our country from being flooded with those who would be classed as undesirables.

The vocational training act, which benefits the underprivileged, the hospitalization bill for disabled veterans, the adjusted compensation act, and those that relate to benefits for the widows and orphans likewise have received my support. I have aided in the passage of hundreds of important bills, and no person can point to a single law that I have voted for that was not of benefit to the district and the Nation. This must be true, as I have never heard any opponent criticizing any votes that I have cast during my term of office. Therefore, everyone must realize that my every act has been in the interest of the district, and it is on this record I am asking for reelection to my present position. During my service, on two occasions, I have been most severely attacked because of a fight put up to save the taxpayers from being penalized to the extent of several billion dollars. At one time it was proposed to authorize the expenditure of over $4,000,000,000, which would have been directly beneficial to the steel corporations and shipbuilding corporations. In the best way I knew I fought this measure, and it did not become a law; however, I was made to suffer humiliation because of a dirty, foul, underhanded attack made upon me for the purpose of ruining my reputation. My conscience was clear—I knew that I had committed no wrong, and, instead of remaining quiet, when I found out the source of these charges the "fur certainly did fly," and the guilty party looked like a sheep-killing dog when I referred to him as a rattlesnake and a skunk.

I asked the Post Office Department to use their secret-service men and make a complete check of the charges, and the cleanest exoneration that was ever written came from this source, and it is printed in the CONGRESSIONAL RECORD. Again during this session I opposed in every way I knew the proposed authorization of $610,000,000 which would have been beneficial to this same class. The bill did not become a law, but I got one of the worst skinnings that was ever printed by a chain of newspapers that are favorable to big business. I do not know who is furnishing the money that has been expended for the purpose of trying to defeat me. On numerous occasions during this campaign I have had individuals tell me they were offered pretty near their own price to work against me. Some one has furnished this cash, and you can realize when a public servant has had to fight the kind of interests that made millions of dollars out of Government contracts that they would be glad to donate several thousands of dollars to remove the stumbling block out of the way. Yet I am convinced that there are a sufficient number of well-meaning citizens in the district that will not allow their minds to be poisoned by this propaganda that may have been bought and paid for by contributions coming from those who have been exposed and shown up when they were engaged in a practice that would not stand the light of day.

There has been directed against me a campaign of misrepresentation. A regular campaign of whispering, poison political mongers, going about the country, most always under cover, hardly ever in the open, telling old political lies and adding to them new ones as fast as fertile brain could conceive them, trying to make mountains out of the molehills, telling just common, ordinary lies. I have endeavored to make a clean campaign and base my claim for reelection upon my own record in the National House of Representatives and not upon the demerits of any other person. I have endeavored at all times to take care of every request of the good people of my district promptly and effectively. My stand upon every piece of legislation coming before Congress is a matter of record and has not been attacked during this campaign. The way I have supported and worked for the ex-service men has never at any time been attacked, but has always been approved. My vote and my efforts in behalf of the farmer have been approved by every organization working in the interest of this great industry. Notwithstanding the fact that the Republican Party has been in control of our National Government, I have been a "thorn in the side" of the special interests who have sought to appropriate millions of dollars, which were unnecessary and which would have only benefited their own greedy few; and I am glad that I have been successful in preventing these appropriations which would not have benefited my people or the citizens of this Nation in any way.

The best way to size up an individual is to go to his home and consult his neighbors. This person lost his home box by over 3 to 1; in addition, lost his home county. He started out trying to poison the minds of every person against me. Then he dragged my wife into the campaign, because I kept her on the pay roll during the period I was in bad health, using the money to take care of extra employment. My, how he squalled until some of my friends happened to look into the State records and found that when he was superintendent of an Oklahoma State institution, his wife, notwithstanding there is a law against nepotism, was on the pay roll. How he did squirm! Then he got one of his appointees to make an affidavit that he had nothing to do with it. He set a steel trap for the other fellow and got caught in it himself. I heard about one of his former supporters, when he learned of his hypocrisy and demagogue tactics, he tore down his picture and threw his literature into the street. The records show that I have been unfortunate because I had to go to the hospital four times and undergo four operations. Everything I have done has been authorized by law, and I am proud that my friends resented the unjust, untrue attacks which were made upon me.

My very best efforts have always been given for those whom I have the honor to represent. Every public official in Washinton knows that the district has a high rating. The length of service or seniority is the determining factor that governs congressional matters. The constant support my constituents have given me has made it possible for the district to have a Member who is chairman of five groups. I have a service that is only exceeded by 35 out of the 435 Members of the House. I am secretary of the Democratic caucus and, in addition, the chairman of the Oklahoma House delegation. A new Member has to begin at the bottom and work up. The salary paid each Member is the same, yet every honor in the way of assignments would be lost to the district should there be a change. Therefore, I am hoping that those whom I have the honor to represent will pause long enough to make a comparison with the seventh district and other districts in our neighboring States. Texas has possibly three times as much power as any other State in the Union, because its citizens know about the rule of seniority and realize the longer a Member is retained the higher he will climb. On one occasion our Speaker of the House, the Hon. JOHN N. GARNER, had to undergo a similar campaign to that which is being made against me. A slanderer and loud-mouthed demagogue preached and poisoned the minds of some to the extent that a congressional committee went to Texas for the purpose of looking into the charges.

The people upheld their representative. The committee exonerated him. The House has since elected him Speaker, and at the last Democratic convention he was honored by being selected as the candidate for the Vice Presidency.

In addition, Texas probably has more chairmen of important committees than any other State, thus causing their districts to receive greater benefits than could be obtained by new men.

I have never served at the beginning of a Democratic administration. I honestly believe that my party will come into power next election. I have been personally acquainted with the Hon. Franklin D. Roosevelt, our candidate for the Presidency, ever since the year 1920, when I was chairman of the speakers' bureau for the Democratic National Committee and stationed at Chicago. At that time he was candidate for the Vice Presidency, and I feel that the Democratic Party should be congratulated for having selected such eminent, well-qualified men to head our ticket, and, of course, I feel that it would be advantageous to every citizen in the seventh congressional district to have in Congress one who has worked with them in the past.

My friends have made it possible for me to carry every county in the district by a large majority. I am proud of my home-town people, as I received 295 votes and my opponent only 26. A candidate that can not carry his home box or his home county surely can not expect other sections of the district to have any confidence in him. This result shows conclusively that an individual who tries to meet success by using the poisonous tongue of slander will never succeed, and I am proud of the fact that the vote shows that I had three friends in his home to his one.

During this campaign, up to the primary, I never called a single opponent by name. I have always tried to run on my own merits rather than the demerits of the other fellow, and I am sure that every good woman and every good man will resent the way that they tried to besmirch the name of my good wife, and I know that if they will put themselves in my place, that support will never be given to such an individual.

I want to make western Oklahoma a better place to live in. My highest aim in life is to help the deserving in the best manner possible; and regardless of how humble an individual may be, he knows from my record in the past that when he calls on me for aid that I will do my level best.

Mr. PATTERSON. Mr. Chairman, I yield to the gentleman from Ohio [Mr. CROSSER] such time as he may desire to use.

Mr. CROSSER. Mr. Chairman, to-day, throughout the land there is apparent confusion and distress. Many industries are at a standstill and almost everywhere we hear complaint of the unemployed.

All this occurs in a land where at the present there is more than enough produced to supply the needs of everyone. For this condition all kinds of explanations have been given.

The unscientific tariff law passed during the last Congress is blamed for the depression and certainly the tariff law did add to the trouble.

The unwise administration of our banking laws is pointed to as the cause of the country's troubles and no doubt it has been responsible for much disturbance in business.

The chief and controlling cause of the country's troubles is, however, a lack of readjustment among the factors of production in accordance with the true economic laws of distribution.

Almost the only thought and concern, however, of those in control of our affairs has been to make it possible to produce as much as possible as quickly and cheaply as possible. They have made practically no effort to require observance of the economic laws of distribution. They have, indeed, disregarded and violated the economic laws which determine the just share in what is produced that should be allotted to the three factors of production, namely, natural resources, labor, and capital. No attention has been given to this problem of distribution. On the contrary, those who have controlled the natural resources, those who have supplied the capital, and those who have performed the labor have exerted all their energies and influence to get for themselves the largest share possible of what all three, by their joint efforts, have produced.

In such a contest those who have controlled the natural resources have always been able to take from the joint product of labor, capital, and natural resources far more than has been justified by the conomic laws of distribution. Labor, and what is properly termed capital, have, therefore, received much less than their just share.

It is a self-evident fact that no kind of goods or commodities can be produced without the use of natural resources. Everything made of metal, for example, must originally come from the earth as ore. Everything made from wood must originally be derived from trees. The material of which clothes are made must be taken from plants such as cotton, which grows in the ground, or the cloth must be made from wool, fur, and so forth, which are taken from animals which feed from the earth. I repeat, therefore, that the material for everything used by the human race is derived from natural resources. It is perfectly clear, then, that in order to benefit from his ability to labor, man must have the opportunity to apply his labor to natural resources.

As already stated, however, the earth contains or produces absolutely all of the natural resources. If in any country the earth with its resources is controlled by private persons, then, for the privilege of applying their labor to the development of such resources, men must bargain with those who control the earth. That would be the only way in which a person with ability to labor could arrange to make a living.

It is clear, also, that the larger the number of persons who may be compelled to compete with each other for the same opportunity to supply to those in control of the natural resources the labor necessary to develop such resources—or, in other words, the larger the number who must seek for opportunity to work—then the less will those controlling the resources be compelled to pay to those who seek the opportunity to work for a living, and the less, also, will it be necessary for them to pay for the use of capital.

It is also as clear as the sunlight that as workmen, because of training or equipment, become able to produce more commodities in a certain length of time—or, in other words, as they become more efficient—then those in control of natural resources will employ fewer workmen. The result will be that some of the workmen will be discharged because they are no longer needed. The discharged men, of course, add to the army of unemployed, which thus grows larger and larger. Competition for opportunity to labor then becomes more intense and those who do procure employment are compelled to accept less and less for their services.

The productive power of workmen—that is, their efficiency—has in one way and another constantly increased since the beginning of our life as a nation.

It is important to remember, however, that it makes little difference how the efficiency of labor has been increased so long as the opportunity to use one's labor in productive processes is controlled by those who are in possession of the agencies of production. Under such circumstances, the more efficient the laborer becomes and the less time it requires to do his work, whether because of increased skill or because of the use of better tools, the more men will be turned out of employment by those in control of the agencies of production. If workmen are able to produce the same result in 10 per cent less time than was before required, then those in control of the agencies of production simply reduce the force of workmen 10 per cent. This fact answers the question so often asked by thinkers throughout history, "Why, with increased progress in the production of material things, do we have a corresponding increase in poverty?"

If while increasing the productive power or efficiency of labor we allow a few to monopolize the earth with its resources, then the lot of workmen will be almost hopeless. The more workmen may be able to produce in a certain length of time the smaller the number of workmen will the monopolizers require for their purpose. It would mean that every increase in the productive power of man would be appropriated or taken for the advantage of those controlling the agencies of production. Under such conditions, to refer to the increase in productive power as "prog-

ress" is wholly unwarranted. True progress requires the proper observance of the principles of justice in the distribution of what is produced by the joint action of natural resources—labor and capital.

The productive power of labor, i. e., its efficiency, has constantly increased since the beginning of our life as a nation. During that time the wealth of the country has become concentrated in fewer and fewer hands. The total wealth of our country to-day is more than six hundred and fifty times as much as it was at the time the Government was established. The proportionate share of the average person to-day, however, or, in other words, the percentage of the total wealth of the country which the average person owns to-day, is only one-fiftieth of the percentage owned by the average person when the United States Constitution was adopted.

The principal cause of the increase of the productive power of labor during our life as a Nation has been, of course, the development of machinery. The use of such machinery has made it possible for a few men to produce results that before required the efforts of many men. The question then naturally occurs to thoughtful persons: How, according to the principles of justice, should the benefits resulting from the use of machinery be distributed? Heretofore it has been taken for granted that whoever may have controlled the institutions utilizing such machinery had a right to appropriate for their own use the value of whatever work hours or days may have been saved as the result of the installation of machinery. Of course, that was and is a very unreasonable assumption. Carried to its logical conclusion it would mean that if machinery were devised which operated by 10 men would make it possible for them to produce all of the commodities and goods now produced by millions of people in the United States, and in the same time, the few people in control of the territory of the United States and the machinery could then order all of the other millions of people into the Atlantic or Pacific Ocean. This shows how ridiculous is the claim of those who say that the value of work hours saved by machinery should all and always go to those in control of the institutions employing the men who use the machinery.

In accordance with the economic laws of distribution the institution installing machinery that may save labor is entitled to the market rate of interest on the cost of such machinery installed. Ordinarily the deduction of such an amount from the total value of the hours of labor saved would reduce that total value very little—in fact, the reduction would hardly be appreciable. Now, when from the total amount saved in wages of labor the owner is allowed the interest on money paid for the machinery and a reasonable increase in the wages of management, would it not be just and fair that the employees' hours of labor should then be reduced in proportion to the total reduction in the amount of labor required to produce the same amount of goods as was produced before the installation of such machinery?

To illustrate, let us suppose that machinery were invented which would lessen the amount of labor heretofore required to produce hats. Let us assume that the machinery in question would reduce by 25 per cent the labor required to manufacture hats. For example, if before the use of the machinery in question 100,000 men were employed eight hours a day to manufacture the hats required to supply the yearly demand for hats by the American people, but with the use of machinery only 75,000 men were needed to make the same number of hats, then surely it would be fair that the hours of labor of each of the 100,000 men should be reduced substantially 25 per cent, or one-fourth. This reduction in the hours of labor would continue the employment of the 100,000 men originally required to manufacture the hats. The only difference would be that their hours of labor would be shorter by 25 per cent, or one-fourth, without any reduction in the daily compensation. It would be unjust to reduce the daily compensation of the hat makers, because the actual cost of producing the hats would not have increased, except to the trifling extent required to pay the interest on the cost of installing the new machinery by the industry and a reasonable increase in the wages of management.

This principle should, of course, be applied to every industry. This would in fact prevent unemployment, and it would do so with absolute justice to all concerned. The great thinkers and prophets of the past have foretold hopefully the increased happiness which they were sure would accompany the general increase in the intelligence of the human race. Most of them thought that so-called modern inventions could bring only blessings to the race, and they would do so if the economic laws of distribution were properly observed. As matters are now controlled, however, the more machinery is developed and used the more helpless becomes the great mass of our people.

To-day there are more than 10,000,000 people idle and unable to find employment at all. That means, of course, that they are unable to buy much, if anything, that is produced by industry. These 10,000,000 men, faced by want and haunted by the cries of their wives and children, who are suffering, enter into a mad competition for employment with those who are already employed. This means a constant reduction of the wages of those who are fortunate enough to remain employed and a consequent decrease in their purchasing power.

If we provide for the reduction of the workmen's hours and days of labor in proportion to the reduction of time resulting from the use of machinery, everyone will continue to be employed, if he so desires. If we fail to adopt a remedy of this kind, the present civilization is as sure to be destroyed as were the great civilizations of the past.

Pliny said, "Rome fell because of her great estates." He was discussing the fatal results of disregarding the principles of economic justice.

It is pathetic to observe that some of those who belong to the employing class, even in a very trifling way, regard as objectionable a remedy such as we have suggested, or indeed any other that is calculated to improve the condition of the employee class. I say that it is pathetic—yes; tragic—that an employer should oppose remedies of the kind here suggested. If the army of unemployed continues to increase—as certainly will be the case if we continue to increase the use of machinery without making the adjustment I have suggested—then the market for the products of such industries as still succeed in continuing in business for a while will continue to be more and more restricted, and that means less business and more concerns out of business.

We can not cause or tolerate the unemployment of millions of men without also putting out of business those who were the employers of those men. Sound principles of trade or commerce in any country and in all countries require that everyone be assured the full value of his service, whether he be in a position requiring the use of overalls or in the position of manager directing the business. Unless the full reward for service is assured to everyone, we begin to find that people in general do not receive enough compensation to be good buyers.

As is always the case, of course, absolute justice is best for everyone in the long run. It is of interest also to remember that with the assurance of receiving the benefit of his increased efficiency, because of the use of machinery or otherwise, the employee would naturally endeavor to increase still further his efficiency and skill. He would know that it would mean more time for himself in the long run.

I supported the measure providing $2,100,000,000 for unemployment relief when it came before the House. Under the present circumstances I regard the measure as necessary, for I know how long it requires to bring about a fundamental change such as I have discussed, and we can not allow people to suffer while we are waiting for changes of such a fundamental nature. Let us make no mistake about it, however; the passage of unemployment-relief measures will not solve the problem of unemployment. They give temporary relief, and that is all.

More than two years ago I warned of the increase of unemployment to an extent heretofore undreamed of. I then proposed the remedy which I have discussed, and I hope that before it is too late the principle will be adopted.

During this session of Congress I introduced a joint resolution, No. 384, which proposed to amend the Constitution of the United States by adopting the following language:

ART. 22. To promote the general welfare, the Congress shall have the power to reduce the number of hours of service per day and days per week for which contracts of employment may lawfully be made.

The adoption of such an amendment is absolutely necessary for any scientific reduction in the hours of labor. Even if the States had power to reduce the hours of labor, it would neither be fair nor effective for them to do so. One State more enlightened than another, for example, might provide for a comparatively short working day, while other States might refuse to do so. This would place a penalty on employers in the more enlightened State which had ordered a reduction of hours, and would make it impossible for employers in such State to sell their goods in competition with the rest of the country.

If, on the other hand, we depend on the voluntary action of employers throughout the country, the results would be most unsatisfactory. Moreover, the larger the number of unemployed in the country the less hope there would be for any general voluntary reduction in the hours of labor. If the amendment I have suggested were adopted, Congress could provide for a body like the Interstate Commerce Commission, which would remain constantly in session. Applications for reduction in hours of labor in any industry would be filed with the commission whenever the facts might seem to warrant such action. The commission would then conduct hearings and receive testimony to determine whether or not any increase in the efficiency of labor may have resulted because of the use of improved machinery or otherwise; and if it should find that such increase in efficiency had occurred, then it would be the duty of the commission to reduce the hours of labor for that industry in proportion to the increase in the efficiency of labor.

In conclusion let me repeat that if we would assure the future welfare of our country we must apply some fundamental remedy such as I have discussed. No halfway measures will be sufficient.

In urging the application of the remedy which has been discussed we have in mind the best interests of the pepole as a whole, regardless of classes or groups. It is highly important to the employee class, of course, but it is equally important to the employer class and to the merchant, the farmer, the professional man, and all others.

Let us do our part in a practical way to lessen the distress and fear of want now suffered by men, women, and children throughout the land. Let us do our best to establish economic justice and a sound social order. [Applause.]

Mr. BACHMANN. Mr. Chairman, I make the point of order there is not a quorum present.

Mr. PATTERSON. Will the gentleman withhold that for just a moment? The committee is going to rise in a moment.

Mr. BACHMANN. I withhold it for the present.

Mr. PATTERSON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by printing an interview with the majority leader of the House on the tariff and other questions printed in Collier's.

Mr. BRITTEN. I object, Mr. Chairman. I understand it is a magazine article.

Mr. PATTERSON. Mr. Chairman, I move that the committee do now rise.

Mr. BRITTEN. Mr. Chairman, I understand the article referred to by the gentleman is one written by the distinguished majority leader of the House [Mr. RAINEY], and I withdraw my objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama to extend his remarks in the RECORD as indicated?

Mr. SCHAFER. Mr. Chairman, reserving the right to object, what does that article do? Does it denounce the Hawley-Smoot tariff bill?

Mr. PATTERSON. It is an interview with the majority leader on the tariff and other questions.

Mr. SCHAFER. Denouncing the protective tariff, which has not been changed one iota by the Democratic majority in this House?

Mr. PATTERSON. I will explain the article to the gentleman from Wisconsin.

Mr. SCHAFER. Until I see the article, I shall object. If it is a lot of talk and demagoguery about the tariff, with no action taken, I will have to object. I object for the present, until I have a chance to read the article.

Mr. PATTERSON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LOZIER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the messages of the President, had come to no resolution thereon.

PRESIDENT'S MESSAGE—COUNCIL OF NATIONAL DEFENSE

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Military Affairs:

To the Congress of the United States:

In compliance with paragraph 5, section 2, of the Army appropriation act approved August 29, 1916, I transmit herewith the sixteenth annual report of the Council of National Defense for the fiscal year ended June 30, 1932.

HERBERT HOOVER.

THE WHITE HOUSE, *July 8, 1932.*

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. MILLER, indefinitely, on account of important business.

ADDRESS OF HON. JAMES M. BECK, OF PENNSYLVANIA

Mr. DARROW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an address delivered by my colleague the gentleman from Pennsylvania [Mr. BECK].

The SPEAKER. Is there objection?

There was no objection.

Mr. DARROW. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Representative JAMES M. BECK at a dinner in his honor in London, June 21, 1932:

Lord Reading, ladies and gentlemen of the English-Speaking Union, I find it difficult in words to express my great appreciation of the honor that the English-Speaking Union has again done me in making me its guest on this occasion. It is, of course, an added pleasure that my friend of many years, Lord Reading, has been good enough to take the chair, and if anything could add to the pleasure it gives me, it is the gracious words of introduction in which he has been pleased to speak so pleasantly and generously of me. I can only say, as I think Olivia says in Twelfth Night, "Thanks, and again thanks, and ever thanks."

It was my great privilege to be present at the dinner which welcomed Lord Reading when he returned as viceroy from India. I have attended many great public banquets in London in the last 25 years and I never attended any in which there was such a brilliant assembly of distinguished Englishmen of all parties as on that occasion, and I have rarely heard such a spontaneous expression of admiration and affection for a man as was then voiced by that great audience. But the one thing that stands out in my recollection of that dinner was the modest, unspoiled figure of the guest of the evening, and it made such an impression upon me, because, while he did not emphasize it, we were all conscious of a fact, so dear to the American heart, of honoring one who, starting with little, had yet achieved the very highest honors of the Empire, and was now, on his return to London, being received, without reference to party divisions, with an enthusiasm which, as I have said, I have rarely heard equaled.

Lord Reading has evoked the great memories of war days. For myself, they are very glorious memories. No disillusion has ever changed them. If it was a baptism of blood, it was likewise a baptism of the spirit, and in these days of disillusion and depression one almost wishes again to have—not the war but that magnificent spirit that placed fidelity to duty even unto death above any possible selfish interest. What four years they were! And who that lived through them can ever forget them?

For, after all, when the youth of England and other nations went forth in that Great War and showed that fidelity unto death of which I have spoken, they approached the Master most nearly, for how can man more nearly approach the spiritual leader of our

western christendom than in laying down his life for his fellow men and for an ideal?

I have chosen a subject to-day of extraordinary delicacy. It was suggested to me that I ought—not as a member of the executive branch of the Government, for, as Lord Reading has said, I am none, but as a modest Member of the House of Representatives, and therefore of the American Congress, which, in the last analysis, determines the policies of the Nation—to say something in respect of this vexed question of debts. I shall not predict what will be the solution of the problem. I am not a prophet. I am not even going to venture to suggest what would be my own policy. I may say, however, quoting an historic epigram very familiar in American politics, of President Cleveland, that it is "a condition and not a theory that confronts us," and that condition is the widespread wreckage of our western civilization, almost approaching to that "twilight of the gods" known in Norse mythology.

I sometimes think that 68 years from now a historian of that time may imitate Gibbon by trying to write the first 2,000 years of history since the birth of Christ, and if he essays such a stupendous task I am not sure that he will not say that the four major crises of this 2,000 years were: First, the downfall of the Roman Empire, which required 10 centuries for Europe to recover; secondly, the prodigious aftermath of the so-called Reformation, culminating in the Thirty-Years War, which so desolated Europe that it took another century for it to recover from that cataclysmic disaster; thirdly, the Napoleonic wars, when the insensate ambition of a stupendous military leader deluged Europe with blood until, as Victor Hugo said, he was led from the Battle of Waterloo "the mighty somnambulist of a shattered dream of universal empire"; and the last, the World War, with its aftermath, which seems to me, in the present wreckage of the whole world, to be the fourth major catastrophe of the last 2,000 years.

Now, that is the condition that confronts us, and it is a condition that must be met by all nations. But in discussing this question of debts it seems very important to distinguish between what have been called the ponderables and the imponderables. There is a ponderable, namely, that in the present condition of society something must be done to lift the world out of the rut of depression, and every nation, without respect to the peculiar nature of its rights or obligations, must contribute to that end.

But there is, and it should never be forgotten, a great imponderable to the question and that is the sanctity of credit between nations. If we were to say, as I understand is suggested in Lausanne, that, without respect to the possibilities of the future and the reconstruction of civilization, all debts should be sponged out entirely, then, considering only the ponderables, a great weight would be lifted off of civilization for the time being and the process of economic reconstruction would begin afresh; but, alas, there would be the imponderable, that for generations to come men would say, "What faith can we give to the credit of nations when they make a promise, which they do not say they will carry out when convenient but that they will sponge out?" not even with the grace of Micawber, who was so far sensible of an obligation that he, at least, gave a promissory note, and then thanked God that that debt was paid! The proposition is not to give a promissory note but simply to say, "Let us forget all debts; let us start afresh." I shall not refer to the ponderable that there is a very substantial burden of the war upon the taxpayers of my own country. I am only calling your attention to this great imponderable which, if we are to consider the future, we must take into account—that if 10 years from now another war should come, and if then America should be the money market of the world, and again the Allies, defending the basic principles of liberty, should go to America and say, "Lend us money," it would be recalled that when such loans were last made the debts were expunged wholly without respect to the possibilities of the future. Now, that view of it I am not going to discuss except to the extent that I have briefly indicated.

I want rather to say that, inasmuch as it is the condition and not the theory of obligation which confronts us, it does demand immediate reconstructive remedies, in which creditor and debtor must participate; and England has the double capacity, for she is creditor and debtor and she has been generous in being willing to forget her obligations as creditor as well as asking consideration for her position as debtor; because no one can question the high-minded position that England has taken in this matter, but in solving this problem, in determining what can be done, the real difficulty, so far as my country is concerned, is one of psychology, and by psychology I mean the confused psychology of multiplied personality.

I am sure that not even the press table knows what I mean by that. Even Lord Reading here, with the sagacity of a great lawyer, former Lord Chief Justice of England, I know I have him guessing as to what I mean by "the confused psychology of multiplied personality." I am going to tell you what I mean, because it goes to the heart of what I want to say, as a contribution to that good understanding between our peoples, which it has always been your aim, Lord Reading, and I venture to say my aim, to promote.

What I mean by this confused psychology is illustrated by what Oliver Wendell Holmes said in The Autocrat of the Breakfast Table. The great autocrat found two young men at the table named John and Ben engaged in a controversy. Their minds were not exactly at one.

Thereupon the autocrat said that was not surprising because, as a matter of fact, when John and Ben got into a discussion six people were talking, and it was quite natural, if six people got talking simultaneously, there would be some confusion and some inability to reach a common conclusion. And when the genial autocrat was asked to explain, this was his explanation. He said, in the first place, there was John's idea of John—not necessarily the true John; then there was Ben's idea of John, which was not the true John; then there was God's idea of John, which was different from either. Then there was Ben's idea of Ben, there was John's idea of Ben, and there was God's idea of Ben. So that there were six personalities, two of them being real and only known to their common Maker, the other four personalities were each of them, to a certain extent, fictitious, and yet they talked as though they were actual personalities.

Now I want to apply that in respect of these debts. It is a very delicate question. I wish I could have prepared the address. I am speaking quite extemporaneously. I prefer to do that, because in such an address one has not time to be politic. I am not like a Member of the House of Representatives who, in the last session, sent up a trial balloon speech on the floor of the House in order to see how it would please his constituents. It displeased them mightily, and he hastily left Washington and hurried to his constituency and made a speech precisely the opposite of what he had said in the House of Representatives.

He thought that would not attract attention in Washington, but it did, and when he returned to the House one of the Members said he had understood the honorable Member for so-and-so had made a speech to such-and-such an effect in the House and that he had gone then to his own home and made a precisely opposite speech, and would the honorable Member be kind enough to explain how he could say two entirely opposite things? Of course, there was a hush in the House, and then this Member rose and said, "I want to tell the honorable gentleman who makes the inquiry that there are times in the life of every statesman when he must rise above principle." [Laughter.]

I am not going to rise above principle to-day. I am going to say to you exactly what I would say to my own countrymen at home; in fact I may say it is precisely what I have done on the occasion of any address I was ever privileged to make to a London audience, and therefore I may be wholly wrong; I may misjudge the situation; I may not be as helpful in producing better feeling as I am trying to be; but you will hear me for my cause, and I know you will censure me in your wisdom.

I shall not venture to say what is England's idea of England in the matter of these debts, although I think I could make a fairly shrewd guess. You say you entered the war, you staked your Empire with a glory and a heroism of self-sacrifice that will challenge the admiration of the ages, for a principle in the matter of the invasion of Belgium. You gave 800,000 of the lives of your sons upon the battlefields of Flanders and, indeed, the battlefields of the whole world-wide war, for wherever there was a battle one could almost say there were English soldiers fighting, with a courage and a heroism that surpasses words to describe. You will say, "In our desperation, when we were fighting the battles of civilization, we borrowed money from you. We agreed to pay it, and then we were confronted with an unprecedented catastrophe of world-wide dimensions," which, as I have said, really constitutes one of the four major catastrophes of the last 2,000 years. You will say, therefore, that America ought, without a word, or without waiting for England to ask, without involving any sacrifice to England's pride, she ought to say, "We were your allies in the war; we will wipe out the debts of our debtor and give the world the chance to pull through." That fairly describes England's idea of England in the matter.

Now, let us come—and this is the main point—to America's idea of America in this debt controversy.

Prior to the year 1914 the United States was on the eve of reaching a unique position among nations. Its national debt was so small—a little less than $2,000,000,000—and the annual surplus of our revenue was so great just prior to the World War that it was probable, and almost certain, that in a few years this Nation, one of the master States of the world, would be without any national debt whatever. The World War came. We knew nothing about the quarrels in the Balkans, and we cared less. We knew nothing and had little practical concern in the affairs of Europe. We were no part of the nice division of power between the Entente on the one hand and the Central Powers on the other. European politics were as remote from us as would have been an internecine war in Mars itself. However, we did take, some of us, an intensely deep interest in the flagrant affront to the bases of civilization involved not only in the invasion of Belgium but in denying to Serbia, whatever her merits may be, the day in court for which she asked and for which the Foreign Minister of England so wisely urged; and let me say that no more striking illustration of the wisdom and the justice of your Sir Edward Grey could be found than the Memoirs of Prince von Bulow. He says, speaking as a former chancellor of the Empire, that if Germany had accepted Sir Edward Grey's pacific proposals there would not have been a World War, at least at that time.

Then the sparks began to fly in our direction, chiefly falling upon our ships on the high seas. We then went into the war, to make a long story short. In an incredibly short time we improvised an army of 3,000,000 men and with the aid of the British Navy we sent 2,000,000 to France, a colossal achievement. But we did more. We lent money by the billions to help in the cause, taking all the hazard of the conflict.

I remember that when Lord Reading came to America before we were in the war, at a time when I think he will admit that the treasury of the British Empire was pretty close to exhaustion, the bankers of New York were so swayed by his eloquence that Lord Reading came back with five hundred millions. That was

before we went into the war. By the way, in getting that loan, let me say that the charm of Lord Reading's presence and the abiding influence of his personality has never faded from the memory of America.

We went into the war and when the war was ended this Nation, which was on the eve of having no national debt, had amassed a national debt of twenty-six billions of dollars as our contribution.

Moreover, when that war ended and peace came, America said—now this is all important in view of what I am going to say—America said, "We do not want anything." We could have had our share of the reasonable spoils of the victory that were in part to repair the infinite damage that Germany had done. We said, "No; we went into this war for an ideal, because we believed the Allies were right, because our shipping was also incidentally affected and the rights of our citizens traveling on the high seas menaced, but we want nothing out of it." Was that all? No. Europe was then in such a state of wreckage that it might have been possible for the Bolshevism of Russia to have swept over Europe like the shadow of a huge eclipse, and in that case the Dark Ages might have returned for Europe just as they came to Europe after the fall of the Roman Empire. No man can ever conceive of the possibility that was in the situation immediately after the war closed; and we then gave hundreds of millions to relieve the suffering, the starving, the dying in Russia, Germany, everywhere, wherever there was a human being we could help, anything we could do to help the world, we did it, and gave.

Nevertheless, there was a feeling which said: "Well, we have made this sacrifice, we have rolled up our debt from two to twenty-six billions. We have given money to Germany and Austria to help them get on their feet and pay these reparations. But, after all, why not forget them?" And then—I do not know who it was, but one of your publicists came out with a statement that called us "Uncle Shylock," and the expression was echoed in other nations, and that sunk like iron in our very souls. Make no mistake about it. I speak with a certain amount of emotion. I did not wish to do so, but when you think of the sacrifices that America has made—I think I can say this without undue patriotic self-complacency—when you think of the generous attitude that America has shown—then to be called "Shylock," to be told that we were whetting our knife and saying "We want our pound of flesh, and we care nothing for the rest of the world or for its interests"—that shocked us.

What was our attitude toward these debts? At the very beginning, not merely the unofficial word of America but its official word as expressed by acts of Congress which are the final statement of the policy of the American people, said, "We do not want any debtor to pay one penny more than his capacity to pay," and we followed that up by a thing that I had forgotten, but which a good friend of Anglo-American relations, Mr. Arthur H. Pollen, quoted from the act of 1922, which created the debt commission, and if America had nothing more to its credit than this, it is to its infinite credit.

Now in reading this, please remember we were not the prosperous Nation that we became a few years later. At the time this was written we were in a depression, not so great as the depression now prevailing, but there were from four to six millions out of work in 1921, and yet the act of Congress, in setting up the United States Debt Commission, not only said it wanted no debtor to pay beyond its capacity, but the act said that the debtor nation must be permitted "to preserve and improve its economic position; to bring its budget into balance, and to place its finances and currency on a sound basis, and to maintain, and if possible improve, the standard of living of its citizens. No settlement which is oppressive and retards the recovery and development of the foreign debtor is to the best interests of the United States or of Europe."

Was there ever a more generous statement of policy than that? We were concerned not merely with your budgetary difficulties, but even with the standard of living.

Very well. Now England came, to its credit it did not wait. The other nations—we did not ask anyone to come in the sense of a mandate of any creditor; we waited for them to do what they thought they could. England came, sent its Chancellor of the Exchequer and the governor of the Bank of England, and England said, "England never defaults on its obligations. We owe $4,600,000,000. We can not pay it now. Give us a reasonable number of years and we will pay it."

Undoubtedly neither Mr. Baldwin nor Mr. Norman nor the United States ever conceived as a possibility the depression that was to befall the whole world, including England and the United States; and if there be one feeling in America on the debt question—I am saying this advisedly, I am not speaking simply as a mere citizen but as one of the legislative branch of the American Government—if there is one feeling that rises above every other feeling in the debt question in America it is sympathy with England. We admire the fact that she said, "England does not default in its obligations."

You may say that the interest charged was large. That is recognized now, but please remember that the interest charged was based on the interest charge with which the United States borrowed the money to make these colossal loans from its own citizens.

Therefore, under these circumstances there was that statement; that is still the attitude of the United States; that we do not want any nation to pay us anything beyond its capacity; and, of course, so far as its present capacity, we must rely on what foreign nations tell us with respect to that capacity.

What have we done in the matter of France and Italy and the rest? They did not follow closely upon England's footsteps. They waited three and four years, as I recall, and when they came they made a settlement with us in which, if you analyze it, there was not one penny paid to us for that portion of the twenty-six billions that we loaned during the progress of the war. The only thing that France and Italy—I do not know what happens as to Belgium—ever agreed to pay us was that which was contributed after the armistice.

Our consistent attitude, then and now, is that we want you to tell us what you feel you can do consistently with those great ideals of which I spoke, the maintenance of your currency, the preservation of your budget, and, above all, the standard of life of your citizens, and what you can pay which is consistent with the credit of nations, if credit is ever to be maintained, whether it be now or 10 years or 25 years from now—that that obligation shall be honored.

Now, but you will say, when the moratorium was ratified by Congress, did not Congress add the proviso that they would not grant another moratorium?

That is true. Many of us regret it. But why was it? Let me remind you of that. The situation demanded a moratorium. Congress was not in session. President Hoover had no constitutional power to grant the moratorium; thereupon he did the extraconstitutional thing, although it was wise and just; he telegraphed to every Member of Congress and asked their consent in that informal and extraconstitutional manner. To show the spirit of the American people, three-fourths of the Congress, without getting together, without any debate, said to the President, "Very well. We will back you up." And, without respect of party, they did. But when the ratification of that moratorium came before Congress in December, then the question with Congress was whether the precedent, which was without precedent in American history, of the President doing that which Congress alone had legal competence to do, might, if nothing was said, happen again; and, therefore, some Members of the House insisted on adding the provision that the ratification of that extraconstitutional act must not be regarded as a precedent.

It is true—I want to be perfectly candid—that at that time there was the feeling growing out of the searing of our very souls by the Uncle Shylock statement and by the repetition of it all over the world, and there were many of us—I do not mean I was one of them—but there were many of us who felt that if after all we had tried to do and what we felt had been a generous attitude we were to be stigmatized as a harsh, unfeeling, and oppressive creditor that there was no occasion for us to indulge in any more sentiment. Besides that there was the other consideration that impressed the House of Representatives, and that was that in America there is a great deal of feeling in the South and West and to some extent in the Middle West against the international bankers, meaning the bankers of New York City, and as American investors had lost literally billions by the immense loans that the international bankers had made abroad the feeling was prevalent in Congress, and had a great deal of influence, that the international bankers wanted to wipe out the governmental debts altogether in order to get back their private advances; and Wall Street bankers are not so popular in Washington that the argument did not have a deleterious effect.

My friends of the English-Speaking Union, I do not know whether you have altogether liked what I have said. Perhaps, like Mr. Guppy, when he made his declaration of marriage and told his inamorata that she must understand that his proposal of marriage was strictly "without prejudice," perhaps I ought to say—but, no. There is no "without prejudice" with me. I stand or fall upon the truth that I have said. I do not suggest for one moment that we are a saint, or that wings are sprouting from the shoulders of Uncle Sam, or that we are about to ascend to heaven in a triumphal atmosphere of undiluted purity. We are very human. As I said, we are a conglomerate of many sections and classes with marked economic differences and at the present hour I know very well we are suffering from the worst panic we ever had. We did have a temporary period of prosperity and it was a prosperity largely built upon speculation and hopes and gambling; but the fact is that the World War dragged us down into ruin, as it did the Allies. We are also in the abyss. There are to-day—if I can trust to the Washington despatch to the London Times, I think it was—from eight to ten millions of people out of work in America.

Private fortunes have shrunk to a tenth of what they once were, with very few exceptions. There has never been for a century such a debacle as in America to-day, and the chief contributing cause of that debacle is the inflation of the war, when we multiplied our farms and our factories far beyond any possible use of the future, plus the fact that we gave to the cause of the Allies at least one-tenth of the vast wealth of the United States. Practically $30,000,000,000 was our contribution to that common cause.

I am drawing very near to a conclusion. Of course something has to be done about these debts. There is no use striving to balance relative equities. The idea I want to put into your heads—and I wish I had the whole British Cabinet here to-day—is that if you want America to contribute you will not gain her cooperation by abusing America. The more you call us "Uncle Shylock" and accuse us of being unfeeling, of having no heart, of being sublimely selfish, you harden our heart. The way to approach America is to appeal to that which is just as much a part

of our soul as it is of the English soul—generosity, magnanimity. You appeal to that and you will not appeal in vain.

I take again the proof of it in that statement of the act creating the Debt Commission, when we were so far concerned with the loftiest considerations of unselfishness and magnanimity that we did not say in the debt statement, "There must be a settlement that will protect the standard of life of America," or "That will keep our Budget in balance," or "That will keep our currency from depreciating." What we said to the whole world, as I have quoted, is, "We want nothing from you that will in any way interfere with your internal prosperity and well-being, and upon that basis come and tell us what you think you can reasonably do and we will accept it."

Now, this has a very intimate relation with the whole question of Anglo-American relations. Is it possible that we, who fought side by side, our ships side by side, our men in the trenches side by side, is it possible that we can sacrifice that blood comradeship of arms, the most sacred and holy of all ties, which has created the greatest thing of modern history, namely, the solidarity of the English-speaking races; are we going to sacrifice that to a wretched question of pounds and shillings or of dollars and cents? I am sure the good sense of both countries will not permit it.

As long as England's idea of England is not too warped, and as long as America's idea of America is not too warped—above England and America is the Supreme Justice of Nations, and England and America should forget themselves in their attitude and point of view and try to look at the inherent nature of the problem as it is established by the standards of eternal justice, and, what is more than eternal justice, eternal compassion. If we do that, there will be no lasting difference between us.

We might feel a little harsh against some of our other debtor nations, because I think there is a feeling in America that they have not played the game, but I assure you that as far as I am capable of judging public opinion in my country, there is no suggestion among any thoughful men in America that England has not nobly played the game to the best of its capacity.

And so let us pass this dreary subject, with which I have afflicted you, with, I hope, some contribution to the subject. Let me then simply quote, as an expression of my faith and confidence, words I had thought were by Wordsworth; but, I spent yesterday morning in the Athenæum Library and could not find them and possibly they are by the poet laureate Watson. I can not even quote them exactly, but I can quote with sufficient accuracy to round out my speech with the sentiment and the feeling which I would leave with you as my modest contribution to the occasion. The words are somewhat like this:

O ye who on eastern and western land,
O ye who native to noble sounds speak truth for truth,
Speak in creative youth
The universal language,
And do live its breathing book,
Live worthy of that great, heroic heritage.
Parted, yet a whole,
Far and yet unsevered,
And ye shall be lords of an empire,
Sublime as Milton's speech, immemorial speech,
And fair as Shakespeare's dream.

THE TARIFF AND "MOST-FAVORED-NATION" TREATIES

Mr. PATTERSON. Mr. Speaker, I renew the request I made a while ago to extend my remarks in the RECORD by printing an interview on the tariff and reciprocity by the gentleman from Illinois [Mr. RAINEY], the gentleman from Wisconsin [Mr. SCHAFER] having withdrawn his objection.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATTERSON. Mr. Speaker, under leave to extend my remarks in the RECORD I herewith print an interview of Hon. HENRY T. RAINEY, majority floor leader of the House of Representatives, with John T. Flynn, which appeared in Collier's for May 21, 1932.

The interview is as follows:

THE TRAP THAT JACK BUILT

By John T. Flynn

(What will the Democrats do about the tariff if they come into power next fall? The answer comes from HENRY T. RAINEY, majority floor leader and tariff expert. If you think that "most-favored nation" is an agreeable social phrase, he's here to disillusion you. The trap we're in and the way to get out are his subjects.)

For the first time in our history America finds herself on the outside of tariff walls looking in, instead of inside looking out and laughing at the world. The world has risen in arms against us—the land of protection—and the weapons with which she is arming are our own—tariffs (plus some of her own forging), quotas, embargoes, controls, licenses, and other instruments of offense. We are face to face with a war—a tariff war—and we started it. It has already cost us billions. It will cost us many more billions before we are out of it. It already involves the daily wages of a million men.

"How to get out of it is the almost supreme problem which calls for our attention now. For many decades we have had our inevitable tariff argument every few years. We talked and jabbered and took a few bricks off or, more likely, put a few more bricks on our famous tariff wall. Now the old tariff argument is with us again. But this time it is a brand-new subject. It is no longer just a tariff question. It is a question of the very existence of our foreign trade. The tariff is now merely a part of this subject. As I see it, the matter may be stated briefly thus:

"1. Every important trading nation in the world has built and is strengthening a tariff wall around itself to keep us out.

"2. Great Britain is just launching a grand design to organize the world against us by creating a vast group of nations with low tariffs for one another and a high tariff wall for us—a world into which we can not penetrate with our goods.

"3. Our only hope of relief would be in a broad, generous policy of reciprocity. But this is utterly impossible because our high-tariff people, through our State Department, have sewed us up with a series of 45 treaties and agreements which make reciprocity impossible.

"4. Sixteen nations, led by Great Britain, have abandoned the gold standard. This results in lowering our own tariff barriers to these nations, at the same time increasing theirs to us.

"5. As a result of this we will see a determined effort to build still higher our own tariff walls, making relief all the more impossible.

OUR VANISHING FOREIGN TRADE

"We are in a tariff trap. High-tariff beneficiaries are already organizing in Washington for still higher tariffs. Low-tariff believers are crying for lower rates. But neither group is thinking about the real problem. The real problem is to get back our foreign trade. What we need now is a plan—a broad, comprehensive plan to save that foreign trade from complete disaster. Our tariff policy will be only part of that plan."

These ominous words came to me from the snowy-locked Democratic leader of the House, HENRY T. RAINEY. I talked with RAINEY because I knew that in business everybody is wondering what the Democrats will do about the tariff if they get into power next fall. Political conventions promulgate promises about the tariff. But the tariff policy of any party is always made in one place—the House of Representatives.

RAINEY is not only the Democratic floor leader but he is the veteran of more tariff battles than any other man in the House. He is certainly the leading student of that vexatious subject on his side of Congress. There are Members in the House who don't know any more about the tariff than they learn from the walking delegate of their own home-town chamber of commerce. They wouldn't know a tariff schedule from a bootlegger's price list. Not RAINEY. RAINEY works at the tariff. And like the grounds keeper at the ball park who goes out and helps with the work on his day off, RAINEY likes to rest up from his tariff labors by laboring a little more on the tariff. He goes in for tariffs instead of golf or bridge. And when the Democrats come to make a tariff policy RAINEY's voice will be powerful.

THE TERROR OF TARIFF MAKERS

A stranger to Congress might be a little leery of RAINEY. In appearance and bearing he has all the marks of one of those old Gladstonian liberals. He has a massive mane of white hair and a distinguished bearing. He is soft-spoken and amiable in manner. He is 71, and looks a bit like a sage—the "Sage of Walnut Hall," reporters sometimes call him. This is in allusion to his fine old home at Carrollton, in southern Illinois. Walnut Hall is a fine modern dairy farm. But it is also one of those modest estates which a man of moderate means but with education and taste can create out of his own devoted interest in it.

It is filled with lovely trees and flowers, a couple of swimming pools, some deer, and bits of classic statuary which RAINEY has picked up here and there. All this is thrown open to the people and children of his town as a park and picnic grounds where they may feel at home. This again confirms the suggestion of the Victorian liberal—half philosopher and half landed proprietor. But there the resemblance ends. RAINEY is far enough advanced in his liberalism to be able to say, for instance: "The trouble with a lot of Democrats is that they don't know Thomas Jefferson is dead." He spent last summer in Russia and he has become the most active exponent in the House of our resuming relations with that country and learning some lesson from what he calls their "intelligent planning."

He really started the famous tariff revolt of 1908 which flowered into the Wilson election of 1912. He charged in a famous speech that American manufacturers, protected by a tariff at home, were selling abroad cheaper than they were selling in America. Then he produced an American watch, which he had bought imported from abroad cheaper than its sale price in America, to prove it. Before he got through, like a magician he proceeded to produce 40 different watches bought in the same way.

That speech set things in motion. The Democrats circulated 11,000,000 copies of it. After Wilson's election RAINEY proposed and forced the passage of the Tariff Commission. Now he is Democratic floor leader. But for a break in his service for one term he would have been the ranking Democrat and in GARNER'S place as Speaker.

Like SNELL, the Republican leader whom he opposes daily, he is a graduate of Amherst. He is not merely a college man, but a man of education who has studied as well as practiced the history and philosophy of government. And as to his mild manner and amiable appearance, in debate he wields a saber and not a poniard. He has been a thorn in the side of the Republicans.

Now he has made a new conception of our tariff problem which will, beyond doubt, have a powerful if not controlling influence on the tariff course of the Democrats if they can ride into power.

"It is popular now to make light of our foreign trade," he said. I talked with him in his office just off the floor of the House during some very exciting days recently when Members were running in every few minutes for hurried conferences. It took several days, in fact, to get through my talk with him, and I marveled at the perfect fireside complacence with which he submitted to incessant interruptions and then went on quietly smoking his pipe and chatting with me as calmly as if we were sitting in his flower garden.

"People tell us our foreign trade is just 7 or 8 per cent of all our trade," he continued. "But four years ago in our political campaign we didn't make light of it. Mr. Hoover told us then that 'our total volume of exports translates itself into employment for 2,400,000 families, while its increase in the last seven years has interpreted itself into a livelihood for an additional 500,000 families.'

"In 1929, we sold abroad $5,251,000,000 in merchandise. Last year we sold less than half of that. In January and February of this year it was about one-third less than it was in the same months last year; about two-thirds less than it was in those months of 1929. As a matter of fact, practically all the increase in our foreign trade, laboriously built up during the last 20 years, has been wiped out. If Mr. Hoover's estimate is correct, the livelihood of over a million families in this country has been destroyed by the losses in our foreign trade in the last year. It will be worse this year.

BUSINESS THAT WON'T COME BACK

"The loss has been not merely in Europe. In South America in 1929 we sold $530,000,000 worth of goods. Last year we sold only $155,000,000.

"This is a very serious matter. Many people suppose that we have merely to wait for prosperity to drift back to us and that our foreign trade will return. They are mistaken. Our foreign trade is being systematically and definitely taken away from us and we will never get it back until we form a definite plan to recover it.

"It is very difficult to make people grasp the fact that you can not sell goods abroad unless you buy goods abroad, too. But this is a fact of the greatest importance. There is no international currency. The goods we buy abroad must be paid for with other goods. The only other way to pay for them is with gold. This, of course, is impossible, because there is not enough gold to pay for even a fraction of these purchases. Even the great, rich United States has not enough gold to pay for what it buys from foreign nations.

"Last year Great Britain bought $4,000,000,000 worth of goods. England has but $500,000,000 of gold. If she paid out the last grain of gold, it would settle for only six weeks' purchases. England couldn't afford to pay for a week's purchases with gold. She couldn't afford to lose that much. Obviously she must pay with something else or she can not buy. She must pay with goods or services. It must be perfectly plain, therefore, that if we will not buy abroad, we can not sell abroad. Yet that is exactly what we have been trying to do.

"For years we lived in a fools' paradise. We had our tariff walls; our chief buyers had none. We sold what we wished abroad. We permitted no one to send us anything save what we actually needed. We were young; we needed much, and so trade moved in both directions.

"But we developed fast. We shut out first one commodity and then another. Then came the war, and soon we found ourselves selling very much and buying much less. After the war, with the Fordney-McCumber tariff bill, we attempted to close our ports to the trade of the world as completely as possible. Of course, we could hardly expect to do business with the rest of the world on this basis. We could not sell to people who were not permitted to pay with the only thing they had to pay with—their goods.

RIGHT BACK WHERE WE STARTED

"Yet we did do business with them. We sold them each year from half a billion to a billion dollars' worth of goods more than we bought from them. How were they able to pay for these goods? They were not. We simply loaned them the money. Our producers each year sold them millions of dollars in goods. Our bankers loaned them millions of dollars to pay for the goods. They still owe the loans. Who knows whether or not they will ever be paid? At any rate, we can lend them no more. Their credit is broken.

"And hence we must come back where we started from—we must let them pay in goods not only for the goods they now buy but for the loans they now owe. We must do that or we must just end trading with them altogether. We must throw our billions of loans into the scrap heap and we must throw our $5,000,000,000 export trade along with them. We have been fooling ourselves. But we are now in one of those spots of merciless realism where we can fool ourselves no longer.

"This, in fact, was our situation in 1930, though we refused to see it. Instead of dealing with it we passed another tariff bill—the present Hawley-Smoot bill—the highest in the history of protective tariffs. It is the only tariff bill in our history which was passed without a public demand. When it was being debated, 30 foreign nations protested, many warned us that they would have to take measures against us if it were passed. Of course, we sneered at that—the great United States would make its own tariff rates without consulting any other nation on earth.

"But as soon as the Hawley-Smoot bill was passed these countries began to make good their threats. They proceeded to build their own tariff walls. The chief point in these foreign tariffs is that they are mainly directed at the United States. They are retaliatory tariffs. They are made expressly to keep our goods out.

"Take South America, where our trade losses have been greatest. Mexico got four-fifths of her wheat from us. She has taxed that 30 per cent. She has increased her tariff on lard 100 per cent, on eggs 20 per cent, on peas 50 per cent, on corn 500 per cent. These must be aimed at us, because it is from us she has bought the bulk of these goods.

A WORLD OUT FOR REVENGE

"Our trucks formerly entered Argentina free. We sold her practically all she bought. She now puts a 33 per cent tax on them. She put a 33 per cent tariff on pitch pine. That was directed at us, for she got almost her entire supply from the United States.

"In Europe everywhere tariff barriers are raised against our traders. The greatest increases are on those things we sell in Europe. Germany has doubled her rates on live hogs and edible beans and has imposed an impost ranging around 50 per cent on various other vegetable products from the United States. We sold her much of her lard. She made the tariff 90 per cent. Italy got a large part of her frozen meats from us until last year, when she loaded them with a 25 per cent tax. Poland got a big portion of her chemical supplies from us. But last year she raised the tariff so high it was almost an embargo. Spain makes no automobiles, so last year she lowered her duties on automobiles 60 per cent to all the world save the United States. We can not now sell an automobile in Spain.

"In January Americans woke one morning to find that our radio trade in France had been turned over to Holland and Germany. France uses tariffs, but she has also employed extensively another more deadly trade weapon—the quota system. She assigns to various countries an allotted percentage of imports which they may supply. In January she issued a decree restricting radio imports for the first three months of the year to 154.1 metric tons. Of this Holland was allotted 79.2 tons, Germany 50 tons, and the United States only 16.6 tons. This more than cut our business there in half.

"The American Chamber of Commerce in Paris on February 10 declared that if this quota system continued in France representatives of American firms in Paris might as well close up their offices and go home.

"All these new duties in these distant countries may seem remote and unimportant. But every time we hear of another tariff rate, another quota discrimination, another licensing arrangement, another embargo, another foreign control, we may be sure another group of American workmen have gone home to their families and announced the brave news that they have been fired. To date we may rest assured over 1,000,000 American wage earners have gone to their homes with this depressing announcement as a result of the losses in our foreign trade. Now, instead of foreign diplomats in Washington protesting against our tariffs, our State Department representatives in other countries are kept busy in the humiliating and preposterous business of carrying protests to foreign state departments about their tariffs against our goods.

"Now comes the most serious threat of all. Great Britain, after 90 years of free trade, goes over to the protective system. If England had just moved over to a protective system, the situation would be serious enough. But it is only now we begin to understand the grand design behind the new British tariff. It is a matter fraught with the gravest consequences.

"England has had good cause for alarm. For several years her own frontiers have been open to the trade of the world. It has flowed in. But slowly she has seen one country after another follow the example of America and build tariff walls shutting out England's goods. Great Britain is our biggest customer. Her ports have been open to us. But our ports have been closed to her. In 1931 she saw her foreign sales drop off a billion and a half dollars. So in November last year she passed her abnormal importations act, in reality an antidumping measure, permitting her ministers to impose on non-Empire importations duties in their discretion up to 100 per cent. A few duties were imposed under this act. But more far-reaching plans were being concerted. In February of this year Parliament passed a general tariff law imposing duties of 10 per cent on all importations except wheat, raw cotton, raw wool, and a few other commodities.

WE'LL BE ON THE OUTSIDE

"We will now see England's wide-reaching and long-ranging plans unfold. She has adopted her tariffs chiefly as a weapon to be used to bargain with other nations. The New York Times printed a dispatch from London in January, ascribed to Mr. Thomas, Secretary of State for Dominions, that England now proposes to use her new tariff to make openings for herself in the tariff walls of other countries.

"First she has her own dependencies, which constitute a large group of nations comprising a fourth of the earth's population. These will all be included in a vast customs union within which there will be comparative free trade. Next, with her own tariffs as a weapon, she counts on bringing numerous other countries—chiefly those off the gold standard—to join with her in a series of preferential tariff relations. She will begin with Denmark and the Argentine. Then she will seek to include Holland, Sweden,

Egypt, and many other countries. The British tariff walls will be opened for those countries which open their walls to her.

"In the end England will create a vast world area of low-tariff nations which will be able to trade among themselves with comparative fredom. Outside—and we will be on the outside—will be another group of nations surrounded with almost impassable tariff walls. The world will be literally divided into two trade camps—low tariff and high tariff. We will be in one of those groups—the high-tariff group.

"In our group, however, the trouble will be that around every nation will be a more or less impenetrable wall. We will not be able to trade with one another. Nor will we be able to penetrate into the other group. For while this group will be free within its own walls, there will be a great impassable wall around it to keep us and the nations in our high-tariff group out.

"If this design succeeds it will automatically remove from our market a large portion of the prosperous nations of the world. It will leave to us only a batch of nations which singly keep us out quite as effectively. It is a matter of profound seriousness and we are doing absolutely nothing about it.

"A part of this movement will be the removal of a considerable portion of our manufacturing plants to other countries. To-day Canada—thirtieth in population among the nations of the world—is fifth in foreign trade. The serious thing about this is that a large part of Canada's foreign trade is due to the existence of American plants in Canada. There are to-day over 1,100 such concerns with factories in Canada, manufacturing goods for export from Canada, and making those goods in factories manned by Canadian workers instead of by our own workers. Why? Because our manufacturers can export from Canada to British dominions at lower tariffs and can get the benefit in other countries of the preferential rates which Canada has negotiated.

"Ten American factories crossed the border into Canada in flight from the tariff mess in the last two months. If England's great plan succeeds the flight will be infinitely more serious. An English newspaper reports that 40 American plants are now negotiating for space in Manchester.

"If England and Canada can make preferential agreements with other nations, why can not we? In other words, is not the one way out of this difficult situation to enter into a series of reciprocity agreements with other nations?

"We are practically stopped from negotiating any reciprocity treaties with other countries because we are bound, hand and foot, by the so-called 'most-favored nation' treaties which we have with other countries. France makes fine gloves. We need them. She needs our wheat. We could make a reciprocity treaty with France admitting her gloves free or at a low tariff in return for free admission of our wheat. But we have 'an unconditional most-favored nation' treaty with Czechoslovakia, which also makes gloves and which would thus be able to claim the same preferential rate. In whatever direction we turn we meet this obstacle.

SHORTSIGHTED STATESMANSHIP

"For this we can thank our State Department in the last 10 years. The new treaties made by our State Department are all irrevocable for a number of years. Only last year we made one with Austria which can be terminated only after 1938 and then only after one year's notice. A new treaty with Honduras does not expire until 1938. One with San Salvador must run until 1940. The State Department has fastened upon us 17 such treaties and 38 agreements.

"What, then, can we do about all this? What course should we pursue? Should we lower our tariffs? I predict that the next demand will be for higher tariffs. England and 15 other nations have gone off the gold standard. This means, in effect, that our tariff has already been lowered to such countries. Thus an article which England formerly sold to us for a pound we can still buy for a pound. But formerly to get the pound to pay for it we had to spend $4.86. Now we buy the pound for about $3.80. It means a 20 per cent cut in British prices. As a result, American manufacturers are already complaining, already organizing and moving around Washington to demand that we make our tariff rates even higher.

"That movement I think should be resolutely resisted. But, on the other hand, the situation works out as a great injustice to those countries which have not gone off the gold standard. Our tariff wall is still as high as ever to those countries.

"We can not lower our tariffs. We must not increase them. We must suffer the tariff inequalities which result from so many countries' being off the gold standard. We can not correct these with reciprocity agreements. We can not get rid of the treaties.

"What is the way out? Hopeless as it may seem, there is a way out and a way well within our reach. First we must put an end to the policy of tariff boosting. America, which led the world into this intolerable tangle, must now try to find a way to lead the world out of it. Manufacturers, producers, farmers, consumers must say with unmistakable emphasis that, if we can not lower our tariff, we certainly are not going to permit it to be increased. No more tariff boosting! That should be our slogan.

"Next we must put an end to the making of 'most-favored nation' treaties designed to kill off reciprocity. Moreover, we must give notice of abandonment of such treaties as fast as possible under their terms.

"Finally, we have got to sit down at the council table with the rest of the world and talk the whole troublesome problem over. We must summon other nations to sit with us in an international economic conference or council and see if, by a policy of give and take, we can not make a beginning of lowering, along the frontiers of all the nations of the world, the inhospitable walls which now shut out trade, intercourse, good will, and good understanding."

ADJOURNMENT OVER

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day, it adjourn to meet on Monday next.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield to me for half a moment?

Mr. RAINEY. Yes.

Mr. BRITTEN. Mr. Speaker, earlier in the day, when the gentleman made his announcement that he desired the House to adjourn over until Monday, I said I would object because I felt there was more or less important business to transact and the House should not adjourn over. Since then, I have had time to think about the matter, and I do not desire to call the House in session to-morrow unless we can accomplish something. I would like to inquire of the majority leader of the House, for the benefit of ourselves, so that we will not go on in the dark in the future, and for the benefit of the country, whether or not we may expect——

Mr. O'CONNOR. Regular order, Mr. Speaker.

Mr. BRITTEN. The gentleman from Illinois has yielded to me.

Mr. O'CONNOR. I call for the regular order.

Mr. BRITTEN. The regular order is that the gentleman from Illinois had the floor and yielded to me for half a moment.

The SPEAKER. The gentleman from Illinois [Mr. RAINEY], let me say to the gentleman from Illinois [Mr. BRITTEN], asked unanimous consent that when the House adjourns to-day it adjourn to meet at 12 o'clock Monday. The gentleman from New York has demanded the regular order. The regular order is, Is there objection?

Mr. SCHAFER. I object, Mr. Speaker.

Mr. RAINEY. Mr. Speaker, I move that when the House adjourns to-day, it adjourn to meet on Monday next at 12 o'clock.

The motion was agreed to.

ENROLLED BILL AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 10600. An act to exempt from the quota husbands of American citizens;

H. J. Res. 336. Joint resolution construing section 503 (b) of the tariff act of 1930; and

H. J. Res. 462. Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 462. Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 17 minutes p. m.) the House adjourned until Monday, July 11, 1932, at 12 o'clock noon.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McLEOD: A bill (H. R. 12932) to amend section 204 of Public Act No. 212, Seventy-second Congress; to the Committee on Economy.

By Mr. CABLE: A bill (H. R. 12933) to provide for the sale of internal-revenue stamps by postmasters in cities of over 2,500 inhabitants; to the Committee on Ways and Means.

By Mr. BULWINKLE: Resolution (H. Res. 282) authorizing the appointment of a committee of seven Members of the House of Representatives to investigate the executive departments and independent offices; to the Committee on Rules.

By Mr. ALMON: Joint resolution (H. J. Res. 465) to amend the revenue act of 1932 by repealing section 751 imposing a tax on checks, drafts, and orders for the payment of money; to the Committee on Ways and Means.

By Mr. DISNEY: Joint resolution (H. J. Res. 466) relating to the payment of interest in connection with certain judgments and overpayments of taxes; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER: A bill (H. R. 12934) granting Robert C. O'Brien the privilege of filing application for benefits under the emergency officers' retirement act; to the Committee on Naval Affairs.

By Mr. CRAIL: A bill (H. R. 12935) for the relief of J. T. Roache; to the Committee on Military Affairs.

By Mr. EVANS of California: A bill (H. R. 12936) granting a pension to Anna B. Smith; to the Committee on Invalid Pensions.

By Mr. FOSS: A bill (H. R. 12937) for the relief of Emil Siegmund; to the Committee on Claims.

By Mr. McLEOD: A bill (H. R. 12938) to reinstate Norman B. Conger as senior meteorologist in the weather bureau at Detroit, Mich.; to the Committee on the Civil Service.

By Mr. SCHAFER: A bill (H. R. 12939) granting a pension to Mollie Withrow; to the Committee on Invalid Pensions.

By Mr. TREADWAY: A bill (H. R. 12940) for the relief of Dwight H. Merrill; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8516. By Mr. CRAIL: Petition of California Baby Chick Association, protesting the quarantining of baby chicks and other livestock shipments in interstate shipment; to the Committee on Interstate and Foreign Commerce.

8517. By Mr. HARLAN: Petition of 300 citizens of southwestern Ohio, favoring more adequate regulation of busses and trucks in interstate transportation, and protesting against Government subsidization of water and other forms of transportation; to the Committee on Interstate and Foreign Commerce.

8518. By Mr. STOKES: Petition of Philadelphia Board of Trade, advocating that it is essential to the public welfare that the question of the continuance of the eighteenth amendment, Constitution of the United States, be referred to a vote of the people at the next regular election, and that Congress be urged to take such action as may be necessary for confirmation of the vote thus recorded; to the Committee on the Judiciary.

8519. By Mr. TIERNEY: Petition concerning the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8520. By the SPEAKER: Petition of members of the Republican wet bloc of the House of Representatives, requesting the opportunity of voting on a bill legalizing the manufacture and sale of beer; to the Committee on the Judiciary.

SENATE

SATURDAY, JULY 9, 1932

(Legislative day of Friday, July 8, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Reed
Austin	Dale	Johnson	Robinson, Ark.
Bailey	Davis	Jones	Robinson, Ind.
Barbour	Dickinson	Kean	Schall
Bingham	Dill	Kendrick	Sheppard
Black	Fess	Keyes	Shipstead
Blaine	Fletcher	King	Shortridge
Borah	Frazier	La Follette	Smoot
Bratton	George	Lewis	Steiwer
Brookhart	Glass	Long	Stephens
Broussard	Glenn	McGill	Thomas, Idaho
Bulkley	Goldsborough	McKellar	Townsend
Bulow	Gore	McNary	Trammell
Byrnes	Hale	Metcalf	Vandenberg
Capper	Harrison	Morrison	Wagner
Caraway	Hastings	Moses	Walcott
Cohen	Hatfield	Norbeck	Walsh, Mass.
Connally	Hawes	Norris	Watson
Coolidge	Hayden	Nye	White
Copeland	Hebert	Patterson	
Costigan	Howell	Pittman	

Mr. GLASS. I desire to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is necessarily absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

PETITION AND MEMORIAL

The VICE PRESIDENT laid before the Senate the petition of the rank and file committee of the bonus marchers, signed by John T. Pace, chairman, praying that the $100,000 made available to be loaned to veterans for transportation to their homes be appropriated to feed and shelter the veterans now in Washington, D. C.; that Congress enact legislation for the immediate cash payment of adjusted-service certificates (bonus), and that final adjournment be not taken before such legislation is enacted, which was referred to the Committee on Finance.

Mr. COPELAND presented a memorial of sundry citizens of the United States, remonstrating against the entrance of the United States into the World Court, which was ordered to lie on the table.

DUTY ON PINEAPPLES—PUERTO RICAN VIEWS

Mr. BINGHAM. Mr. President, on April 4, 1932, there was read into the CONGRESSIONAL RECORD a statement by Mr. H. E. Miles, chairman of the Fair Tariff League, regarding the action taken by the Tariff Commission on the question of the duty on fresh pineapples. On May 2, 1932, a reply by Mr. J. N. McBride, general agricultural and land-settlement agent of the Seaboard Air Line Railway, giving Florida's side of this controversy, was read into the RECORD by the Senator from Florida [Mr. FLETCHER]. I now desire to present Puerto Rico's side of this question, and therefore ask permission to have printed in the RECORD a statement which I have recently received from the Fruit Growers' Improvement Committee of Puerto Rico.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

THE TRUTH REGARDING THE DUTY ON PINEAPPLES

It is indeed amusing to read the statement of Mr. H. E. Miles, chairman of the Fair Tariff League, which was read into the CONGRESSIONAL RECORD, Monday, April 4, 1932, by the Hon. THOMAS J. WALSH of Montana, regarding the tariff on Cuban pineapples. It is most amusing to read, especially, that part of the statement headed "When Is a Crime?" The very fact pointed out in this particular part of the statement is so applicable to the whole of Mr. Miles's statement that it should be brought to the attention of

the Senate of the United States, of the Hon. Mr. WALSH, and the people of the United States.

Lord Kyslant's crime was that he falsified a public document, according to Mr. Miles, by saying nothing, by not telling all of the truth. Does not Mr. Miles commit the same offense, not probably of falsifying a public document but by deliberately endeavoring to mislead the august Senate body and the people of the United States regarding the whole truth of the pineapple tariff question and the whole truth of the production of pineapples?

What about Puerto Rico, possessed, owned, and governed by the United States of America, giving all of its trade to the mother country? Why does not Mr. Miles at least say something regarding the production of pineapples in Puerto Rico if he is to be free from the same charges that he points out in the crime of Lord Kyslant and the charges brought against the Tariff Commission? Why does he not go farther and speak the whole truth, explain to the Senate, have placed in the CONGRESSIONAL RECORD the fact that Cuba, even with the present tariff on pineapples, can still produce and place in the markets of the United States pineapples cheaper than Puerto Rico can do? Why does he not explain that on account of a ruling of the Supreme Court of the United States Puerto Rico can not defend herself against Cuba and can not be heard on tariff matters? Why does he not go farther and explain that there are at present over 4,000 acres planted to pineapples in Puerto Rico and the production ranges from 500,000 to 700,000 crates per year? Why does he not explain that this acreage is actually owned by American citizens, who depend upon this for their livelihood, and is not like Cuba, where the native Cuban planter is exploited by American corporations, who are in the business not for a living but for speculative purposes? Why does not Mr. Miles explain that the 4,000 acres in Puerto Rico provide a means of livelihood for 4,000 Puerto Rican families, but, nevertheless, American families, and counting 6 persons to a family, gives a living to 24,000 people? Why does he not explain that if the tariff on Cuban pines is lowered below what it is at present that Puerto Rican pineapple growers will have to go out of business, and these 24,000 American citizens will be deprived of their livelihood, with no chance of obtaining any further employment in the island? Why does not Mr. Miles be fair and explain to everyone that Cuba by coming into Key West can ship every market in the United States, but, nevertheless, dumps enough pineapples into the New York market to ruin this only market which Puerto Rico enters at the present time? Why does not Mr. Miles tell the whole truth and not place himself in the same position which he cites regarding Lord Kyslant? Why does he not explain what happened at the last hearing before the Tariff Commission in October, 1931, on this subject, and how Puerto Rico, the only part of the United States at present producing pineapples on a commercial basis, was prevented from being heard at the hearing? Why does not Mr. Miles explain that there are thousands of acres available for pineapple production in Puerto Rico which, if it were not for Cuba ruining the American markets, could be planted to pineapples and give employment to thousands of American citizens who are now unemployed and on the verge to starvation? Why does he not tell the Senate that Puerto Rico and Florida could supply all of the pineapples the United States could consume if they were given an opportunity by placing a higher duty on Cuba, so as to more nearly equalize the cost of production?

If he read all of the testimony, is fully familiar with all of the facts in the case, he surely knew the truth, but like Lord Kyslant, toward whom he points the finger of scorn, he did not tell all of the truth, but kept silent.

The truth of the pineapple-tariff situation follows, and Mr. Miles is aware of these things but avoided mentioning them.

Puerto Rico is the only part of the United States that produces fresh pineapples on a commercial basis at the present time. This industry is one of the most important industries of the island, giving work to thousands of American citizens. The pineapple growers in the island have always had a great deal to contend with, and their lot has not been easy. They had just built up their production to over 500,000 crates when the United States entered the war, and prices of potash, which is a necessary fertilizer, rose to such a point that it was prohibitive, and space for shipping became practically impossible to obtain. Production dropped to 116,000 crates in 1919. Then began a building up again after the war to 529,000 crates in 1929, at which time the hurricane hit the island. The tariff placed upon Cuban pineapples in 1929 stimulated plantings and in 1931 Puerto Rico shipped 704,000 crates. Due to the dumping of Cuban pines on the New York market in 1932, the extreme low prices that existed, the drought at the beginning of the season, heavy rains during part of the season, shipments in 1932 amounted to only 620,795 crates.

It costs Puerto Rico close to $3 per crate to produce, transport, and sell a crate of pineapples in the New York market. It costs Cuba less than $2 to produce, transport, and sell a crate of pineapples in New York. Even with the present tariff, Cuba can produce, transport, and sell pineapples in any market of the United States at less than can Puerto Rico.

One of the principal industries of Puerto Rico is constantly threatened by Cuba, and is doomed to destruction if the tariff on Cuban pineapples is lowered.

Puerto Rico buys from the mother country more products than all of the Central American countries combined, and more than any single South American country. The ability to continue to pay for this trade is dependent upon the protection that the United States gives Puerto Rican industries from foreign countries such as Cuba. There can be no argument about this—it is either protect her child by maintaining tariffs which will permit Puerto Rico to compete with the products from other countries or Puerto Rico will become a ward of the mother country and appropriations will have to be made for her maintenance.

It is true that Florida has tried repeatedly to obtain slips from Puerto Rico in order to again enter the pineapple business. There is to-day on my desk an order from Florida for 1,000,000 slips which will plant approximately 100 acres. If possible, this order is going to be filled, for it is Puerto Rico's desire to assist Florida in trying to build up their production of pineapples to the profitable business that it was before they were forced out of business by cheaply produced pineapples from Cuba.

Florida started Cuba in the pineapple business by supplying the slips necessary to set out their first acres. When the red wilt attacked the Florida plantings and the United States Department of Agriculture advised that Florida must obtain new, disease-free stock to replant with, Cuba placed an embargo on slips, knowing that Puerto Rico could not supply these. Puerto Rico also obtained their slips from Cuba at that time, and at one stroke of the pen the President of Cuba placed an embargo on slips in order to ruin the Florida pineapple business and to cripple Puerto Rico. Florida was ruined, as they had no place to obtain disease-free slips and could not use their own on account of the disease which was present. In Puerto Rico production was seriously crippled, but having no disease finally overcame the hardship placed upon them by the Cuban embargo.

What is the intention of the Senate of the United States, or the Government of the United States, toward this situation? Do they desire to lower the tariff recently placed upon Cuban pineapples, in order that the American speculators in Cuba can make a greater profit? Do they desire to create, during these times of economic distress and uncertainty, more jobs for foreign laborers in a foreign country? Do they desire to eliminate an industry from a part of the United States that at present feeds 24,000 American citizens? Do they desire to harken to Mr. Miles with his evasion of the truth, or do they desire to be fair, square, and honest with a portion of the great United States of America and grant Puerto Rico at least a chance to be heard upon a subject that is so vital to the economic structure of our small island?

We ask that some method be arranged whereby the pineapple growers of Puerto Rico can present their case before the Tariff Committee the next time there arises a hearing on the pineapple tariff. Imagine Mr. Miles, of the Fair Tariff League, through evasion, misstatement of facts, endeavoring to throw out of employment 4,000 American citizens, take the bread from 24,000 American mouths, throw into bankruptcy over 100 American pineapple producers, lessen the buying power of an American possession that buys more from the mother country than all Central American countries combined, and more than any single South American country, and all in the name of the Fair Tariff League. He speaks in his article of crime—the title of his article begins with the word "crime." Truly Mr. Miles's crime is greater than all, and he deserves no place on anything called fair, and a deaf ear should be turned to his statements and to the incomplete and untruthful statements of the so-called Fair Tariff League.

J. P. KLEIN,
General Manager, Fruit Growers' Improvement Committee of Puerto Rico.

REPORTS OF COMMITTEES

Mr. MOSES, from the Committee on Foreign Relations, to which was referred the bill (S. 4949) for the relief of Corinne Blackburn Gale, reported it without amendment and submitted a report (No. 991) thereon.

Mr. NORBECK, from the Committee on Indian Affairs, to which was referred the bill (S. 4024) authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge, reported it without amendment and submitted a report (No. 992) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NORRIS:

A bill (S. 4964) to amend section 9 of the act of May 14, 1930; to the Committee on the Judiciary.

By Mr. COSTIGAN (for Mr. NEELY):

A bill (S. 4965) for the relief of James Evans Monroe; to the Committee on Claims.

A bill (S. 4966) for the relief of George Yusko; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 4967) for the relief of the Mizrach Wine Co.; to the Committee on Claims.

By Mr. THOMAS of Idaho:

A bill (S. 4968) to amend the Federal farm loan act, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. REED:

A joint resolution (S. J. Res. 195) granting permission to Hugh S. Cumming, Surgeon General of the United States Public Health Service; John D. Long, medical director United States Public Health Service; and Clifford R. Eskey, surgeon, United States Public Health Service, to accept and wear certain decorations bestowed upon them by the Governments of Ecuador, Chile, and Cuba; to the Committee on Foreign Relations.

AMENDMENT TO HOME LOAN BANK BILL

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, which was ordered to lie on the table and to be printed.

NEGOTIATION OF TREATY WITH CANADA RELATIVE TO LOAD LINES

Mr. JONES submitted a resolution (S. Res. 265), which was read and ordered to lie on the table, as follows:

Resolved, That the President of the United States be requested to negotiate a treaty in conformity with article 2 of section 2 of the International Load Line Convention of 1930 between the United States and Canada, whereby the vessels of each of said countries shall be exempted from the provisions of the act entitled "An act to establish load lines for American vessels, and for other purposes," approved March 2, 1929, so long as they shall remain in trade between ports on Puget Sound and adjacent waters of British Columbia and southeastern Alaska.

SETTLEMENT OF FOREIGN DEBTS

Mr. McKELLAR. Mr. President, I submit a resolution which is very short. I ask that it may be read and lie on the table.

The resolution (S. Res. 266) was read and ordered to lie on the table, as follows:

Whereas it is stated in Associated Press and other dispatches appearing in responsible newspapers that the United States Government has expressed to foreign nations indebted to it a willingness to consider further reductions in the indebtedness of said nations; and

Whereas the Congress of the United States (which alone has power to modify the debt settlements heretofore made) has officially declared by House Joint Resolution 147 its unwillingness further to reduce the indebtedness of said nations: Therefore be it

Resolved, That the President of the United States is requested to inform the Senate whether there is any foundation for the statements made in said dispatches, and, if so, by what authority any representative of the United States has taken such action.

TRANSFER OF COLONIAL POSSESSIONS

Mr. GORE. Mr. President, I submit a resolution and ask that it may be read and lie on the table in connection with the resolution submitted by the Senator from Tennessee [Mr. McKELLAR].

The resolution (S. Res. 267) was read and ordered to lie on the table, as follows:

Resolved, That the Secretary of State be requested to ascertain, if practicable, whether any of the European powers which are indebted to the United States as a result of the war and which received as a result of the war an allotment of Germany's colonial possessions would prefer to transfer such territory in whole or in part to the United States in payment in whole or in part of its indebtedness to the United States rather than to make payment in cash or whether any such power would prefer to assign to the United States in lieu of such cash payments any island or islands situated in American waters and subject to the jurisdiction of such government.

LOANS BY RECONSTRUCTION FINANCE CORPORATION

Mr. COUZENS submitted a resolution (S. Res. 269), which was ordered to lie over under the rule, as follows:

Resolved, That there is hereby created a select committee of the Senate to be appointed by the Vice President, consisting of five Senators, not more than three of whom shall be chosen from one political party, which committee shall be authorized and directed to investigate the loans made by the Reconstruction Finance Corporation and to ascertain any information or facts concerning such loans which the committee deems advisable that the Senate should have. The committee shall make a report to the Senate at the first meeting of the Senate in January of 1933, and shall also make such recommendations as the committee deems advisable.

DEDICATION OF REVOLUTIONARY CEMETERY, MORRISTOWN, N. J.

Mr. BARBOUR. Mr. President, I ask unanimous consent for publication in the RECORD of the address delivered by Commander William Seaman Bainbridge at the dedication of the Revolutionary Cemetery at Morristown, N. J., on May 30, 1932.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Efficient and distinguished mayor, comrades, ladies, and gentlemen, multitudes at Bunker Hill, Concord, and Lexington rose against those who invaded the rights of a liberty-loving people. At Valley Forge an unorganized army, almost hopeless, with little food and clothing and insufficient ammunition, faced almost certain defeat because of exhaustion, yet carried on with fortitude, courage, and determination. At Morristown there were similar privations and suffering added to the scourge of a pestilential disease. But it was here that the Continental Army was really raised and organized. The leaders here quietly evaluated the situation, took stock of the enemies not only at home but abroad, and laid their plans. We can well imagine how their hearts glowed with rejoicing when Lafayette, landing at Boston, came directly to Morristown with the stirring news that his King was sending a fleet with Rochambeau and De Grasse. With the aid, too, of that able general, Von Steuben, plans were worked out which resulted in the victory at Yorktown, and the foundation of liberty, justice, and a representative government. Among the historic shrines of our country, Morristown will loom large on the horizon, for if there had been no Morristown there would have been no Arlington and no Gettysburg.

Each one of these touchstones of remembrance helps rekindle that spirit of courage and indomitable will to which we all owe what we have become as a nation. Our forefathers laid the foundation; those who have come after have built the superstructure, and if, in our growth, we have made mistakes, it is seemly that we review the past in envisioning the future so that we may be worthy of the trust imposed upon us.

And so to-day it is wise to heed the sign—Stop! Look! Listen! The onrushing train, when nearing a danger point in the road, is warned by a red light to slow down and take account of what is ahead in order to avoid disaster. In the medical world we are advising everyone to have a human "garaging" at certain intervals so that, if there is any danger signal anywhere, he may be warned in time for proper care to be instituted. Any machine, as we all know, must be looked after constantly, and what is true of a machine is also true of an individual, of a country, of a world!

We are passing through a period of discouragement, for the clouds obscure our vision. The unhappy conditions in our own country are repeated, more or less, in every land. We are not facing a national problem—we are in the midst of a world crisis! In our homeland we see overproduction, taxation, unemployment, starvation, bank failures, crime, and a lack of moral standards in high and low places. We seem, indeed, to be in chaos.

We need a well-formulated plan. We need real leadership under which we must put our own house in order and cease megaphoning directions to the rest of the world. We need a changed country and a changed world—a new order. We need a wider horizon and a broader outlook.

Any country fit to endure must possess certain qualities—qualities foreseen by those who signed that masterpiece, the Constitution of the United States of America. These attributes are liberty of thought and belief, freedom of speech, and the right to life, liberty, and the pursuit of happiness. We know the fallacy that lies in the tenet that all men are created free and equal—our institutions for the blind, the deaf, the insane, the mental defectives, answer that point. Therefore, those who are better off must help bear the infirmities of the weak. But everyone in every country should be free to live his life respectably. No nation is fit to endure, or can long endure, if it does not give every man and woman who can work, and desire to work, an opportunity to do so, at a wage sufficient to enable them to live healthfully and respectably, with a margin to prepare those dependent upon them for life's battle, and also enough for a modicum of pleasure and recreation, which is re-creation.

Our whole civilization is on trial. Those forces that would destroy all that we hold dear are not born; they are evolved out of conditions that are dangerous and evil. Let us be careful to look to these conditions. Malignant organisms must have soil on which to grow and thrive before they can really do harm. In our effort to remove the cancer of the body politic, with its long tendrils in every direction seeking to strangle and destroy, we must, with even greater insistence, go back to causes and seek to eliminate them as far as is humanly possible, or dire consequences may follow.

It may be that the cry we hear from all humanity arises from the agony of a new birth—a new order, a new world, is being born. By actual personal necessity we are compelled to take an inventory of things as they are and look toward the future. The need for perfecting some economic plan to prevent the recurrence of the calamitous condition in which we now find ourselves is receiving more earnest consideration than ever before. We are no longer rushing onward at as mad and headlong a speed. We have observed the danger signal—stop! We are standing still and taking cognizance of our surroundings, realizing that we are almost at the brim of a precipice. The very fact of our realization is a

decided gain. Though we do this by compulsion, the result may be good. More and more we are thinking of others, of their present sustenance and future care. To-day news is universal and instantaneous. We can be of almost immediate help wherever needed. We are no longer detached groups of humanity. We are recognizing and must continue to recognize the fact that we are not an insular people surrounded by barbed wire, but a small part of the whole, and without the consideration of all the parts we can not go on successfully.

In endeavoring to find a way out of our difficulties one thing is essential—we must have national security, for without this our problems can not be solved, chaos will result, and destruction be invited. We must hold fast to that which is good and which was given to us by our forefathers, and stand firm upon our foundation until convinced that a proposed change should be incorporated in our life, by clear reasoning, experience, and judgment, and not by a cataclysm or an ignorant revolt from restraint.

The true patriot must review the past in order to protect the future. The history of the world has shown that nations rise and fall as a result of their efforts in the trade markets of the world. George Washington left this axiom for posterity: "To an active external commerce the protection of a naval force is indispensable." And we may add that an adequate guard is needed for the maintenance of internal order and the repulsion of external enemies.

We are told in the Book of Books: "When a strong man armed keepeth his palace, his goods are in peace" (St. Luke xi, 21). Surely no one desires to argue the fact that law and order deserve to be defended against the forces of crime, and that a city without a police force is open to depredations. A great nation without strength for defense of its rights is subject to the activities of others.

Recently Senator REED stated truly that racial rivalries persist in spite of everything we can say or do, and that so long as men can hurl a stone or lift a club they will fight if there is a will or need to fight. "And ye shall hear of wars and rumors of wars; see that ye be not troubled for these things must needs come to pass; but the end is not yet."

Our Regular Army to-day consists of 132,000 persons, one-third smaller than in 1921. Thus, 1 person out of every 900 is in our standing Army. In so-called "disarmed" Germany it is 1 person out of every 600, in Great Britain 1 out of every 200, in France and Italy 1 out of every 105, in Japan 1 out of 300, and in Russia 1 out of every 250. In this day, when there is so much talk of disarmament, and yet when every nation is working and striving for the fullest possible armament, we in our country in which there is much to protect should certainly not further lessen our strength or weaken our position, for in strength well controlled and directed there is safety. "A free people," said Washington, "ought not only to be armed but disciplined, to which end a uniform and well-digested plan is requisite. To be prepared for war is one of the most effectual means of preserving peace."

There is a picture that is indelibly impressed on my mind. A number of years ago, at the time of the war of the Druses, I went north on horseback with a friend and a dragoman over the hills of Judea. As I was visualizing in my mind's eye the events that had transpired in this region those many years ago, there suddenly appeared a mounted Bedouin chieftain. It was war time and everyone was not what he seemed to be. Our dragoman turned in his saddle and said: "Watch this man who approaches. When he comes near you he will say 'Salaam Alaikum'—Peace be to you—and you will answer, 'Alaikum Salaam'—To you be peace—but watch him when he comes near, watch him as he passes and as he disappears from sight. To go forward safely—look back."

The strength of a nation depends upon the youth harbored within its borders. Military training acts as a guide for the instability and restlessness of youth, which is always a great danger to any government. It is of value in affording work and association along rational lines, under self-imposed discipline, and makes for the ideal of good citizenship. The importance of doing a job at the right time and in the right way, so essential, is part of military training, and the young man is inculcated with a respect for organization and an ability to work successfully in an organization; such training induces promptness, definite and quick decisions coupled with good posture and bearing, and is one of the finest preparations for life in time of peace. Any course that aims toward the development of mental alertness, an eye for correct form, exactness and precision, mental and bodily coordination, the power and spirit of cooperation, initiative and self-discipline, courtesy, respect and obedience to authority, and the power and spirit of constructive leadership makes for the good of the man, his profession, his business, his country, and humanity.

You will remember Kipling's Ship That Found Itself. It is a very realistic picture of an imaginary ship caught in a gale at sea. The waves lashed against her, the wind blew madly, and soon each part of the ship was giving its opinion, arguing its cause, considering itself the main prop of the whole, for each could see only as far as its own vision. Meanwhile the forces from without became more aggravated; the gale was at its height. The ship plunged and swayed, nosed round and round, and seemed almost to capsize. Soon the deck beams, and sea valves, and capstan, and stringers, and cylinders, down to the smallest screw and rivet, began to realize that they must pull all together, that each part was dependent upon the other, and that in order to overcome the terrific forces attacking them from without, they had to combine their strength to enable them to carry their ship safely to port. In pulling together they had an awakened consciousness of the importance of each part, insignificant, or conspicuous, a confidence in and respect for the other's ability to do his job, which resulted in the success of the whole.

The good ship Uncle Sam is on the mighty deep. Storm signals are everywhere. The barometer is low. But this ship was constructed seaworthily. There is a jargon of voices, loud in misunderstanding. There are currents and countercurrents of effort to keep the ship in condition. The greater dangers are from within, but it is the gale from without that causes the various parts of the ship to realize that they must work together in harmony for their own safety, and that each part must do its share, for it is safe only as the ship is safe, and that there are other ships out in the same storm.

Let us to-day reawaken within us the spirit and ideals of the founders of this Republic. Times have changed and people with them. Relationships of time and space have altered. But the essentials remain. Let us put our antenna up and join in one great effort to get the direction from the Father of All, who can bring intelligent understanding, mutual confidence, and respect. We must heed the injunction, "Be strong," determined to do our part in this age as our forefathers did in theirs. Here in this sanctuary of historic remembrance let us rededicate the best that is in us to carry on—

"For the cause that lacks assistance,
For the wrongs that need resistance,
For the future in the distance,
And the good that we may do!"

LOANS TO STATES—SYSTEM OF HIGHWAYS—CONFERENCE REPORT

Mr. NORBECK submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12445) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That this act may be cited as the 'emergency relief and construction act of 1932.'

"TITLE I—RELIEF OF DESTITUTION

"SECTION 1. (a) The Reconstruction Finance Corporation is authorized and empowered to make available out of the funds of the corporation the sum of $300,000,000, under the terms and conditions hereinafter set forth, to the several States and Territories, to be used in furnishing relief and work relief to needy and distressed people and in relieving the hardship resulting from unemployment, but not more than 15 per cent of such sum shall be available to any one State or Territory. Such sum of $300,000,000 shall, until the expiration of two years after the date of enactment of this act, be available for payment to the governors of the several States and Territories for the purposes of this section, upon application therefor by them in accordance with subsection (c), and upon approval of such applications by the corporation.

"(b) All amounts paid under this section shall bear interest at the rate of 3 per cent per annum, and, except in the case of Puerto Rico and the Territory of Alaska, shall be reimbursed to the corporation, with interest thereon at the rate of 3 per cent per annum, by making annual deductions, beginning with the fiscal year 1935, from regular apportionments made from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads, of an amount equal to one-fifth of the share which such State or Territory would be entitled to receive under such apportionment, except for the provisions of this section, or of an amount equal to one-fifth of the amounts so paid to the governor of such State or Territory pursuant to this section and all accrued interest thereon to the date of such deduction, whichever is the lesser, until the sum of such deductions equals the total amounts paid under this section and all accrued interest thereon. Whenever any such deduction is made, the Secretary of the Treasury shall immediately pay to the corporation an amount equal to the amount so deducted. If any

State or Territory shall, within two years after the date of enactment of this act, enter into an agreement with the corporation for the repayment to the corporation of the amounts paid under this section to the governor of such State or Territory, with interest thereon as herein provided, in such installments and upon such terms as may be agreed upon, then the deduction under this subsection shall not be made unless such State or Territory shall be in default in the performance of the terms of such agreement. In the case of a default by the State or Territory in any such agreement, the agreement shall thereupon be terminated and reimbursement of the unpaid balance of the amount covered by such agreement shall be made by making annual deductions in the manner above provided (beginning with the fiscal year next following such default) from regular apportionments made to such State or Territory from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads. Before any amount is paid under this section to the Governor of Puerto Rico or of the Territory of Alaska, Puerto Rico or the Territory of Alaska shall enter into an agreement with the corporation for the repayment of such amount with interest thereon as herein provided, in such installments and upon such terms and conditions as may be agreed upon.

"(c) The governor of any State or Territory may from time to time make application for funds under this section, and in each application so made shall certify the necessity for such funds and that the resources of the State or Territory, including moneys then available and which can be made available by the State or Territory, its political subdivisions, and private contributions, are inadequate to meet its relief needs. All amounts paid to the governor of a State or Territory under this section shall be administered by the governor, or under his direction, and upon his responsibility. The governor shall file with the corporation and with the auditor of the State or Territory (or, if there is no auditor, then with the official exercising comparable authority) a statement of the disbursements made by him under this section.

"(d) Nothing in this section shall be construed to authorize the corporation to deny an otherwise acceptable application under this section because of constitutional or other legal inhibitions or because the State or Territory has borrowed to the full extent authorized by law. Whenever an application under this section is approved by the corporation in whole or in part, the amount approved shall be immediately paid to the governor of the State or Territory upon delivery by him to the corporation of a receipt therefor, stating that the payment is accepted subject to the terms of this section.

"(e) Any portion of the amount approved by the corporation for payment to the governor of a State or Territory shall, at his request, and with the approval of the corporation, be paid to any municipality or political subdivision of such State or Territory if (1) the governor makes as to such municipality or political subdivision a like certificate as provided in subsection (c) as to the State or Territory, and (2) such municipality or political subdivision enters into an agreement with the corporation for the repayment to the corporation of the amount so paid, at such times, at such rates of interest, and upon such other terms and conditions, as may be agreed upon between the corporation and such municipality or political subdivision. The amount paid to any municipality or political subdivision under this subsection shall not be included in any amounts reimbursable to the corporation under subsection (b) of this section.

"(f) As used in this section the term "Territory" means Alaska, Hawaii, and Puerto Rico.

"TITLE II—AMENDMENTS TO RECONSTRUCTION FINANCE CORPORATION ACT

"SEC. 201. Section 5 of the Reconstruction Finance Corporation act is amended to read as follows:

"'SEC. 5. (a) To aid in financing agriculture, commerce, industry, and housing, including facilitating the exportation of agricultural and other products, and to assist in the relief of unemployment, the corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any person when in the opinion of the board of directors of the corporation such person is unable to obtain funds upon reasonable terms through banking channels. Any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same.

"'(b) In the exercise of its powers under this section the corporation shall, so far as practicable, give preference to—

"'(1) Loans to, or contracts with (and the corporation is hereby empowered to make such loans and contracts), States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public corporations, boards and commissions, and public municipal instrumentalities of one or more States, to aid in financing projects authorized under Federal, State, or municipal law which are self-liquidating in character, such loans or contracts to be made through the purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided*, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this paragraph, from purchasing securities having a maturity of more than 10 years;

"'(2) Loans to corporations formed wholly for the purpose of providing housing for families of low income, or for reconstruction of slum areas, which are regulated by State or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operation, to aid in financing projects undertaken by such corporations which are self-liquidating in character;

"'(3) Loans to private corporations to aid in carrying out the construction, replacement, or improvement of bridges, tunnels, docks, viaducts, waterworks, canals, and markets devoted to public use and which are self-liquidating in character;

"'(4) Loans to private limited-dividend corporations to aid in the protection and development of forests and other renewable natural resources, which are regulated by a State or political subdivision of a State and are self-liquidating in character; and

"'(5) Loans to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law enacted before the date of enactment of the emergency relief and construction act of 1932; and the Reconstruction Finance Corporation is further authorized and empowered to purchase bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge irrespective of the dates of maturity of such bonds.

"'For the purposes of this subdivision a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges, or by such other means (other than by taxation) as may be prescribed by the statutes which provide for the project. All loans and contracts made by the Reconstruction Finance Corporation in respect of projects of the character specified in paragraphs (1) to (5) of this subdivision shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive and administrative positions), so far as practicable, no individual employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection with any such projects preference shall be given, where they are qualified, to ex-service men with dependents. The provisions of this subdivision shall apply with respect to projects in Puerto Rico and the Territories to the same extent as in the case of projects in the several States, and as used in this sub-

division the term "States" includes Puerto Rico and the Territories.

"'(c) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures under this section, together with a statement showing the names of the borrowers to whom loans and advances were made, and the amount involved in each case, except that such statement shall not show the names of borrowers of the classes to whom loans could be made under this section before its amendment by the emergency relief and construction act of 1932, unless the loan or advance was made under subdivision (b) of this section.

"'(d) In order that the surpluses of agricultural products which have accumulated in public and private warehouses and elevators may not have a depressing effect upon current prices of such products, the corporation is authorized and directed to make loans under this section, in such amounts as may in its judgment be necessary, for the purpose of financing sales of such surpluses in the markets of foreign countries in which such sales can not be financed in the normal course of commerce; but no such sales shall be financed by the corporation if, in its judgment, such sales will affect adversely the world markets for such products.

"'(e) The Reconstruction Finance Corporation is further authorized to create in any of the 12 Federal land-bank districts where it may deem the same to be desirable a regional agricultural credit corporation with a paid-up capital of not less than $3,000,000, to be subscribed for by the Reconstruction Finance Corporation and paid for out of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture under section 2 of this act. Such corporations shall be managed by officers and agents to be appointed by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe. Such corporations are hereby authorized and empowered to make loans or advances to farmers and stockmen, the proceeds of which are to be used for an agricultural purpose (including crop production), or for the raising, breeding, fattening, or marketing of livestock, to charge such rates of interest or discount thereon as in their judgment are fair and equitable, subject to the approval of the Reconstruction Finance Corporation, and to rediscount with the Reconstruction Finance Corporation and the various Federal reserve banks and Federal intermediate-credit banks any paper that they acquire which is eligible for such purpose. All expenses incurred in connection with the operation of such corporations shall be supervised and paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe.

"'(f) All loans made under this section, and all contracts of the character described in paragraph (1) of subdivision (b), shall be fully and adequately secured, except that in the case of loans (other than loans of the character described in paragraph (1) of subdivision (b)) to States, political subdivisions thereof, municipalities, instrumentalities or agencies of one or more States or municipalities or political subdivisions thereof, or public corporations, the loan may be made if, in the opinion of the board of directors of the corporation, the payment of the interest on the loan and the payment of the principal of the loan are adequately assured. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise in such form and in such amount and at such interest or discount rates as the corporation may approve: *Provided*, That no loans or advances (except loans under subdivision (d)) shall be made upon foreign securities or foreign acceptances as collateral or for the purpose of assisting in the carrying or liquidation of such foreign securities and foreign acceptances. In no case shall the aggregate amount advanced under this section to any one person (including, in the case of a corporation, its subsidiary or affiliated organizations) exceed at any one time 2⅝ per cent of (1) the authorized capital stock of the Reconstruction Finance Corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully subscribed.

"'(g) Each such loan may be made for a period not exceeding three years, and the corporation may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally: *Provided*, That loans or contracts of the character described in subdivision (b) may be made for a period not exceeding 10 years: *Provided further*, That loans or contracts of the character described in paragraph (1) or (5) of subdivision (b) may be made for a period exceeding 10 years when it is the judgment of the board of directors of the corporation that it is necessary to purchase securities as provided in such paragraphs and that it is not practicable to require the reimbursement of the corporation, within 10 years, through the repurchase or payment of such securities, or in any other manner.

"'(h) The corporation may make loans under this section at any time prior to January 23, 1933; and the President may from time to time postpone such date of expiration for such additional period or periods as he may deem necessary, not beyond January 22, 1934.

"'(i) No fee or commission shall be paid by any applicant for a loan under the provisions of this section in connection with any such application or any loan made or to be made under this section, and the agreement to pay or payment of any such fee or commission shall be unlawful.

"'(j) No loan shall be made to a railroad or to a receiver of a railroad except on the approval of the Interstate Commerce Commission. Any railroad may obligate itself in such form as shall be prescribed and otherwise comply with the requirements of the Interstate Commerce Commission and the corporation with respect to the deposit or assignment of security hereunder, without the authorization or approval of any authority, State or Federal, and without compliance with any requirement, State or Federal, as to notification, other than such as may be imposed by the Interstate Commerce Commission and the corporation under the provisions of this section.

"'(k) As used in this section and section 8, the term "person" means an individual, a trust or estate, a partnership, a corporation (public, quasi-public, or private), an association, a joint-stock company, a State, a political subdivision of a State, a municipality, and any instrumentality or agency of one or more States or municipalities or political subdivisions thereof. As used in this section and section 15 the term "State" includes Alaska, Hawaii, and Puerto Rico.

"'(l) No loans shall be made under this section to a State, a political subdivision of a State, a municipality, an instrumentality or agency of one or more States or municipalities or political subdivisions thereof, or a public corporation, except (1) loans to assist in the relief of unemployment, or (2) loans of the character specified in paragraph (1) of subdivision (b).

"'(m) The Reconstruction Finance Corporation may make such rules and regulations as may be necessary to carry out the provisions of this section.'

"SEC. 202. Section 8 of the Reconstruction Finance Corporation act is amended to read as follows:

"'SEC. 8. In order to enable the corporation to carry out the provisions of this act, the Treasury Department, the Federal Farm Loan Board, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation, in confidence, such reports, records, or other information as they may have available relating to

the condition of persons with respect to whom the corporation has had or contemplates having transactions under this act, or relating to persons whose obligations are offered to or held by the corporation as security for loans under this act, and to make, through their examiners or other employees for the confidential use of the corporation, examinations of applicants for loans. Every applicant for a loan under this act shall, as a condition precedent thereto, consent to such examination as the corporation may require for the purposes of this act and that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor.'

"SEC. 203. (a) Section 9 of the Reconstruction Finance Corporation act is amended by striking out the words 'three times' each time such words appear in such section and inserting in lieu thereof 'six and three-fifths times.'

"(b) The first proviso of section 2 of the Reconstruction Finance Corporation act is amended by inserting after 'as set out in section 9' the following: '(as in force prior to its amendment by the emergency relief and construction act of 1932),' but the Secretary of Agriculture is directed to continue making loans to farmers under the provisions of such section 2.

"TITLE III—PUBLIC WORKS

"SEC. 301. (a) For the purpose of providing for emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $322,224,000, which shall be allocated as follows:

"(1) For expenditure in emergency construction on the Federal-aid highway system, $120,000,000. Such sum shall be apportioned by the Secretary of Agriculture to the several States by the method provided in section 21 of the Federal highway act, as amended and supplemented (U. S. C., title 23, sec. 21). The amounts apportioned to the States shall be available as a temporary advance of funds to meet the provisions of such act as to State funds. The amount apportioned to any State under this paragraph may be used to match the regular annual Federal-aid apportionments made to such State (including the one for the fiscal year ending June 30, 1933), and when so used such amount shall be available for expenditure in paying the share of such State in the cost of Federal-aid projects. No amounts apportioned under this paragraph shall be advanced except for work on the Federal-aid highway system performed before July 1, 1933: *Provided*, That the amounts so advanced shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1938, by making annual deductions from regular apportionments made from future authorizations for carrying out the provisions of such act, as amended and supplemented: *Provided further*, That all contracts involving the expenditure of such amounts shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *And provided further*, That in the expenditure of such amounts the limitations in the Federal highway act, as amended and supplemented, upon highway construction, reconstruction, and bridges within municipalities and upon payments per mile which may be made from Federal funds, shall not apply. As used in this paragraph, the term 'State' includes the Territory of Hawaii. The term 'highway,' as defined in the Federal highway act, approved November 9, 1921, as amended and supplemented, for the purposes of this paragraph only, shall be deemed to include such main State parkways as may be designated by the State and approved by the Secretary of Agriculture as part of the Federal-aid highway system.

"(2) For expenditure in emergency construction during the fiscal year ending June 30, 1933, $16,000,000, as follows: (A) For the construction and improvement of national-forest highways, $5,000,000; (B) for the construction and maintenance of roads, trails, bridges, fire lanes, etc., including the same objects specified in the paragraph commencing with the words 'Improvement of the national forests' under the heading 'National Forest Administration' in the agricultural appropriation act for the fiscal year ending June 30, 1932, approved February 23, 1931 (46 Stat. 1242), $5,000,000; (C) for the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, including areas to be established as national parks authorized under the act of May 22, 1926 (U. S. C., Supp. V, title 16, secs. 403 to 403c), and under the act of May 25, 1926 (U. S. C., Supp. V, title 16, secs. 404 to 404c), and national park and monument approach roads authorized by the act of January 31, 1931 (46 Stat. 1053), as amended, $3,000,000; (D) for construction and improvement of Indian reservation roads under the provisions of the act approved May 26, 1928 (U. S. C., Supp. V, title 25, sec. 318a), $1,000,000; and (E) for the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of section 3 of the Federal highway act, as amended and supplemented (U. S. C., Supp. V, title 23, secs. 3 and 3a), $2,000,000. The Secretary of Agriculture and the Secretary of the Interior, respectively, are authorized to make rules and regulations for carrying out the foregoing provisions of this section with a view to providing the maximum employment of local labor consistent with reasonable economy of construction.

"(3) For the prosecution of river and harbor projects heretofore authorized, $30,000,000.

"(4) For the prosecution of flood-control projects heretofore authorized, $15,500,000.

"(5) For the continuation of construction of the Hoover Dam and incidental works, as authorized by the Boulder Canyon project act, approved December 21, 1928 (U. S. C., Supp. V, title 43, ch. 12A), $10,000,000.

"(6) For expenditure by the Department of Commerce for air-navigation facilities, including equipment, $500,000.

"(7) For constructing or purchasing and equipping lighthouse tenders and light vessels for the Lighthouse Service as may be specifically approved by the Secretary of Commerce, $950,000, and for establishing and improving aids to navigation and other works as may be specifically approved by the Secretary of Commerce, $2,860,000.

"(8) For the engineering work of the Coast and Geodetic Survey, Department of Commerce, heretofore authorized, $1,250,000.

"(9) For the construction of projects included in the report of the Federal Employment Stabilization Board, laid before the Senate January 25, 1932, which have heretofore been authorized or which do not require specific authorization, under the Bureau of Yards and Docks, Navy Department, $10,000,000, of which not to exceed $300,000 shall be available for the employment of classified personal services in the Bureau of Yards and Docks and in the field service to be engaged upon such work and to be in addition to employees otherwise provided for.

"(10) For emergency construction of public building projects outside the District of Columbia (including the acquisition, where necessary, by purchase, condemnation, or otherwise, of sites and additional land for such buildings, the demolition of old buildings where necessary, and the construction, remodeling, or extension of buildings), such projects to be selected by the Secretary of the Treasury and the Postmaster General from the allocated public-building projects specified in House Document No. 788, Seventy-first Congress, third session, $100,000,000. Such projects shall be carried out within the estimated limits of cost specified in such document, and in selecting such projects preference shall be given to places where Government facilities are housed in rented buildings under leases which will expire on

or before July 1, 1934, or which may be terminated on or prior to that date by the Government.

"(11) For the construction and installation at military posts of such buildings and utilities and appurtenances thereto as may be necessary, $15,164,000, as follows:

"Albrook Field, Canal Zone: Quartermaster maintenance building, $20,000; post exchange, theater, and gymnasium, completion of, $42,000.

"Barksdale Field, La.: Noncommissioned officers' quarters, $252,000; officers' quarters, $609,000; barracks, $474,000; hospital, completion of, $225,000; garage, completion of, $30,000; quartermaster warehouse, completion of, $15,000.

"William Beaumont General Hospital, Texas: Noncommissioned officers' quarters, $7,000; warehouse, $15,000.

"Fort Benning, Ga.: Barracks, $650,000.

"Fort Bliss, Tex.: Noncommissioned officers' quarters, $50,000; officers' quarters, $150,000.

"Bolling Field, D. C.: Noncommissioned officers' quarters, $54,000; dispensary, completion of, $30,000; post exchange, theater, and gymnasium, completion of, $45,000; officers' mess, $50,000; enlargement of central heating plant to provide for quarters area, $95,000.

"Fort Bragg, N. C.: Barracks, completion of, $40,000; noncommissioned officers' quarters, $160,000.

"Carlisle Barracks, Pa.: Heating plant, $200,000.

"Chanute Field, Ill.: Noncommissioned officers' quarters, $137,000; central heating plant for technical and quarters area, $200,000.

"Camp Devens, Mass.: Roads and sidewalks, $75,000; service club, $30,000; post exchange and gymnasium, $50,000.

"Fort Douglas, Utah: Noncommissioned officers' quarters, $15,000.

"Dryden, Tex.: Barracks, $20,000.

"Duncan Field, Tex.: Quartermaster warehouse, $40,000; quartermaster maintenance building, $20,000; garage, $40,000; fire and guard house, $25,000.

"Fort Du Pont, Del.: Noncommissioned officers' quarters, $60,000.

"Edgewood Arsenal, Md.: Noncommissioned officers' quarters, $70,000.

"Fitzsimons General Hospital, Colorado: Gymnasium, recreation, and social hall, $150,000.

"Hamilton Field, Calif.: Officers' quarters, $215,000; noncommissioned officers' quarters, $120,000.

"Fort Hamilton, N. Y.: Noncommissioned officers' quarters, $100,000.

"Fort Benjamin Harrison, Ind.: Noncommissioned officers' quarters, $120,000.

"Hensley Field, Tex.: Noncommissioned officers' quarters, $8,000; officers' quarters, $30,000; roads, utilities, and improvement of flying field, $25,000; replacement of pumping plant, $3,000; sewage-disposal plant, $3,000.

"Holabird quartermaster depot, Md.: Hospital, $120,000.

"Fort Sam Houston, Tex.: Noncommissioned officers' quarters, $150,000; officers' quarters, $350,000.

"Fort Howard, Md.: Hospital, $150,000.

"Fort Hoyle, Md.: Noncommissioned officers' quarters, $70,000.

"Fort Humphreys, Va.: Officers' quarters, $150,000.

"Fort Huachuca, Ariz.: Post exchange, gymnasium, and service club, $100,000.

"Fort Jay, N. Y.: Noncommissioned officers' quarters, $130,000; barracks, completion of, $70,000; officers' quarters, $125,000; nurses' quarters, completion of, $35,000.

"Jefferson Barracks, Mo.: Noncommissioned officers' quarters, $65,000; additions to kitchens and mess halls, $55,000.

"Camp Knox, Ky.: Hospital, $200,000.

"Langley Field, Va.: Central heating plant for quarters area, $60,000; quartermaster maintenance building, $20,000; fire house, $20,000; barracks, medical detachment, $30,000; garage, completion of, $15,000; magazine, completion of, $10,000.

"Fort Lawton, Wash.: Noncommissioned officers' quarters, $30,000.

"Fort Leavenworth, Kans.: Nurses' quarters, $60,000.

"Letterman General Hospital, California: Two wards, $150,000.

"Fort Lewis, Wash.: Barracks, completion of, $30,000; water main, $30,000; noncommissioned officers' quarters, $75,000; officers' quarters, $65,000.

"Fort Logan, Colo.: Noncommissioned officers' quarters, $53,000.

"Fort McClellan, Ala.: Headquarters, $50,000; recreation hall, $35,000; gymnasium, $45,000.

"Fort McPherson, Ga.: Nurses' quarters, $70,000; contagious ward for hospital, $70,000.

"Maxwell Field, Ala.: Officers' quarters, $940,000; officers' mess, $55,000.

"March Field, Calif.: Barracks for medical detachment, $25,000; contagious ward for hospital, $12,000; bakery, $15,000; laundry, $60,000; enlisted men's service club, $50,000; officers' mess, $50,000; theater, $40,000.

"Fort Mason, Calif.: Officers' quarters, $110,000.

"Fort Meade, S. Dak.: Riding hall, $25,000.

"Fort George G. Meade, Md.: Noncommissioned officers' quarters, $150,000; officers' quarters, $50,000.

"Mitchel Field, N. Y.: Noncommissioned officers' quarters, $118,000; bakery, $15,000; incinerator, $10,000; enlisted men's service club, $50,000; theater, $40,000; sewage-disposal plant, $40,000; fence, $31,000; quartermaster gasoline storage, $3,000; magazine, $15,000; officers' mess, $50,000; coal storage and handling system, $70,000; roads, walks, and surface-drainage system, $86,000.

"Fort Monmouth, N. J.: Addition to hospital, $75,000; noncommissioned officers' quarters, $170,000; band barracks, $35,000.

"Fort Myer, Va.: Barracks, $100,000.

"Fort Oglethorpe, Ga.: Noncommissioned officers' quarters, $120,000.

"Fort Ontario, N. Y.: Noncommissioned officers' quarters, $50,000.

"Plattsburg Barracks, N. Y.: Additions to barracks, $25,000; barracks, $255,000.

"Pope Field, N. C., for the Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

"Post Field, Okla., for Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

"Presidio of San Francisco, Calif.: Noncommissioned officers' quarters, $60,000; addition to headquarters, $50,000.

"Randolph Field, Tex.: Barracks, completion of, $56,000; gymnasium, completion of, $70,000; roads and utilities, $243,000; completion of chapel and school, $50,000.

"Raritan Arsenal, N. J.: Noncommissioned officers' quarters, $75,000.

"Walter Reed General Hospital, District of Columbia: Noncommissioned officers' quarters, $120,000; addition to nurses' quarters, $300,000.

"Rock Island Arsenal, Ill.: Noncommissioned officers' quarters, $15,000.

"Rockwell Field, Calif.: Noncommissioned officers' quarters, $234,000; officers' quarters, $266,000.

"Fort Winfield Scott, Calif.: Noncommissioned officers' quarters, $140,000.

"Selfridge Field, Mich.: Gymnasium and theater, $80,000; garage, $40,000; quartermaster maintenance building, $20,000; post exchange, $45,000; officers' mess, $60,000; enlisted men's service club, $50,000; bakery, $15,000; roads and utilities, $75,000.

"Fort Sill, Okla.: Barracks, $875,000; noncommissioned officers' quarters, $72,000; officers' quarters, $75,000; gun sheds, $48,000; stables, $30,000; vehicle shed, $10,000.

"Fort Snelling, Minn.: Quartermaster warehouse, $65,000; barracks, medical detachment, $40,000.

"Fort Totten, N. Y.: Noncommissioned officers' quarters, $30,000.

"Fort Wadsworth, N. Y.: Officers' quarters, $75,000.

"Fort Francis E. Warren, Wyo.: Noncommissioned officers' quarters, $120,000.

"West Point, N. Y.: For addition to hospital, $250,000; barracks for service detachment, $250,000.

"Fort George Wright, Wash.: Noncommissioned officers' quarters, $60,000.

"(b) No part of the sum appropriated by this section, except the amount for expenditure under paragraph (1) or (2) of subsection (a), shall be expended if the Secretary of the Treasury certifies to the President that the amount necessary for such expenditure is not available and can not be obtained upon reasonable terms.

"SEC. 302. There is hereby authorized to be appropriated not to exceed $7,436,000, to be expended for the construction and installation at military posts, and at airports and landing fields, of such technical buildings and utilities and appurtenances thereto as may be necessary, as follows:

"Albrook Field, Canal Zone: Technical buildings and installations, completion of, $293,000; gasoline-storage system, completion of, $25,000.

"Barksdale Field, La.: Hangars, $350,000; headquarters and operations buildings, completion of, $89,200; gasoline-storage system, completion of, $20,000; paved aprons, $100,000.

"Fort Benning, Ga.: Hangar, combination, $88,000; gasoline-storage system, $10,000; improvement of landing field and building area, $25,000; heating plant, $20,000; paved aprons, $20,000.

"Benton Field, Alameda, Calif.: Completion of shops, including assembly and test hangars, dope storage, heating and engine test block, $605,500; depot warehouse, $500,000; administration building, $80,000; railroad spur, $8,000; quartermaster warehouse, maintenance and salvage building, $35,000; garage, $48,000; fire and guard house, $30,000; pier, $125,000; paint, oil, and dope storage and oil reclamation, $35,000; gasoline-storage system, $20,000; paved aprons, $80,000.

"Fort Bliss, Tex.: Operations building, $10,000.

"Bolling Field, D. C.: Paved aprons, completion of, $22,800; heating plant for technical area, completion of, $78,000; field shops, completion of, $6,000; improvement of landing field and building area, $615,000.

"Chanute Field, Ill.: Hangars, $170,000; paved aprons, $30,000; improvement of landing field and technical area, $15,000; enlargement of central heating plant and steam lines, $185,000.

"Dryden, Tex.: Paved aprons and hangar floor, $15,000.

"Duncan Field, Tex.: Depot administration building, $60,000; gasoline-storage system, completion of, $15,000.

"Hatbox Field, Muskogee, Okla.: Roofing and sidewalls for hangar, and paved aprons, $15,000.

"Hamilton Field, Calif.: Headquarters and operations building, to complete, $35,000; improvement of landing field and building area, $120,000.

"Langley Field, Va.: Remodeling two hangars into shops, and for ceilings in and additions to hangars, $91,000; gasoline-storage system, completion of, $21,000; bomb storage, $19,000; improvement of landing field and building area, $25,000; machine-gun range, $6,000.

"Luke Field, Hawaiian Department: Air depot, plane overhaul and assembly, $200,000.

"March Field, Calif.: Gasoline-storage system, completion of, $10,000; aircraft-bomb storage, $5,000.

"Maxwell Field, Ala.: Squadron officers' school and/or additions to school building, $150,000; gasoline-storage system, $10,200; improvement of landing field, $100,000; camera obscura, $4,000; bomb storage, $13,000; machine gun and bombing range, $6,000.

"Mitchel Field, N. Y.: Improvement of landing field, $80,000; gasoline-storage system, completion of, $5,000; bomb storage, $13,000; machine-gun range, $2,000.

"Panama Canal Zone: Improvement of emergency landing fields at Gamboa Reach and Camp Gaillard, $20,000.

"Patterson Field, Ohio: Hangars, headquarters and operations, and heating plant, completion of, $251,300; improvement of landing field and building area, $5,000; gasoline-storage system, completion of, $10,000.

"Pope Field, N. C.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000; paint, oil, and dope storage, $5,000.

"Post Field, Okla.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000.

"Randolph Field, Tex.: Engine-test stands and building, $40,000; oil storage, $15,000; gasoline-storage system, completion of, $10,000; aerial target range, $20,000.

"Rockwell Field, Calif.: Hangars, $576,000; Air Corps warehouse, $80,000; operations building, $20,000; remodeling a permanent building for radio, parachute, and armament building, $20,000; administration building, $80,000; photographic building, $36,000; paint, oil, and dope storage, $15,000; gasoline-storage system, $30,000; paved aprons, $95,000; central heating plants, $100,000; improvement of landing field and technical building area, $100,000; camera obscura, $5,000; bomb storage, $15,000.

"Schoen Field, Ind.: Grading landing field, $5,000.

"Scott Field, Ill.: Hangar, $90,000; headquarters and operations buildings, $80,000; barracks, $271,000; radio building, $10,000; photo building, $36,000; gas plant and chemical storage, $50,000; central heating plants, $145,000; gasoline-storage system, $10,000; paved aprons, $40,000; improvement of landing field and building area, $50,000; machine-gun butts, $3,000.

"Selfridge Field, Mich.: Gasoline-storage system, completion of, $10,000.

"Wheeler Field, Hawaiian Department: Gasoline-storage system, completion of, $31,000; paved aprons, $38,000.

"SEC. 303. No money shall be available for expenditure under this title in connection with a project in the District of Columbia, except as provided in section 301 (a) (11) and in section 302.

"SEC. 304. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921, as amended and supplemented (U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"'Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance herewith.'

"SEC. 305. After the date of the enactment of this act, in the acquisition of any land or site for the purposes of section 301 (a) (10):

"(1) The period of solicitation of proposals by public advertisement shall be 10 days in lieu of 20 days;

"(2) In any case in which such site or land is to be acquired by condemnation, the provisions of section 355 of the Revised Statutes, as amended, shall not apply; and

"(3) Notwithstanding the provisions of section 1 of the act entitled 'An act to expedite the construction of public buildings and works outside of the District of Columbia by enabling possession and title of sites to be taken in advance of final judgment in proceedings for the acquisition thereof under the power of eminent domain,' approved February 26, 1931 (U. S. C., Supp. V, title 40, sec. 258a), in any case in which any land or any interest therein is to be acquired by condemnation, the Secretary of the Treasury, through the Attorney General, may, prior to the institution of condemnation proceedings, file with the clerk of the district court of the district in which such land is located a declaration of taking, containing the matters required by such section to be included in a declaration of taking. The declaration of taking shall be accompanied by the deposit with such clerk, to the use of the parties who may be found to be entitled

thereto, of the amount of the estimated compensation stated in the declaration. As soon as practicable after the filing of such declaration of taking, the Secretary of the Treasury shall cause to be posted in a prominent place upon the land a notice reciting (A) that the land or the interest therein is taken by the United States for public use, (B) that a declaration of taking in respect of such land or interest therein has been filed with the clerk of the court of the district, and (C) that there has been deposited with such clerk, to the use of the parties who may be found to be entitled thereto, the estimated just compensation for the land or interest therein taken. The Secretary of the Treasury shall give written notice similar to the posted notice, by personal service in the case of actual occupants of the premises or, if with reasonable diligence such personal service can not be made, he shall send such notice by registered mail directed to the premises, and he shall send notice by registered mail directed to their last known address in the case of all parties whom the Secretary ascertains have or may have an interest in such land, and he may give such additional notice by newspaper publication or otherwise as he deems necessary. Upon posting notice on the land, title to the land or interest therein shall vest in the United States, and the right to just compensation therefor shall vest in the parties entitled thereto. The Secretary of the Treasury shall cause notice to be personally served upon, or if with reasonable diligence such service can not be made, to be sent by registered mail to actual occupants of the premises, setting a time (not earlier than 20 days after the service or sending of such notice) at which such parties shall surrender possession, and at the end of such time the right to possession shall vest in the United States. The Secretary of the Treasury may designate any person to serve any notice under the preceding provisions of this subsection and such person shall have power to enter upon such land for the purpose of posting notice or to make personal service of notice. If any such party fails or refuses so to surrender possession, upon summary petition for an order to surrender possession filed in such district court by or on behalf of the Secretary of the Treasury, the court may, by writ of assistance or other process, order the surrender of possession. A petition in condemnation shall be filed in such district court as soon after the filing of the declaration of taking as practicable. In any such condemnation proceeding, no further declaration of taking shall be required, and the provisions of section 1 of such act of February 26, 1931, authorizing the court to fix the time when parties in possession shall be required to surrender possession, shall not apply. If such petition for condemnation is not filed within a reasonable time after the filing of such declaration of taking, any person entitled to just compensation in respect of the property so taken shall be entitled to sue the United States in the court in which such declaration of taking was filed. The procedure in such suit shall be the same as in suits against the United States founded upon contract, except that such suit may be heard even if the amount of the claim is greater than $10,000 and except that the procedure for the ascertainment of the amount of just compensation shall be the same as such procedure in condemnation proceedings. If the petition for condemnation is filed prior to the time the commissioners in condemnation, jurors, or other persons charged with the duty of valuing the property are empaneled, such suit shall be dismissed, except that such suit and the condemnation proceedings may, in the discretion of the court, and under rules prescribed by it, be consolidated to such extent as the court may deem practicable. In any suit authorized to be brought under this subsection or in any condemnation proceeding involving land acquired in accordance with this subsection, the court shall enter judgment against the United States in favor of the parties entitled for the sum or sums awarded as just compensation, respectively, for the land or interest therein taken for the use of the United States and such judgment shall be paid out of the sums deposited with the court and such additional sums as may be awarded shall be paid in the same manner as sums awarded in judgments in cases in which the United States has consented to be sued. The provisions of such act of February 26, 1931, except as modified by this subsection, shall apply to all such suits or condemnation proceedings. The provisions of this subsection shall not be construed to be in substitution for, but shall be supplemental to, any method of acquiring land or interests therein provided in existing law.

"SEC. 306. In the construction of post offices and of buildings for post offices and other offices provided for in section 301 (a) (10), the Secretary of the Treasury with the cooperation of the Postmaster General may use such standard plans (heretofore or hereafter prepared) as may be most adaptable to the particular building to be constructed.

"SEC. 307. All contracts let for construction projects pursuant to this title shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive and administrative positions), so far as practicable no individual employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection with any such project preference shall be given, where they are qualified, to ex-service men with dependents.

"SEC. 308. For each fiscal year beginning with the fiscal year 1934, there is authorized to be appropriated, for the purposes of the sinking fund provided in section 6 of the Victory Liberty loan act, as amended, in addition to amounts otherwise appropriated, an amount equal to 2½ per cent of the aggregate amount of the expenditures made, out of appropriations made or authorized in this title, on or after the date of the enactment of this act and on or before the last day of the fiscal year for which the appropriation is made."

And the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the title proposed to be inserted by the Senate amendment insert the following:

"To relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program."

And the Senate agree to the same.

PETER NORBECK,
SMITH W. BROOKHART,
ROBERT F. WAGNER,
Managers on the part of the Senate.

J. W. COLLIER,
CHARLES R. CRISP,
HENRY T. RAINEY,
ISAAC BACHARACH,
Managers on the part of the House.

Mr. NORBECK. Mr. President, I ask unanimous consent for the immediate consideration of the conference report.

The VICE PRESIDENT. Is there objection? The Chair hears none. The question is on agreeing to the conference report.

Mr. NORBECK. Mr. President, the report submitted on the emergency relief bill, being H. R. 12445, as amended by the Senate, represents the best efforts of the Senate conferees to secure an agreement on the pending bill. It will be recalled that the Senate struck out all the House bill, which carried a large amount for public works, including rivers and harbors and especially public buildings all over the land. The report was printed in the RECORD about three days ago when presented to the House; it has also been printed as a separate House report. So I presume every Senator has had an opportunity of familiarizing himself with it.

I must say for the House conferees that they showed a conciliatory attitude and yielded on a great many of the questions in conference. They receded from practically all of the House bill, especially the large public-works program, so the bill now, as set out in this report, is, with very few exceptions, the bill as approved by the Senate.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Idaho?

Mr. NORBECK. I yield.

Mr. BORAH. The Senator said the conferees yielded. Does he mean that the Senate conferees yielded to the House?

Mr. NORBECK. No; I mean the House conferees yielded. I thought I made it clear that the House conferees yielded in a great many cases, so we come much nearer having the Senate bill than the House bill.

Mr. PITTMAN. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Nevada?

Mr. NORBECK. Certainly.

Mr. PITTMAN. While I have read the report, I want to know whether I understand it correctly. I understand that under the Senate provision self-liquidating projects have a priority as to funds over loans to municipalities, corporations, and individuals. Is that true?

Mr. NORBECK. That is true.

Mr. PITTMAN. Let me ask a further question. I also understand that no loans shall be made to municipalities, private corporations, or individuals until they establish, first, that they have adequate and sufficient security for the loan requested, and, second, that they have exhausted every effort to obtain the loan on such security through banking channels. Is that correct?

Mr. NORBECK. That is correct, and there are further requirements. They can only secure loans for certain purposes.

Mr. PITTMAN. That is, purposes that will bring about employment?

Mr. NORBECK. Yes, sir.

Mr. President, briefly, theer are three subject matters or titles in the bill. The first one carried $300,000,000 for work relief. As it passed the Senate that was divided. The President was to disburse a part of it, and a part of it was divided among the States, to be disbursed by the governors of the States. The House bill provided only $100,000,000 for work relief, or relief work, all to be disbursed by the President through any agency that he might select, an existing agency or one to be created by him. The conference report leaves the amount at $300,000,000 as provided in the Senate bill, but in the disbursement features it comes nearer to the House bill and is not to be distributed by the President. It is in the form of a fund set aside, from which the Reconstruction Finance Corporation may make loans or advances to States to be disbursed by the governors and to be charged back afterwards against the Federal-aid-highway funds, starting at the end of two years and deducting 20 per cent each year for five years thereafter, with a further proviso that if there are municipalities within the States that want to avail themselves of some portion of the State quota, they may do so and may become responsible for it, providing they can make a satisfactory arrangement with the Reconstruction Finance Corporation and have the approval of the governor.

Title II deals with loans by the Reconstruction Finance Corporation. They come in two classes—those that are intended to help banks, railroads, business institutions, municipalities, and industries, as well as loans to private persons; the others are those that are self-liquidating, which are expected to pay out, and as to which it is assumed the Government loans nothing but its credit. Time will tell how well that has been calculated. I realize that with changing price levels and changing wage scales, no one can tell exactly what future values are going to be, but it is believed, I may say, by the great majority of Members of this body, as well as by the conference committee, that a pretty safe plan has been worked out for that, and that it will bring a great deal of employment without being a drain on the Treasury.

The limited public-works provision in the Senate bill was retained, but the provision for a special bond issue of $500,000,000 was stricken out, upon the request of the Secretary of the Treasury, Hon. Ogden L. Mills.

It will be recalled that the Senate bill carried a provision for a $500,000,000 bond issue. That led to the impression that there was provided an expenditure of $500,000,000 in that section, whereas the expenditure for public works was only $322,000,000. That was intended to help out on the Budget, but the Secretary of the Treasury came before the conference committee and convinced us that it was not wise to raise the amount by small bond issues and that the Government could finance itself better if we would give it a freer hand, so that when it wanted to sell bonds, it could sell them in larger quantities, that it now has authority to issue bonds and there was no need whatever for the requirements in the Senate bill. So it was agreed to strike that out and leave it optional with the Secretary of the Treasury.

For public works $322,000,000 are provided, but only $136,000,000 is definitely provided for, and that refers entirely to highway expenditures, including all classes of highways, forest trails, park roads, and so forth. That item is retained exactly as it left the Senate, but a provision was agreed on that other public works should not be undertaken unless the Treasury was in a position to bear the expense, though they will be proceeded with unless the Secretary of the Treasury certifies that the Treasury is unable to carry the burden at the particular time.

Briefly, the public-works program provided for in this bill is as follows:

Highways and roads	$136,000,000
Rivers and harbors	30,000,000
Flood control	15,500,000
Hoover Dam	10,000,000
Air navigation	500,000
Lighthouse Service and aids to navigation	3,810,000
Engineering work, Coast and Geodetic Survey	1,250,000
Yards and docks	10,000,000
Federal buildings	100,000,000
Construction at military posts	15,164,000

Of the public works, of the $322,000,000, $100,000,000 is for public buildings heretofore authorized. In fact, it deals with a group of buildings that figure up to about $130,000,000, so they can not all be built. But further there is, in effect, a provision that leaves it optional with the administration as to when to go ahead, and they will proceed with the construction when the Treasury and the Post Office Department decide that it is the proper time to go ahead, and it is not assumed that $100,000,000 will be required the first year. Buildings do not proceed with that speed; but some part of the $100,000,000 will undoubtedly be expended the first year, unless the financial situation is so hard that it is impossible to proceed with the construction.

As I said, however, the loan feature was the bone of contention. Originally, the view of the administration was that private loans should be made for certain purposes in a limited way. Secretary Mills came before the committee and asked that loans be authorized under certain conditions where they would lead to distinct employment; as, for instance, factories that wanted to install additional machinery—certain forms of capital investment. The president of Montgomery Ward & Co. came before us and advocated that plan. The president of the Baldwin Locomotive Co. came before the committee and indorsed that idea, and felt that something could be done if limited private loans were made—loans that would be safe, loans that would be sure to pay out, loans that would lead to undertakings, and loans that would bring employment, in the hope, of course, that it was going to bring on that long-hoped-for new psychology of confidence and that everything was going to start as a result of it.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from New York?

Mr. NORBECK. Certainly; I yield to the author of the bill. No one is so familiar with it as he is.

Mr. WAGNER. Mr. President, I do not know about that. The Senator is making a very clear explanation of the report. I thought this would be a good place to say that in

addition to a number of representatives of our largest business concerns who came before the committee advocating private loans, the Senator ought to call attention to the fact that the President of the United States, in his annual message to Congress, said that the Reconstruction Finance Corporation—

should * * * make temporary advances upon proper securities to established industries * * * which can not otherwise secure credit, and where such advances will protect the credit structure and stimulate employment.

In other words, the President of the United States in that annual message, with perhaps some other limitations—although they do not appear in the message—advocated the very private loans that are now being proposed.

I may also call the attention of the Senator to the fact that when the President issued his denunciatory statement of the so-called Garner bill, criticizing the so-called "pork" provisions, there was not a suggestion that his opposition was based upon the private-loan feature of the bill.

In a letter to the American Society of Civil Engineers, which appeared in the press on Monday, May 23, the President recommended—

the extension of the authority of the Reconstruction Finance Corporation not only in a particular to which I called attention last December—that is, loans on sound security to industry.

Reiterating it there; and in his address to the Senate on May 31, 1932, the President advocated that the Reconstruction Finance Corporation be authorized—

to make loans to established enterprise upon adequate security for advancement of sound projects.

I thought this was a suitable place to add the President of the United States to those who at that time sought this authority.

Mr. NORBECK. I was not familiar with all this, but I am certain the Senator from New York would not make an incorrect statement.

Mr. WAGNER. I am quoting from the President's language.

Mr. WATSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Indiana?

Mr. NORBECK. I yield.

Mr. WATSON. I have not read this report. I did not know that it had ever been printed. Therefore, I am not familiar with its contents. I desire to ask whether or not there is a difference or a distinction between what the President originally recommended and what Title II of this bill asks for. Title II goes farther, does it not, and asks for loans to private individuals on private notes?

Mr. WAGNER. I may say to the Senator that an established industry may be owned by a private individual.

Mr. WATSON. Oh, well, it may be, of course.

Mr. WAGNER. It does not follow that it is necessarily owned by a corporation.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Arkansas?

Mr. NORBECK. Yes; I yield.

Mr. ROBINSON of Arkansas. There is no distinction whatever with respect to security between the House provision and the President's recommendation, being (b) on page 4 of his message delivered in the Senate on the 31st of May, with respect to security, the provision reading:

To make loans to established enterprise upon adequate security for advancement of sound projects that will increase employment, but safeguarded by requirement that some portion of outside capital is also provided.

That is the President's recommendation, which was the original proposal to make loans to private industry. The House provision is broader, in the sense that it provides that—

to aid in financing agriculture, commerce, industry, and * * * unemployment—

Loans may be made "to any person," but the security required is the same as in the case of the President's recommendation.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield further?

Mr. NORBECK. I yield.

Mr. WAGNER. May I add that there is an additional precaution provided for in the conference report; namely, that the particular applicant must show that he was unable to secure credit in the ordinary banking channels. In addition, the Senator remembers that we put in the proposed act an authorization that the Reconstruction Finance Corporation may prescribe rules and regulations as a basis for procedure under this very section.

It may be added that the Secretary of the Treasury himself appeared before the Banking and Currency Committee and also urged a provision for loans to private industry, just as requested by these eminent industrialists from different sections of the country. At that time the Senator from New York, who was on that committee, if the Senator remembers, resisted the efforts to enlarge the base of the loaning power of the Reconstruction Finance Corporation; but I have eminent authority for the compromise which I agreed to when the President at some time advocated the same character of loan.

I want to say, in fairness to the Secretary of the Treasury, that, of course, he advocated these loans to private industry for capital expenditure; and I should think, under rules to be prescribed, the Reconstruction Finance Corporation could make similar limitations, perhaps.

Mr. NORBECK. Mr. President, of course, I can only confirm what the distinguished Senator from New York says as to his attitude on this matter, and, I am sure, I am within the facts when I say that the Senate conferees all felt that this House provision for loaning was too broad; that is, it was impossible to carry it out, that it held out a lot of false hopes to the average man, and would only lead to misunderstanding.

I do not want to be critical. I admit there are two sides to this question. The Senator from New York [Mr. WAGNER] is correct when he says the House provision contains certain safeguards, and I might add the conferees added other safeguards, but it does hold out the hope that the Reconstruction Finance Corporation is going to set up a new banking system—a Government bank where everybody can come and borrow. It would mean branches in every county in the Union—yes; in every village. Such a system could not be created hastily. There are not enough funds available for any such purpose. The Government has no money except the taxpayers' money and what money it can borrow from the taxpayers.

A system such as suggested might easily lend itself to political influence. It might become a great political machine, or if this force should be selected according to civil-service rules it might prove to be very incapable and inefficient. It might not only cause losses to the taxpayers but bring on other undesirable complications.

Speaker GARNER expresses my sentiments when he defines his position on that deal; but we all know that it is an impossible thing to carry it out. It is impossible to carry out the thought that is embodied in it. The conferees of the Senate shared the views of the Senate. We preferred not to hold out hope for something impossible—something misleading, but the House conferees had yielded on nearly everything in the House bill, and we finally reached the point where they stated frankly they would not yield any farther. To have insisted would have meant the breaking up of the conference. Realizing there are two sides to all questions, and that the House had a right to insist on their viewpoint, the Senate conferees yielded. We signed the report which is now before this body, and I shall vote to support it rather than take a chance on writing a new relief bill at this time.

Mr. JOHNSON. Mr. President, while something has been said this morning about the attitude of the President in regard to the matter that is most controversial in character, here, I want to make very plain by the utterances that have heretofore been made just exactly what that attitude is.

Permit me first, however, to say that the most important duty that is before us now, the most important obligation that we can fulfill as representatives of our people, is to pass a relief bill.

No one man can dictate, of course, all of its terms. To no one man will every single phrase of that relief bill be satisfactory. There may be embraced within it some policies which some of us may deem to be unsound. There may be within it some particular phrases that many of us would alter. But, sir, after all, the great desideratum is a relief bill for the American people; and it ill becomes us, it ill becomes a President of the United States, it ill becomes any individual charged with a conscientious duty unto the people of this land, to stand in the way of any measure, even though it may not be wholly satisfactory to him, which will in this hour of distress and of want, of depression and of worse, have some promise of relief to those who require relief.

As I understand the proposition that is presented here, that is in controversy—I may speak with plainness and frankness, I presume—between the Speaker of the House upon the one hand and the President of the United States upon the other, it is whether or not, under this bill, loans shall be made to private corporations or to individuals. That, apparently, is the crux of the controversy that now exists.

Personally, I should prefer that such loans be not made, perhaps; but that is apart from the question. Around them are thrown certain securities in the bill. About them are certain obligations in the conference report that will make it impossible, it seems to me, if the administration desires relief and will administer the bill in the spirit in which it comes to us, for any real wrong to be done.

Now, sirs, something has been said this morning about the attitude of the President heretofore. I have gathered, as well as I could in the limited time at my disposal, the remarks that he has made on different occasions respecting specific loans to private corporations or to individuals.

If I recall the genesis of the dispute—I may be in error in this, and therefore I ask my friend from Michigan to correct me if I am—it occurred originally in the Banking and Currency Committee, where on the one hand were those who believed that loans should be public in character, if I may use the term, and on the other hand was presented the idea that they might be made to industry private in character; and that difference resulted in the final presentation to this body of the bill that ultimately we passed.

When that difference arose I think the Committee on Banking and Currency, if I am not misinformed, accepted the position that the loans should be public in character, and presented a bill accordingly. But who was it who asked that the loans be private in character? That is the inquiry now. Who was it who demanded that the loans that should be made by the Reconstruction Finance Corporation under the terms of the measure should be made to private interests and to private corporations? It was the Secretary of the Treasury, representing the President of the United States, who made that demand. So the beginning of the demand for private loans came from where? Not out of the thin atmosphere that is surrounding us, nor from any man in this Chamber; it came originally from the President of the United States himself.

In order that Senators may see that his words have in each instance where there has been utterance by him of the character that I indicate, I refer to various of his communications and his particular messages now, that the record may be clear.

If any man is responsible to the American people for the lack of relief to human beings in this land, it is just one man, one alone, the President of the United States, and he must take the onus and the burden, he must take the responsibility, if there be no relief bill passed by the Congress.

Originally, sir, away back in December, he pointed the way in the matter of loans. That has been referred to this morning. But in order that chronologically we may have exactly what has transpired, I refer first to his message of December last, wherein he made distinct reference to the matter. I may be in error as to the date of the message, but I will come to that in a moment. Originally, when the question was bruited, who was the one who made the proposition that loans should be private in character?

Mr. WAGNER. Mr. President, I may suggest that the first request came in the President's annual message to Congress.

Mr. JOHNSON. In 1931?

Mr. WAGNER. Yes.

Mr. JOHNSON. That was my recollection of it. Then various other messages succeeded that particular one. It will be recalled that on May 23, 1932, the President sounded what was termed his warning on public-works bonds, and in that warning, to those who represented certain engineering associations, he detailed exactly what plan he desired to have presented in the matter of loans. He said then:

> The extension of the authority of the Reconstruction Corporation not only in a particular I called attention to last December—that is, loans on sound security to industry where they would sustain and expand employment—but also in view of the further contraction of credit to increase its authority to expand the issue of its own securities up to $3,000,000,000 for the purpose of organized aid to "income-producing" work throughout the Nation, both of public and private character.

So that we find him first in his message in 1931 advocating loans of that character. We find, then, that in the letter he wrote, with some degree of flamboyance, to engineers in this country, directing it by way of comment to some individual who did not represent the engineers, nor was an officer of them, he still advocated loans of a private character and loans to private industry.

Mr. NORRIS. Mr. President, I wish the Senator, for the sake of those who want to read the RECORD later, would put the date of that letter into the RECORD.

Mr. JOHNSON. That letter was addressed to Richard S. Parker, American Society of Engineers, New York, N. Y., and was dated May 21, 1932. It was stated on the floor here—I know nothing about the fact—that there was no Mr. Richard S. Parker, and that he was not the president of the Society of Engineers. Be that as it may, it was an official utterance of the President of the United States.

On May 31, 1932, the President came before the Congress and addressed us upon the relief of economic conditions, and in the latter part of his address he said:

> (b) To make loans to established enterprise upon adequate security, for advancement of sound projects that will increase employment, but safeguarded by requirement that some portion of outside capital is also provided.

So, in the message, that memorable message, in which we were exhorted to balance the Budget, in that memorable message, still the view of December, 1931, the view of May, 1932, was again emphasized, and we were urged to present a bill which would enlarge the scope of the ability to finance itself of the Reconstruction Finance Corporation that it might make loans from that enlargement to private industry.

Again, on May 12, 1932, a statement was given out by the President that was of like character. In that statement, as well, he referred again to the matter of loans that might be made, and in that statement he advocated lending to private industry and private corporations.

Mr. WATSON. Mr. President, will my friend from California yield for a question?

Mr. JOHNSON. I yield.

Mr. WATSON. Does the Senator recognize any difference between lending to private corporations, making loans to private corporations of a self-liquidating character, in which labor may be employed, and lending to a private individual on his note?

Mr. JOHNSON. Of course, there is a difference; but any man who seeks to say to me that there is a difference between lending to a corporation and lending to an individual is merely speaking of tweedledum and tweedledee, for the individual may very soon, under our system and our laws, erect himself into a corporation, and under that guise,

if it be that corporations alone are to receive loans, receive the loans for himself.

Mr. WATSON. After all, as I understand it, every recommendation made by the President, and adopted by some of our friends, was to the effect that any loan of that character, to what my friend pleases to call private corporations, must be secured, and must be for the purpose of producing more employment or labor; and, furthermore, if my friend will permit me, must be of a self-liquidating character.

Mr. JOHNSON. All right. Is the Senator from Indiana laboring under the delusion that this conference report provides for no security or for no overseeing of the loans that may be made?

Mr. WATSON. I have not read it. That is the trouble about it.

Mr. JOHNSON. Then, I think we had better not debate it if the Senator has not read it.

Mr. WATSON. Has the Senator from California read it?

Mr. JOHNSON. I have.

Mr. WATSON. I do not know when. When did the Senator get it? I never saw it.

Mr. JOHNSON. The conference report was available three days ago.

Mr. WATSON. The Senator from South Dakota [Mr. NORBECK], the chairman of the Senate conferees, said but a moment ago here that the proposition was to lend money to individuals everywhere, on their own private notes, all over the United States.

Mr. JOHNSON. Of course, Mr. President, there is not any such thing, as I read this particular conference report, in it.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. WAGNER. Just to emphasize again a point which the President failed to state to the country in his criticism a few days ago, any loan which is made by the Reconstruction Finance Corporation must be fully and adequately secured, and the Reconstruction Finance Corporation is the final judge as to whether that security is adequate.

Mr. JOHNSON. Of course, the Senator is right.

Mr. ROBINSON of Arkansas. And the Reconstruction Finance Corporation is also the final judge as to the purposes for which the loan shall be made.

Mr. JOHNSON. Exactly.

Mr. ROBINSON of Arkansas. And is vested with unlimited discretion.

Mr. JOHNSON. When my distinguished friend from Indiana, who has not read the report yet, but who seeks to debate it——

Mr. WATSON. No; I am asking for information.

Mr. JOHNSON. All right. Then such information as I have the Senator is welcome to.

Mr. WATSON. I thank the Senator.

Mr. JOHNSON. The statement was made, not as a matter of information but as a statement of fact, as I understood it.

Mr. WATSON. I inquired of the Senator.

Mr. JOHNSON. In that statement, as well, the Senator from Indiana said that the Senator from South Dakota had stated that they might make loans to everybody in christendom upon a simple promissory note. The Senator from South Dakota has just called to my attention the fact that he said nothing of the sort. But leaving out of view matters of little consequence like that, here is the situation: Loans may be made that are private in character, but first, they must be made upon adequate security. Secondly, the loans are absolutely within the power of the Reconstruction Finance Corporation to determine. So that there are two checks.

Mr. WAGNER. Mr. President, may I add a third requirement? The applicant must also show that he was unable to secure credit through banking channels.

Mr. JOHNSON. Yes.

Mr. BORAH. Mr. President, will the Senator from California yield a moment?

Mr. JOHNSON. I yield.

Mr. BORAH. I want to ask the Senator from New York if he will construe that last statement, that a prospective borrower must exhaust his means of securing credit elsewhere? What does that mean?

Mr. WAGNER. As I would construe it, if the applicant showed that he presented his application to a bank, and that the bank was unable or refused to give him the credit which he desired, although the security was adequate, that is all that he would have to show to the Reconstruction Finance Corporation.

Mr. JOHNSON. Mr. President, I was stressing the fact that there were two conditions precedent to obtaining a private loan. The first condition precedent to obtaining a private loan is that a borrower must present absolute and ample and sufficient security. The second condition precedent is that the Reconstruction Finance Corporation shall deem that he is entitled to a loan, and that he has presented the adequate, ample, and sufficient security. So that if you have confidence in the Reconstruction Finance Corporation, of course, you are running no great risk by this particular provision.

While, of course, at first blush, to every one of us the idea of lending to private corporations and private industry is repellant, nevertheless where we must, in order to obtain a bill which will relieve the awful conditions that now exist, accept or reject that particular proposition, I prefer to weigh the advantages of relief under the bill to any thought of what might transpire with the Reconstruction Finance Corporation having its hand upon any private loans in the making of such private loans.

I have referred to certain of the things that have been said by the President. On Monday, June 5, again a statement was issued by the President upon this subject and again he said—and I read two paragraph so Senators may understand something of his mind upon the subject; that is, if their comprehension be sufficient and their discrimination acute, they may, if they think his view was of a certain character a brief period ago, indulge in the pleasing imaginative exercise of wondering why, if it were so for many months, it is different to-day. The two propositions that I read in the statement given out June 5 by the President are:

> Loans have been made to a number of agricultural, market, and livestock finance corporations, which, in turn, have enabled them to extend and continue loans, particularly upon livestocks, and loans to a great number of farmers. Beyond this, loans to the extent of $75,000,000 have been made directly to about 450,000 farmers for seed purposes through the Department of Agriculture. All together, probably 1,000,000 individual farmers have been directly or indirectly helped.

We are all glad to have aid extended to the farmers, but when we are speaking of the policy that is now before us as being one which is so bizarre in its character that it can not be considered, here is the boast of the President himself that 450,000 individual farmers have received loans from the Government of the United States, and his further boast that 1,000,000 men engaged in tilling the soil have been benefited. Then in the same statement he gives his conclusions as to policies:

> 1. In order at once to stimulate employment and to stiffen the whole agricultural situation, to extend the authority to the Reconstruction Finance Corporation to increase its issues of its securities to the maximum of $3,000,000,000 to enable it (a) to buy bonds from political subdivisions or public bodies or corporations so as to start construction of income-producing or self-liquidating projects which will at once increase employment; (b) to make loans upon security of agricultural commodities so as to assure the carrying of normal stocks of these commodities and, by stabilizing their loan value, thereby at once steady their price levels.

So in every official utterance which has been made by the President of the United States up to the time that the unfortunate disagreement occurred between him and the House, we find the President advocating the making of loans of a private character, and making those loans probably no differently from the loans that would be scrutinized by the Reconstruction Finance Corporation under the particular measure now before us.

Mr. President, I have shown those things in justice to the controversy that now rages throughout the country. I do not need to suggest to my brethren here that I resent the way in which propaganda has issued from Washington—not

only from the White House but in which some gentlemen who are in this Chamber have participated—reflecting upon the Congress of the United States and suggesting all sorts of remedies for the Government of the United States, either in the cessation of this session or the total abolition of Congress. I never had any use for the bird that fouls its own nest, and, sir, I unite with those of my brethren here who have stayed here these long hours in this grilling session—I unite with them in a resentment that is just, after these grilling hours and this difficult session, a resentment against the false, the unfair, the manufactured criticism which has been leveled upon the Congress of the United States.

Far greater, however, than any feeling respecting that propaganda, far more important than the difficulties which exist to-day between the House or the Speaker and the President—indeed, of far more transcendent importance than any of the things that may arise between any of us personally or with any administration—is the great subject with which we deal now and the necessity for acting upon that subject. I do not endeavor, sir, and I shall not, to paint the picture of what has happened in this land. I have said in days gone by, in talking upon kindred economic subjects in this body, that to-day every man I love, every man with whom I have associated for more than 40 years, every one of them is broke. Every one of them, thank God, has the stock in him that enables him to stand with his head high and in old age again fight the battle that he thought he had won by 40 or 50 years of clean endeavor. All over the land to-day are men and women who, through no fault of theirs, are suffering; suffering in some instances the direst want, suffering in other instances the loss of that which in a lifetime of fighting they had finally won.

These are the people of whom I think. We may call them "the forgotten men," and we may say that one who refers to them is a mere demagogue, if you wish, Mr. President. Sir, I take my place to-day and I take it in the months to come with God's own creatures, just men and women in this land, as good as you and as good as me, fit to live, with the right, by Heaven, to a job and to a little of God's sunlight. It is for them I appeal to-day for a relief bill. It may be, as has been asserted during the last few days, that we may pass this bill and the President will veto it. Let him take the responsibility of vetoing it if he desires. It is asserted, and I have heard it asserted, that immediately thereafter he will send another bill down here, and it will be crammed down the throats of the Members of the Congress, and because their hearts, the hearts of men who sit here that beat in unison with humanity demanding relief for just ordinary people to-day, the very holiest emotions that a human being can have, will be twisted and distorted to the demands and the dictatorial policy of one man in this land.

I cry out against it. Here is a measure of relief that we took weeks to pass. Here is a measure of relief that will do some good in this land. Here is a measure of relief, perhaps, to which we can not subscribe in every detail, but it is a measure of relief, Mr. President, and that measure of relief, no matter what the consequences may be, no matter what any man may wish, no matter what may be the exigencies of his political fortunes now, must not be halted or delayed, and no thought or consideration of any candidacy should be permitted to influence our view in the slightest degree. Greater, more important and compelling than all these, is relief to our people. The conference report ought to be approved, approved quickly, and we ought to stay here long enough, Mr. President, if the bill is vetoed, for us at least to vindicate ourselves and pass it over any presidential veto.

Mr. BULKLEY obtained the floor.

Mr. WAGNER. Mr. President, will the Senator from Ohio yield to enable me to ask the junior Senator from New Jersey [Mr. BARBOUR] a question?

The VICE PRESIDENT. Does the Senator from Ohio yield for that purpose?

Mr. BULKLEY. I do.

Mr. WAGNER. While we are on the subject, I would like to ask a question of the junior Senator from New Jersey. I want first to acknowledge his spirit of cooperation with the Banking and Currency Committee throughout our efforts to secure relief legislation. The Senator introduced a bill on behalf of the administration. I want to ask him whether that bill did not provide for loans to private industry?

Mr. BARBOUR. Yes; that is true. It did provide for such loans under the restrictions and regulations with which the Senator from New York is familiar.

Mr. JOHNSON. Mr. President, will the Senator from Ohio yield to enable me to ask a question of the Senator from New Jersey?

Mr. BULKLEY. I yield.

Mr. JOHNSON. I have those bills which were offered by the distinguished Senator from New Jersey before me, together with the amendments. I want to ask if they were not themselves both written by the Treasury Department at the instance of the administration?

Mr. BARBOUR. They were not. The bill which bears the earlier date I wrote myself and not at the instance of the administration, and it was introduced two days before the Senator from New York introduced his bill. Then at the request of the administration I did substitute the second measure for my original bill.

I would like to say at this juncture that, of course, there is a difference, as has already been pointed out by the distinguished Senator from Indiana [Mr. WATSON], between private industry and private individuals. There was nothing in my measures with reference to loans to private individuals.

Mr. WAGNER. May I ask the Senator from New Jersey if an established industry were owned by a private individual instead of a corporation, would not that individual have been qualified to make application for a loan?

Mr. BARBOUR. So far as I am concerned, that would be a question for determination by the Reconstruction Finance Corporation.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. BULKLEY. I yield.

Mr. BORAH. I was desirous of asking the Senator from New York [Mr. WAGNER] a question or two, but if the Senator from Ohio is going to address the Senate I shall wait until he has concluded.

Mr. BULKLEY. Mr. President, when the committee which cooperated with the Senator from New York [Mr. WAGNER] in the drafting of what is known as the Wagner bill undertook its labors, it considered carefully the question of loans and advances to private industry, and it rejected that principle as being unsound, as being contrary to the principles and professed declarations of both of the major political parties. When the measure was considered in the Committee on Banking and Currency, again the question of advances to private industry was considered at length, and again it was rejected. The Senate itself rejected the principle of loans and advances to private industry.

Now we are asked to approve a conference report which proposes that the Reconstruction Finance Corporation shall be authorized to make advances, with a very liberal enumeration of purposes, to all persons, including corporations, municipalities, and so forth.

If we are to surrender the views that were entertained by the authors of the Wagner bill, by the Committee on Banking and Currency, and by the Senate itself, to whom are we surrendering? It is true that the conferees on the part of the other House have firmly insisted on this principle. It is also true, as stated by the able Senator from California, that the suggestion to make loans available to private industry emanated from the President of the United States. It is not necessary to add to the evidence which the Senator from California has just presented to show that the President personally has advocated and insisted upon loans of this character. I desire, however, to take a moment of the

time of the Senate to cite the testimony before the Committee on Banking and Currency by the Secretary of the Treasury, Mr. Mills, to show how recently and how urgently the President's view has been insisted upon and how direct is its bearing upon the very question that is before us. On June 7 Secretary Mills appeared before the Banking and Currency Committee, and when I suggested to him that he was criticizing the Wagner bill, he replied:

I did not mean to criticize it. I am here to talk in favor of the Barbour bill. I thought I had done all the criticizing of the Wagner bill that was necessary. I was prepared to let it sleep.

There can be no doubt that the Secretary's intention was to argue before the committee in favor of the Barbour bill as compared with the Wagner bill.

In order that the distinction between the two may be clear to the Senate, let me quote the following in Secretary Mills's own words:

There is one fundamental difference between the bill proposed by Senator WAGNER and the Barbour bill, and that is that the Barbour bill would permit the loans to be made to private corporations to finance the construction, replacement, or reconstruction of economically sound and useful projects, the construction, replacement, or reconstruction of which will provide employment at an early date for a substantial number of persons, provided, of course, that the project can be shown to be self-supporting and self-liquidating.

Again the Secretary of the Treasury says:

Now, Mr. Chairman, the real difference between Senator WAGNER'S bill and Senator BARBOUR'S bill is that Senator BARBOUR'S bill goes farther, in that it includes loans by the Reconstruction Finance Corporation for capital purposes to private industry.

The distinction is clearly drawn. The force of the administration has definitely, as recently as June 7, been placed behind the principle of loans to private industry. If there be any distinction between the course which the Secretary of the Treasury advocated at that time and the conference report as it now lies before us, it is only in that the conference report has liberalized the provision as to loans so that they may be made to all citizens and not merely to the big interests.

The Barbour bill is limited to corporations, which, as the Senator from California has well pointed out, is a futile limitation; but it is also limited to those projects which will "provide employment at an early date for a substantial number of persons," and perhaps that is intended to confine the loans to large corporations and large enterprises. If that is not the intent of it, if that is not the distinction between the Barbour bill and the conference report, I fail to see any sound and vital distinction in principle.

Mr. President, if we are to yield the judgment of the Committee on Banking and Currency and of the Senate, if we are to accept the view that the Government is going to make loans to private industry, I submit that we are surrendering not only to the House of Representatives but we are surrendering to views expressed by the President of the United States and by the Secretary of the Treasury in behalf of the administration.

Mr. BORAH. Mr. President, I want to ask a question of the Senator from New York [Mr. WAGNER], who I know is familiar with the measure. I want to ascertain the exact condition upon which loans may be made to private corporations and to individuals and what safeguards are thrown around such loans.

Mr. WAGNER. Mr. President, in the first place, such loans must be either to aid commerce, industry, or agriculture, or to aid in relieving unemployment, and the applicant must show that he has attempted to secure the credit through banking channels; secondly, he can not obtain the loan unless it is fully and adequately secured. That, of course, is the matter which the Reconstruction Finance Corporation must determine.

Mr. BORAH. There is no difference with reference to the conditions under which loans may be made to private corporations and individuals, so far as the kind of security is concerned and the purpose for which the loan may be made, is there?

Mr. WAGNER. No.

Mr. BORAH. Mr. President, I do not desire to discuss this question at any length. I preface what I desire to say by stating that the whole theory of the Reconstruction Finance Corporation is objectionable and would not be tolerated, of course, if it were not for the great exigency with which we have to deal. We have provided, however, through the Reconstruction Finance Corporation for the extraordinary program which, to some extent, is now being carried out throughout the country. As I understand, the only difference now between those who take different sides on this question is on the question of affording loans to private corporations and to individuals instead of to public institutions.

I do not understand, Mr. President, why there should be any serious objection, leaving aside now the question of practical administration, to loaning to an individual or to a private corporation, in view of the policy which has already been inaugurated and the program which has been initiated under the Reconstruction Finance Corporation. If a private corporation has sufficient security to satisfy the board, and if it is to use the loan for the purpose provided in the bill, and upon which the board must pass, or if an individual has security which is satisfactory to the board and is to use the loan for the purpose provided in the law and which is to be passed on also by the board, I can not see any objection to authorizing such a loan, in view of the fact that all loans are being made and the entire program is for the purpose of aiding the present situation and giving employment to the unemployed. If an individual or a private corporation has a plan or a program which will give employment to a thousand or five thousand people and has sufficient security to satisfy the board and proposes to invest the proceeds of a loan in a way which will give assurance that employment will be provided, in view of the fact that the entire program is for the purpose of giving employment to the unemployed, I can not see any objection to authorizing loans to the private corporation and to individuals. This is not a banking bill but a relief bill, and if individuals have the security and are prepared to bring themselves within the law and to give employment I feel like permitting them to do so.

I realize that such a provision may be difficult of administration, but when we consider the limitations which are placed upon the advancement of these loans to private corporations and to individuals, it does not seem to me that very many individuals will ever be accommodated under this proposed law. In the last analysis, it is not the many who will be accommodated, but the few who will be accommodated, in my judgment, which will be a disappointment to the country, and not, as has been indicated in some quarters, that it will establish a socialistic system throughout the United States.

Therefore, Mr. President, I am supporting the conference report purely as a program to aid unemployment and relieve the economic situation, to better conditions, if it be possible through this kind of a program to better them, and I can not see any difference between the proposition of loaning to public institutions and that of loaning to individuals and private corporations.

Mr. McKELLAR. Mr. President, will the Senator yield before he sits down?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Tennessee?

Mr. BORAH. I yield.

Mr. McKELLAR. I should like to call attention to what the President said about it on May 31, in his message to Congress:

I have favored an authority to the Reconstruction Finance Corporation to increase its issues of its securities to the maximum of $3,000,000,000 in order that it may extend its services, both in aid to employment and agriculture on a wide scale. Under the methods proposed the corporation is to be authorized (a)—

I omit "(a)" and read—

(b) To make loans to established enterprise upon adequate security for advancement of sound projects that will increase employment, but safeguarded by requirement that some portion of outside capital is also provided.

Is not that exactly what is proposed in the conference report?

Mr. BORAH. I think so, but it is immaterial to me whether the President has changed his mind or whether he has not. I am looking at it purely, Mr. President, as to whether or not it will accomplish that which we have in mind, to wit, to relieve unemployment throughout the United States. I would under no consideration vote for anything of this kind were it not the hope I entertain that we may give some people employment.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. FESS, Mr. VANDENBERG, and others asked for the yeas and nays.

The VICE PRESIDENT. The yeas and nays are demanded. Is there a second?

The yeas and nays were not ordered.

Mr. FESS. Let us have the other side.

The VICE PRESIDENT. There is no other side.

Mr. FESS. There is. We want a count.

The VICE PRESIDENT. The Chair holds there is no other side on the question of ascertaining whether the demand for the yeas and nays is seconded. The requirement is that the demand must be seconded by one-fifth of the Senators present, and there were not one-fifth who seconded the demand.

Mr. FESS. Let us have the yeas and nays.

The VICE PRESIDENT. The Chair will again put the request. Is the demand for the yeas and nays seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. DICKINSON (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. HOWELL (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. I understand that he would vote as I intend to vote. Therefore I vote "yea."

Mr. JONES (when his name was called). I have a pair with the senior Senator from Virginia [Mr. SWANSON]. I understand that he would probably vote as I expect to vote. Therefore I feel at liberty to vote, and vote "yea."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING] and therefore withhold my vote.

Mr. SCHALL (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. I understand that if he were present, he would vote as I intend to vote. Therefore I vote "yea."

Mr. SHORTRIDGE (when his name was called). I have a general pair with the senior Senator from Montana [Mr. WALSH]. Not knowing his views, I withhold my own.

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote.

Mr. WATSON (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Colorado [Mr. WATERMAN], and will vote. I vote "nay." I desire to state that the Senator from Colorado, if present, would vote "nay."

The roll call was concluded.

Mr. ROBINSON of Arkansas. The senior Senator from Montana [Mr. WALSH] is necessarily absent. He is paired with the Senator from California [Mr. SHORTRIDGE]. If the Senator from Montana were present and at liberty to vote, he would vote "yea."

Mr. COSTIGAN. The Senator from West Virginia [Mr. NEELY] is necessarily absent. I am authorized to say that if present he would vote "yea."

Mr. BULKLEY (after having voted in the negative). I am paired with the junior Senator from Wyoming [Mr. CAREY]. If he were present, he would vote "yea." I therefore withdraw my vote.

Mr. McNARY. I desire to announce a pair between the junior Senator from Nevada [Mr. ODDIE] and the senior Senator from Maryland [Mr. TYDINGS]. If the Senator from Nevada were present, he would vote "yea," and if the Senator from Maryland were present he would vote "nay."

Mr. FESS. The Senator from Vermont [Mr. DALE] has a general pair with the Senator from Alabama [Mr. BANKHEAD]. I do not know how either Senator would vote.

Mr. SHEPPARD. I desire to announce that the Senator from Missouri [Mr. HAWES] is necessarily detained on official business. If present, he would vote "yea."

The Senator from Kentucky [Mr. BARKLEY], the Senator from Montana [Mr. WALSH], the Senator from West Virginia [Mr. NEELY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Maryland [Mr. TYDINGS], the Senator from Virginia [Mr. SWANSON], and the Senator from Montana [Mr. WHEELER] are necessarily out of the city.

The result was announced—yeas 43, nays 31, as follows:

YEAS—43

Ashurst	Copeland	Jones	Pittman
Barbour	Costigan	Kendrick	Robinson, Ark.
Borah	Dill	Lewis	Robinson, Ind.
Bratton	Fletcher	Long	Schall
Brookhart	Frazier	McGill	Sheppard
Broussard	George	McKellar	Steiwer
Bulow	Harrison	McNary	Stephens
Byrnes	Hayden	Morrison	Trammell
Caraway	Howell	Norbeck	Wagner
Cohen	Hull	Norris	Walsh, Mass.
Coolidge	Johnson	Nye	

NAYS—31

Austin	Fess	Hebert	Shipstead
Bailey	Glass	Kean	Smoot
Bingham	Glenn	Keyes	Townsend
Black	Goldsborough	La Follette	Vandenberg
Blaine	Gore	Metcalf	Walcott
Capper	Hale	Moses	Watson
Connally	Hastings	Patterson	White
Couzens	Hatfield	Reed	

NOT VOTING—22

Bankhead	Davis	Oddie	Tydings
Barkley	Dickinson	Shortridge	Walsh, Mont.
Bulkley	Hawes	Smith	Waterman
Carey	King	Swanson	Wheeler
Cutting	Logan	Thomas, Idaho	
Dale	Neely	Thomas, Okla.	

So the report was agreed to.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The VICE PRESIDENT. The question is upon the amendment of the Senator from Idaho [Mr. BORAH].

Mr. ASHURST. I call for the yeas and nays upon the amendment.

Mr. BORAH. Mr. President, I have been urged to withdraw this amendment in view of the fact that it is thought to compromise the pending bill and perhaps defeat it. I am the only one interested in it; and personally I should be willing to do so, provided we can have a definite time set for voting upon it as an original measure in the immediate future.

Mr. WATSON. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Indiana?

Mr. BORAH. I yield.

Mr. WATSON. To that end, I ask unanimous consent that the measure sponsored by the Senator from Idaho may be made the special order for next Tuesday afternoon at 2 o'clock.

The VICE PRESIDENT. Is there objection?

Mr. COUZENS. I object.

Mr. ROBINSON of Arkansas. Mr. President, I shall not approve of that action unless there is an agreement to vote on this bill; and that, as I understood, was the suggestion of the Senator from Idaho.

Mr. BORAH. Yes.

Mr. ROBINSON of Arkansas. It has been debated here now for a full day, and probably not very much further

debate will be necessary to enable the Senate to reach a conclusion on this measure. I have no objection to making it a special order and segregating it from this bill if an arrangement can be entered into that will assure its final disposition; but we are getting down now to the heel of the session. Conference reports remain undisposed of; and I do not wish to be put in the attitude of taking a whole day to debate this amendment, as we took several days to debate the amendment of the Senator from Connecticut, and then have both of them withdrawn with no decision on either measure.

I suggest a modification, that after the measure has been under consideration for one hour——

Mr. WATSON. Make it two.

Mr. ROBINSON of Arkansas. Two hours, that no Senator shall speak more than once or longer than 10 minutes on the bill.

Mr. WATSON. I accept the modification.

Mr. LONG. Mr. President, I object to that on behalf of myself and several others. We have had this matter up for a whole day. Have I the floor?

The VICE PRESIDENT. The Senator from Idaho has the floor.

Mr. BORAH. I will yield to the Senator, but before I do so allow me to say that of course, if there can not be an agreement to take up this bill at a definite time in the immediate future and vote upon it, I shall not withdraw the amendment. The Senator from Indiana was urging me to do so because he thought it imperiled the pending measure, which I do not desire to do, but if we can not have a definite time to vote on it in the immediate future, I shall leave the amendment where it is. I am in favor of the home loan bill and I am very much in favor of the amendment I have offered. If I can not get an agreement to vote on this amendment as an original bill, I must endeavor to put it on this bill.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Objection has been made by the Senator from Louisiana.

SEVERAL SENATORS. Regular order!

Mr. BORAH. The Senator from Virginia is about to ask me a question, which I should like to hear.

Mr. GLASS. Mr. President, I desire to suggest that even if there could be an agreement to vote on this matter as an independent proposition, we are so far advanced in the session, and probably so near the end of the session, that as an independent proposition we might not get action on the bill in the House.

Mr. BORAH. In view of the suggestion of the Senator from Virginia, I certainly shall not withdraw the amendment.

Mr. FLETCHER. Mr. President, instead of fixing a time to vote on this particular amendment which the Senator offers, I suggest that we fix a time to vote on the House bill, H. R. 11499, which contains the amendment. Then there might be a chance of getting it to conference.

Mr. BORAH. Of course, my proposition included the original bill. I did not ask for a vote on this amendment, but upon the bill as it was reported to the Senate.

Mr. FLETCHER. I see. Then that might go to conference.

Mr. BORAH. But it is useless to delay the matter, because there is objection.

The VICE PRESIDENT. Objection is made.

Mr. WATSON. Mr. President, I am aware of the fact that if this amendment be attached to the home loan bill there are enough Senators on this side who are opposed to the amendment to defeat the bill. That would end the bill.

I want to do anything and everything in the world to keep this bill from being defeated, because I think at this particular time it is absolutely essential that it shall be passed.

Therefore, in order that we may definitely fix a time when we shall vote upon H. R. 11499 as a separate proposition—that is the measure that is now being sponsored by the Senator from Idaho as an amendment to the pending home loan bill—I move that it be made a special order next Tuesday afternoon at 2 o'clock, and that the conditions stated by the Senator from Arkansas shall be appended to it; that is to say, that after two hours of debate no Senator shall be permitted to speak oftener than once or longer than 10 minutes.

Mr. LONG. I object to that.

Mr. MOSES. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. MOSES. A proposition to make a piece of legislation a special order, which requires a two-thirds vote of the Senate, can not be "hooked up," as the Senator from Indiana expresses it, with that which requires a unanimous-consent agreement, namely, a limitation of debate and a time for a vote.

Mr. WATSON. I assume that is so, but I would like to have the ruling of the Chair on it.

The VICE PRESIDENT. That is correct.

Mr. LONG. Mr. President——

Mr. WATSON. Without any limitation then, I move that the bill referred to by the Senator from Idaho be made the special order for next Tuesday afternoon at 2 o'clock.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator will pardon me——

Mr. WATSON. I yield.

Mr. ROBINSON of Arkansas. I do not believe it is in order to make this motion because House bill 11499 is not under consideration. It would be necessary to lay aside, temporarily or otherwise, the pending bill, the home loan bank bill, in order to take up the motion of the Senator, unless it were done by unanimous consent.

Mr. WATSON. That is quite true, I will say to the Senator. I appreciate that parliamentary difficulty. Of course, if I were to move, as the Senator from Arkansas well knows, to proceed to the consideration of House bill 11499, that would displace the home loan bank bill.

Mr. ROBINSON of Arkansas. Certainly.

Mr. WATSON. And I do not want to do that.

Mr. ROBINSON of Arkansas. The Senator has no remedy, as I see it now, except to have a vote on the pending amendment, unless the Senator from Idaho should see fit to withdraw it, in which event somebody else would probably offer it.

Mr. BORAH. Mr. President, I am not going to withdraw it, unless we can have a definite time to vote fixed.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Idaho.

SENATOR BINGHAM'S WITHDRAWAL OF HIS SUPPORT FOR BEER

Mr. LONG. Mr. President——

The VICE PRESIDENT. The Senator from Louisiana is recognized.

Mr. WATSON rose.

Mr. LONG. I am recognized, and I will yield to the Senator from Indiana, but I do not want to yield the floor. It was taken away from me once before.

What I want to say is that the Senate has been treated to an immense amount of horseplay from the other side of the Chamber——

The VICE PRESIDENT. The Chair would suggest that it is hardly proper to charge Senators with horseplay.

Mr. LONG. I mean that in a charitable sense. I will explain what I mean. I do not mean to reflect upon anyone.

The Senator from Connecticut [Mr. BINGHAM] took up about three days' time of the Senate with a beer amendment to the home loan bank bill, as the beer leader of the Senate, and after taking up three days' time haranguing the Democratic Party to the effect that he wanted them to assist him, to my amazement and surprise this morning I read that he has withdrawn the beer amendment, and left us here, with three days gone, and no beer amendment, and hence no beer. [Laughter.]

I am unable to understand just what we are to make out of this very queer situation. I was told by some of my colleagues when I first came to the Senate that my friend from Connecticut [Mr. BINGHAM] had only within the last year or

so, perhaps a little longer, absorbed such immense enthusiasm for the return of beer, but after the fervor with which he has waged this war here for three days, Senators sitting here ready to vote with him for his amendment, with three days' time of Congress gone, with the session about to close, lo and behold, with no rhyme or reason or excuse, the beer amendment has been withdrawn by the Senator from Connecticut [Mr. BINGHAM], and now the Senate is here without any beer amendment before it in any form.

Mr. BINGHAM. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. BINGHAM. If the Senator had read further in the morning paper——

Mr. LONG. I did not read it in the paper.

Mr. BINGHAM. I thought the Senator had read it in the paper.

Mr. LONG. No; in the RECORD.

Mr. BINGHAM. I did not know that the Senator had not read the paper. He would have discovered that the reason for withdrawing the amendment was so as to offer it later in order that we might get a direct vote upon it. As soon as the amendment offered by the Senator from Idaho, which was used as a cloak to prevent a vote on the beer amendment, has been disposed of, the beer amendment will be offered again.

Mr. LONG. Mr. President, I can not understand that. The Senator has evidently misunderstood his own motion, because he offered the beer amendment as a part of a home loan bank bill, and now he makes the explanation that because somebody else offered something that was not germane to the subject he had to retreat from the beer proposition and lose three days' time and withdraw his amendment.

I have only a very illiterate, lay mind in matters of legislation, but in common, ordinary, sawmill understanding I can not for the life of me apprehend how the thirsty people of this Nation are going to understand and appreciate a beer amendment having been withdrawn under fire and three days' time gone and the Senate apprised that Congress is soon to adjourn.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. LEWIS. I am curious to know whether my eminent friend the Senator from Louisiana feels that in the present situation he has just described he has no opportunity for further drinking in any inspiration?

Mr. LONG. I think the Senator has misunderstood my motive. It was not inspiration or the opportunity to drink I sought, but it was my unselfish desire to place others in the same position I occupy in this respect since the eighteenth amendment.

Mr. President, I now am going by circumstantial evidence to be led into the belief from what I now see in the morning paper that evidently this was not an act of mistake but a design of the Republican organization. Here is a statement in this morning's paper from Mr. Garfield, who I understand presided over the committee on resolutions of the Republican National Convention which nominated Mr. Hoover. I now quote from Mr. Garfield's statement, in which he tells the attitude of the Republican Party:

> We will be unalterably opposed to any modification of the Volstead Act, opposed to repeal, and everything else except to give the people the right to vote on the issue. Until they have expressed their sentiment at the polls, there will be no change in the administration attitude on prohibition.

So I take it, having attended a conference at the White House and announced this as the attitude of the President of the United States, at least the Senator from Connecticut [Mr. BINGHAM] has acted in consonance with the President of the United States, after consuming three days' time of the Senate debating about beer, in having withdrawn the amendment.

What kind of folderol would it be to come here with another beer amendment now, after the Senator has withdrawn one which has taken the time of the Senate for three or four days? Would a man now undertake to try to make the people of this country believe that the party offering such a thing as that acted sincerely at all, when they have taken up all this time of the Congress, and, after debating the question ad libitum for three or four days, shoving everything else out of the way, trying to put a beer bill onto a bank bill? Now, after having surrendered, "flown the coop," withdrawn the advocacy of two years, the Senator says he has the idea that he may come back again after the President has made his pronouncement and offer this beer bill again?

What kind of leadership have we beer advocates here if we are going to be left in this way? Certainly some of us would have had an amendment of our own if we had known the Senator from Connecticut would withdraw from the fight. If I had had a bill here under similar circumstances, with the whole Nation leaning on my words, in the thirst that has come, with lips just waiting for it, I would have carried on. But now, behold, the leader of the army has fled, and there is no beer here, and no beer near here, nor any beer that can be near here during this session of the Congress. [Laughter.]

THE POSTPONEMENT OF THE GENEVA DISARMAMENT CONFERENCE—THE CALCULATED INJURY TO THE UNITED STATES

Mr. LEWIS. Mr. President, there have been suggestions in the addresses just closed that the Senate is on the eve of an adjournment. The intimations are that such measures as will come before us will quite occupy the time that is left us.

I want the liberty at this moment to bring to the attention of the Senate an international situation which ought not to escape its consideration. I feel that whatever urgency there may be in the affairs of the Senate looking to the close of the legislation resting upon us, we ought not to be oblivious to the surrounding conditions of international feature greatly imperiling the prospect both of the peace and of the prosperity of the United States. We should not present to the country at large an aspect that we can become so absorbed in matters of minor importance, aggregating, it may be, in number and multiplying themselves in the march of the procession, to the degree that we will be wholly blind to what we owe to the Chief Executive of our country, to what we owe to the legislative body—this Senate—and what we owe to the people of our country.

A sense of protection that is due America ought ever to be expressed whenever the necessity arises, and in no place may that be looked for with greater propriety than here in this deliberative body.

On yesterday we listened to a notable address from an eminent colleague. I refer to the senior Senator from Idaho [Mr. BORAH], as our personal association since almost our boyhood—coming to the bar together in the West—enforces upon me a degree of affection and regard, as well as a very high esteem of his views, personal or impersonal.

The Senator brought to our attention that the financial situation of America was of a nature that unless something were done to prevent these constant modulations and undulations of the world that were greatly affecting the rise and fall in the prices of commodities, or the value of the currencies of the countries, particularly that of the United States, a possible chaos would be the result. Sir, let me say that it is to avoid that threat of danger, as I see it, that I bring to the attention of the Senate one or two present working international conditions which I feel have produced a result which is about to impale us upon very serious consequences.

Mr. President, I rose to bring to the attention of the Senate an announcement of European public news of this morning. We observe that, after several months, a meeting for disarmament at Geneva, in which we, the United States, have representatives, is now announced as a failure. With that announcement comes the statement that there will be a reassembly in the fall. This is but an excuse for not announcing at this time the concluding views, or decided action, if there be any, on the part of these eminent gentlemen who represent the different countries as delegates to that convention.

Mr. President, the President of the United States, as the representative of a people looking for peace, a great Republic that leads toward the body of world harmony, says that this gathering at Geneva, having been given out as being the last of seven such assemblages, would reach results and pronouncements and in the promulgation giving some encouragement to mankind, to those who are looking for peace by honorable and communal relations between nations. The President assumed to join in it and offered to the American public his reasons, and in pursuit we sent delegates to attend in obedience to the suggestion.

Mr. President, I beg to call to your attention that the real reason for this diplomatic fiasco at Geneva, to be resumed in some form of a renewed siege at Lausanne, is a deliberate and constructive arrangement to injure the prospects of the United States. We have the announcement that in the fall there will be some form of revival. The object is to avoid any impression of what is their intention either to reduce the armament on the one hand or to attempt to avoid a conflict between the nations where a conflict is possible on the other hand. One would assume that this aspect is intended only for the foreign lands. Mr. President, let us speak to the truth. We are told in Holy Writ that a mere shepherd in Israel dared say to the king, "Thou art the man." Mr. President, it was not only because evidences of this Nation, such as shown by the Senator from Idaho [Mr. BORAH] and the Senator from Nevada [Mr. PITTMAN] and those speaking in line with the similar subject, that threatened the United States with precipitation of the loss of its gold-standard position on the one hand or the complete depression of its credit before the world as to destroy in the world of finance its position as the first power on the other. But these eminent masters of European policy have concluded that by taking no result and pronouncing, if you please, no decision, they will trick the United States again into the position where it shall be uncertain in all its public action. From the situation they present of dangers and threats to show that there is a prospect of world peace. There is therefore nothing to assure the coming reduction of expenses in these multiplied armaments, and also there is nothing to come forth from these nations that looks to the reduction of the expenses of government by release of debts for war organization.

After all, each one of these countries or all are looking forward to a conflict with our Nation. They are anxious to keep us financially to where we dare not send forth our credits to the world because of the need we will have for its use here in America. Second, they will keep us in such a situation of assumed expense and such multiplied burdens of debt that it will become impossible for the United States to rejuvenate itself in commerce and to extend its commerce to the foreign lands that may seek to be supplied. The real purpose is to drive us to where the financier, feeling the uncertainty of the situation, the business man without any form of stability, will hesitate to extend his money in financing, on the one hand, his business or undertaking. The result will be that in America there will be that tremulous, constant agitation and instability as will lead us to where we will have no direct course of action in behalf of our own people. These eminent gentlemen, master delegates, are being stimulated by the financial interests of Europe which have borrowed such vast sums of money from the United States to now disclose the proposition boldly that they are ready to offer to Germany to withhold from Germany all demands for obligations and exempt her from debts, but only upon the condition, soon to be presented to us, that we relinquish all debts upon these lands who propose or suggest the possibility of relinquishing all debts due to them from Germany.

The real purpose of the present situation, which we have not paused to consider, is to place us in a position before the world where, if yielding to the cancellation or abrogation of debt, we yield a certain share of revenue that is anticipated to the Nation that would lessen her obligation of taxes and obligation of burdens upon her citizens. Second, it would lessen the opportunity of money to be employed in the undertaking of giving employment to citizens.

The final is to leave the matter of disarmament in such shape where Japan finds herself at direct variance with France, where France finds herself at opposition and in contrast and in contest with England. To leave us where the countries will put us before the world as being a nation so situated in embarrassment that no one can tell what step we will take. They will insist we are neither a member of the League of Nations, on the one hand, and have only the position of an observer of the conference on the other. The theory, very clearly, of these projectors of confusion is to adjourn all proceedings under such circumstances as to leave us in such condition that will lessen the credit of the United States before the world in every form and then will force us to the conclusion that in order to obtain money to put our peoples at employment, on the one hand, or, sir, to give strength to the credit of those who possess that they may lend money out in advancement of commerce on the other, we will have to make the demanded concessions these European masters demand along the lines of their demands. Now, to leave us with the statement that nothing shall be done until after the fall is one of those subtle, insidious inducements to each political party practically saying "which of you gentlemen shall do the more in carrying out the suggestions we have to make as will come on in the fall—you will have the more to gain from us"; and thus do they appeal directly to the American political campaign. They advance these insidious suggestions both to the President of the United States as well as his opposing party for the object of having them both offer some form of dealing by which those master imperialist managers in Europe can assure those who may be in partnership, association, or in commingling position with them that they have the United States at last pledged; that they have been assured by an understanding from Republican managers of their great party and the Democratic managers of their great party that they are going to do the kind of things that these masters seek which will relieve them from all debts and insure the rise of the prices of their foreign bonds for speculation before the world to draw the cash out of the different coffers of the world, particularly the United States, and to leave us pauperized by the action.

If you doubt, sir, in your own good sense that these views of mine have foundation, look you this morning and see that for the first time in three and one-half months foreign bonds have risen higher than they have been at any time since we have been sitting here, and risen higher proportionately than all American bonds for the first time since this unhappy devastation that we call depression has set upon America. Is it possible that gentlemen on both sides of the Chamber, such as I see around me, bankers learned in their profession, statesmen conscientious in their patriotism, shall consider with indifference such a situation as surrounds us now?

This is the time when this honorable body, the Senate, in some form should give notice to these world nations that they may play with art of trickery among themselves and use deception there as they choose, but that we behold their purpose and understand their object; that it is no purpose of ours to yield to it; that this is a trick now advanced for the seventh time out of seven, a fulfillment indeed of the scriptural limitation—the seventh failure of the seventh call. So out of the international meets, of which there shall come no announcement and no intention to make announcement of any result, there shall be nothing to indicate that they desire a world peace, and no expression of appreciation of entrance upon the effort. They leave the President of the United States flouted before the world. It is time the United States Senate should say, "This is the end, gentlemen. You have done this deed of deception—or folly—too often." The policy of the United States hereafter shall be, first, to take such steps touching her finances as shall be that which shall revive and renovate America. Second, we shall pursue such course in commerce as shall

cause the employment of the vast millions who now are needed for that which is the sustenance of life. Third, we shall look to the world in our own manner for such peace as might be agreed upon, and in such way as we feel would be reliable. We will be no longer the subject of a trick upon the credulity of Christian humanity; and, lastly, with the open statement that we propose now, sir, to proceed with our political elections, with our own measures, with our own policies. It is time we cry out that we Americans shall do the thing along the line of that which we feel will achieve the purpose of our own country in completeness that she may by her example lead mankind to follow her example of honesty to nations and fidelity to the people. The hour has come when the United States of America should announce to the nations of the world the detection of their hypocrisy and trickery before the earth, both in the matter of peace and provision of friendship to the United States. The hour is now for us to proclaim and behold the new and independent future of the United States.

Mr. President, I thank the Senate for its complimentary audience.

RETURN OF UNRATIFIED TREATIES TO STATE DEPARTMENT

Mr. BORAH. Mr. President, I wish to submit a resolution directing the Secretary of the Senate to transmit to the Secretary of State, to be deposited in the archives of the State Department, certain conventions and treaties therein named heretofore transmitted to the Senate by the President of the United States and not definitely acted upon. The resolution, Mr. President, covers a number of treaties running from 1859 to 1903 which have been transmitted to the Senate but which have not been acted upon and which the State Department desires to have returned, to be placed in its archives and to be kept for historical purposes. In other words, they are treaties which have become obsolete by reason of inaction, and it is simply desired to have them in a place where historically they may be preserved. I offer the resolution and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER (Mr. JONES in the chair). The clerk will read the resolution.

The Chief Clerk read the resolution (S. Res. 268), as follows:

Resolved, That the Secretary of the Senate be directed to transmit to the Secretary of State, to be deposited with the archives of the State Department, the following conventions and treaties heretofore transmitted to the Senate by the President of the United States and not definitely acted upon:

Date	Country	Subject or title	Submitted to the Senate
Dec. 14, 1859	Mexico	Transits and commerce	Jan. 4, 1860
Do	do	To enforce treaty stipulations	Do.
Apr. 6, 1862	do	Loan	June 24, 1862
Do	do	Compensation	Do.
Oct. 24, 1867	Denmark	St. Thomas and St. John	Dec. 4, 1867
July 28, 1868	Hawaii	Extension of time	Jan. 7, 1869
Oct. 15, 1868	Denmark	do	Do.
Jan. 14, 1869	Great Britain	Water boundary	Jan. 19, 1869
Do	Colombia	Ship canal	Feb. 16, 1869
May 8, 1869	Hawaii	Extension of time	Dec. 8, 1869
Oct. 14, 1869	Denmark	do	Do.
Oct. 23, 1869	Mexico	Protocol to convention of July 4, 1868 (T. S., No. 212).	Do.
Nov. 29, 1869	Dominican Republic.	Samana Bay	Jan. 10, 1870
Jan. 26, 1870	Colombia	Ship canal	Apr. 1, 1870
May 14, 1870	Dominican Republic.	Extension of time	May 31, 1870
Feb. 17, 1872	Samoa	Naval station	May 22, 1872
June 16, 1897	Hawaii	Annexation	June 16, 1897
June 16, 1899	Great Britain	Commerce (Barbados)	Dec. 6, 1899
July 10, 1899	Argentina	Commerce	Do.
July 18, 1899	Great Britain	Commerce (British Guiana)	Do.
July 21, 1899	do	Commerce (Turks and Caicos Islands).	Do.
July 22, 1899	do	Commerce (Jamaica)	Do.
July 24, 1899	do	Commerce (Bermuda)	Do.
Do	France	Commerce	Do.
Oct. 20, 1899	Nicaragua	Commerce	Dec. 5, 1900
June 25, 1900	do	Extension of time	Do.
Mar. 16, 1900	Great Britain	do	Mar. 19, 1900
Do	do	do	Do.
Do	do	do	Do.
Do	do	do	Do.
Mar. 21, 1900	France	do	Mar. 21, 1900
June 5, 1900	Denmark	Commerce	Dec. 5, 1900
July 10, 1900	Ecuador	do	Do.
Mar. 8, 1901	France	Extension of time	Mar. 9, 1901
Mar. 15, 1901	Great Britain	do	Dec. 5, 1901
Apr. 27, 1901	do	do	Do.
May 6, 1901	Argentina	do	Do.
May 9, 1901	Denmark	do	Do.
Jan. 27, 1902	Multilateral	Codes of International Law	May 6, 1902
Do	do	Practice of learned professions	May 15, 1902
Jan. 28, 1902	do	Extradition	May 6, 1902
Mar. 15, 1902	Great Britain	Extension of time	Mar. 18, 1902
Apr. 26, 1902	do	do	Apr. 29, 1902
Sept. 12, 1902	do	do	Dec. 4, 1902
Sept. 16, 1902	France	do	Do.
Oct. 17, 1902	Great Britain	do	Do.
Nov. 6, 1902	Denmark	do	Do.
Nov. 8, 1902	Great Britain	Commercial relations, Newfoundland.	Do.
Jan. 31, 1903	France	Reciprocity, Puerto Rico	Feb. 3, 1903
July 2, 1903	Cuba	Isle of Pines	Nov. 11, 1903
		PROTOCOLS	
July 27, 1868	Wurttemberg	Protocol	Dec. 14, 1868
Aug. 1, 1868	Hesse	do	Do.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution submitted by the Senator from Idaho?

There being no objection, the Senate proceeded to consider the resolution.

Mr. COPELAND. Mr. President, I hope the resolution submitted by the Senator from Idaho does not provide for sending back to the State Department the safety-at-sea treaty and the Canadian salmon treaty?

Mr. BORAH. There is nothing in this resolution providing for transmitting to the State Department any treaty sent to the Senate later than 1903.

Mr. COPELAND. I hope there will not be such delay on the other treaties as that they will finally be returned to the State Department.

Mr. BORAH. I agree with the Senator from New York in that expression.

The PRESIDING OFFICER. The question is on agreeing to the resolution submitted by the Senator from Idaho.

The resolution was agreed to.

Mr. BORAH. In connection with the resolution just adopted I ask to have inserted in the RECORD a letter from the Under Secretary of State.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, May 6, 1932.

The Hon. WILLIAM E. BORAH,
Chairman Committee on Foreign Relations,
United States Senate.

SIR: It is supposed that certain treaties between the United States and foreign powers which from time to time were submitted by the President to the Senate but not definitely disposed of by that body may be among the archives of the committee of which you are chairman. A list of such treaties, none of which, as you will observe, is dated later than 1903, is herewith inclosed.

All of these treaties are of course long since obsolete. Many of them are of interest to students of American history and it would be desirable if the original documents could be in the archives of the department.

Accordingly, I suggest that you cause an examination to be made on this subject and to take into consideration the expediency of moving for the return of the instruments under reference to this department.

I may say that a somewhat similar request was made by Secretary of State Hamilton Fish to Senator Simon Cameron, then chairman of the Committee on Foreign Relations of the Senate, under date of February 9, 1876. Following that request the Senate, on February 14, 1876, passed a resolution in the following terms (list of treaties omitted):

"*Resolved*, That the Secretary be directed to transmit to the Secretary of State, to be deposited with the archives of the State Department, the following conventions and treaty, heretofore transmitted to the Senate by the President of the United States, and not definitely acted on."

Very truly yours,

W. R. CASTLE, *Acting Secretary.*

Inclosure: List of treaties.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD a few of the many letters and telegrams I have received from farm leaders and others residing in Kansas, urging favorable action by the Senate upon the Goldsborough bill to direct the Federal Reserve Board to use all its powers to stabilize the purchasing power of the dollar. The measure as it came from the House also carried a provision, intended to meet a present emergency, directing the board to attempt to stabilize the dollar at the average commodity price level of the period 1921–1929. The Senate Banking and Currency Committee, I am sorry to say, amended the measure so as to take away some of its effectiveness, simply giving the Federal reserve system more power without direction how it shall be used.

However, Mr. President, I am going to support the amendment to which I have just referred, now offered by the Senator from Idaho, to the pending bill. I would much prefer to have a chance to vote on the Goldsborough bill as it came from the House. To me it is fundamentally sound and proposes to do something that will count far more in the present emergency, and in the future, than will the provisions of the amendment as offered by the Senator from Idaho.

The Goldsborough bill directs the Federal Reserve Board to use its powers to stabilize the purchasing power of the dollar, and, in addition, it directs the board to use those powers now to effect a controlled expansion of the currency. The amendment, written by the Senator from Virginia, reported by the Banking and Currency Committee, and now offered by the Senator from Idaho as an amendment to the pending home loan bank bill, is, in my judgment, much weaker. But it is a step in the right direction, and I am supporting it in lieu of what I regard as the more effective method.

In my judgment, it is of the highest importance that the Congress should exercise such powers as it has under the Constitution to deflate the dollar. Agriculture, labor, industry, commerce, wages, commodity values generally—all have been deflated. Only the dollar and debts, and to a large degree taxes, have not been deflated.

If we force a reasonable and controlled currency and credit inflation, which, in my judgment, can be accomplished through the Federal Reserve Board, the immediate effect will be to deflate the dollar and give us a dollar with a constantly dependable purchasing power. That will result in a deflation also of debts and taxes. I believe it will result in a rise in farm and other commodity prices; such a rise in commodity prices must come before we can hope for an upturn in business, before we can hope for the return of millions of unemployed to the ranks of wage earners. Mr. President, I am aware of the dangers of inflation, but we are going deeper and deeper in the abyss of deflation.

This country needs more dollars, more credit, more confidence, more dollars at work, and more men at work.

The opening wedge to the return of prosperity under present conditions is more dollars in circulation. Call it inflation, call it reflation, call it stabilization—the need is the same, more money in circulation.

More dollars in circulation will mean an expansion of credit even more important than the expansion of the currency. More important than all, it will mean a return of public confidence in the future of the country. Then the dollars now in hiding will come out into the open and go to work.

When the dollars go to work basic commodity prices will rise. Then the men will go to work.

When the dollars and the men go to work we will have purchasing power for the products of farm and mine and factory; loading for our railroads; business for our merchants; even more business for our bankers, who now are the worst offenders through hoarding of hundreds of millions of money sadly needed by the productive elements of our civilization.

Deflation such as we have been going through penalizes the producing, employing, and working elements of the community for the benefit of the unproductive elements—the money lenders.

We need a permanent monetary policy of the Federal Government. That policy is to stabilize the purchasing power of the dollar.

We need more dollars now. We need "honest dollars" instead of "rubber dollars" for future permanent prosperity.

I just want to reiterate my position that this Congress should exercise its responsibility under the Constitution to regulate the value of money and consider something like the Goldsborough bill to stabilize the purchasing power of the dollar and should do it before adjournment.

Let me say again, as I have said to the Senate many times, that we can not have a return of prosperity until the prices of farm commodities and other basic commodities go up. And the situation is too serious for Congress to sit back and wait for basic commodity prices to rise, when Congress has the power and the duty, under the Constitution, to assist in bringing that very necessary result.

I send to the desk the letters and telegrams to which I have referred, with the request that they be printed by unanimous consent in the RECORD in connection with my remarks.

The PRESIDING OFFICER (Mr. JONES in the chair). Without objection, it is so ordered.

The letters and telegrams are as follows:

KANSAS STATE FARM BUREAU,
Manhattan, Kans., June 28, 1932.

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR SENATOR CAPPER: Our farmers are in a very nervous state of mind. I think I have heard more of them express themselves during the last month as impatient that Congress does not either do something or quit and come home than I have ever heard in the same length of time before. They feel that entirely too much stress is being placed on the idea of balancing the Budget and too little on the problem of bringing about real relief for the distressed conditions.

I am going to make bold to suggest that our Kansas delegation should do everything possible to put through the composite farm relief bill, S. 4536, and the Goldsborough bill for money stabilization. I am also suggesting that fairly liberal treatment for agencies in charge of the agricultural marketing act be urged.

I attended the feeders' day meeting to-day. There was a big crowd present. Most of the talk I heard centered not around methods of feeding cattle but what might be done to relieve the distressed economic situation.

I fully realize that you are up against a very difficult problem and sympathize with you in that. I am satisfied, however, that the suggestions I have outlined will more nearly meet the general idea that I hear expressed by farmers and business men all over the State than anything else.

Yours very truly,

RALPH SNYDER, *President.*

TOPEKA, KANS., *July 3, 1932.*

Hon. ARTHUR CAPPER,
United States Senate, Washington, D. C.:

With wheat selling at 15 to 20 cents and other farm prices at similarly low levels, disaster threatens the greatest industry of the Nation. Your appeal for favorable action on pending farm-relief measures before Congress adjourns is most commendable. There is desperate need for legislation that will increase farm prices, and it is our hope your efforts in this direction will be successful.

J. H. MERCER.

SALINA, KANS., *July 6, 1932.*

Senator ARTHUR CAPPER,
Senate Office Building, Washington, D. C.:

It is up to Republican Party to pass emergency-allotment plan or Goldsborough bill. No legislation has been passed in this session to give direct and very little giving indirect help to agriculture. Emergency treatment has been given to banking, utilities, and business. If all we get from this Congress is promise to give emergency in next session, we will be loser. About all agriculture has received is conversational relief. This Congress should not adjourn until emergency legislation is passed that will give farmers money on the barrel head instead of conversation. If Hoover does not force through Goldsborough bill and dollar is not deflated before election, there is trouble ahead.

R. J. LAUBENGAYER.

CONCORDIA, KANS., *June 25, 1932.*

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR SENATOR: I read your letter in Kansas Farmer for this week, and want to tell you that you have hit the nail square on the head, as the old saying goes.

That last paragraph, in which you say, "To direct the Federal Reserve Board by law to stabilize the purchasing power of the dollar at approximately the 1926 level. What this country needs is a 100-cent dollar that will stay honest, is pure common sense."

* * * * * * *

There is no time to waste, and the quicker you can get action on it the better it will be for the millions of people concerned. Something has to be done or the whole country will be in bankruptcy as the producers are at the present time.

I know that there is a growing sentiment among the people that this depression could be overcome through the Federal reserve system if they were compelled to change things. * * *

Sincerely yours,

RAYMOND A. HANSON.

WHEATON, KANS., *June 25, 1932.*

Hon. Senator CAPPER,
Washington.

DEAR SIR: Hundreds of farmers in this part have talked and thought inflation for two months as the only means of saving them. * * * If they don't make this dollar more honest, there's a lot of them will find themselves in same fix, and we can't hang on forever. We have paid our interest and taxes up until this time, but now we have failed to make the interest on the farm, and they gave us 30 days to pay the taxes. We could sell every animal on this farm and not make it. Can't they do something? As I said, there are hundreds of us that are trying to save our homes.

Yours truly,

Mrs. MARGARET CLARK.

THE AMORTIBANC INVESTMENT CO.,
Wichita, Kans., June 21, 1932.

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR SIR: It cost three and a half billion bushels of wheat each year to run the Government five years ago. Now it costs 16,000,000,000 bushels of wheat a year at the price at the country market. Five years ago it cost 9,000 bushels of wheat to pay a Congressman. Now it costs 40,000 bushels of wheat. You have been back there a long time. Are many Congressmen worth 40,000 bushels of wheat a year?

The bankers are saying, "The country is fundamentally sound," while they know it is gradually going broke, and that only the subsidy from the Reconstruction Corporation has delayed the announcement of the receivership for many banks * * *.

* * * The dollar was formerly a happy medium of exchange. When it takes 25 pounds of cotton or 4 bushels of wheat or 12 dozen eggs or 40 pounds of pork or 16 pounds of copper to buy a dollar, the tail not only is wagging the dog but it is stopping the dog's progress, and the dollar can no longer be deemed a medium of exchange. Either it should be trimmed down to where it can accelerate trade and commerce again instead of hampering it or the Government expenses should be trimmed 75 per cent in line with commodities.

How long are you boys going to play along back there, quibbling over 10 per cent reductions and trying to cure a credit-sick country with further attempts to expand credit and further subsidies to financial organizations, when everything is cheap except the dollar, "whose integrity has been preserved," and when the only thing that has stood up is Government appropriations?

Yours truly,

R. H. GARVEY.

LARNED, KANS., *June 27, 1932.*

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR MR. CAPPER: * * * Frankly, Mr. CAPPER, unless something is done to relieve the condition, the people are going to turn to revolution if the threats we hear every day are sincere. Such a means will only make conditions worse. People are losing confidence in national leaders. I personally hope and believe every leader realizes the grave situation and would like to help better conditions to return. The thing the world bows down to and calls money evidently is responsible for most of the trouble.

Is there not some way to shrink the debts in proportion to the lowering of values? Why should a mortgage on a piece of land remain at 100 per cent when the land is worth only 50 per cent of the 1926 value? It seems to me that a proration of debts to values would have to only be talked of to restore a lot of confidence. If the loaning class thought they were going to have to bear a proration, they would become bulls in confidence instead of bears as they are now. There is no logic in forcing a person to liquidate several times the amount of property to pay a loan. Shrink the loans in proportion to the values and we will all be on the same basis with a much better chance of paying loans and interest charges. Unless a more stable balance is soon made, the loans will never be paid and the chaotic condition will grow worse. It is pretty hard to make most people see how a cloudburst of money on a gullied hillside can do any good unless the channels that drained away the previous deluge are restricted and checked a bit.

Yours very truly,

H. C. COLGLAZIER.

Mr. COPELAND. Mr. President, I think I heard the Senator from Kansas say that what we want is credit, currency, and confidence. I think we ought to add another word to this alliteration, and that is circulation; yes, and courage, as a Senator sitting near me suggests. However, I can not for the life of me see how the measure is going to put any more money in circulation. As I see it, what will happen will be that the banks now having Federal reserve notes will take them back, get the credit for them, issue the new currency, according to the plan now proposed, and there will be in the banks practically the same amount of money that we have to-day. After it is there, how are the people to get it? How is it to be put in circulation?

Mr. President, without going into any detail—it would not be worth while from my lips—I am as confident as I can be of anything that this bill has in it no hope of any degree of help to our existing economic distress; and it seems to me a futile waste of time for us to be giving consideration to this measure while, on the other hand, we have here pending, at the present moment, though in an emasculated form, a home loan bank bill which has in it the possibility of the relief of the suffering of thousands of home owners who are now in distress because of the foreclosure or the threatened foreclosure of their mortgages. I wish for my part, Mr. President, that we could return to the discussion of a measure which is of such vital concern to the people instead of spending our time in speculation over a proposal which has in it very little prospect of any benefit whatever to the American people.

Mr. FLETCHER. Mr. President, I have no desire to delay action on the pending bill; I should like to see it speeded as rapidly as possible to a final vote, but there is pending here an amendment which has been offered by the Senator from Idaho [Mr. BORAH] which I think has great merit and which I think, if adopted, ought to strengthen rather than harm the bill or interfere with its prospect of passage.

The question of the expansion of currency and credit is of very great importance and has a direct bearing on the matters involved in the pending legislation. Financial conditions and the financial situation generally have a bearing on the question of the ownership and making financial arrangements for the building of homes and that sort of thing.

The amendment offered by the Senator from Idaho does not contemplate any undue or improper or questionable inflation. If it does anything at all, it is in the line of reflation; the thing accomplished by it would be to halt, in a measure, the deflation that has been going on and to put some brakes both on the liquidation and the deflation which have been in process ever since the fall of 1929. Those who engineered that great debacle in Wall Street in connection with the stock-exchange speculation and gambling that took place there in 1928 and 1929 through combination, cooperation, and, in some instances, collusion between great bankers and their affiliates and brokers in New York, or exchanges of similar nature, are themselves responsible, to a large degree, for the deflation which took place; and they are now, as I gather from their expressions, doing their best to put a check on deflation and to stop the liquidation which is taking place and which is causing the monstrous decline in prices and the fearful destruction of values generally. They would like, as I understand, to see that movement checked. Of course, the people of the country are suffering by reason of what has taken place and by reason of the policy of deflation; and, while this measure would not, in my judgment, accomplish what the Goldsborough bill would accomplish, it would have some effect in that direction. It would, as I say, check to some extent deflation and bring about reflation and halt the liquidation which is taking place all over the country and which is causing an immense amount of financial distress.

It would increase circulation to the amount of about a billion dollars. That is not a very large sum. There are said to be in circulation something like $6,500,000,000, but a good deal of that is hoarded. This $1,000,000,000 increase in circulation would not equal the amount of money that is now not in circulation, although it is charged up to circulation, but which is withdrawn from circulation and put away,

hoarded, in some instances, perhaps, by the banks themselves, and certainly to a large extent by individuals throughout the country.

The Goldsborough bill, being House bill 11499, passed the House almost unanimously, there being very few votes against it, as I recall, after quite extensive hearings, and those hearings have been repeated from time to time. The subject involved in that bill has been under consideration by the Banking and Currency Committee of the House of Representatives for some 10 or 11 years. Mr. GOLDSBOROUGH especially has given great study and attention to the subject, and there is every reason to believe that sound economic principles underlie that bill which if put into effect would very largely relieve our financial situation.

Mr. WATSON. Mr. President, will the Senator permit me to ask him a question?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Indiana?

Mr. FLETCHER. I yield.

Mr. WATSON. I understood the Senator to begin his remarks by saying that it might change the complexion of some of the votes on the other side if this amendment were attached or appended to the home loan bank bill; that is to say, that there would be a more friendly feeling for it if the amendment were adopted as a part of the bill.

Mr. FLETCHER. I think it would, of course, strengthen the bill.

Mr. WATSON. I have not the right and, of course, I have no desire to ask the Senator a direct ad hominem question, but will the Senator vote for the bill if this amendment shall be added to it?

Mr. FLETCHER. I think I will.

Mr. WATSON. That is a vote made out of the whole cloth, and I thank the Senator.

Mr. FLETCHER. I do not like to commit myself as yet, because I do not know what is going to be put in the bill. The bill has been changed very extensively even since we began to consider it.

Mr. WATSON. And very frequently.

Mr. FLETCHER. And very frequently, so that I do not know just what is going to be added to it, but I will say to the Senator that I am not inclined to throw any obstacles in the way of this proposed legislation and never have been. When the pending bill came over from the House and was referred to the Committee on Banking and Currency, a special committee was appointed. That committee held hearings on the subject embracing several volumes. I was disposed to be in sympathy with the whole idea and plan and purpose. I was not on the subcommittee; I did not attend the hearings; and I was told after inquiring from time to time about the progress of the bill that it would probably be changed in many respects and that there would be many amendments offered to the Senator's bill, known as the Watson bill here, and to the bill as it came over from the House. I tried to keep up with it as well as I could. To my astonishment, after all these hearings were held by the Banking and Currency Subcommittee of the Senate, instead of reporting out the bill with amendments, or anything of that sort, they simply contented themselves with reporting the House bill just as it was.

I presume that was done for the purpose of speeding action, for fear that a bill amended here might not meet with favor in the House and a long conference would be involved, so the committee concluded to report the House bill and made no report at all on the Watson bill. Practically no amendments were suggested.

If I had been disposed to interfere and oppose the legislation, I could easily enough have held it up in the committee. I do not think the Banking and Currency Committee of the Senate considered the report of the subcommittee 30 minutes. It was simply rushed right through. I threw no obstacles in the way. I did not like the bill as it came from the House for several reasons, and I thought certain features in it ought to be changed. We did not take time to do that. I could easily enough have taken time to do that if I had desired to obstruct or to oppose the legislation in any way.

So I have been in sympathy with the general idea, but I do not want to commit myself to the provisions of the bill before I know what they are going to be. I hesitate to do that. I can only say that I am not disposed to block it or interpose any objections to an early conclusion with reference to it.

I think this amendment would add to the bill, because, as I say, its purpose is to bring about a financial condition that would be helpful to the carrying out of the policies of the bill, to bring about some expansion of currency and credit which would be helpful in any constructive undertaking.

Reference has been made to the Goldsborough bill, H. R. 11499, and some people have said—people who are experts, perhaps even more than that, trained students of economical problems—that they do not understand the bill; that it is Greek to them.

I see nothing at all that is complicated in the bill. It is very brief, and just what it does mean is very clear and very plain. It is based upon the opinions of those who have been students of the subject for a great many years.

The hearings in the House show that the bill was favored there. The hearings on the subject in the Senate are quite extensive, too; but I happen to have here the hearings in the House, where Edward A. O'Neal, the president of the American Farm Bureau Federation, favored the bill; Henry A. Wallace, of Des Moines, Iowa, author and writer and student of this subject; Charles R. White, president of the New York Farm Bureau Federation; Charles E. Hearst, president of the Iowa Farm Bureau Federation; L. J. Taber, master of the National Grange; John A. Simpson, national president Farmers' Union; Hon. Robert L. Owen, former Senator from Oklahoma; Dr. Willford I. King, professor of economics, New York University; Ethelbert Stewart, United States Commissioner of Labor Statistics. This bill, by the way, is based upon the report and findings of the Bureau of Labor Statistics after examining the price levels of 744 commodities, showing that that bureau is well equipped to furnish the data upon which the price level would be based. It is a bureau which has the highest commendation; and it is virtually impossible to find a better price index than that of the Bureau of Labor Statistics. Then Prof. Irving Fisher, of Yale University, and Mr. George Shipley and others testified, favoring this legislation and giving their arguments and their reasons for it.

The proposition is a very simple one. After reading the House hearings—and I endeavored to keep up with them as well as I could while they were going on—I was favorably impressed with the idea, and introduced in the Senate myself, on April 19, a bill (S. 4429) entitled "A bill to restore and maintain the average purchasing power of the dollar by the expansion and contraction of credits and currency, and for other purposes." It is a very simple and perfectly plain and clear proposition, it seems to me, and is very brief. I will read it:

Be it enacted, etc., That it is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the year 1926—

Which is an average between 1922 and 1929—

shall be restored and maintained by the expansion and contraction of credits and currency through the powers of the United States and its agencies.

SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

SEC. 3. To enable the Federal reserve banks to achieve this end they are hereby given the right to receive, and the Federal reserve agents are directed to deliver, Federal reserve notes at par for United States obligations deposited as security therefor.

That is all of it. The bill does not confer any extraordinary power on the Federal Reserve Board. It is not anything new. As a matter of fact, the Federal Reserve Board are doing precisely that to-day, and have been for several months past, ever since the Goldsborough bill passed the

House—going into the open market and purchasing bonds—and that money has gone out into circulation. I think they have purchased some $700,000,000, or maybe a little more. They are doing precisely what this bill contemplates. They are doing it for the very purpose of accomplishing the thought in this bill—that is, to increase circulation, to expand the currency. That is what they are doing it for. The only real change in the law made by these proposals—the Goldsborough bill and my bill—is that we make it the duty of the Federal Reserve Board to do this thing, whereas under the law now it is discretionary with them to do it or not. They can proceed with that policy for this week and this month; they can drop it the next week and the next month. They can indulge in that practice precisely when they wish to do it, and drop it when they wish to drop it. This would make it their duty to go out and buy these bonds until the commodity-price level is raised to the average wholesale-price level of 1926. Then they would discontinue. They would maintain it at that level, and begin again when the price level dropped.

That is a great thing to accomplish, because it is well recognized everywhere that this drop in commodity prices is unprecedented and is causing distress. Professor King said, in an article which I have here, published in the Buroughs Clearing House of April, 1930, at page 16:

> In view of the fact that falling prices are inimical to the welfare of the vast majority of our people, it is not surprising that there is to-day a widespread demand that measures be taken at once to remedy the evil. Prominent officials of the Treasury Department and the Federal reserve system admit readily enough that the price level ought to be raised, but they interpose the question: "How can it be done safely?"

That is conceded everywhere. Take, for instance, our commodity prices. Here is a recent clipping. I have not the exact date, but it is a clipping from a newspaper printed within a month, and it says:

> For the last four weeks the all-commodities' index number, which includes 784 commodities or price series, has fluctuated about two-thirds of 1 per cent around 66. Early in March the general index number leveled off at 66.5 for four weeks.
>
> Based on the figures of 65.8 for all commodities, the wholesale purchasing power of the dollar is computed at $1.59.
>
> After rallying last week, the index of farm products again dropped off from 50.1 to 49.7.

That is the index as to the price of farm products, 49.7. The purchasing power of the dollar has gone up to about $1.59. We can not have prosperity in this country with the price level constantly decreasing. What good does it do for a farmer to produce a product, for instance, if he can do it—and they are doing it successfully everywhere—if he can get practically nothing for it, if he can not get the cost of production out of his product?

So that underlying all this situation is the question of a proper financial system. All that this bill, the Goldsborough bill, proposed was to make it the duty of the Federal Reserve Board to do precisely what they are doing now, instead of leaving it wide open to their discretion. They are pursuing this very policy; and there is not any doubt, in my judgment, but that it would be a sound policy, just as has been contended by Mr. GOLDSBOROUGH in the House.

Professor King further says in this article:

> The only sure way to raise prices is to increase the supply either of bank deposits subject to check or of money.

I think that is perfectly sound. The article is a very interesting one. The hearings in the House and before our committee on this subject demonstrate clearly the soundness of that proposition.

In the absence of that, however, not being able to vote for that proposal here under this amendment, which is the amendment the Banking and Currency Committee put on the Goldsborough bill, striking out all after the enacting clause and inserting this provision, we have to deal with the proposition now submitted by the Senator from Idaho, which is to authorize the issuing of currency against bonds.

As has been stated—and I need not repeat it or dwell upon it—that would mean an increase in circulation and an expansion of the currency to the amount of about $1,000,000,000, which in itself would not be as much as is now being hoarded in this country. That would be helpful, I think; and, therefore, I am strongly in favor of that, although I would rather vote straight out for the Goldsborough bill, or the bill as I have it here, which is practically the same in principle.

Mr. President, this country is suffering from this deflation, the liquidation that has been going on. The Banking and Currency Committee has been investigating some of the underlying causes for that, including the operations on the New York Stock Exchange. It is perfectly amazing what has taken place there. The evidence shows that bankers, officers of the leading banks of the country, the strongest financial institutions of the country, in combination with brokers, dealt in stocks and bonds on the stock exchange, making enormous profits for themselves, and finally unloading them on the public and causing an immense loss to the people of this country. It is estimated that the decrease in the value of securities on the stock exchange in October, 1929, amounted to $29,000,000,000. There was some little effort to stimulate the market, but again in October, 1930, the decrease in the value of securities amounted to $20,000,000,000. There, upon that one exchange, the financial center of this country, there was a depreciation in the value of securities of $49,000,000,000. All the real money in all the world does not amount to over $50,000,000,000, and by the operations on that exchange, under the spirit of gambling and speculation, assisted and encouraged by the brokers, this terrific loss has fallen upon the people of this country.

The effect of that depreciation in securities was to destroy the value of lands and other property, and to interrupt business. Many business men have gone out of business entirely because they became bankrupt, and lost everything on the stock exchange. I hold in my hand a circular issued by Kerr & Co., of San Francisco, Calif., dated October, 1931. The opening statement is as follows:

> The Wall Street panic of 1929 rocked the financial foundations of the world.
>
> Millions of people lost billions of dollars in the greatest swindlefest of all time.
>
> Financial racketeering habitually practiced on investors by predatory wealth and the greatest protected gambling hell on earth. The following tabulation shows a few of the 1,286 "safe" securities listed on the New York Stock Exchange.

The circular goes on to show that the high mark of these stocks was attained in 1929, and it gives the quotations of October, 1931. I have checked the figures recently, as of July 2, and have indicated the changes up to the present time. For instance, the high of American Can in 1929 was $184.50. The low, in October, 1931, was $71.50. On July 2, 1932, it was $33.25.

Vanadium: High, 1929, $116.50; July 2, 1932, $7.

United States Steel: High, 1929, $261.75; in October, 1931, $62.25; on July 2, 1932, $23.75.

Bethlehem Steel: High, 1929, $140.75; October, 1931, $24.25; July 2, 1932, $18.

Midland Steel is not now quoted. It went from $321 in 1929 to $7 in October, 1931.

Kennecott Copper: High, 1929, $104.75; now, $5⅛.

Anaconda Copper: High, 1929, $174.75; now, $3⅛.

On the margin appear these statements:

> United States Steel common, off $1,735,923,514.
> General Motors, off $3,023,250,000.
> Radio, off $1,368,718,000.

I ask that this whole statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE WALL STREET PANIC OF 1929 ROCKED THE FINANCIAL FOUNDATIONS OF THE WORLD—MILLIONS OF PEOPLE LOST BILLIONS OF DOLLARS IN THE GREATEST SWINDLEFEST OF ALL TIME

Financial racketeering habitually practiced on investors by predatory wealth and the greatest protected gambling hell on earth. The following tabulation shows a few of the 1,286 "safe securities" listed on the New York Stock Exchange:

Name	1929 high	July 2, 1932
American Can	$184.50	$33¾
Vanadium	116.50	7
United States Steel	261.75	23¾
Bethlehem Steel	140.75	18
Midland Steel	321.00	(1)
Kennecott (copper)	104.75	5⅛
Anaconda (copper)	174.75	3⅛
Calumet & Hecla (copper)	61.75	(1)
Great Northern R. R	128.75	6⅜
Baltimore & Ohio R. R	145.25	6½
Atchison R. R	269.75	40½
Pennsylvania R. R	110.00	7⅞
Southern Ry	167.25	3½
Union Pacific Ry	297.50	31⅞
Sinclair (oil)	45.00	(1)
Standard Oil of California (oil)	81.75	(1)
Standard Oil of New Jersey (oil)	83.00	(1)
Richfield (oil)	49.50	⅜
Auburn (auto)	514.00	48
Chrysler (auto)	135.00	6⅛
General Motors (auto)	91.75	8
Marmon (auto)	104.00	(1)
Nash (auto)	118.75	9⅛
Studebaker (auto)	98.00	3⅜
Hudson (auto)	93.50	4¾
Radio	114.75	5
American Tobacco	235.00	50½
Goodyear	105.75	6½
Goodrich	115.75	2⅜
Case, J. I	509.00	22¾
Du Pont	231.00	23¾
Eastman Kodak	264.75	40⅜
Standard Gas	243.75	10¼
Montgomery Ward	156.75	4½
Sears Roebuck	181.00	10¼
Safeway Stores	195.25	34¾
Penney, J. C	412.00	16½
Fox Film	105.50	(1)
Transamerica	166.50	2⅞
American Telephone & Telegraph	310.25	78⅛
Average	176.75	----------

Average depreciation, 83 per cent to October, 1931. Depreciation increased since.

(1) Not quoted.

United States Steel common, off $1,735,923,514.
General Motors, off $3,023,250,000.
Radio, off $1,368,718,000.

WOLVES OF WALL STREET

Wall Street: The alma mater of mergers—where business men lured by promises of great gain turn over unit concerns to big business—accept stock in mergers and learn a merger is often a mirage—and that they "sold themselves down the river."

The stock exchange is regarded as the greatest protected gambling hell on earth, where it is always open season for suckers. Investors pit their feeble wits against fraudulent propaganda—frenzied market rigging—manipulation—the swindling margin game—ballooned stocks and vicious short selling. Millions of investors lose billions of dollars in a "shell game" that can't be beat.

Depreciation of 1,286 "safe securities" on the New York Stock Exchange from the 1929 high to recent low is reported at $60,000,000,000. The mind can comprehend that only by comparison. If in gold loaded on express cars—12 tons per car—it would make a train 124 miles long. It approximates $31 for every acre of land in the United States—$480 per head of population.

That vast sum of money represents false values squeezed out of "safe securities" on the New York Stock Exchange. It does not include depreciation of stocks on other exchanges, or loss on stock of 1,345 bank failures in 1930 and 932 for the first eight months of 1931.

Financial and corporation racketeers—allied with stock exchanges—investment bankers—thousands of big and little banks—sold at swindling prices—clearly evidenced by present prices—billions of dollars of stocks, "rights," mortgages, bonds, investment-trust shares—as "safe securities." Sedulously promoting stock gambling, taking billions of dollars from legitimate business, and, as a result, the panic followed.

These same interests exchanged billions of dollars for scraps of paper of decadent monarchies, puling republics, and blustering dictatorships, and that bunk and junk were loaded on the American investor and he will later have to pay the allied debts of the World War.

Investors learn financial throat-cutting is an indoor sport of Wall Street—followed by wreck and ruin—panic and unemployment—a long, long trail of disaster, suicide, and death. That Wall Street politically and financially dominates Government—even Presidents—formulating laws it finds Washington and Congress a convenient branch office.

People are slowly learning that financial and political racketeering dominate governments of the world, where money talks, prints, broadcasts, reigns, and kicks into the gutter parliaments, kingdoms, and republics, buncoing the political peasantry of this and other countries by propaganda, making democracy a farce.

A few years ago Tom Lawson threw a monkeywrench in Wall Street machinery when he called the big boys liars and thieves, and the tricks of the game downright thievery.

The Armstrong Commission resulted from the Lawson exposé. Hughes, the present Chief Justice of the United States Supreme Court, head of the commission, made the big boys "cough up" and reform. Some fled the country as frightened rats desert a sinking ship. History shows what happened to some of the crooks.

Demand of the next Congress an "Armstrong" investigation of the stock exchange. Demand of your Senator and Representative legislation that will make felons of the wolves of Wall Street. Had this been done years ago there would have been no panic. And the millions now unemployed would have jobs, shelter, and food.

Mr. FLETCHER. Mr. President, there has been a gradual decline since, and with that decline there has been a decline in commodity prices. The average of the listed stocks was $176.75 in 1929, and the low in October, 1931, was $30.32. I have not figured out what the average low would be to-day, but it is lower than that.

There has been a continuation of this depreciation in values. Those are the kinds of stock which the financiers unloaded on the public, and the public have suffered these losses. We have to do something about it. It is a situation which is intolerable, and we can do something in the direction of expanding the currency and credit in order to supply the necessary funds with which to carry on our business.

For these reasons I am going to support the amendment, and then I will have an amendment to offer a little later myself.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Idaho [Mr. BORAH].

Mr. BORAH. Mr. President, I think the Senator from Wisconsin [Mr. BLAINE] desires to be present before this amendment is voted on, so I shall have to call for a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Reed
Austin	Dale	Johnson	Robinson, Ark.
Bailey	Davis	Jones	Robinson, Ind.
Barbour	Dickinson	Kean	Schall
Bingham	Dill	Kendrick	Sheppard
Black	Fess	Keyes	Shipstead
Blaine	Fletcher	King	Shortridge
Borah	Frazier	La Follette	Smith
Bratton	George	Lewis	Smoot
Brookhart	Glass	Long	Steiwer
Broussard	Glenn	McGill	Stephens
Bulkley	Goldsborough	McKellar	Thomas, Idaho
Bulow	Gore	McNary	Townsend
Byrnes	Hale	Metcalf	Trammell
Capper	Harrison	Morrison	Tydings
Caraway	Hastings	Moses	Vandenberg
Cohen	Hatfield	Norbeck	Wagner
Connally	Hawes	Norris	Walcott
Coolidge	Hayden	Nye	Walsh, Mass.
Copeland	Hebert	Patterson	Watson
Costigan	Howell	Pittman	White

The VICE PRESIDENT. Eighty-four Senators having answered to their names, there is a quorum present.

Mr. BLAINE. Mr. President, I desire to offer an amendment to the amendment offered by the Senator from Idaho, in the nature of a substitute; but before offering it I am going to ask that the pending amendment be reported.

The VICE PRESIDENT. The amendment will be read.

The LEGISLATIVE CLERK. The Senator from Idaho moves to insert, on page 39, after line 19:

That notwithstanding any provisions of law prohibiting bonds of the United States from bearing the circulation privilege, for a period of five years from the date of enactment of this act all outstanding bonds of the United States heretofore issued or issued during such period bearing interest at a rate not exceeding 3⅜ per cent per annum shall be receivable by the Treasurer of the United States as security for the issuance of circulating notes to national-banking associations, and upon the deposit with the Treasurer of the United States by a national-banking association of any such bonds, such association shall be entitled to receive circulating notes in the same manner and to the same extent and subject to the same conditions and limitations now provided by law in the case of 2 per cent gold bonds of the United States bearing the circulation privilege; except that the limitation contained in section 9 of the act of July 12, 1882, as amended, with respect to the amount of lawful money which may be deposited with the Treasurer of the United States by national-banking associations for the purpose of withdrawing bonds held as security for their circulating notes, shall not apply to the bonds of the United States to which the circulation privilege is extended by this section and which are held as security for such notes. Nothing contained

in this section shall be construed to modify, amend, or repeal any law relating to bonds of the United States which now bear the circulation privilege.

As used in this section, the word "bonds" shall not include notes, certificates, or bills issued by the United States.

There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

Mr. BLAINE. Mr. President, I offer the following amendment in the nature of a substitute and ask that it be reported.

The VICE PRESIDENT. Let it be read for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Wisconsin offers the following amendment in the nature of a substitute:

That paragraph "eighth" of section 4 of the Federal reserve act, as amended, is amended by adding before the period at the end thereof a colon and the following: "*Provided*, That notwithstanding any provisions of law prohibiting bonds of the United States from bearing the circulation privilege, for a period of five years from the date this paragraph, as amended, takes effect, all outstanding bonds of the United States heretofore issued or issued during such period and bearing a rate of interest of 3⅜ per cent or less shall be receivable by the Treasurer of the United States as security for the issuance of Federal reserve bank notes to Federal reserve banks, and upon the deposit with the Treasurer of the United States by a Federal reserve bank of any such bonds, such bank shall be entitled to receive circulating notes in the same manner and to the same extent and subject to the same conditions and limitations as now provided by law; except that the total amount of such circulating notes issued by the Comptroller of the Currency to any Federal reserve bank shall not exceed the amount of the paid-in capital stock and surplus of the national banking associations within the district of such Federal reserve bank, less an amount equal to the circulating notes of all national banking associations within such district which are outstanding upon the date this paragraph, as amended, takes effect. Nothing contained in this paragraph, as amended, shall be construed to modify, amend, or repeal any law relating to bonds of the United States which bear the circulation privilege on the date this paragraph, as amended, takes effect."

As used in this section, the word "bonds" shall not include notes, certificates, or bills issued by the United States.

There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

Mr. REED. Mr. President, will the Senator from Wisconsin yield for a question?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Pennsylvania?

Mr. BLAINE. I yield.

Mr. REED. This in effect would abrogate the 40 per cent gold-coverage requirement of the Federal reserve notes at the present time, would it not?

Mr. BLAINE. That is not the way the proposition should be stated. This substitute amends section 4, paragraph 8, of the Federal reserve act, which reads as follows:

Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law as with reference to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the capital stock of such Federal reserve banks.

It amends that provision of the Federal reserve act and makes eligible for the circulation privilege all bonds bearing a rate of interest of 3⅜ per cent or less, and limits the issue of circulation to the paid-in capital stock and surplus of the national banks and the member banks of the Federal reserve system, less outstanding national bank notes and outstanding Federal reserve notes.

Mr. REED. Why would not the same result be more directly attained if the Senator were to propose an amendment to the amendment offered by the Senator from Idaho limiting the bonds that are thereby given the circulation privilege to bonds bearing an interest rate of 3⅜ per cent and less? Then the proposal of the Senator from Idaho would be much less harmful, because the bonds that would be given the circulation privilege would be much less in amount. It would not apply at all to the first or fourth Libertys which are now outstanding in such large amounts.

I am in sympathy with the Senator's idea that we ought not to make a Christmas present to the banks, and that is exactly what I think is done by the amendment offered by the Senator from Idaho. The Senator from Wisconsin ameliorates that proposition by restricting the circulation privilege to the lower-interest issues of bonds of the United States, and I am in full sympathy with that, but I think he can get the same result more effectively and directly by offering it as an amendment, instead of a substitute, to make the notes national bank notes instead of Federal reserve bank notes.

Mr. BLAINE. But let me point out to the Senator that I am doing more than the Senator has suggested. I am also avoiding an invitation to banks that are not national banks to join the system of national banks in order to have the circulation privilege, by taking away the enormous profits that go to the national banks on the issuance of national bank notes. The result flows from the method I have used. I have proposed to amend the Federal reserve act, specifically section 4, paragraph 8, and if this were adopted then whatever profits are made out of the issue will be governed by section 7 of the Federal reserve act, which provides that there shall be an annual dividend of not more than 6 per cent of the paid-in capital to the stockholders of the Federal reserve bank, and that the surplus over and above that is a franchise tax which goes into the Treasury of the United States. By making that set-up we do not offer an invitation to State banks to join the national banking system. We will not induce State banks to join the national banking system because they will be limited in this undertaking to 6 per cent, which is a very reasonable return, while if the amendment offered by the Senator from Idaho is taken as the basis for legislation, the franchise tax does not attach to the profits that are made on the circulation of national bank notes.

Mr. REED. That is quite true. All we would get out of them would be the one-half of 1 per cent circulation tax.

Mr. BLAINE. That is all we would receive, the circulation tax.

I want to present a few statistical facts for the information of the Senate. I called up the Federal Reserve Board, and I found that on December 31, 1931, the most recent report the board has, the total paid-in capital stock and surplus of the 6,368 national banks was, in round numbers, $2,996,000,000. I am omitting the thousands. There were 878 member banks or State banks having a capital stock and surplus of $2,026,000,000 in round numbers. The total of the two is $5,022,000,000. The basis for the circulation of the Federal reserve bank notes is to start with that figure and then deduct therefrom the following items as provided in the substitute:

The national-bank notes, as stated by the Senator from Pennsylvania yesterday, outstanding, and for which there is no cash deposited, $627,000,000. The amount on December 31 last of the Federal-reserve notes was $2,624,000,000; but at the present time that has been increased slightly over $200,000,000. Taking the two figures, the national-bank notes and the existing Federal reserve notes make a total in round numbers of $3,500,000,000. Subtracting that from the total paid-in capital stock and surplus of the member banks and the Federal reserve system makes an available additional circulation of $1,500,000,000.

If we were to discuss this from the standpoint of expanding the currency, of course my substitute offers a greater expansion, but it does the two things which I have pointed out. It protects the low-interest-bearing bonds from depreciation. I invite attention to the fact that on yesterday all United States bonds bearing a rate of interest of 3⅜ per cent sold under par, and some of them sold at a considerable discount, while bonds bearing a rate of interest above 3⅜ per cent were selling above par. The member banks of the Federal reserve system have the lower-interest-bearing bonds in their portfolios. They can send those bonds to the Federal reserve bank in the districts in which the member bank is located, and through the Federal re-

serve bank they may have Federal reserve bank notes issued against those bonds. Under my proposal there will be no inducement for an appreciation of the premium on bonds, and it will absolutely prevent any depreciation on the lower-interest-bearing bonds. It will not induce State banks to join the national banking system for the privilege of issuing national-bank notes for the reason, as I pointed out, that the incentive, the great profit involved, will not be present. In my opinion it would seem that we are protecting the stability of our bonds, we are assuring against a depreciation of the low-interest-bearing bonds, and as well assuring against a tremendous appreciation in the higher-interest-bearing bonds, which appreciation would not, of course, come into the Treasury of the United States, and we are not interested in boosting the premium on bonds after the Government has parted with those bonds; but I am interested in maintaining the stability of our bonds and also maintaining those bonds at par.

Mr. REED. Mr. President, will the Senator permit a question?

The PRESIDING OFFICER (Mr. GOLDSBOROUGH in the chair). Does the Senator from Wisconsin yield to the Senator from Pennsylvania?

Mr. BLAINE. I yield to the Senator from Pennsylvania for a question.

Mr. REED. It occurs to me that the Senator's proposal amounts to a revival and extension of the plan of issuing Federal reserve bank notes as distinguished from Federal reserve notes. The large amount to which the Senator referred as being in circulation, $2,700,000,000, are Federal reserve notes secured at least 40 per cent by gold and the balance by eligible paper or United States securities.

Mr. BLAINE. That is correct.

Mr. REED. The other section of the act which provides for the issuance of Federal reserve bank notes provides for circulating notes very much like national-bank notes, but that section has been gradually falling into disuse; at the present time there are only a couple of million dollars of such bank notes outstanding, and the money has been deposited in the Treasury to redeem them all. It does not seem to me that it is wise policy to revive that system. I think all the Federal reserve currency ought to have the 40 per cent gold coverage and that the other system of issuing notes without gold, merely backed by United States bonds, is unwise, because it creates an inelastic and undesirable form of currency. I defer, however, to the Senator from Virginia, as he knows all about the Federal reserve system while I do not know very much about it.

Mr. BLAINE. May I suggest to the Senator from Pennsylvania that we are confronted with a condition here; we are confronted with the proposition of——

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Virginia?

Mr. BLAINE. I merely wish to make a few more observations, and then will yield to the Senator from Virginia.

My position is that under the amendment offered by the Senator from Idaho we are broadening the field for the issuance of national-bank notes which have no gold back of them but which are backed only by United States bonds. The national banks have availed themselves of the privilege of issuing national-bank notes practically to the full extent, and if we broaden the circulating privilege of bonds or include other bonds and give them the circulating privilege, I am of the opinion that the national banks would seize the opportunity and issue additional bank notes, because they are especially inviting from the standpoint of profit and convenience, and all that sort of thing. I think it has been demonstrated by the testimony before the Committee on Banking and Currency that if authority be granted to issue additional circulating medium of this character it will be found that the large national banks will take advantage of it, and their desire for profits will not result in that circulating medium's filtering back into the various sections of the country, but in going to those sources where the profits will be greatest, and that means the stock market; that means speculation. By increasing the number of banks which may avail themselves of the circulation privilege, we at least scatter the benefits over the country; we give the privilege to 878 State banks of obtaining the benefit of Federal reserve bank notes. Now I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, I have had an opportunity only to glance at this proposition and not to consider its details; but it seems to me that the major purpose of the Senator from Wisconsin could readily and instantly be accomplished by accepting the suggestion of the Senator from Pennsylvania, which had been previously made to me by the Senator from Nebraska [Mr. NORRIS], of confining the issuance under the proposed amendment of the Senator from Idaho to outstanding bonds bearing not exceeding 3⅜ per cent interest. That would cover the objection raised as to suggested profits of national banks, which I do not concede is involved, because the national banks now own these bonds and derive the rate of interest, whatever it may be, from their possession. I think the suggestion offered by the Senator from Pennsylvania is feasible, and it is altogether acceptable to me, except that I do not know—and I should be glad if the Senator from Pennsylvania would inform us if he has the information—in what volume these particular bonds are held by the 7,600 national banks of the country and what their distribution is.

Mr. REED. Mr. President, will the Senator from Wisconsin yield in order that I may reply to the question of the Senator from Virginia?

Mr. BLAINE. I yield.

Mr. REED. The total outstanding amount of Treasury bonds bearing 3⅜ per cent interest or less is slightly over $2,900,000,000, or about three times the estimated requirements for the purpose of the Senator from Idaho. How large a number of them is owned by national banks it is difficult to say; but we all remember that the banks got pretty well stuck with the 3 per cent issue which was last put out, and most of them doubtless still have the bonds they took on their original subscriptions.

Mr. GLASS. Yes; the trouble with the suggestion, as I have indicated, is that we do not know here the total amount of these bonds that may be included in the $4,199,000,000 of bonds held by the national banks; we do not know what is their distribution. They all may be held in one or two money centers; and if that be true, the 7,600 national banks throughout the country would not derive much advantage from this proposition.

Furthermore, I should like to inquire of the Senator from Wisconsin just how it is expected that the notes under this proposal will get into the possession of the individual national banks? As I read his proposed amendment, only Federal reserve banks are authorized to issue these notes, and the Federal reserve banks have no reason to issue them; they have no use for them. The Federal reserve banks have in their portfolios now assets they can not utilize, and which they are only utilizing for the purchase in the open market of United States bonds which they do not need. Just exactly how could 7,600 national banks get possession of these notes?

Mr. BLAINE. Mr. President, I rather think the Senator from Virginia is quite familiar with how that is done. Many banks throughout the country can avail themselves of the benefit of the Federal reserve notes.

Mr. GLASS. But these are not Federal reserve notes; these are Federal reserve bank notes.

Mr. BLAINE. I understand that; but let me finish my statement. The banks that belong to the system could avail themselves of the Federal reserve bank notes identically the same as they avail themselves of Federal reserve notes.

Mr. GLASS. No; they get Federal reserve notes by putting up commercial paper.

Mr. BLAINE. Exactly.

Mr. GLASS. They do not get them through the Treasury of the United States; they get them through the agents of the Government at the Federal reserve banks.

Mr. BLAINE. I understand that; I do not believe that I am confused in this proposition. Presently the member banks of the Federal reserve system avail themselves of the benefits of Federal reserve notes by depositing their commercial paper, and, under the Glass-Steagall bill, 60 per cent may be United States bonds. Under my substitute the member banks would do identically the same thing. They would not offer gold, they would offer United States bonds; the Federal reserve system would make application to the Treasury Department, and, in turn, the Treasury Department or the Comptroller of the Currency of the Treasury Department, exactly as the law now provides, would authorize such notes, and in return the Federal reserve bank would credit the member bank.

Mr. GLASS. There is nothing in the Senator's amendment which provides for any such process.

Mr. BLAINE. Mr. President, surely the Senator is mistaken. The present law provides for that procedure.

Mr. GLASS. For the issuance of Federal reserve notes; yes.

Mr. BLAINE. For the issuance of Federal reserve bank notes. Paragraph 8, section 4, of the Federal reserve act provides for that very thing. The members of the Federal reserve system can obtain Federal reserve bank notes now upon the conditions set forth in the law. This is simply extending the privilege of circulation to any United States bond that bears a rate of interest of 3⅜ per cent or less, and the modus operandi in obtaining the circulating medium is identically the same as now set out by law.

Mr. GLASS. It would have to go through the process of the individual bank making application, assembling its commercial paper, and having it passed upon by the Federal reserve bank officials. It would be a very complicated procedure, at best, and if that is to be proposed seriously I would suggest to the Senator from Idaho that he had better withdraw his amendment altogether.

Mr. BLAINE. Mr. President, the matter is only complicated by reason of the efforts of the Senator from Virginia to complicate it. He assumed when he began his interrogatories that this could not be done. I have pointed out that it can be done under the present law as to the 2 per cent bonds. My provision merely extends the circulation privilege to bonds having 3⅜ per cent or less instead of limiting the privilege to the 2 per cent bonds. Two per cent bonds are no longer available to any appreciable amount.

Mr. GLASS. It concentrates the matter here in Washington, with the requirement that it go through the present complicated process of presenting commercial paper and having it passed upon by the agents of the Government at the respective Federal reserve banks, whereas under this process it is an application made by the impounding of bonds by each of the individual 7,600 banks. I again suggest to the Senator from Wisconsin that his major proposition is covered fully by the suggestion of the Senator from Pennsylvania as to the possible profits that the banks might make, which suggestion is altogether unobjectionable to me, except, as I have said, none of us now knows what is the distribution of these bonds among the individual banks.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Florida?

Mr. BLAINE. I yield.

Mr. FLETCHER. Under the amendment proposed by the Senator from Idaho it is estimated there will be an increase in circulation and expansion of the currency to the extent of about $1,000,000,000. Does the Senator's substitute have the effect of reducing that amount?

Mr. BLAINE. No; my substitute would permit additional circulating currency to the extent of about $1,500,000,000, a little under $1,500,000,000. I have not the exact figures, but it would run to $1,450,000,000, at least.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. BLAINE. I yield.

Mr. NORRIS. I think the Senator's point is well taken that the amendment of the Senator from Idaho covering all bonds at any rate of interest is probably too broad. The object, I think, of those who favor this amendment, or anything like it, is to increase the circulating medium, and that is the object the Senator from Wisconsin has in view.

There is not any doubt but that there are enough bonds drawing 3⅜ per cent interest or less to much more than cover the applications that could be made if all the banks applied for everything they were entitled to in the way of bonds. I think it would be conceded, too, that under existing law 2 per cent interest is not sufficiently attractive to cause the banks to apply for this increased circulation, because a large number of them do not do it. So that rate must be increased, and we must put it at a point where it will be profitable. After all, the object to be attained is an increased circulation of the currency.

Mr. BLAINE. Mr. President, as a matter of fact, the 2 per cent bonds are exhausted.

Mr. NORRIS. Yes.

Mr. BLAINE. And if a bank attempts to buy them, it must pay, according to the last available data I have very recently, a premium of about 2⅓ per cent, or about 102.

Mr. NORRIS. I think they have been still higher than that.

Mr. BLAINE. So that 2 per cent bonds actually command a premium.

Mr. NORRIS. The point I want to make to the Senator, no matter whether it is his substitute or the amendment offered by the Senator from Idaho, is this:

Nobody can tell accurately in advance just how high the interest rate on bonds bearing the circulating privilege should be in order to make them sufficiently attractive to bring about this increased circulation. I want to suggest to the Senator from Idaho that he amend his amendment by inserting, on line 9, page 2, after the word "period," these words:

Bearing interest at a rate not exceeding 3⅜ per cent.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. BLAINE. I do.

Mr. BORAH. I shall not object to that amendment.

Mr. NORRIS. The Senator can modify his amendment by himself putting it in, without a formal vote, if he wants to.

Mr. BORAH. Very well.

Mr. NORRIS. And, of course, we are entitled to vote on that before we vote on the substitute, under the rule.

Mr. BORAH. Mr. President, I propose, by way of perfecting the amendment, to insert after the word "period," in line 9, on page 2 of the amendment, the words:

Bearing interest at a rate not exceeding 3⅜ per cent premium.

Mr. BLAINE. I yield for that purpose.

The PRESIDING OFFICER. The amendment will be so modified.

Mr. BLAINE. Mr. President, that amendment accomplishes just one thing, and that is to protect the value of the low-interest-bearing bonds; but it fails to deal with another and very important thing, and that is the enormous profits that national banks can make and do make on account of this circulating privilege. Those profits are not due to the rate of interest on the bonds—not at all.

Take the 2 per cent Panama Canal bonds: The rate of interest on those bonds is only 2 per cent; but as a matter of fact, those bonds sold at a premium, and it took $102.338 to buy a $100 bond. Notwithstanding that premium, the circulating privilege is profitable. A national bank exercising that privilege receives first the interest on the bond, whatever that rate of interest may be. Then it takes 95 per cent of that money, or $95,000 out of every $100,000 it puts up, and it receives all the way from 6 to 12 per cent return on it in ordinary transactions; and when there was a great stock-speculative spirit abroad in the land some of

the New York banks and banks in the interior received as high as 20 per cent on their money. So you can make up your minds that if we extend the circulating privilege to these additional bonds, when the time comes, if it does come, that there is an upturn in affairs, and the stocks and bonds of our industries and transportation concerns begin to rise, and there is a speculative spirit created, all of that circulation will immediately be diverted into the stock market, into speculation, and the banks will make an enormous profit from a circulating medium back of which they have an investment of only 5 per cent, the amount that they must deposit in the redemption fund.

Mr. President, the national-bank question was fought out a long, long time ago by Andrew Jackson. I am not going into that political history.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Virginia?

Mr. BLAINE. I am not going into that. I simply referred to that in passing.

Mr. GLASS. I should like the Senator to go into it to this extent——

Mr. BLAINE. I prefer to have the Senator speak in his own right. I do not want to be discourteous, Mr. President, but I am not concerned about the political history. Finally, the United States Congress fixed the policy of limiting the circulation privilege of United States bonds to the 2 per cent Panama bonds.

The time was when this privilege extended to bonds drawing 6 per cent and 5 per cent; and eventually it was restricted to bonds drawing only 2 per cent. That policy has been maintained, and it has been maintained for a very good reason.

When the able Senator from Virginia [Mr. GLASS] wrote the Federal reserve banking law, he saw to it that there were no additional privileges extended to national banks in the issuing of national-bank notes.

The opportunity for profits, of course, will be an inducement to drag into the national-banking system additional banks that are not now members of that system, and finally we will be extending the circulating privilege to all banks—a monetary system which, of course, has been denounced by economists and those who have had any official responsibility respecting a monetary system for America in recent times.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Ohio?

Mr. BLAINE. I yield.

Mr. FESS. I should like to have the Senator's opinion upon the proposal of making the period 1 year instead of 5, with the privilege of renewal each year for not exceeding 5 years upon the approval of the Federal Reserve Board.

I share the Senator's views in much of what he is saying; but the thought I had was that since the purpose of this is to increase circulation—whether or not that is necessary is in doubt—we do limit the circulation to Federal reserve banks, under the approval of the Federal Reserve Board, to be responsive to the money needs—at some times so much, and at other times less. If that be a correct policy, would it not be better, if this measure becomes law, instead of making the time 5 years, to make it 1 year, with the privilege of renewal each year, not beyond 5 years, upon the approval of the Federal Reserve Board?

Mr. BLAINE. Mr. President, of course in either case either of these two propositions is a trial proposition. There is no doubt about that. I doubt if it should be limited to one year. I have no objection to making the modification, making it two years and then extending the privilege beyond those two years. Even as a tryout I have no objection to making it two years, without any reference to extension, and on that basis I have no objection to the suggestion.

Mr. FESS. It would appear to me that that is consonant with the method in which we have been proceeding under the Federal reserve act. While I look with askance upon this sort of legislation to a considerable extent, if this is written in I think that limitation ought to be put on.

Mr. BLAINE. I should prefer to leave the extension of the matter to the Congress. I should be very willing to accept the Senator's suggestion to strike out the word "five" where it has reference to the term and insert the word "two." I know it is a trial proposition, and in either case it is to be limited.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Iowa?

Mr. BLAINE. I do.

Mr. BROOKHART. Under this proposition as amended, nearly three billions of new bonds are made available as a basis for these bank-note issues. Under the Senator's argument of profits, to which I agree so far as that is concerned, would not the banks which are entitled to use these bonds as a basis for these issues acquire them, whether they have them now or not; and would it not lead to an expansion of the currency to the full amount authorized?

Mr. BLAINE. The maximum expansion possible under the proposition I have presented——

Mr. BROOKHART. Under the proposition as amended, as the Senator from Idaho has perfected his amendment, I understood that to be about $3,000,000,000.

Mr. BLAINE. I do not know how much the additional circulating medium would be.

Mr. BROOKHART. The Senator from Pennsylvania gave the figures.

Mr. BLAINE. Was it $2,900,000,000?

Mr. BORAH. Two billion, seven hundred million dollars, I think.

Mr. BLAINE. The total additional circulation available under the Senator's amendment, as I understand, would be $995,000,000, in round numbers.

Mr. BROOKHART. What is the provision which limits that?

Mr. BLAINE. That is due to the restriction as to the capital stock.

Mr. BROOKHART. Unless new banks come into the system.

Mr. BLAINE. Unless new banks come into the system. Then, of course, it might be quite unlimited.

Mr. BROOKHART. Under the Senator's idea, if the currency could be expanded this full amount, that would have a tendency to lower the rate of interest to the whole public, would it not?

Mr. BLAINE. It would depend upon whether or not the national-bank notes would filter back into the pockets of the people or go into the stock market in speculation. I think if the testimony before the Committee on Banking and Currency were examined closely, it would be disclosed that the tendency is, under such a medium of circulation, for it to find its way, first, into the speculative market rather than back into the pockets of the people, and I think that is correct.

Mr. BROOKHART. That may have been true in the past, but I think the public has lost confidence in this speculation, so that it may be hard to develop again.

Mr. BLAINE. I can not speculate on what the people may think about the future.

Mr. BROOKHART. Does the Senator think that a $900,000,000 expansion would amount to much in the restoration of commodity prices?

Mr. BLAINE. A $900,000,000 expansion, if it actually went into the pockets of the people who produce, might have a material influence.

Mr. BROOKHART. In this case it would go into the pockets of the customers of the banks, whether they produce or not.

Mr. BLAINE. It is very evident that even to-day there is an enormous amount of circulating medium that is in the banks, and that medium is not going into the pockets of the people. It is very probable that the banks would use this money for identically the same purpose for which they use the money which is borrowed from the Reconstruction

Finance Corporation, to provide more liquidity for the banks and to retire obligations which the banks owe to other banks.

That is my view of it, Mr. President. I do not care to extend the debate beyond these expressions of my own views.

Mr. VANDENBERG. Mr. President, I want to offer one observation. It seems to me that if there is any hazard whatever in the pending proposition submitted by the Senator from Idaho it lies in the possible repercussion as a result of its misrepresentation. I am thinking, for example, of the comment in the editorial column of the Washington Post this morning, which is typical of the danger I have in mind. Referring to the proposal as submitted by the Senator from Idaho, and its alleged inflationary characteristics, the editorial says:

> If Congress should approve a scheme for debasement of the currency the people would demand gold for hoarding, and the backbone of the American monetary system would be broken.

The thing I am trying to say is that there is no remote, direct, or indirect characteristic of debasement of the currency in the proposition to which I refer. I think it is, to begin with, an axiom that the distinguished Senator from Virginia [Mr. GLASS] never would lend himself in any degree to a debasement of the currency. Meanwhile the facts speak for themselves.

Mr. GLASS. It would be as utterly impossible for me to do that as it would for that newspaper to be fair in its comments.

Mr. VANDENEERG. The Senator has used the editorial for a double purpose. I am using it solely for the purpose of typifying the ease with which this type of a thing can be misunderstood, and I am trying to say again that it is emphatically important—and in this I know the Senator from Virginia will agree, and the Senator from Idaho will agree—that it should be unequivocally understood that this is simply an extension of the existing national-bank-currency method, which has been pursued for years and that it has in its purview and lengthened shadow no remote element of debasement of the currency.

Whether or not we agree with the principle of the bill, it is beside the immediate point I am making. If this amendment is agreed to, let it be distinctly understood that it would not debase the currency. It would leave us with the same sound money which we now possess.

Mr. GLASS. Mr. President, I wanted to inquire of the Senator from Wisconsin just exactly why State banks would transform themselves into national banks and join the system because of the alleged temptation of the alleged profit to the national banks in bank circulation. If that were true, why do they not transform themselves now? Why have they not done it all along? There are in the United States 17,000 State banks and only 7,600 national banks. If the profit in circulation is so inviting, is so enormous, as the Senator from Wisconsin pronounces, why should not these 17,000 State banks abandon their State charters and go into the national system and participate in these enormous profits which are supposed to be accruing to the national banks?

Mr. President, of course, if the amendment presented by the Senator from Wisconsin should be adopted, the whole purpose of the amendment offered by the Senator from Idaho would be instantly abrogated. There is not a member bank of the system that would go to the trouble to assemble its commercial paper to be presented to the agent of the Government at a Federal reserve bank for rediscount purposes, to assemble that paper and offer it to a Federal reserve bank for Federal reserve notes. They are not doing that now. The capacity of the Federal reserve banks to respond to the commercial requirements of the country is almost inexhaustible. They can get Federal reserve notes now, Government obligations in the final analysis, by assembling their commercial paper and presenting it.

The proposition of the Senator from Wisconsin does not involve an expansion of the currency to the extent of one single dollar.

USE OF AMERICAN GOODS IN FILLING GOVERNMENT CONTRACTS

Mr. CONNALLY. Mr. President, it is evident that the Senate is not going to conclude action on the home loan bank bill to-day. Therefore, I desire to speak on another matter for just a moment.

I ask that the clerk read section 5 of the appropriation bill for the Treasury and Post Office Departments, which was passed several days ago.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read.

The Chief Clerk read as follows:

> SEC. 5. In the expenditure of appropriations in this act or appropriations hereafter made, the Secretary of the Treasury in the case of the Treasury Department, and the Postmaster General in the case of the Post Office Department, shall, unless in his discretion the interest of the Government will not permit, purchase, or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable. In giving effect to this section special consideration shall be given to the domestic article where the raw material of which the article is made is grown in the United States and the article is manufactured in the United States.

Mr. CONNALLY. Mr. President, the administration and the Post Office Department made a great play some time ago by stating that this provision in the appropriation bill would permit the Post Office Department and the Treasury Department to buy American-made and American-produced goods. It will be noted that the language is, "shall, unless in his discretion the interest of the Government will not permit, purchase or contract for," and so on, "only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more"—notwithstanding these articles may cost more—"if such excess of cost be not unreasonable."

The the Congress went farther, to show its intent that the department should use American-grown and American-manufactured goods, and said:

> In giving effect to this section special consideration shall be given to the domestic article where the raw material of which the article is made is grown in the United States and the article is manufactured in the United States.

I want to call the attention of the Senate to the manner in which the Post Office Department is administering this new section. Immediately when the law went into effect it awarded a contract for twine, amounting to $142,400, to a jute manufacturer known as the Ludlow Sales Corporation, in Boston. The difference between the amount to be paid that company and the amount that would have been paid had cotton twine been used was only $2,000. The bid on the jute was 8.9 cents per pound. The bid on the cotton was 9 cents per pound, 800 yards to the pound. For 840 yards to the pound of cotton, the bid was 9.15 cents, as against 8.9 for jute of 814 yards to the pound.

Mr. President, if the Post Office Department had carried out the spirit and the intent of the act, it would have resulted, over a year's period, in the consumption of between 7,500 and 8,000 bales of American-produced cotton. I am advised that this would have given employment to two small cotton mills. But, instead, the Post Office Department awarded the contract for jute, an article of foreign production, I suppose from India. Under the pretext that it is manufactured in this country the Post Office Department said it felt compelled to buy the jute, notwithstanding the language of the statute, which is that the Postmaster General shall, unless in his discretion the interests of the Government will not permit, even though the American article may cost more, purchase the American-grown and American-manufactured article. Further it was directed that special consideration should be given to articles of American growth and American manufacture, and yet the Postmaster General finds that a difference of $2,000 in a contract of $142,400 is of such great consequence that he can not purchase the article of domestic production and manufacture.

Mr. President, I denounce the policy of the Post Office Department as being absolutely in the face of the spirit and intent of the statute. Its action is a fraud on the law. It is a perfect betrayal of all of its profession that it intends to use articles of the growth and manufacture of the United States. There was a loud display and profession some time ago that it was the purpose of the administration and of the Post Office Department to encourage the use of articles of growth and manufacture in the United States. Now at a time when agriculture, one of whose chief branches is that of the cotton industry, is suffering a reduction in price, the greatest in the history of the cotton industry; when cotton is lower than it has been for 75 years; and when the American people are in distress, in the face of an almost obligatory command of Congress, the Postmaster General finds this one little loophole, an infinitesimal hole through which he was able to crawl, and he awards this contract in this amount of money to a foreign product and gives preference to foreign laborers in India and acts directly against the American farmer and the American producer. It is an outrage upon American agriculture and upon the American people and is an absolute slap in the face of the Congress which enacted the statute.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

Mr. BROOKHART obtained the floor.

Mr. McNARY. Mr. President, will the Senator from Iowa yield to enable me to submit a unanimous-consent request?

Mr. BROOKHART. I yield for that purpose.

Mr. McNARY. I desire to propose a request for unanimous consent that when the Senate shall have concluded its business to-day it adjourn until Monday morning at 11 o'clock; and that after the routine morning business on that day the Senate shall proceed to the consideration of unobjected bills on the calendar under Rule VIII, and shall continue the call of the calendar until 1 o'clock.

The VICE PRESIDENT. Is there objection?

Mr. ASHURST. Mr. President, of course, I have no objection, but I hope the Senator will couple with his request an agreement not to adjourn to-day until we shall have disposed of the amendment of the Senator from Idaho [Mr. BORAH].

Mr. McNARY. I have made no reference to that. I have provided merely that "when the Senate shall conclude its business to-day," whether it be an hour from now or four hours from now, we shall adjourn until 11 o'clock on Monday.

Mr. ASHURST. Very well.

The VICE PRESIDENT. Is there objection to the unanimous-consent request. The Chair hears none, and it is so ordered.

Mr. BROOKHART. Mr. President, the junior Senator from Michigan [Mr. VANDENBERG] and the Senator from Pennsylvania [Mr. REED] have discussed the nature of our currency. The Senator from Michigan said we should avoid all appearance of "defacement" of the currency, and based that on a comment in the newspapers. The Senator from Pennsylvania described our currency as "the honest dollar." The Senator from Pennsylvania has left the Chamber, but I should like to ask the Senator from Michigan if our dollar fixed the value of commodities in 1926, and if a rural community issued bonds to build a schoolhouse at that time and would now, in 1932, come to pay those bonds, and our currency would require two and one-half times as much of the commodities to pay those bonds as of the date they were contracted, would he believe we are operating under a "defaced" currency now?

Mr. VANDENBERG. Of course, the net value of the Senator's arithmetic is unanswerable; but so far as the term "debasement" is understood as an idiom of the day, he well knows that it refers to something else, and I am sure he will agree with me that it is inadvisable to have any misunderstanding.

Mr. BROOKHART. Did the Senator use the term "debase" or "deface"?

Mr. VANDENBERG. Debase.

Mr. BROOKHART. I misunderstood the term, but taking it on the basis of the term "debase" I want to add to the definition of a debased currency a currency that is unduly inflated in value as well as one that is unduly deflated in value. One is just as much a debasement as the other and does just as much injustice to the people of the country as the other.

The Senator from Pennsylvania [Mr. REED] talked about an honest currency. A currency that changes the values in that way for the payment of debts is not an honest currency. It is just as dishonest when it is inflated in value, thereby deflating the value of commodities, as it is when it is deflated in value and commodities rise to an undue price level. Either one of those is debasement, and one is just as much to be condemned as the other. We are in a situation where the value of the dollar has been inflated, and inflated enormously, and the prices of commodities deflated accordingly, and this debasement or dishonesty, whatever it may be called, is what we are seeking to correct by the amendment.

The Senator from Virginia [Mr. GLASS] pointed out in his speech yesterday that—

> In pursuance of that system the Federal reserve banks have gone into the open money market in the metropolitan districts purchasing bonds, for which they had not one particle of use, to the amazing extent of $900,000,000—now owning a total of one billion eight hundred million of United States securities—with the idea that these great banks in the money centers would trickle their liquidity down to the member banks throughout the country districts, and thereby induce the member banks throughout the country to embark on a more liberal discounting program and a broader resumption of banking business. The theory was that when this should be done there would be a very appreciable increase in commodity prices. It simply has not worked.

Mr. President, I think the statement of the Senator from Virginia is substantially correct. I think it has worked out substantially as he said, but all that was done in that so-called inflation was to transfer the bonds from the hands of one party to the hands of another party. There really was no inflation at all. We have the bonds, and we have the money just as we had before. They are in different hands, that is all. An inflation of bonds, of course, has a similar effect to an inflation of currency, and the high prices of the war were due to bond inflation and somewhat to currency inflation; but when we simply transfer from one to the other I think the position of the Senator from Virginia is correct, and we will not get much increase in commodity prices out of that sort of operation.

The present situation is a little different. The banks will buy the bonds if they do not already have them. That will be such an operation as the Senator from Virginia described. In addition to that after they get the bonds they will be put up as security for the new currency, and there will actually be a currency expansion to the amount of the issue of new money. That will have a tendency to raise commodity prices. There is that different situation from what has preceded in the open-market operations. I never had any confidence in the open-market operations as a control of commodity prices to anything like a normal level. The question with me is whether or not a mere $1,000,000,000 will raise these commodities whereas in agriculture we require two and one-half times as much as in 1926 to pay our debts. I do not think it will.

There is another objection to it that has been raised by the Senator from Wisconsin [Mr. BLAINE], and that is that this expansion is to be made because it is profitable to banks. These notes have been issued throughout the history of the national banking system on that basis. I agree that was contrary to the Andrew Jackson principles of Democracy in the old days. Therefore, while this will indirectly do some good and will indirectly have some effect on commodity prices, it is not enough, it is not anything like enough, and we will find when we have tried it that this

little $1,000,000,000 of expansion, if it occurs, has only slightly affected the general level of commodity prices.

There are two ways, as I said, of bringing about expansion, one by bond issues and the other by money issues. In this case it is to be a money issue. If we had paid the soldiers' bonus with a money issue, we would have expanded the currency directly and it would have had a direct effect on commodity prices much greater and without having the profits taken up by the banking institutions that have not earned them. If we had issued Treasury notes to handle the agricultural surplus, which would take about $1,000,000,000, that would have given us a direct expansion that would affect commodity prices. The same would result if we issued them for unemployment relief. The whole trouble with this bill is that we are not doing enough to give us any substantial benefit in the way of restoring commodity prices to where they belong. We are not restoring the debased dollar by inflation, by reducing it down to where its value should be. We are only taking a little nibble at the situation.

Mr. President, there is one other statement the Senator from Virginia made in his speech of yesterday which I can not allow to pass without a brief analysis. It was to the effect that the deflation policy of 1920–21 was not the cause of the reduction of commodity prices. The Senator from Virginia has always taken that view, and, as I see it, that conclusion comes from a failure to analyze all the facts. I want to discuss those facts now from the standpoint of the speech which the Senator from Virginia himself made upon the question of the Whole Truth About the Federal Reserve System, which was delivered January 16 and 17, 1922.

Mr. President, I am not going to dispute any fact which the Senator from Virginia stated in that speech; I know all the facts he recited to be correct and true according to the record; but I am going to state some additional facts that are not set forth in his speech, and then point out what I deem to be the logical conclusion in reference to that deflation.

Mr. President, the Senator from Virginia says in the speech referred to that it was during a period of the expansion of Federal reserve credits that the falling in the prices of commodities occurred. That is correct as a chronological statement, but, there were some other things that happened in that chronology that are left out of the speech. I have here the letter of the governor of the Federal Reserve Board, sent to the United States Senate on May 25, 1920, in answer to a resolution of the Senate to this effect:

Resolved, That the Federal Reserve Board be directed to advise the Senate what steps it proposes to take or to recommend to the member banks of the Federal reserve system to meet the existing inflation of currency and credit and consequent high prices, and what further steps it proposes to take or recommend to mobilize credits in order to move the 1920 crop.

So by formal resolution of the 25th of May, 1920, the United States Senate had taken a position in that it inquired at least about methods of deflation of commodity prices especially relating to currency inflation. That was the idea of the resolution it adopted, which went to the Federal Reserve Board on the 17th of May; on the 18th of May the board held its meeting, and in response to that resolution a letter was written by the governor of the Federal Reserve Board to the United States Senate. In that letter, the date of which is important, much is said about this deflation policy. I quote from the letter, as follows:

Liquidation during these months is entirely natural and healthy, and is necessary in order that the banks may be prepared to meet the demands made upon them during the crop making and harvesting seasons, but there has been no such liquidation and, on the contrary, commercial loans have steadily increased.

Criticizing the increase of commercial loans.

Then again this letter says:

Upon receipt of a notice that the council would hold its regular meeting on May 17, the board extended an invitation to the three class A directors of each Federal reserve bank, who are the representatives of the stock-holding banks, to come to Washington at the same time for conference with the Federal Reserve Board and the Federal advisory council. This conference was held on the 18th instant, and it was developed at the meeting that the present credit expansion is due in great part to the abnormally high prices of goods and commodities now prevailing throughout the country and to the congestion of foodstuffs and essential raw materials at or near points of production because of lack of transportation facilities.

Again, Mr. President, pointing out that the clear object of these meetings, the Senate proceeding and all, was the deflation of the abnormally high prices.

The board is convinced that if the unsold portions of last year's crops can be brought to market before the new crop matures, the liquidation of credits which are now tied up in carrying the old crops will be sufficient to offset to a considerable degree the credit demands which will be made upon the banks in moving the crop of 1920.

Then again the letter states:

Banks were cautioned, however, that drastic steps should be avoided and that the method adopted should be orderly, for gradual liquidation will result in permanent improvements, while too rapid deflation would be injurious and should be avoided.

Again using the direct term "deflation" in describing this situation. Then again the letter states:

On the other hand, there is nothing in the Federal reserve act which requires a Federal reserve bank to make any investment or to rediscount any particular paper or class of paper. The language of both sections 13 and 14 is permissive only. Section 4 of the Federal reserve act, however, requires the directors of a Federal reserve bank to administer their affairs "fairly and impartially and without discrimination in favor of or against any member bank" and subject to the provisions of law and the orders of the Federal Reserve Board to extend "to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks." Thus the directors of a Federal Reserve Board have the power to limit the volume and character of loans which, in their judgment, may be safely and reasonably made to any member bank.

Again pointing out distinctly to the banks of the country their power to bring about the deflation.

Again, this letter says:

This amendment, however, does not repeal or modify sections 4 and 13, and a Federal reserve bank is still free to decline to discount any paper which in its judgment does not constitute a desirable investment for it or which in its opinion would not constitute a safe and reasonable investment within the meaning of section 4.

There are many other quotations in this letter to the same effect. I ask that the entire letter may be inserted in the RECORD; I will not take the time to read it all.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter referred to is as follows:

FEDERAL RESERVE BOARD,
Washington, May 25, 1920.

SIR: On May 17, 1920, the Senate adopted the following resolution:

"*Resolved*, That the Federal Reserve Board be directed to advise the Senate what steps it purposes to take or to recommend to the member banks of the Federal reserve system to meet the existing inflation of currency and credits and consequent high prices, and what further steps it purposes to take or recommend to mobilize credits in order to move the 1920 crop."

In response the board desires to say that it has recognized for many months past that the expansion of bank credits in this country was proceeding at a rate not warranted by the production and consumption of goods. It has repeatedly admonished the Federal reserve banks that influence should be exerted upon the member banks to induce them to avoid undue expansion of loans and to keep their volume of outstanding credits within moderate bounds.

Beginning six months ago, the rates of discount on various classes of paper at the Federal reserve banks were advanced. During the latter part of January the present rates were put into effect. These advances, while undoubtedly checking credit transactions which otherwise would have been made, have not been entirely effective in bringing about the reduction in loans desired and which might normally have been expected during the early months of the year. Liquidation during these months is entirely natural and healthy, and is necessary in order that the banks may be prepared to meet the demands made upon them during the crop making and harvesting seasons, but there has been no such liquidation and, on the contrary, commercial loans have steadily increased. Thus it appears that the public has anticipated demands for banking credit which are usually made later on in the year. The average reserves of the Federal reserve banks are now a little over 42½ per cent, as against 45 per cent at the beginning of the year and about 51 per cent 12 months ago.

The Federal advisory council, which is composed of one member from each Federal reserve district elected annually by the board of directors of the Federal reserve bank, is required by section 12 of the Federal reserve act to meet in Washington at least four times each year. The council is authorized "to confer directly with the Federal Reserve Board on general business conditions; to make oral or written representations concerning matters within the jurisdiction of said board; to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system."

Upon receipt of a notice that the council would hold its regular meeting on May 17, the board extended an invitation to the three class A directors of each Federal reserve bank, who are the representatives of the stockholding banks, to come to Washington at the same time for conference with the Federal Reserve Board and the Federal advisory council. This conference was held on the 18th instant, and it was developed at the meeting that the present credit expansion is due in great part to the abnormally high prices of goods and commodities now prevailing throughout the country and to the congestion of foodstuffs and essential raw materials at or near points of production because of lack of transportation facilities.

The board is convinced that if the unsold portions of last year's crops can be brought to market before the new crop matures the liquidation of credits which are now tied up in carrying the old crops will be sufficient to offset to a considerable degree the credit demands which will be made upon the banks in moving the crop of 1920.

At the conference above referred to the board's views were outlined by its governor substantially as follows: The member banks should lean less heavily upon the Federal reserve banks and rely more upon their own resources, unnecessary and habitual borrowing should be discouraged, and the liquidation of long-standing, nonessential loans should proceed. Banks were cautioned, however, that drastic steps should be avoided and that the methods adopted should be orderly; for gradual liquidation will result in permanent improvement, while too rapid deflation would be injurious and should be avoided. The board pointed out the necessity for extending such credits as may be necessary to promote essential production, especially of foodstuffs, and that if for any reason it should prove impracticable to increase essential production, there should be greater economy in consumption and more moderation in the use of credit. The problem of the banking system of the country is to check further expansion and to bring about a normal and healthy liquidation without curtailing essential production and without shock to industry, and, as far as possible, without disturbance of legitimate commerce and business. In order to effect this it seems necessary to distinguish between essential and nonessential loans; but the Federal Reserve Board feels it would be a most difficult task, which it should not undertake, to attempt by general rule of country-wide application to make this distinction. During the war there was a broad underlying principle that essentials must be "necessary or contributory to the conduct of the war"; but notwithstanding the sharp outline of this principle, much difficulty was experienced by the various war boards in defining essentials and nonessentials. All the more difficult would it be for the Federal Reserve Board to make such a general definition in the present circumstances.

Section 13 of the Federal reserve act defines the eligibility of paper for discount by the Federal reserve banks and lays down a general rule that any paper maturing within the time prescribed and "issued or drawn for agricultural, industrial, or commercial purposes or the proceeds of which have been used or are to be used for such purposes" is eligible. No expressed condition is made regarding the essential or nonessential character of the transactions giving rise to notes which may be offered for discount, and the Federal Reserve Board is not required, and properly could not be expected, generally to adopt such a criterion of eligibility. It is too much a matter of local conditions and local knowledge to justify at this time any general country-wide ruling by the board, even if such a ruling were deemed helpful.

On the other hand, there is nothing in the Federal reserve act which requires a Federal reserve bank to make any investment or to rediscount any particular paper or class of paper. The language of both sections 13 and 14 is permissive only. Section 4 of the Federal reserve act, however, requires the directors of a Federal reserve bank to administer its affairs "fairly and impartially and without discrimination in favor of or against any member bank" and, subject to the provisions of law and the orders of the Federal Reserve Board, to extend "to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made, with due regard for the claims and demands of other member banks." Thus the directors of a Federal reserve bank have the power to limit the volume and character of loans which in their judgment may be safely and reasonably made to any member bank.

The recent amendment to paragraph (d) of section 14 distinctly authorizes each Federal reserve bank on its own account, without reference to action taken by any other Federal reserve bank, to establish a normal discount or credit line for each member bank and permits the imposition of graduated rates on discount lines in excess of the normal line. This amendment, however, does not repeal or modify sections 4 and 13, and a Federal reserve bank is still free to decline to discount any paper which in its judgment does not constitute a desirable investment for it or which, in its opinion, would not constitute a safe and reasonable investment within the meaning of section 4.

It is the view of the board, however, that while Federal reserve banks may properly undertake in their transactions with member banks to discriminate between essential and nonessential loans, nevertheless that discrimination might much better be made at the source by the member banks themselves. The individual banker comes in direct contact with his customers; he is better qualified than anyone else to advise the customer because of his familiarity, not only with the customer's business, but with the general business conditions and needs in his immediate locality. In making loans he is bound by no general rule of law as to the character of the purpose for which a loan is being asked. He is entirely free to exercise discretion and can make one loan and decline another as his judgment may dictate. He can estimate with a fair degree of accuracy the legitimate demands for credit which are liable to be made upon him, as well as the fluctuations in the volume of his deposits. He knows what industries sustain his community, and is thus qualified to pass upon the essential or nonessential character of loans offered him. He knows, or should know, what rediscount line he may reasonably expect of his Federal reserve bank, and he ought not to regard this line as a permanent addition to his capital. With knowledge of the limitations or penalties put upon his borrowings from the Federal reserve bank, the banker may be depended upon to use a more discriminating judgment in granting credit accommodations to his customers, and that judgment he must exercise if the present situation is to be remedied fundamentally.

It is true that under existing conditions the volume of credit required in any transaction is much greater than was the case in pre-war times; but it is also true that the resources of the member and nonmember banks would be ample to take care of the essential business of the country and to a large extent of nonessentials as well if there were a freer flow of goods and credit. If "frozen loans" were liquefied, and if commodities which are held back either for speculative purposes or because of lack of transportation facilities should go to the markets, and if large stocks of merchandise should be reduced, the resultant release of credit would have a most beneficial effect upon the general situation. In the meantime everything must be done to expedite the release of these credits and to restrict nonessential credits in future.

While the problem of credit regulation and control is national and even international in its scope, yet in the last analysis it is merely an aggregation of individual problems, and the proper working out of the situation must depend upon the public and upon the banks which deal with the public. The public must be made to realize the necessity of economy in expenditures and in consequent demands for banking credit. The banks themselves are best able to impress the importance of this policy upon the public.

For the further information of the Senate the board quotes from the report of the Federal advisory council made to it on May 18, signed by James B. Forgan, president:

"The council has given consideration to the matters included in your communication of April 17, and begs to reply thereto in the following manner, following the order set out by you:

"'(a) Causes of continued expansion of credits and of Federal note issues.'

"There are many contributing causes, of which the following may be regarded as paramount:

"1. We recognize, of course, that the first cause is the Great War.

"2. Great extravagance—national, municipal, and individual.

"3. Inefficiency and indifference of labor, resulting in lessening production.

"4. A shortage of transportation facilities, thus preventing the normal movement of commodities.

"5. The vicious circle of increasing wages and prices.

"'(b) How can the reserve position of the Federal reserve banks be materially strengthened before the seasonal demand sets in next fall without undue disturbance of the processes of production and distribution?'

"By urging upon member banks through the Federal reserve banks the wisdom of showing borrowers the necessity of the curtailment of general credits, and especially for nonessential uses, as well as continuing to discourage loans for capital and speculative purposes; by checking excessive borrowings through the application of higher rates.

"'(c) If steps can not be taken at this time leading to a more normal proportion between the volume of credits and the volume of goods, when can they be taken?'

"In our opinion, steps should be taken now, as outlined in answer to the last question.

"'(d) What is the effect upon the general situation of the increased Treasury borrowings and what should be the policy of the Federal reserve banks in establishing rates of discount on paper secured by certificates of indebtedness?'

"It is obvious that the borrowings of the Treasury have the same effect upon the general credit situation as those of other borrowers. The council would suggest the wisdom of congressional relief from the burden of Government financing by a policy of rigid economy; the revision of the tax laws for the sake of a more equitable distribution of the burden without reducing the revenue; the enactment of the Budget system, the Budget to include provision for the gradual payment of the short-time obligations of

the Treasury. These would of necessity preclude unwise appropriations, such as the proposed soldiers' bonus.

"In view of the large volume of Treasury certificates of indebtedness carried by member banks at the instance of the Treasury Department, we believe that rates established by the Federal reserve banks on paper secured by them should not be materially greater than the rates borne by the certificates."

The board feels assured that the banks of the country now realize the necessity of more conservatism in extending credits and of a reasonable reduction in the volume of credits now outstanding. The board will not hesitate, so far as it may be necessary, to bring to bear all its statutory powers in regulating the volume of credit, but wishes to point out that the more vital problems relating to the movement of the 1920 crop are physical rather than financial.

This was the unanimous view of those present at the conference on the 18th instant, at which the following resolution was adopted:

"The whole country is suffering from inflation of prices with the consequent inflation of credit. From reports made by the members of this conference, representing every section of the country, it is obvious that great sums are tied up in products which if marketed would relieve necessity, tend to reduce the price level, and relieve the strain on our credit system.

"This congestion of freight is found in practically all of the large railroad centers and shipping ports. It arises chiefly from inadequate transportation facilities available at this time and is seriously crippling business. We are informed that the per ton-mile of freight increased in three years—1916, 1917, and 1918—47 per cent, while the freight cars in service during the same period increased 1.9 per cent.

"A striking necessity exists which can only be relieved through the upbuilding of the credit of the railroads. This must come through adequate and prompt increase in freight rates. Any delay means the paying of greater cost directly and indirectly and places a burden on the credit system which in the approaching time for season expansion may cause abnormal strain. Even under the load of war inflation, high-price level, and extravagances the bank reserves would probably be sufficient if quick transportation could be assured during the time of the greatest strain: Therefore be it

"*Resolved*, That this conference urge as the most important remedies that the Interstate Commerce Commission and the United States Shipping Board give increased rates and adequate facilities such immediate effect as may be warranted under their authority and that a committee of five, representing the various sections of the country, be appointed by the chairman to present this resolution to the Interstate Commerce Commission and the United States Shipping Board with such verbal presentation as may seem appropriate to the committee."

Much will depend upon the restoration of the normal efficiency of railroad and steamship lines. If adequate transportation facilities can be provided, the board sees no occasion for apprehension in connection with the movement of crops now being grown.

Respectfully,

W. P. G. HARDING, *Governor*.

The PRESIDENT OF THE SENATE.

Mr. BROOKHART. I have thus particularly gone into these quotations to show that it was the distinct policy of the Federal reserve system and of the United States Senate, too, on the 17th day of May, 1920, to bring about a policy of deflation of commodity prices in the United States. There can be no doubt of that conclusion; and I will have to say to the Senator from Virginia that that fact was entirely omitted from his speech in 1922.

What happened as the result of that condition? There are some things, of course, that do not appear in the record; but this policy, so far as I have read it here, was made public. The Senate knew, and the country knew, that the deflation was coming. There was a further secret policy adopted at that meeting of the board of raising the discount rate so high that it would force the deflation. That, however, was not made public at the time.

Mr. President, the big financial crowd in this country had been calling for deflation, they had been preparing for it, and they knew what it meant when it came along. I think the ordinary people of the country had little idea or understanding of what deflation would mean. But high finance knew what it meant, and here is what it did. I am able to give some specific instances.

Armour & Co. went out immediately after this meeting—and a banker attended it—for a loan of $60,000,000; they offered 8 per cent in order to get the money, and they got it in a short time. I do not think one can find another case in the whole history of Armour & Co. where that organization went out for a 10-year loan and paid 8 per cent to get the money. Swift & Co. did likewise for a $50,000,000 loan; the Sinclair Oil Co. did likewise for a $46,000,000 loan. They were forehanded and went after the loan even before this meeting was held. Those three instances, which I have run down specifically and know about, are only samples of what happened. All of the other big oil companies did the same thing; the International Harvester Co. did the same thing; and all the other big businesses of the country, save and except Henry Ford. He is the only one I know of who did not appreciate or was not tipped off to the situation. The others, however, went out and gathered up these loans.

It has been said to me—and many Senators seem to entertain the idea—that the big organizations would not obtain loans like those when deflation was coming along. It is said that prices were going down and it would be harder to pay those loans, and hence it would be unreasonable that they would get the loans in the face of the deflation.

Mr. President, there is a fundamental idea underlying the action which the big interests took which is not understood and not appreciated by some of the most distinguished Senators on this floor. If the organizations to which I have referred had obtained the loans and bought commodities with the money, then, of course, they would have lost in the deflation, because commodity prices were deflated; but as commodities are deflated credit money is inflated, and if they held their investment in credit or in money, which they did, then they were on the rising side and not upon the falling side. The fact that this was an investment of credit itself in money is overlooked by those Senators who say that the big interests would not borrow money preceding a deflation of commodity prices.

Here is the way it worked out in reference to Government bonds: The farmers who had borrowed money from the banks to buy Liberty bonds during the campaigns which were undertaken and other people who had borrowed money from the banks in order to buy those bonds had their obligations called as a result of the deflation. The very credit which they had was transferred to the big financial interests that gathered up this vast amount of credit in the United States; and the little investors, in order to meet their obligations on the call of the banks, were forced to sell their Government bonds, and so Government bonds went as low as 79 cents on the dollar. I found one case in Ohio where these Government obligations sold for as low as 79 cents, and in many instances they sold for 80 and 85 cents on the dollar.

It is claimed that those who had obtained this credit, who had stored up the credit, who had control of the credit, and who still had it, if they wanted to, could buy these bonds at the low figures, and they did. A large part of this transaction was occasioned for the purpose of speculation in Government bonds at the expense of the common people of the country, so they would buy these bonds back when they were low. They had the credit facilities to do it. If they just held their credit in the banks and did not invest it at all, all they could lose would be the interest rate on it, and they would get some interest from the bank. Then if commodities went down they could buy the cheap commodities and then expect, as they did in 1928 and 1929, to reap an enormous profit because of the general rise of commodities, except agricultural commodities, which did not rise so much.

Mr. President, I think that explains how the control of credit was taken by the big financial interests of the country and how they took advantage of the deflation policy of the Federal reserve system.

The Senator from Virginia tells in his speech entitled "The Truth About the Federal Reserve System" that there was no deflation of Federal reserve credit; that it was, in fact, inflated and that the Federal reserve loans were, in fact increased; and, Mr. President, that statement is true, but it fails to meet the analysis of the whole situation. Why did they increase these Federal reserve loans after this 18th of May meeting, when it was unanimously decided and unanimously reported to the United States Senate that we had too many of them?

There were two reasons that would justify a further increase. One is, the date was May 18, and a little later the question of moving the crop would come along, and that called for a greatly increased credit every year. Then there

was another reason, and that was the most potent reason at that time. That was because this big financial crowd wanted to store up this extra credit of the country for the deflation that was sure to follow, and they went out, and those notes that I have described were sent out all over my State. One Congressman in my State bought $2,000 of that Armour paper. They were bought all over the United States; and in order for the banks to accommodate these big fellows and take care of their paper, it was necessary to rediscount more in the Federal reserve system. So there was an increase instead of a decrease, although this meeting had unanimously decided that there were too many Federal reserve loans, and that we were overinflated, and they ought to be reduced.

The Senator from Virginia, on page 17 of his printed speech, points out that in January the loans of Federal reserve banks on agricultural and livestock paper for 1920 were only $56,000,000, but by December they had increased to $246,000,000. I am leaving off the odd thousands. That, again, is absolutely true; and that increase would be the natural increase for financing the crop each year, except that it is not enough.

Now, let us see about the $246,000,000. Those are all of the loans to agriculture for all of the Federal reserve banks in the whole United States; and yet I have told you here of three loans that amounted to $156,000,000 to three companies, and there were thousands of other companies that got big loans in that way. So after we get out of the Senator's speech the total figures of what was done for agriculture we find that it is only a drop in the bucket. The agricultural crop of 1920, before this deflation of values began, was worth $17,000,000,000. What is $246,000,000 toward financing a $17,000,000,000 crop? Again, it shows that agriculture was not considered in any due proportion in figuring out these matters.

Now about the reduction of prices, I want to call the attention of the Senate to the Senator's own figures as to when these reductions occurred.

In January, 1920, cotton was worth 35.9 cents. In October it was worth 25.5 cents. In September it was still worth 31.1 cents. The 31.1 cents would probably be about the natural decline that would occur at crop time on cotton, from 35.9 to 31.1. That probably would be about what would happen in the ordinary year, because at the harvesting time all these crops are depressed and reduced; but, beginning with that, in October it dropped to 25.5, in November to 19.4, and in December to 14.

When this deflation policy was put on that I have outlined to you, on the 18th day of May, cotton was still up to 36 or 37 cents a pound; but the operation of this deflation policy, which was inaugurated and declared both by the Senate and by the Federal Reserve Board back in May, and then the operations of the financial crowd in deflating the credit by going out and taking control of it, although the Federal reserve loans were increased, started the decline in cotton; and it was that deflation policy that did it. It was not the decline in cotton that started the deflation policy.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. LONG. What was the reason given at the time for this deflation policy?

Mr. BROOKHART. The reason given was that commodity prices were too high and the cost of living was too great. We heard a great howl about the cost of living at that time.

Now, Mr. President, when the acts of all are considered, the acts of those outside of the Federal reserve system as well as those inside, when what actually happened is considered, there can be no doubt but that the policy of the Federal Reserve Board, together with the policy of the Congress, started this great deflation of 1920.

I have said, and I say now, that neither the Federal Reserve Board nor any other board has any right ever even to consider a general policy of deflation. I say that that is always an economic crime.

They have a right to stop inflation. They have a right to say "no" when those loans are asked, and to prevent an inflation; but after they had approved these loans, then I say they had no right to turn around and call them. In this case they not only had approved these loans, but every Federal reserve bank in the United States in the spring of 1919 had solicited loans of this kind from its member banks. They had written letters to those that were not borrowing, and had pointed out to them that they were not taking advantage of their privilege in the Federal reserve system.

So in this case they encouraged this inflation, and then turned around and adopted a policy of general deflation; and that policy worked out indirectly, because as soon as the big financial crowd knew it was coming they wanted to get control of the one commodity that was going to rise in price during this deflation and that commodity was credit or money. Credit or money is the one thing and the only thing that rises when we have a deflation. Everything else falls. Wanting to get control of that, they went out and for that purpose the Federal reserve loans were increased. By taking the bare figures we would say we did not deflate; we inflated; but the deflation occurred because that credit was sealed up and held. It was not invested in commodities. It was held for the purpose of safety after the deflation had occurred.

Mr. President, somewhat of that deflation policy has been continued ever since. We have never gotten free from it; and that is one reason why this bill is proposed for a certain degree of inflation of the currency. It is not enough of an inflation, however. This bill might do a little bit of good, but it will not do much good. It is a small, little bite out of the cherry. It is just like everything else this Congress has done for the relief of this country. Everything has been inadequate.

We passed to-day another bill amending the Reconstruction Finance Corporation act. We have already poured about $2,000,000,000 into that gigantic economic rat hole, and it has gone down without generally affecting commodity prices. Now we are going to pour in $1,800,000,000, and it is not done in any way to handle the proposition. That is the trouble about all of these measures. They have all been fearful and afraid, and they have all been inadequate. The result is going to be, and has been so far, that commodity prices, instead of advancing, have declined. Only one or two agricultural commodities have advanced in any substantial way in price, and those have not yet advanced anywhere near to a cost-of-production level.

So, Mr. President, while this amendment has a little merit in it, and while it will give us some little bit of expansion, I hope the country will look upon it at its true face value, and that means it has only a small value to the general situation in the country.

FAIR TRADE AND CHAIN STORES

Mr. CAPPER. Mr. President, notwithstanding the unprecedented volume of important legislation which the Congress has enacted at the session now nearing its close, there remains one great urgent question with which we have not dealt. I feel that we will be remiss if we adjourn without taking up S. 97, a bill now on the calendar, which if enacted will do more, and more quickly, to counteract the industrial stagnation and start the resumption of trade activity and employment than anything that we could do.

In 1925, during the Sixty-ninth Congress, the bill known as the fair trade bill, to legalize resale price agreements, was introduced by myself in the Senate and by Representative CLYDE KELLY, of Pennsylvania, in the House of Representatives.

In 1926, the Committee on Interstate and Foreign Commerce in the House held extensive hearings at which abundant opportunity was given to proponents and opponents.

As a result of these hearings a subcommittee was appointed to make a careful study of this important business problem. This subcommittee, in 1927, reported that such legislation is in the public interest and should be enacted.

In 1929 the Committee on Interstate and Foreign Commerce again considered the bill, and on January 27, 1930, made a favorable report urging that prompt action be taken.

The Rules Committee of the House made the bill a special order, and it was passed by the House of Representatives with amendments on January 29, 1931.

The Senate found it impossible to act during the short period before adjournment on March 4.

The measure was reintroduced on the first day of this Congress. The Interstate Commerce Committee of the Senate held hearings early in the session and reported the bill to the calendar. Surely there should be no further delay in acting. For seven years at least there has been need for its enactment, but no action has been taken. During that period at least 400,000 independent merchants have been destroyed by the predatory competition this measure seeks to prevent.

I want to serve notice now that I shall insist upon action at the beginning of the next session and hope to have the help and cooperation of every upholder of fair competition in American business.

Mr. President, this bill does not deal directly with agriculture; yet, as one who comes from the great farm area, I know that there can be no prosperity for agriculture while other sections of the population have not the means to purchase the products of the farm. This bill is not designed primarily for employment relief, yet it holds within its effects the best, the only genuine relief—the starting of the wheels of industry, which means jobs rather than doles.

If there is any single lesson which stands out with unmistakable clearness from our experience since 1929, it is that our great "captains" of industry, commerce, and finance have failed to supply the leadership to show the way out of our difficulties. Not to the few but to the many must a democracy look for relief in time of trouble. Contrasting with the helplessness of the mammoth organizations to meet the emergency, we find the smaller ones leading the way to more stable conditions.

The reason, says the Manufacturers Record, of Baltimore, is that—

> They are more readily adaptable to the changes taking place; their close-knit organizations, under the control of direct ownership, have been more responsive to initiative and energetic management.

It says much more in substantiation of these facts.

Few of us here have had the experience or time to make vivid what is going on in the commercial world around us. We fail to realize what has been revealed by the Census of Distribution, now making known for the first time many vital statistics of our country.

We labor under false impressions of assumed superior efficiency on the part of big business, and many think the passing of the small business man is inevitable. Sad the day for any nation, Mr. President, when the farm-owning farmer is turned into a peasant, the mechanic into a proletarian, and the merchant into a clerk! Yet, unless something happens very soon to alter the current, the middle class in the United States is going to be wiped out—not from inferior ability to serve the public, but from unjust and artificial handicaps which it is our duty to understand and to remove here to-day.

Two strangely contrasting views are revealed. On the one hand it is said that nothing can be done because the tendency to consolidation has gone so far. On the other I find small realization of the desperate importance of the issue of the small business man.

The point of what I am talking about may be found in the retail market.

Most of what is raised by agriculture, dug from mines, or made in factories finds its way into use by the consumer across the counter of the retail store.

Mr. President, the retail business of the country amounts to more than $50,000,000,000 annually. Whoever controls this market holds in his hands the destiny of both the producer and the consumer. Our long-time progress has depended upon fair and active competitive conditions among retail stores.

Everyone has noted the rapid concentration of retailing in many lines of business into mammoth chains. Few have analyzed the cause or understood the threatening significance to us as a people. Many have regretted the development for sentimental or emotional reasons. Few perceive how it reaches back to the farm, the wage earner, and the manufacturer as the market is narrowed into the control of fewer and fewer hands.

Yet, Mr. President, the situation has not, as some of my colleagues believe, gone so far as to be irretrievable. Over 78 per cent of the retail trade is still in the hands of independent dealers, shared by some 1,300,000 merchants. The remaining 22 per cent is done by about 7,000 corporations, the largest of which operates about 18,000 grocery stores, and does a business of over $1,000,000,000 annually—more than enjoyed by such industrial giants as the United States Steel Corporation or the General Electric Co.

In the five years from 1924 to 1929 the growth of these chains absorbed from the total business done at retail an added 7 per cent of the country's sales. In other words, they did 14 per cent of the total in 1924 and over 21 per cent in 1929. The chains' own increase was more than 50 per cent during these five years. At this rate how long before the independent will become extinct?

If this was the result of better value giving or superior merit of any sort, as is superficially assumed by some, we might view the declination of our independent fellow citizen with complacency. But when it is accompanied by cruelly artificial and unfair tactics no right-spirited man who sees what is going on, and why, can remain passive. This thing goes on, because in our law we have elevated and sanctified property ownership so as to allow it privileges by which it is devouring us. In other words, we allow a corporation which owns 2 stores or 10 stores in a town or neighborhood, and which if owned separately by individuals would be considered competitors, to establish a uniform price on any or all articles in its different stores, while we make it illegal for the independent competitors to reach any understanding about uniform prices but compel them to fight each other and the chains. Ownership, which large capital permits over many stores, gives privileges denied the smaller man. Is that the equal opportunity our country was dedicated to afford?

Again, take the small manufacturer as against the great one. Our law permits the great concern to consign its merchandise to the dealers, calling them its agents. It owns the goods in its dealer's stores. It can then direct them as to the prices at which these goods may be sold. The dealer can not cut prices on goods that belong to the manufacturer. That manufacturer is saved the disaster of a cut-price war among his dealers. They can make a living profit on his goods. They will push them to the public in preference to the goods of other factories on which they must meet prices of competing dealers. The small manufacturer is not allowed to enter into arrangements with his dealers to whom he sells his goods for distribution. One dealer cuts. Others must meet him. Profits are gone. There is no incentive to handle. The small manufacturer is the victim of competition on his own goods among his dealers and loses business. If he were big enough and had capital enough to be able to consign his goods and own them in the retail stores, he would escape this penalty. What a travesty on equality of opportunity to permit the wealthy corporation to accomplish legally what we forbid the smaller competitor to accomplish at all.

These restrictions have fostered many unsound consolidations and mergers. Giant chains fighting each other are being merged. Great factories absorb smaller competitors. We are forcing consolidations that lead to monopoly. We are sick industrially and commercially to-day because of the unhealthy environment our false course has bred. Billions of unsound securities have wiped out the savings of many who bought them, thinking that a merger and a big one was in itself assurance of safety. Yet our legal monstrosity

of putting ownership above contractual rights has forced many of these hot-house plants into existence.

Any community, any country, which tolerates, nay stipulates by its laws, such injustices as between its citizens can not hope forever to escape retribution. Now it has overtaken us. Let me not be misunderstood, Mr. President. I am arguing for, not against competition. But let it be fair, honest, and genuine, not deceptive and ruthless. The small dealer is being extinguished not because he can not compete, but because he is made to appear to be unable to do so.

The chief device which accounts for this deceptive appearance is the offering of so-called "loss-leader" bargain bait to the public at cut prices. In a sense it is trick merchandising. The trick is this. The big outlets, which can afford to stand temporary losses, take well-known standard articles such as Campbell's soup, or Colgate's tooth paste, or kodaks, or the Ingersoll dollar watch and advertise them at great reductions in conjunction with other articles of unidentified origin but ostensibly representing the same reduction below market values. Amidst a newspaper page of items, all purporting to be perhaps a third below real worth, will be sprinkled a few genuine bargains on standard articles whose values are known in every household. In other words, the names and public confidence of these nationally accepted goods are utilized to give credence to the claims for unknown goods, much as the old-time huckster packed his best apples on the top of the basket. Often, indeed, usually this amounts to misrepresentation by using the good names earned by others to cover doubtful transactions.

The owners of these names under the decisions of our courts are powerless to prevent these abuses. The makers of these articles which have earned public acceptance are forbidden to protect the multitude of independent dealers against the oppressive misuse of their good names in deceptive price cutting. Their trade-marks and good will may be employed against their will by big distributors who have no interest in them, but by predatory price cutting undermine the multitude of independents who wish to handle their products wholesomely and at reasonable but not ruinous prices. It is the underselling on these recognizable articles that is largely responsible for the notion that the chains give better values than the independents on everything. People have no way of knowing that the losses are recouped on bulk merchandise which they can not definitely compare. It is somewhat analagous to the practice by which the oil monopoly was established, when competitors were destroyed by selling at a loss in a given area while the losses were recouped through excessive prices in areas where competition had been eliminated. We have since then passed statutes forbidding these practices.

There is an impression that the big outlets can undersell because they can underbuy through quantity purchases. They can not and do not undersell in the main. To-day the independents in large measure have established cooperative joint purchasing agencies to get the benefit of bottom quantity prices. But apart from this the heavier overhead expenses of the chains offset most of their buying advantages. The average operating expense of the chain grocery is 18.2 per cent of its sales, according to the Harvard University Bureau of Retail Research. The ordinary service grocery runs at 13.8 per cent expense, or 4.4 per cent below the chain, according to the Alexander Hamilton Institute report. Similar advantages are found for independent shoe, drug, and other retailers over chains.

Dr. R. S. Alexander, professor of marketing, Columbia University, who conducted an investigation of the comparative values given to the public by chain stores and independent stores, says in a report of findings:

> On the whole * * * our survey indicates * * * that neither chains nor independents have any material price advantages.

Mr. President, it is a shame which we should not tolerate, that tens of thousands of small business men are being driven to the wall or turned into hired clerks for absentee-owned stores by practices which are socially and economically harmful.

Like the proverbial snowball, this movement has gained enormous momentum in the past five or six years. Its destructive force, the speed of its spread is increasing with every passing day. The important truth, however, is that the situation is still redeemable. Seventy-eight per cent of the country's $50,000,000,000 annual retail business is still in the hands of over a million and a quarter of independent retail merchants. If we act promptly, we can arrest the threatening tendency. We can preserve the business sections of our towns and cities in the hands of self-respecting and independent citizens. We can make it possible for the moderate-sized manufacturers permanently to find outlet for their products to the public without submitting to the terms imposed by monopolistic middlemen. We can assure to the public that the avenues of trade will be kept open so that people may continue to have a free choice among the market's varieties.

It is the chief objective of the Capper-Kelly bill, Senate bill 97, to restore the equality of opportunity for the smaller business man in his competition with the big corporation. We take nothing from the big concern, but we do put the small man on an equal footing in one important respect.

We simply make it permissible for the owner of trade-mark brands to enter into agreements with his distributors that his name shall not be made the cat's-paw to pull trade away from his many smaller dealers by using his goods as loss leaders and bargain bait.

We stop one of the unwholesome deceptions of business, which is not only working havoc among retailers by the thousands but is building monopolistic middlemen, who hold the welfare of the moderate-size manufacturers and the wage earners in their factories in their power as well as the buying public. We want no middlemen in such a position of power.

When this bill has become law the man with one store or a hundred men each owning a store will not be at a disadvantage in competing with the corporation operating a hundred stores in respect of branded merchandise. The moderate-size manufacturer will no longer be at a disadvantage as compared with the industrial giant with capital enough to consign its goods and use the dealers as agents. He will accomplish equality by means of contracts instead of capital. This is genuine economy which public policy ought to encourage. As Professor Seligman, of Columbia University, puts it, we will have taken one more forward step in the direction of fair competition. We will have wiped one more blot from our commercial escutcheon.

ADJOURNMENT

Mr. WATSON. I move that the Senate adjourn until next Monday at 11 o'clock a. m.

The motion was agreed to; and the Senate (at 3 o'clock and 50 minutes p. m.), under the order previously entered, adjourned until Monday, July 11, 1932, at 11 o'clock a. m.

SENATE

MONDAY, JULY 11, 1932

The Senate met at 11 o'clock a. m.

Rev. Joseph R. Sizoo, minister of the New York Avenue Presbyterian Church of the city of Washington, offered the following prayer:

Gracious Father, in whose keeping are all our days, grant that we may labor this day with such devotion to country, such loyalty to truth, and such humbleness of mind that at the end of the day we may hear Thy voice, "Well done, good and faithful servant." Unto that end open our eyes that we may see Thee, our ears that we may hear Thee, our wills that we may obey Thee, and our hearts that we may love Thee. This we pray through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the calendar days of Friday and Saturday, July 8 and 9, 1932, when, on request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ark.
Austin	Dale	Jones	Robinson, Ind.
Bailey	Davis	Kean	Schall
Barbour	Dickinson	Kendrick	Sheppard
Bingham	Dill	Keyes	Shipstead
Black	Fess	King	Shortridge
Blaine	Fletcher	La Follette	Smoot
Borah	Frazier	Lewis	Steiwer
Bratton	George	Long	Stephens
Broussard	Glass	McGill	Thomas, Idaho
Bulkley	Goldsborough	McKellar	Townsend
Bulow	Gore	McNary	Trammell
Byrnes	Hale	Metcalf	Tydings
Capper	Harrison	Moses	Vandenberg
Caraway	Hastings	Norbeck	Wagner
Cohen	Hatfield	Norris	Walcott
Connally	Hayden	Nye	Walsh, Mass.
Coolidge	Hebert	Patterson	Watson
Copeland	Howell	Pittman	White
Costigan	Hull	Reed	

Mr. GLASS. I desire to announce that my colleague, the senior Senator from Virginia [Mr. SWANSON] is absent on official business in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present.

PERSONAL EXPLANATION—EIGHTEENTH AMENDMENT

Mr. SHEPPARD. Mr. President, I rise to a question of personal privilege. I send to the desk a clipping which I ask to have read. It is from an article by one who signs himself R. B. S. in yesterday's Washington Post, in which appeared a reference to my connection with the eighteenth amendment.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

Morris really ought not to suffer from pride of authorship concerning the eighteenth amendment. For more than a decade he has been called the author of that document, so often, in fact, that he has begun to believe it himself. It is common knowledge, of course, that the late Wayne B. Wheeler, generalissimo of the dry forces, wrote the amendment himself and handed it to SHEPPARD to sign on the dotted line. SHEPPARD was a mere figurehead.

Mr. SHEPPARD. Mr. President, these statements to the effect that Wayne B. Wheeler wrote the eighteenth amendment, handed it to me to sign, and that I was a mere figurehead are untrue. After years of study I prepared, wrote, and introduced in the Senate in April, 1917, the resolution which became the eighteenth amendment to the Constitution of the United States. I consulted others in the course of that study, both in Congress and out of Congress, embodying the results of this consultation and my own judgment in the resolution. I opened the debate leading to the adoption of the resolution in the Senate, conducted the debate for the dry side, and participated in the shaping of an important amendment on the floor.

When in January, 1919, I announced on the floor of the Senate that the thirty-sixth State had ratified the amendment, Senator Kenyon, of Iowa, addressed the Senate briefly. I ask that the clerk may read the statement which he made on that occasion in order that the Senate may judge whether my work in connection with the amendment was that of a figurehead.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

Mr. KENYON. Mr. President, in view of the announcement of the Senator from Texas [Mr. SHEPPARD] a few minutes ago as to the ratification of the prohibitory amendment by 36 States, I want to say just a word.

This marks the successful ending of the greatest moral battle waged in this country since the abolition of slavery. It has been a battle without compromise, as there can be no compromise between right and wrong. It is remarkable that this result could have been brought about so speedily. The power of the saloon is ended in the United States. As it passes to its grave it can go with the knowledge that it has been responsible for more misery and crime; more destruction of homes and debasement of character; more poverty, sorrow, and tears than any other agency the world has ever known. No one will weep over its demise. The United States will be a better and more prosperous Nation; its citizenship will be happier and more contented than ever.

I rise for the purpose, however, of felicitating the distinguished Senator from Texas, whose name will ever be associated with this movement. It must be a satisfaction to him to feel that, while the defenders of the liquor traffic may sneer at his efforts, the mothers of the Nation and the Christian citizenship of the land are thanking God that there came to Congress a man with the courage, persistency, vision, and love of humanity that he has manifested in standing amidst all the storms of abuse, not only in the Nation, but around the Capitol, and fighting through the good fight to the end.

With due regard to the many services performed by other Senators in this body in days gone by, it is my humble judgment—and I know it is the judgment of millions of people in the United States—that no greater service has ever been performed to humanity or righteousness and to the real best interest of this Nation than has been by the Senator from Texas. I extend to him my heartfelt felicitations upon this day, truly one of triumph for him, and I extend to the State of Texas congratulations that they have in this body the man who has been the leader in this great movement.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram from M. Ksahian, of Elmira, N. Y., relative to international finance, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted at its recent convention by the New York Association of Retail Meat Dealers, favoring repeal of the eighteenth amendment of the Constitution and the immediate modification of the Volstead Act, which was referred to the Committee on the Judiciary.

He also laid before the Senate a telegram in the nature of a memorial from the department of christian citizenship, Kentucky Woman's Christian Temperance Union, by Alice Lloyd, director, Nashville, Tenn., remonstrating against the passage of legislation legalizing the manufacture and sale of 3.2 per cent beer while the eighteenth amendment remains in the Constitution, which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a petition from Charles Bridge, chairman Erie Railroad Association, Deposit, N. Y., praying for the passage of the so-called Costigan-LaGuardia relief bill for the aid of the unemployed, which was ordered to lie on the table.

He also laid before the Senate a telegram from Arthur J. Morris, chairman of the Morris Plan Corporation of America, New York City, N. Y., offering to place at the disposal of the Government the facilities of the Morris Plan Corporation of America and its affiliates in connection with the administration of an unemployment, relief measure making loans to individuals, which was ordered to lie on the table.

He also laid before the Senate a telegram from the subcommittee on emergency relief of the Illinois Commission on Taxation and Expenditures, Chicago, Ill., stating, "This commission authorized by the Illinois Legislature respectfully urges your cooperation in enactment of Federal legislation immediately to give emergency relief to the State of Illinois on the basis of needs rather than population," which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the council of the city of St. Paul, Minn., favoring the enactment of the so-called Garner-Wagner emergency relief bill as an aid in the unemployment situation, which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a petition from the National Committee for Trade Recovery, consisting of representatives of various associations,

New York City, N. Y., praying for the prompt enactment of the so-called Wagner public works and unemployment relief bill, which was ordered to lie on the table.

He also laid before the Senate memorials and telegrams in the nature of memorials from sundry citizens and workers' organizations of the States of Illinois, Michigan, New York, Pennsylvania, and Wisconsin, remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by Buffalo Post, No. 25, Jewish War Veterans of the United States, protesting against an alleged practice of the United States Civil Service Commission in specifying that applicants for positions should live within a certain distance of the proposed place of employment, which was referred to the Committee on Civil Service.

He also presented memorials of various workers' organizations of the State of New York remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 4741) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va., reported it with an amendment and submitted a report (No. 993) thereon.

Mr. BINGHAM, from the Committee on Territories and Insular Affairs, to which was referred the joint resolution (H. J. Res. 361) to authorize the Surgeon General of the United States Public Health Service to make a survey as to the existing facilities for the protection of the public health in the care and treatment of leprous persons in the Territory of Hawaii, and for other purposes, reported it without amendment and submitted a report (No. 994) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the resolution (S. Res. 263) to investigate conditions respecting the sale and distribution of dairy products in the District of Columbia, reported it with amendments and submitted a report (No. 995) thereon.

BILL AND JOINT RESOLUTIONS INTRODUCED

A bill and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAPPER:

A bill (S. 4969) to regulate the practice of professional engineering, creating a registration board for professional engineers of the District of Columbia, defining its powers and duties, providing penalties, and for other purposes; to the Committee on the District of Columbia.

By Mr. FRAZIER (for Mr. THOMAS of Oklahoma):

A joint resolution (S. J. Res. 196) relating to the payment of interest in connection with certain judgments and overpayments of taxes; to the Committee on Finance.

By Mr. WALSH of Massachusetts:

A joint resolution (S. J. Res. 197) conferring jurisdiction upon the Court of Claims to render findings of fact in the claim of P. F. Gormley Co.; and

A joint resolution (S. J. Res. 198) conferring jurisdiction upon the Court of Claims to hear and determine the claim of Atlantic Works, of Boston, Mass.; to the Committee on Claims.

By Mr. CONNALLY:

A joint resolution (S. J. Res. 199) to provide for the sale of internal-revenue stamps by postmasters of the United States; to the Committee on Post Offices and Post Roads.

LEAVE OF GOVERNMENT PRINTING OFFICE EMPLOYEES

Mr. SHIPSTEAD. Mr. President, it has come to my attention that in the passage of the economy bill great injustice is done to workers in the Government Printing Office. I am not going to take the time of the Senate now to explain what was done in the matter, but I ask unanimous consent to introduce a joint resolution for the purpose of correcting the injustice which has been done them. I ask that the resolution may be printed in the RECORD and lie on the table.

There being no objection, the joint resolution (S. J. Res. 200) relating to leave with pay for employees of the Government Printing Office was read twice by its title, ordered to be printed in the RECORD, and to lie on the table, as follows:

Whereas under authority of existing law it is the practice of the Government Printing Office in granting annual leave with pay to grant such leave only after the employee has earned during the fiscal year the full 30 days' leave; and

Whereas the practice in other Government departments has been to grant leave as earned at the rate of 2½ days per month; and

Whereas the employees of the Government Printing Office in accordance with section 103 of Title I of Part II of the legislative appropriation act for the fiscal year ending June 30, 1933, will be deprived not only of leave earned during the fiscal year 1932 but also of leave earned during the fiscal year 1933, and the annual leave with pay accumulated during the fiscal year 1934 will not be available until after June 30, 1934; and

Whereas under the provisions of existing law employees of the Government Printing Office are not now and never have been entitled to sick leave with pay; and

Whereas the effect of such section 103 of such legislative appropriation act of 1933 discriminates against employees of the Government Printing Office: Therefore be it

Resolved, etc., That notwithstanding the provisions of section 103 of Title I of Part II of the act entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes," approved June 30, 1932, all employees of the Government Printing Office shall be granted during the fiscal year 1933 such leave with pay as was earned by them during the fiscal year 1932, and which has not been taken prior to July 1, 1932.

Mr. SHIPSTEAD. Mr. President, I also ask unanimous consent that at this point in my remarks there may be printed a letter explaining the purpose of the joint resolution. In order to save time, I will not ask to have the letter read.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

WASHINGTON, D. C., *June 26, 1932.*

Hon. HENRIK SHIPSTEAD,
United States Senator, Senate Office Building,
Washington, D. C.

DEAR SENATOR: Our conversation Saturday convinced me that your attention has not been called to the injustice the economy bill will have on the employees of the Government Printing Office. First, I wish to make clear the fact we do not oppose the furlough plan. We support it.

We are working under an agreement, authorized by Congress, with the Public Printer. Under that agreement we are to receive the prevailing scale of wages. From that amount we allow the Public Printer to hold back during the fiscal year enough pay to give us a 30-day vacation. These 30 days we can not take until the fiscal year is over; that is, we can not take last year's leave (our pay held back) until July 1 next. Under the economy bill we lose last year's leave, which is a confiscation of our wages. Other departments work seven hours a day and receive 30 days' sick leave beside their regular annual leave. Their sick and annual leave is so much extra money. We get no sick leave and pay for our own annual leave, work eight hours a day, and now have even that taken away.

This, Senator, is what we lose under the bill as it now stands:

30 days' leave, 1932	$260
30 days' leave, 1933	260
7 days' holidays, 1933	63
10 per cent night pay, 1933	320
	903

This with the overtime and enforced furlough in addition (cut in appropriation) will bring our loss to over $1,000, or a 35 per cent cut. What we particularly call unfair is the loss of last year's leave and that starting the fiscal year of 1934 our annual leave is cut to 15 days and loss of holidays. If we had sick leave as other departments have, we would not object, but in the bill no provision is made to give us a fair deal or treatment similar to other departments.

If the bill could be restored to read as it did in H. R. 11267, page 65, section 213, which reads as follows:

"SEC. 213. Hereafter no civilian officer or employee of the Government who receives both annual and sick leave with pay shall be granted leave of absence with pay in excess of 15 days, excluding Sundays and legal holidays"—

it would give all a fair deal.

Do you know statistics prove the production in the Government Printing Office per employee is greater than in any other printing office in the United States? Yet we all sincerely like the Public Printer.

Yours truly,

RUDOLPH J. AKREN.

P. S.—I wish to call your attention also to section 103, page 51, H. R. 11267. This section should be amended to give us last year's leave. We heartily support the 5-day week with five and a half days' pay as the President recommended.

Do you know, Senator, that the Government Printing Office, Bureau of Engraving, and navy yard are the only departments working under the production plan?—R. J. A.

EMERGENCY HIGHWAY CONSTRUCTION—AMENDMENT OF FEDERAL RESERVE ACT

Mr. GLASS submitted an amendment intended to be proposed by him to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, which was ordered to lie on the table and to be printed, as follows:

At the proper place insert the following:

"That section 13 of the Federal reserve act, as amended, is hereby further amended by adding at the end of the second paragraph thereof a new paragraph, reading as follows:

"'In unusual and exigent circumstances the Federal Reserve Board, by the affirmative vote of not less than five members, may authorize any Federal reserve bank, during such periods as the said board may determine, at rates established, in accordance with the provisions of section 14, subdivision (d), of this act, to discount for any individual or corporation notes, drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this act, when such notes, drafts, and bills of exchange are indorsed and otherwise secured to the satisfaction of the Federal reserve bank: *Provided*, That before discounting any such note, draft, or bill for an individual or corporation the Federal reserve bank shall obtain evidence that such individual or corporation is unable to secure adequate credit accommodations from other banking institutions. All such discounts for individuals or corporations shall be subject to such limitations, restrictions, and regulations as the Federal Reserve Board may prescribe. No note, draft, or bill of exchange discounted under the provisions of this paragraph shall be eligible as collateral security for Federal reserve notes.'"

REPEAL OF THE EIGHTEENTH AMENDMENT—MOTION TO DISCHARGE A COMMITTEE

Mr. WAGNER. Mr. President, I ask unanimous consent at this time simply to enter a motion for the discharge of the Committee on the Judiciary from the further consideration of the joint resolution (S. J. Res. 90) proposing an amendment to the Constitution of the United States repealing the eighteenth amendment thereto.

The PRESIDENT pro tempore. The motion of the Senator from New York will be entered.

USE OF RADIO FACILITIES FOR COMMERCIAL ADVERTISING PURPOSES

Mr. SHIPSTEAD. Mr. President, out of order, I ask leave to report a resolution from the Committee on Printing and request unanimous consent for its immediate consideration.

There being no objection, the resolution (S. Res. 270) was considered and agreed to, as follows:

Resolved, That the letter of the chairman of the Federal Radio Commission dated June 9, 1932, transmitting, in response to Senate Resolution No. 129, a report relative to the use of radio facilities for commercial advertising purposes, together with a list showing the educational institutions which have been licensed, be printed, with accompanying illustrations, as a Senate document.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 7939. An act to authorize the presentation of a distinguished-flying cross to Russell N. Boardman and John L. Polando, and Wiley Post and Harold Gatty, and for other purposes;

H. R. 10246. An act to fix the fees to be charged for the issue of domestic money orders;

H. R. 10494. An act to provide a postage charge on notices to publishers regarding undeliverable second-class matter; and

H. R. 12445. An act to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program.

DEFINITION OF INTOXICANTS

Mr. LONG. Mr. President, in connection with the difficulty which the Senators are having in finding out what is an intoxicant I have caused an investigation to be made so that at the next session of Congress when the Senators begin to consider what percentage of alcohol will intoxicate a human being they may begin with the fundamental fact as to when a human being is intoxicated. I have had a search made into that matter to ascertain fundamentally when one might be said to be intoxicated; so that having determined that fact all one has to do is to find out what he took to produce the effect.

In Mordecai's Law Lectures, Volume I, Chapter XXIII, page 742, is quoted a definition of drunkenness taken from the North Carolina Law Journal, which reads:

> Not drunk is he who from the floor
> Can rise again or drink once more:
> But drunk is he who prostrate lies
> And can not either drink or rise!

[Laughter.]

APPRAISERS OF MERCHANDISE AND SURVEYORS OF CUSTOMS

Mr. McNARY. Mr. President, at the request of the junior Senator from Nevada [Mr. ODDIE] I ask that a letter from the Assistant Secretary of the Treasury may be incorporated in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington, July 8, 1932.

MY DEAR SENATOR: Upon perusal of the CONGRESSIONAL RECORD of July 1, it was noted that certain remarks made by several Senators with respect to the provision abolishing the positions of appraisers of merchandise and surveyors of customs, contained in the then pending Treasury-Post Office appropriation bill, were not in accordance with the actual situation. Consequently, the following comment is offered for your consideration:

The proposed legislation, which has since become law, abolished the offices of surveyors of customs (except the surveyor of customs at the port of New York) and appraisers of merchandise (except the appraiser of merchandise at the port of New York)—21 in all—with annual salaries aggregating $102,000.

In debate on this matter, several Senators took the viewpoint that the enactment of such legislation would result in losses to the Government. It was stated that all other cities would be at the mercy of the New York broker, due to the fact that the appraiser at that port would be retained, which would inevitably result in diverting all imported merchandise to the port of New York for customs clearance.

It was further stated that under the proposed plan when an appraiser makes an error the importer would have to go to the collector or to the comptroller to settle any disagreement. It is also stated in this respect that if there is no appraiser but a clerk who is a mere agent of the collector or comptroller, the importer knows that such clerk would not go to the collector or comptroller.

At this point is may be stated that reference to the comptroller was made rather inadvisedly since this officer is in no way concerned with the settlement of disputes relating to the appraisement of imported merchandise.

The department sees no reason to believe that imported merchandise will be diverted to the port of New York as the result of the legislation in question. The appraiser's stores will be maintained as heretofore and the work carried on in the same manner without any loss to the Government and will afford importers every convenience and privilege heretofore extended to them under the tariff act.

While appraisers of merchandise and acting appraisers will hereafter be placed under the jurisdiction of collectors of customs, this will in no way affect an importer's right to appeal from any appraisement that may be made. The same procedure followed in the past will be adhered to, and it will not be necessary, as stated in the debate upon this bill, for an importer to come to Washington to present his case.

In conclusion, I wish to reiterate that it is the department's firm conviction that the legislation as passed will in no way impair the efficiency of the Customs Service or endanger the revenue, nor will it deprive importers of any of their statutory rights under existing law.

Very truly yours,

SEYMOUR LOWMAN, *Assistant Secretary.*

Hon. TASKER L. ODDIE,
United States Senate,
Washington, D. C.

MONTICELLO—HOME OF JEFFERSON

Mr. COPELAND. Mr. President, I hold in my hand a letter from the secretary of the Thomas Jefferson Foundation. They are having some difficulty in raising the needed money with which to complete the purchase of the fine property of Monticello. In this letter it is requested that an editorial by Claude G. Bowers in reference to Monticello be included in the RECORD. I ask unanimous consent that that may be done.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TO-DAY ALL PATRIOTS JOIN IN CELEBRATING MONTICELLO DAY IN HONOR OF THE ESTABLISHMENT OF MONTICELLO, THE HOME OF THOMAS JEFFERSON, AS A NATIONAL MEMORIAL TO THE AUTHOR OF THE DECLARATION OF AMERICAN INDEPENDENCE AND AS A PATRIOTIC SHRINE FOR THE CHILDREN OF AMERICA

This is Monticello Day, in honor of the establishment of the beautiful home of Thomas Jefferson as a national shrine, sacred to the memory of the things he wrought.

As a boy he looked up to the hilltop and had a dream of the day when he could there build a home for his meditations.

To the building of that home he brought his own architectural genius, his perfect taste, and thus he planned one of the choicest examples of American architecture.

He put into that home the riches of his mind and heart, and there he took his bride and there were born his children.

Thence he was drawn afar to serve his fellow men in public station, and however far he wandered from its hearth his heart was always yearning for its beauty and serenity.

There in days of danger he planned the public safety, and there he organized the battles that he fought for democracy and the rights of the average man. There in critical moments he gathered about him some of the choice spirits of his time to devise ways and means of meeting the enemies of the things he thought essential to the prosperity of the people and the real stability of the state.

There he retired at times from the turmoil of the battle to regain his strength and invigorate his faith in the warmth of the love of his children, his neighbors, and his servants.

Thence went forth the letters on public policy that have become a rich heritage to all peoples striving for self-government.

There, his official service over, he retired to watch from the hilltop over the security of the fruits of the victories he had won and to receive for a quarter of a century the homage of the lovely and the great of this and other lands who made their sentimental pilgrimages to the shrine of his genius.

And there, poor in purse because of his hospitality but rich in spirit and in the love of a Nation, he passed to his reward.

Monticello is the mausoleum of the heart of Thomas Jefferson, and there his body is buried.

"Such graves as his are pilgrims' shrines,
Shrines to no creed or code confined,
The Delphian vales, the Palestines,
The Meccas of the mind."

FARM BOARD OPERATIONS—EDITORIAL FROM MINNEAPOLIS (MINN.) TRIBUNE

Mr. NYE. Mr. President, the Minneapolis Tribune, on the front page of its issue of Friday, July 8, 1932, prints a very interesting article entitled "Time for the Farm Board to Act," which I ask may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TIME FOR THE FARM BOARD TO ACT

Making due allowances for the hazards that attend all agricultural enterprises, it appears to be reasonably certain that the Northwest will harvest a large wheat crop this year.

The price is disastrously low. The prospective yield at present prices justifies only moderate rejoicing. What might well be the turning point in the tide of depression can, with present prices, cause hardly more than a ripple in the dark waters.

The Nation as a whole, particularly the industrial East, is beginning to awaken to the fact that we can not escape the depression so long as the price of agricultural products remains at the present level. The price of wheat is the basic figure for agricultural products. The price of wheat not only affects the wheat grower but every other agricultural producer as well. That being the case, every farmer is benefited by the price of wheat, and inasmuch as the general depression is weighted down by the agricultural depression, the price of wheat has an industrial, commercial, and financial, as well as an agricultural, importance.

The Farm Board has probably not to exceed 75,000,000 bushels of wheat in the United States and in Canada. This wheat has its depressive effect on the present price. No one knows when the board will decide to sell it, and so long as this uncertainty lasts it will exist in competition with the on-coming crop.

The Farm Board could do the entire country a signal favor by impounding this wheat, for say, a year and a half, and announcing that it would not be sold until the Chicago price was at least 75 cents a bushel. Such an announcement would effectively remove from our domestic and exports needs 75,000,000 bushels until January, 1934, unless the price of wheat at Chicago reached 75 cents.

No other method of disposing of this wheat, except destruction, can do the farmer any good. Any other plan whereby the wheat goes into consumption may do the recipients good but not the farmer. The farmer can not be benefited by substituting the Farm Board's wheat for the farmer's wheat.

The Tribune can not see that a policy of impounding or sale at a fixed price will be any violation of the fundamental principles of the Farm Board. The board pegged or attempted to peg the price of wheat before and believes that it did the farmers a great service. If the effort to peg the price was justified when the board was bidding against the world, it is justified now in so far as its own wheat holdings are concerned.

It is not likely that a policy of impounding would occasion the Farm Board any extraordinary loss, except possibly that occasioned by storage charges. It is altogether probable that some time within a year and a half there will be a sufficient shortage of wheat somewhere in the world to allow the board to dispose of its holdings without depressing the market.

The American wheat grower needs a higher price for his crop. The Nation desperately needs higher prices for all its commodities. The Farm Board can stimulate prices by withdrawing its wheat holdings from the market. The Tribune believes that it should do so at once.

EX-CHANCELLOR OF THE EXCHEQUER CHURCHILL'S SPEECH ON GOLD

Mr. BAILEY. Mr. President, I ask leave to have published in the RECORD extracts from a speech by Mr. Winston Churchill, formerly Chancellor of the Exchequer, delivered before the Royal Empire Society and appearing in the New York Times of Sunday, the 10th instant.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CHURCHILL LAYS ILLS OF WORLD TO GOLD—EX-CHANCELLOR OF EXCHEQUER ASSERTS CORNERING OF METAL HAS SABOTAGED HUMAN EFFORT—PUTS HOPES IN CONFERENCE—OPPORTUNITY IS SEEN TO ARREST REMORSELESS DEFLATION AND RESTORE COMMODITY VALUES

Subjoined is the text, as quoted in the London newspapers, of Winston Churchill's speech on gold, delivered at a gathering of the Royal Empire Society. Another ex-Chancellor of Exchequer also attended the function. He was Sir Robert Horn, who expressed the opinion that the best solution of the monetary problem was to unite silver with gold as the basis upon which the world's business might be conducted.

Mr. Churchill said:

"We meet here to-day in the heart of the city of London because our weights and measures have been tampered with. They have been twisted and distorted in a manner most unfair and most injurious. Gold has been cornered, scrambled for, and hoarded. It has risen enormously in price, and the value of everything we have or earn has been diminished accordingly.

"In the last few years the price of gold has risen by nearly 70 per cent, and the value of everything else has fallen in like degree. We know that the fault lies with gold or with those who have manipulated gold. It does not lie with the many thousands of other commodities which are measured by gold.

"The remarkable feature of the last 10 years has been the way in which the prices of all these thousands of commodities have kept a steady relation with one another. They have marched forward together in an orderly array; indeed, they have actually closed their ranks. One commodity alone—gold—has broken from the ranks and has been raised to a pinnacle.

EVILS ASCRIBED TO GOLD

"Since gold is at present our supreme measure, all the rest have been cast down. This is the cause which has stilled the traffic on our railways, put out the blast furnaces, quenched enterprise, thrown millions of men out of employment in every land, and many millions more on short time. This is what has sabotaged every form of human effort and has depreciated every service which man can render to man. Should this process continue, every institution will be, if it is not already, threatened with insolvency or repudiation.

"The only things that have not been cut down are debts, scrip, expenditure, and fixed charges of all kinds. These have been by the same process—the debts at any rate—nearly doubled in weight and burden. Debtors everywhere, through the rise in gold, are being required to pay 70 per cent more than they were expected to pay a few years ago.

"This monstrous process has only to be continued long enough to shatter civilization as we have known it and as it has shattered the prosperity we have recently enjoyed.

"The odd thing about this cornering of gold is that no class and no country has benefited from it. The destruction of the monetary system of the world has come upon us like a blight and a pestilence, without any human design behind it. All creditors, whether national or individual, will, if this goes on, everywhere be faced increasingly with the insolvency of their debtors. Already the world is breaking out in moratoriums. Nations which played the principal part in cornering gold are suffering as much as those which—like ourselves—have never tried to impound the long-accepted world currency.

"No one has benefited. The creditor and the rentier, who see themselves faced with having to make accommodations to their debtors; the honest debtor, national or individual, who offers the same value of commodities to redeem his scrip as before; the unemployed workman queueing up at the labor exchange—all have suffered from the same evil cause.

ASSAILS 'MORBID DELUSION'

"There is a race of men in every country who go about saying everything is quite all right. According to these wiseacres, we are in want because we are too clever in making the things we want. So much food has been grown that many must starve, and those who grow the food must be ruined. We are taught to pray for bad harvests as if they were a blessing from God. I ask you to join with me in rejecting this morbid delusion.

"Time is short. The tension of the world increases. We can see the internal stresses to which various nations are subjected, from China to Peru, or perhaps it would be more apposite to say from Japan to Chile. Assassinations, revolutions, refusals to meet contractual obligations—universal bewilderment and distress. These are, for a large part of the world, including gold-hoarding nations, the order of the day.

"A conference is now being held at Lausanne to put war debts and reparations into cold storage, where their sinister microbes will be killed forever.

"Let me tell you something which has not been said before by national statesmen or capable editors. War debts caused the gold disease, but cancellation or suspension of war debts and reparations, although obviously necessary and, indeed, imperative, will not now stop the disease which has been started.

"To find the cure we must do something quite different from the simple adjusting of war debts and reparations. We must do something far beyond anything that may be achieved by the conference at Lausanne, and that is why I am so glad that his Majesty's Government has favored the plans which I impressed upon it in September of last year of a world conference upon the money problem in order to arrest this remorseless deflation still in progress and to revaluate commodities up to the normal level of prosperity.

COOPERATION OF AMERICA

"The United States has shown itself willing to come to this monetary conference. There is every reason to believe that once it is known that the British Empire and the United States are laying their heads together upon the money problem the other great financial powers of the world will demand inclusion in their conclave.

"The United States will not come if debts or reparations are included in the agenda; many nations will not come if tariffs or quotas are included. We shall risk much if we become too ambitious, but the status of silver as a monetary factor should be included.

"There is but one salvation—to grasp this monetary lever with the combined authority of the greatest nations of the world, and you will have the best chance now open of reviving the boundless energies of men and opening once again a broadening field of prosperity and progress to the toilers, the builders, and the thinkers of all nations."

INCOME FROM COMMITTEE ON PUBLIC LANDS AND SURVEYS DISCLOSURES

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The resolution (S. Res. 264), submitted by Mr. NYE on July 8, 1932, was read, as follows:

Resolved, That the Joint Committee on Internal Revenue Taxation be, and it hereby is, requested to secure from the Secretary of the Treasury and submit to the two Houses of Congress at the earliest practicable time full and complete information concerning any and all taxes and penalties which have been collected by or paid into the Treasury consequent upon disclosures made before the Committee on Public Lands and Surveys of the Senate in the course of the investigation conducted by it pursuant to Senate Resolution 101, Seventieth Congress, first session, or through inquiries prosecuted incidental to such investigation, including the date of payments, the amount of the same, and the persons making the payments; and likewise, in so far as it may not be incompatible with the public interest, further information concerning any claims or demands being made by the Treasury against any persons or corporations for taxes or penalties over and above such sums as may have been heretofore paid on account of the receipt of assets so disclosed and not duly reported for taxation as required by law.

Mr. McNARY. Mr. President, when this resolution was submitted on Friday last, I objected to its consideration and asked that it go over for a day. After considering the matter and hearing the explanation of the Senator from North Dakota [Mr. NYE], the author of the resolution, who seeks information in connection with an investigation conducted by his committee, I have no objection to the resolution.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

LOANS MADE BY RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT. The Chair lays before the Senate, Senate Resolution 269, coming over from a preceding day, which will be read.

The resolution (S. Res. 269), submitted by Mr. COUZENS, July 8 (calendar day, July 9), 1932, was read, as follows:

Resolved, That there is hereby created a select committee of the Senate to be appointed by the Vice President, consisting of five Senators, not more than three of whom shall be chosen from one political party, which committee shall be authorized and directed to investigate the loans made by the Reconstruction Finance Corporation and to ascertain any information or facts concerning such loans which the committee deems advisable that the Senate should have. The committee shall make a report to the Senate at the first meeting of the Senate in January of 1933, and shall also make such recommendations as the committee deems advisable.

Mr. COUZENS. Mr. President, the Senate knows that there has been a great deal of discussion in the press with respect to loans made by the Reconstruction Finance Corporation to banks, trust companies, railroads, and other organizations. So far as railroad loans are concerned, I have personally followed each loan that has been made by the Reconstruction Finance Corporation on the recommendation of the Interstate Commerce Commission, and, to the best of my knowledge, the railroad loans are the only ones as to which the public has information concerning the class of securities deposited, the purposes for which the loans have been made, and the conditions contingent upon securing the loans. There has been considerable press discussion and private discussion, and discussion privately in the Senate, with respect to a loan of some $80,000,000 said to have been made to a bank in Chicago. There is, in my judgment, considerable unrest in respect to the type of loans and the security that is being put up for the loans aggregating $1,000,000,000 already made by the Reconstruction Finance Corporation. In view of the circumstances, it occurred to me that a Senate committee might examine the records and see whether the loans were being made in accordance with the law and that they were adequately secured.

I therefore offered the resolution, and I did so following the resolution submitted by the Senator from Nebraska [Mr. NORRIS], which resolution I thought was, in some respects at least, unfair, in view of the fact that the Senate refused to adopt an amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] making all the records of the Reconstruction Finance Corporation public property. The Congress refused to adopt that policy; and since the organization of the Reconstruction Finance Corporation, in the case of all loans which have been made, the borrowers have proceeded with their applications and have put up their securities with the understanding under the law itself that the records were not public. Therefore I think it is unfair to open up all these records for publication after Congress has in the enactment of the statute said that they would be private and confidential.

Mr. NORRIS. Mr. President, I have no objection to this resolution, although I realize that if it shall be adopted it will be used as the chief argument against the adoption of the resolution which I have introduced and which is now on the calendar providing for a full report in detail of all transactions of the Reconstruction Finance Corporation.

I was under the impression when the Senator from Michigan prepared his resolution, which is now pending, that he intended to offer it as an amendment to the resolution which I had introduced. I had no objection to that course, and I am not now going to oppose the adoption of the pending resolution as a separate proposition, although I realize, as I have said, that its adoption will probably mean, at least at this session of Congress, to prevent the consideration of the resolution submitted by me.

I know that when the Reconstruction Finance Corporation act was passed the Senate voted down a proposition to make its transactions public; but I do not believe that action can be logically used as an argument against the publicity of all the transactions, which are really governmental

transactions of the Reconstruction Finance Corporation. When we passed the Reconstruction Finance Corporation act I think we made a mistake in not putting in it a publicity provision, but, regardless of that, we did not know then what we now know, at least in part. I myself can not see how any legitimate institution is going to be injured by making public the fact that it has borrowed money from the Reconstruction Finance Corporation, which, in effect, is borrowing money from the Government of the United States.

I think I told the Senate when we were discussing my resolution on a prior occasion that I had personal knowledge of an attempt in my State of several banks that desired to borrow money from the Reconstruction Finance Corporation but hesitated about doing so because they feared that publicity of the fact might injure them. I took up the question with Mr. Dawes, who was then chairman of the Reconstruction Finance Corporation. A committee representing these banks were here; they had articles of incorporation already prepared which they submitted to the Reconstruction Finance Corporation and which they intended to file, if such procedure met with the approval of the Reconstruction Finance Corporation, and then the new corporation thus created would have proceeded to borrow the money and in turn the money would have been turned over to the banks, the security being put up by the banks, which in reality were getting the money. They made no secret of the fact that the banks were to get the money. I had no personal knowledge of it, but they were ready to submit their securities and were able to show that the securities they had to offer were ample and would justify a loan. I thought there might be something in their contention as to publicity, but I was convinced by Mr. Dawes himself that there was nothing in the suggestion that publicity would injure a bank which had borrowed money from the Reconstruction Finance Corporation.

It is known that under the law the Reconstruction Finance Corporation will not loan money to a bank that is insolvent. The real idea was to loan money to banks that were perfectly solvent but whose securities were, to use the ordinary term, "frozen," in other words, they were not liquid and on them the banks were not able to get cash on the instant. The Reconstruction Finance Corporation, of course, would not loan to a bank unless after examination they were convinced that the bank was solvent and there was no risk in loaning money. I believe that is a fair statement, assuming that they would do their duty—and that is what I do assume—and would not make a loan to an insolvent bank on any kind of security. They would not be justified under the law making such a loan. I assume they have made no such loans, and that in every case where they have loaned money the bank was able to put up security that was ample and sufficient to make the loan good.

The people who have money deposited in banks know that; and I had called to my attention a particular instance of a bank in one of the States of the Union where there was a continual and systematic withdrawal of funds by depositors, where the end was in sight, they would be unable to pay their depositors and would have to close the bank. The bank was solvent. Its securities were good, although they were not liquid at the time. They borrowed money of the Reconstruction Finance Corporation. The community knew it. They gave publicity to it, and the run on the bank stopped instantly. The people who had money there realized that the Reconstruction Finance Corporation would not have loaned to an insolvent bank, and that the funds of the Government itself were behind the bank, and hence fear was dissipated at once; and I believe that publicity would have that effect everywhere.

When the depositors of a bank knew that the Government was behind the bank, that would end all possibility of a run on the bank. It would at once reestablish confidence in the financial stability of the bank. It did that with Mr. Dawes's bank in Chicago. The run ceased at once when it was known in Chicago that the bank had borrowed money of the Government of the United States.

So as a matter of fact, in my judgment, the passage of the resolution that I have introduced would be a good thing. It would help to restore confidence in hundreds of banks if people knew that the Reconstruction Finance Corporation, through its experts, had passed on the assets of the bank and had found the assets good and ample and then loaned money to it; and for the same reason they would expect them to loan additional money to save a bank that they had started out to protect and to save.

So that I have no fear in that regard. I think it is an unjustified fear. Not only do I think the statement that publicity in these transactions would injure legitimate banking institutions is groundless, but I think publicity would help all such institutions.

Mr. WALCOTT. Mr. President——

Mr. NORRIS. Of course, I had no idea, in offering the resolution, of injuring any bank. I would not do that under any circumstances; but this is a public corporation, organized under a law of the United States, handling funds that belong to the taxpayers of the United States, and we are concealing from the taxpayers the use to which their money has been put.

Mr. WALCOTT. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Connecticut?

Mr. NORRIS. I will yield after a while.

That is not all, Mr. President. The truth is that by the use of the money for the purposes provided for in the act which established the Reconstruction Finance Corporation, we have to the extent of the use of public funds by that corporation drained the Treasury of the United States; and that argument is used continually, and I think justifiably, when any other appropriation by Congress is asked for. "We have not the money," we say. We have used the cash and the credit of the United States Government to the amount of $2,000,000,000 in the establishment of this corporation, all public money, all public credit; and it seems to me it is an outrage to conceal from the owners of the money, the taxpayers of the country, just what has been done with it.

I only rose to express my idea about the matter. I think the resolution of the Senator from Michigan will have a good effect; but, in my judgment, it does not go as far as it ought to go, and will not give the benefit that real publicity to all public business would give.

Mr. WALCOTT. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Connecticut?

Mr. NORRIS. I yield to the Senator from Connecticut. I will say to the Senator that I do not want to take up any more time than necessary, because I do not want to interfere with the passage of this resolution.

Mr. WALCOTT. I rose to correct what I believe is an inaccurate statement on the part of the Senator from Nebraska.

He made the statement, as I understand, that these loans could not be made to a bank that was insolvent. That is not accurate, because the law was intended to relieve banks that were more or less on the edge of insolvency, and in many cases banks that actually, under the strict interpretation of the law as laid down by the comptroller, are insolvent.

Therein lies the danger of making public any statements with reference to the loans either promised or contemplated to these banks that are in a weakened condition. Otherwise, as the Senator says, it would be entirely safe and unobjectionable; but where it is well known by the public that a bank may be in danger that is receiving money as a loan from the Reconstruction Finance Corporation, many times it becomes terrifying to the community in which the bank is located, and might easily start runs on many banks.

Mr. NORRIS. Mr. President, I have no quarrel with anyone who believes that, but I do not believe that such a result would take place. In my judgment, the reverse is true. Moreover, every one of these banks will have to make a statement under the law, and I presume they will have to show their indebtedness to this corporation for all the money that they borrow from it. I do not believe it is the theory of this

law to loan to insolvent banks, although a difference might arise in the definition of insolvency. It may be that technically a bank which is unable to pay, at the instant, the demands of its depositors, in a technical sense would be classed by the comptroller as insolvent. If that is what insolvency means, then they were not going to loan any money to any banks that were not insolvent. There would be no use in loaning money to a bank if it did not need it.

I take it that a bank that has securities in its portfolio that on examination are good, ample in amount to pay the depositors, but which securities, on account of this terrible depression, can not be turned into money, is the kind of a bank, and the only kind of a bank, to which the corporation would be justified in loaning money.

I realize that I could offer my resolution as an amendment to the resolution of the Senator from Michigan, just as he intended originally to offer his as an amendment to mine. However, I doubt the wisdom of doing it, because it might lead, and probably would lead, to a discussion that would take it over, and bring about the failure of the passage of any resolution, because under the parliamentary rule under which we are working this resolution will have to be acted on before 2 o'clock or it will go to the calendar.

Mr. WATSON. Mr. President, I think that if times were normal, the statements made by the Senator from Nebraska in regard to the effect of his resolution would be correct. Times are not normal, however.

Mr. NORRIS. Mr. President, we would not have any Reconstruction Finance Corporation if times were normal.

Mr. WATSON. Precisely.

Mr. NORRIS. Of course they are not normal.

Mr. WATSON. But ordinarily if a bank borrowed money, there would not be much thought about it.

The Senator says—and in a sense it is true—that where a wisely managed concern like the Reconstruction Finance Corporation would lend money to a bank, that would be proof positive to the people in the community round about that the bank must be in a pretty sound condition or else they could not borrow the money.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. WATSON. Yes.

Mr. NORRIS. The Senator remembers, does he not—it was so stated in the newspapers—that when the $80,000,000 was loaned to Mr. Dawes's bank, he immediately gave publicity to the fact?

Mr. WATSON. He did.

Mr. NORRIS. And from that time on there has not been any question about the depositors demanding their money. No run has taken place. Everything of that kind has ceased.

Mr. WATSON. That is quite true. He gave publicity to the fact that he had received this money, and that for every dollar the bank owed there was a dollar in the bank to pay it.

Mr. NORRIS. Yes.

Mr. WATSON. Of course, that kind of a statement might not be made by every bank that gets money. I do not know; but I was taking the Senator's side for a moment, looking at it from that viewpoint—that ordinarily if the Reconstruction Finance Corporation would let a bank have money, the people round about would generally take it for granted that the bank was in a fairly sound condition, or else it could not have gotten the money. I am assuming, however, that a different atmosphere prevails now, or, as we say in modern parlance, a different psychology, and that the very minute it is known that a bank is borrowing money and receives money, that very minute there goes throughout that community the feeling that the bank is unsound and unsafe, and the people rush in to get their money, being fearful of its safety in the days to come.

My own belief has been, as I said to the Senator privately—that is what made me afraid of it—that it might result in runs on a very great many banks in the country that otherwise would not occur. I have believed that to be true; and, if that should result, it would be a fearful situation. Otherwise, I should have no objection to the investigation; and I want to say this about the Senator's resolution further:

My understanding is that his resolution refers not only to the past but to the future; that is to say, it calls for a statement of all the loans already made, with a meticulous statement of all of the details respecting the loans and the commitments for the future. I assume that if it were given out that commitments were made to a bank where the money had not actually been paid, and that got around in the community, it would close that bank almost inevitably. The commitments for the future I think would be a very dangerous thing to include in the Senator's resolution under existing conditions in the country.

That is why I have not thought it wise to favor the Senator's resolution. Of course, I have had no opportunity at all to look into the resolution of the Senator from Michigan.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Florida?

Mr. WATSON. I do.

Mr. FLETCHER. I do not know whether it was contemplated, under the Senator's resolution, that this publicity should be made not only with respect to transactions actually closed but also as to what applications have been made and rejected. I can see that if a bank had applied for a loan and it had been rejected——

Mr. NORRIS. Mr. President, there was nothing of that kind in the resolution.

Mr. FLETCHER. Very well. That part of it, then, has not any bearing; but the resolution offered by the Senator from Michigan does not contemplate any reports at all now, as I understand.

Mr. WATSON. No.

Mr. President, with the permission of the Senator from Nebraska, I should like to ask him a question. If the Couzens resolution be passed, will the Senator from Nebraska still urge the passage of his resolution?

Mr. NORRIS. I will say frankly to the Senator that I can not answer that question at the present time. If I were satisfied that I would, I would offer it right now as an amendment; but, as I said, I do not intend to do that.

If the Senator will permit me——

Mr. WATSON. Certainly.

Mr. NORRIS. The Senator from Indiana has said a few things that it seems to me I ought to reply to.

I am not finding fault with anybody who has fear that publicity would injure conditions. I think they are entirely wrong. But I do realize that when the country can hear from the debates which take place in the Senate that grave and reverend Senators have said, "Publicity would bring runs on banks and bankrupt us and put us in a terrible condition," that kind of statement going out over the country, even though honestly made, would have a bad effect. I think that is the only thing that would have a bad effect.

I am assuming that Senators are making their objections in the best of faith, but if they were made in any other way, they could not have a worse effect; and that is the only thing about it I am afraid of. When people read the newspapers and hear that Senators of national reputation have said in the Senate that if this is passed it will create a fear and a run on a bank, that very statement may have that effect with some people.

My resolution calls for a statement as to commitments made; that is, promises now made to make loans. I think such things ought to be given publicity. However, if that is objectionable, there is no reason why that should not be stricken out of the resolution. It is an entirely separate paragraph, and could easily be stricken out.

Mr. DILL. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. DILL. In further comment on that statement, it would seem to me that the announcement that these banks had received support from the Reconstruction Finance Corporation ought to create confidence, rather than fear.

Mr. NORRIS. That is what I have said. I think it would create confidence.

Mr. DILL. The fact that the Reconstruction Finance Corporation has come to their support would rather tend to make people think they were safe.

Mr. NORRIS. The only possible injury to banks would come to those which have not received any of the money.

Mr. THOMAS of Idaho. Mr. President, we have confined our discussion entirely to banks. There are other financial institutions in the country which might be embarrassed by publicity at this time.

I take the position that the act creating the Reconstruction Finance Corporation provided a nonpolitical body, and from my personal knowledge and acquaintance with the appointees, three of whom come from the minority side, upon the recommendation of the minority, they have proven to have been splendid selections. All of those gentlemen are of unquestioned integrity and ability. This is an emergency, these people are doing the best they can in a most difficult situation, and should not be hampered.

Mr. WATSON. Mr. President, not having had time to investigate this matter, I ask that it go over.

The VICE PRESIDENT. The resolution has gone over previously.

Mr. WATSON. Has it gone over?

The VICE PRESIDENT. It went over one day under the rule.

Mr. COUZENS. The resolution is entitled to be voted on, and I want a vote.

The VICE PRESIDENT. The question is on agreeing to the resolution of the Senator from Michigan [Mr. COUZENS].

Mr. COUZENS. Mr. President, it is well known that during all of the debates over making public the records of the income-tax returns and corporation returns in the Bureau of Internal Revenue I have been in favor of making them public records. I was in favor of making the records of the Reconstruction Finance Corporation public records when we enacted the law creating that corporation. I am in entire agreement with the Senator from Nebraska [Mr. NORRIS] that these should be public records. But I believe that we have operated under a different policy, notwithstanding the views of the Senator from Nebraska and myself in respect to these being public records, and now to make the law retroactive it seems to me would not be exactly fair. I am not charging the Senator from Nebraska with being unfair; I am just pointing out that it seems to me there is a difference between making a law effective in the future and making it retroactively effective.

This proposal of mine was introduced following the resolution introduced by the Senator from Nebraska, and it is true that I said to the Senator that I would offer it as an amendment to his resolution. But it was afterwards pointed out to me, in discussion with Senators privately, that we had at one time turned down, by a substantial vote, a resolution to make these records public, and afterwards I spoke to the Senator about it and said that I thought the resolution ought to be introduced separately, because of that angle to the matter.

So far as I am concerned, I have no urgent feeling about having this resolution passed, but I do think that it is not only to the interest of the Reconstruction Finance Corporation but to the interest of the public that a congressional body should look over the records of that corporation and be able to assure the public that they have done a proper job.

It has been my good fortune to be in touch with one or two of the directors of the Reconstructiton Finance Corporation, and to have been consulted with respect to some of the loans they have had in contemplation, and from my own knowledge of those cases I have no reason to doubt that the loans they have made have been proper loans. I am not raising any question about the propriety of the loans they have already made. Nor am I raising any question about the adequacy of the security.

I may say that there is one exception to that, and that is that I do not know sufficiently about the great loan of $80,000,000 made to a Chicago bank. That appears, from what I can find out, to be the largest of all the loans made. I do not know whether such a large loan to one institution is justified, nor do I know the type of security that has been placed behind that loan.

The statement of the Senator from Nebraska, that where a bank which has to borrow and is able to borrow from the Reconstruction Finance Corporation public confidence will be given to that institution, meets with some doubt in my mind as to its accuracy. For instance, out of five banks in a medium-sized city of 100,000 to 150,000 population, we may find that four of them are not borrowing from the Government, are not in need of borrowing, but that the fifth is in such a condition that it has to borrow. Undoubtedly the Reconstruction Finance Corporation, in making a loan to a bank, demands a very great deal of security, which obviously weakens the other creditors of the bank, weakens the depositors. It weakens all other creditors whenever a bank has to take out of its portfolio securities to guarantee a Reconstruction Finance Corporation loan. Therefore, I believe that if in a community such as I have described four banks were found not to need any money, and one was found to need money, the action would be unfavorable to the bank that needed the money.

I think the passage of this resolution would be an assurance to the Senate and to the public that there was some agency belonging to the Government, an elective agency, which has observation over the conduct of this corporation.

Mr. VANDENBERG. Mr. President, it seems to me that two totally different questions are raised by the resolution submitted by my able colleague the senior Senator from Michigan [Mr. COUZENS] and the resolution submitted by the able senior Senator from Nebraska [Mr. NORRIS]. It seems to me the resolution submitted by my colleague raises solely the question of the congressional responsibility to the country for our inevitably continuing relationship to the expenditure and management of large public funds. So far as I am concerned, I can see no possible objection to a proposal which keeps the Senate more intimately in touch with this responsibility. On the contrary, I can see many essential reasons why that responsibility should be maintained in precisely the relationship which the pending resolution proposes. I can see reasons why the Reconstruction Finance Corporation might welcome this new opportunity to report and to confer more intimately upon its highly vital labors.

On the other hand, Mr. President, I am bound to say that I profoundly disagree with the analysis of the Senator from Nebraska respecting the advisability of pursuing the thing still farther, and pursuing it, as I see it, unnecessarily, after we have established this point of contact between the Senate and the corporation. I disagree that wholesale publicity for these fiduciary relationships would be useful. On the contrary, I feel that elementary prudence requires that their confidential character be respected. We can make all necessary inquiry in behalf of the public welfare through the agency of this proposed committee. I favor it. But we defeat this same public welfare if we make these fiduciary relationships a matter of common advertising and gossip and thus too often a matter of illegitimate popular speculation and of unwarranted hysterical suspicion. We would tear down the very edifice which we have sought to erect.

Repeated reference has been made to a recent widely discussed Chicago bank situation. There is an excellent example of the precise thing I have in mind. Because this great bank fortunately was able to mobilize additional resources to a point where it was able to announce to the public that it had dollar for dollar in cash for its depositors in its strong box, of course the publicity was inavaluable and achieved an inestimably effective and immediate result. But if the announcement had been that they had only half enough money in cash to pay all their depositors, the effect of the announcement would have been precisely to the contrary. The announcement would have been absolutely fatal. It would have invited and stimulated the precise debacle which the Reconstruction Finance Corporation is organized to prevent.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. NORRIS. What does the Senator think, then, about the policy, if that be the policy, that in a favored case they will lend enough money to pay all the depositors, and in a case that is not so favored the bank will get only half enough money to pay the depositors? Should not the country know whether that is the policy of the Reconstruction Finance Corporation or not?

Mr. VANDENBERG. Of course, I do not know that such policy has been pursued. I quite agree that there should be no favorites whatever in the administration of the corporation. I should be very much interested in having the Senate committee which this resolution proposes to raise find out what the facts are; and if the facts require a submission to the Senate, that can follow.

I am assuming that the loan to this particular bank was upon the same sound type of basis which the corporation is willing to pursue in its loans to all banks. I am saying that in this particular instance resources from other additional sources apparently were available which made it possible to announce that 100 cents on the dollar in cash were in the bank's vaults to cover all its deposits. Such an announcement, I repeat, is inestimable in its value and is bound to be conclusive. Equally, it is unique. But, as the Senator from Nebraska well knows, in the normal credit operations of the banks of the country there is not one case in a thousand where it would be possible to announce, even after a loan by the Reconstruction Finance Corporation, that 100 cents on the dollar in cash were in the bank for the purpose of meeting the depositor demands. This is no reflection on these banks. On the contrary, if all the banks in the country were to keep themselves wholly liquid, and all their loans in condition for immediate cash conversion, there would be no banking service ever rendered to the industrial, commercial, and agricultural borrowers of the country upon whom the resurgence of trade depends. It would not be banking. It would be unadulterated hoarding. The Chicago instance was as unusual as it was fortunate. Such a status, however, in the very nature of things can not be the ordinary rule.

Mr. NORRIS. That is just what I am getting at with my resolution. With full publicity, that kind of a thing would not occur.

Mr. VANDENBERG. What kind of a thing?

Mr. NORRIS. That they would take one bank and give it enough money so that it would have in its vaults enough money to pay all the depositors, and not do that with some other bank. That would be a favoritism which nobody would stand for.

Mr. VANDENBERG. The Senator is assuming that in this instance the Reconstruction Finance Corporation was the source of all the funds sufficient to make that 100 per cent announcement possible. I do not believe that is the situation.

Mr. NORRIS. If the Senator will permit me, the publicity announcement made was that practically that much was subscribed and loaned by the Reconstruction Finance Corporation, $80,000,000, $10,000,000 from another source, and $5,000,000 from another, making $95,000,0000, which equaled the deposits. Both of us are assuming; I do not know that those things are true, but I have taken the Senator's assumption that this announcement that they had a hundred cents on the dollar to pay depositors would satisfy everybody, of course. They would not have been able to make that announcement—assuming that to be true—had it not been for the enormous loans they got of public funds, and why should one bank get public funds so as to be able to make an announcement like that, and not others?

Mr. VANDENBERG. Apparently I am having difficulty in making myself understood to the Senator. I agree with the Senator that there should be no different rule with respect to one bank and another; but I am not conceding because neither the Senator from Nebraska nor I have the specific facts at hand, that the result in this particular Chicago instance was solely due to the loan from the Reconstruction Finance Corporation.

On the contrary, I have been given to understand that a very substantial portion of the liquidity came from other sources. But be that as it may, the point I am making—and I think it is incontrovertible—is that in only the rarest case would it ever be possible for the announcement to be made that a hundred cents on the dollar in cash was in the bank for the purpose of liquidating the deposits and, therefore, only in the rarest case would publicity be helpful. Except as it could be possible to make that specific, categorical, and complete announcement, I insist that publicity would be fatal and that it would checkmate and offset the precise thing, namely, public confidence, which the Reconstruction Finance Corporation act undertakes to serve. Let us either abandon the whole reconstruction adventure or let us withhold nullifying devices.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. VANDENBERG. In just a moment. It is with a complete feeling of desire to keep our own responsibility intact that I subscribe to the thoroughly practical resolution submitted by my colleague, and it is with a feeling that to go further would subvert the very purpose that we are seeking to serve, that I am in opposition to the resolution submitted by the Senator from Nebraska.

I yield now to the Senator from Louisiana.

Mr. LONG. According to the resolution we would have five Senators who would know about what is going on, and that is all the Senate would know about it.

Mr. VANDENBERG. As I understand the resolution it is to clothe the committee with responsibility to report back to the Senate if it finds any untoward situation which requires full Senate consideration. This is ample protection.

Mr. NORRIS. But they report next January.

Mr. LONG. The point I am making is that I would just as soon trust the members of the board of the Reconstruction Finance Corporation as any five men we are going to pick here, so far as that is concerned. I would just as soon trust them as anybody picked out by the Senate. If we are going to make this matter public, this half hatched-up plan is not going to do any good to anybody. Let us either make it public or not make it public.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Florida?

Mr. VANDENBERG. In just a moment I shall be very glad to yield. Let me agree with the Senator from Louisiana in one respect. So far as I am concerned I also fully trust the membership of the board of directors of the corporation, just as much as I would trust a concurrent Senate committee.

Mr. LONG. Not all of them.

Mr. VANDENBERG. I believe absolutely in the integrity of the administration of the Reconstruction Finance Corporation so far as I have been able to see it operated, but I think there is an inevitable value in this concurrent checking on the part of the legislative branch of the Government which inevitably continues to be in partnership with the adventure.

I yield now to the Senator from Florida.

Mr. FLETCHER. I simply wanted to call attention to the fact that the resolution does not interfere at all with the requirement that the Reconstruction Finance Corporation shall make a report quarterly. Under section 15 of the act the corporation is required to make a quarterly report to the Congress, stating the character of loans, the number of borrowers in each State, and so forth. The resolution does not interfere with that at all.

Mr. VANDENBERG. I do not want to continue the debate, because certainly my purpose is not one of preventing a vote. I simply wanted to make clear why I find myself in disagreement at the moment with the resolution submitted by the Senator from Nebraska, and why on the other hand I find myself cordially in sympathy with the resolution submitted by my colleague.

The VICE PRESIDENT. The question is on agreeing to the resolution.

Mr. KEAN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KEAN. The vote was taken before the debate took place but the Chair has not announced the result?

The VICE PRESIDENT. The Chair never announces the result of a vote if a Senator rises before the announcement is made and desires to speak on the pending subject. That is the practice.

Mr. KEAN. Then is it the fact that we have had no vote?

The VICE PRESIDENT. The result was not announced and, therefore, there was no vote.

Mr. LONG. Mr. President, I understood the resolution of the Senator from Michigan [Mr. COUZENS] was to be appended as an amendment to the resolution of the Senator from Nebraska [Mr. NORRIS]. I have not read the resolution of the Senator from Michigan, except in the press. As I understand it, the purpose of the resolution is merely to appoint five confidential Senators, who are to sit in and get the information. Of course, naturally my friend from Michigan, being the author of the resolution, will be one of the lucky five. I assume that has been the practice here. If I were the author of the resolution I would like to sit in there myself. I would like to be one of the five picked. But I have a circumstantial suspicion that I probably may not get to be one of the chosen five to sit on the inside of the chicken coop, and so I am opposed to the resolution. [Laughter.] It ought to be provided either that 96 Senators are to be allowed to take a peek in on the situation or none of them ought to be allowed to go in and be the preferred chosen few.

We are all politicians. The Senator from Michigan [Mr. COUZENS], of course, will say he is not, but he is more lucky than all the balance of us. He is about the most fortunate politician I know of. He is one of the few rich men who has a popular appeal in this country. I would vote for him myself if I lived in Michigan. But if we are going to pick out five of us, naturally our friends in the Reconstruction Finance Corporation are not going to be badly treated. Put me in there with the five men to be chosen on the committee and I will guarantee that I will get my part for my section of the country. Put any other man in there with these five and that will be the case. I am appealing to those of us who think we are not going to get on the committee not to stifle the thing by putting a plaster over the resolution of the Senator from Nebraska, but to provide something that will give us all a look-in, all of us here in the Senate as well as 120,000,000 people on the outside. It may be we can not get votes enough to pass the resolution of the Senator from Nebraska, but the resolution of the Senator from Michigan is no substitute. It is, indeed, directly opposite to what we are trying to get. It is to give five more men in confidence the information which the public ought to have, or else we have no business having five Senators sitting in there to report next January. It is rather like picking out a jury now to try a case next fall.

I am opposed to the resolution of the Senator from Michigan. It ought not to be passed. It is no substitute for the resolution that is offered by the Senator from Nebraska. It can not possibly do any good. It gives an unfair preference to 5 Senators over the other 91 Senators. If all of us are not entitled to the information, then I am not in favor of any select five Senators being given that right. I think the resolution ought to be voted down by both sides. Those who favor a public investigation ought to vote against it. Those who have confidence in the Reconstruction Finance Corporation, and do not want to give this information to the public, ought to vote against five Senators going in there without the balance of us going in, too, and having the advantage of the information. I think the resolution ought to be voted down.

The VICE PRESIDENT. The question is on agreeing to the resolution of the Senator from Michigan.

The resolution was agreed to.

The PRESIDENT pro tempore subsequently said: Under the authority of Senate Resolution 269, agreed to this morning, the Chair names as the committee therein authorized the senior Senator from Michigan [Mr. COUZENS], the junior Senator from Maryland [Mr. GOLDSBOROUGH], the junior Senator from Connecticut [Mr. WALCOTT], the junior Senator from Virginia [Mr. GLASS], and the senior Senator from Florida [Mr. FLETCHER].

THE CALENDAR

The VICE PRESIDENT. Under the unanimous-consent agreement, the clerk will report the first bill on the calendar.

The bill (S. 268) to amend subdivision (c) of section 4 of the immigration act of 1924, as amended, was announced as first in order.

Mr. NORRIS. Mr. President, where is the clerk beginning the call of the calendar?

The VICE PRESIDENT. Under the unanimous-consent agreement, the call begins with the first bill on the calendar.

Mr. NORRIS. Very well.

Mr. LA FOLLETTE. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2642) to establish a commission to be known as a Commission on a National Museum of Engineering and Industry was announced as next in order.

Mr. ROBINSON of Arkansas. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1856) to provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation, and/or similar districts other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes, was announced as next in order.

Mr. REED. Over.

The VICE PRESIDENT. The bill will be passed over.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. What became of Calendar 109, the first bill on the calendar?

The VICE PRESIDENT. It went over on objection. The clerk will state the next order of business on the calendar.

The resolution (S. Res. 166) to print the pamphlets entitled "Draft of Mooney-Billings Report" and "Appendix Containing Official Documents" was announced as next in order.

Mr. FESS. Over.

The VICE PRESIDENT. The resolution will be passed over.

The bill (S. 3696) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, was announced as next in order.

Mr. REED. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3377) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, was announced as next in order.

Mr. BINGHAM. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment was announced as next in order.

Mr. REED. Over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 15) to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals, in the State of Alabama, to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes, was announced as next in order.

Mr. METCALF. Over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 572) to provide that the United States shall cooperate with the States in promoting the general health of the rural population of the United States and the wel-

fare and hygiene of mothers and children was announced as next in order.

SEVERAL SENATORS. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1058) repealing various provisions of the act of June 15, 1917, entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes," (40 Stat. L. 217), was announced as next in order.

Mr. REED. Over.

The VICE PRESIDENT. The bill will be passed over.

FAIR TRADE—CHAIN STORES

The bill (S. 97) to protect trade-mark owners, distributors, and the public against injurious and uneconomic practices in the distribution of articles of standard quality under a distinguishing trade-mark, brand, or name was announced as next in order.

Mr. FESS. Let the bill go over.

Mr. CAPPER. Mr. President, if the Senator will withhold his objection for a moment I would like to say that there is widespread interest throughout the business world and a general demand for action on this measure.

This is shown by the thousands of petitions that have come to us in the past few months from independent business men and various groups of producers, distributors, and consumers asking for prompt enactment of Senate bill 97, commonly known as the fair trade bill.

This measure, which would restore freedom of contract between manufacturer and merchant, a freedom taken away by a Supreme Court opinion several years ago, to my mind is one of the relief measures the Congress should consider and enact. It deals with one of the fundamental causes of the present deplorable condition.

I realize with regret there is no chance of action in the Senate at this session of Congress. I just want to say right now, however, that I shall insist to the limit of my abilities for action when the Congress meets next December. The people of this country, the independent merchants of this country, are entitled to protection from predatory price cutting that is and was even before this depression started eliminating independent merchants, the backbone of merchandising prosperity in this Nation.

Destructive, predatory price cutting is one of the things bringing destruction upon our country. Nearly every standard brand of article is being retailed for predatory price-cutting purposes for less than the independent honest merchant can buy it at wholesale. This bill, S. 97, is not an anti-big-business bill. It only restores the freedom of contract, which is lawful in nearly every civilized country.

But I do not intend to take up the time of the Senate discussing the merits of this measure at this time. As I said before, I realize it is impossible under the present parliamentary situation to get real consideration at this session. I renew my statement, I intend to insist upon its consideration early next session.

Mr. COPELAND. Mr. President, as we look back over the period since November, 1929, and witness the efforts that have been made to revive business, employment, and prices, and with what results, it must come home to each of us that there is a lesson that the Nation must learn as to where our greatest reliance can be placed in such an emergency.

Not to the so-called leaders of industry and finance, to whom we had come to look as the source of all wisdom in practical affairs, can we turn for guidance. It is a question whether their performances are not largely responsible for our dilemma.

But there is solid satisfaction in the part which the ordinary business man has taken in these trying times. Except for that we would have fared far worse.

Amidst all the turmoil it is the small man who has kept his head. It is our neighbor—the retail merchant—who has stood in the breach and provided sorely needed merchandise on credit to his customers when our great institutions were frantically forcing collections, calling loans, and laying off employees. If we would know who it is that has conducted our community chests across the country and subscribed largely of what went into them for the relief of the distressed, go into any town in your State and look over the roster. We will be struck by the fact that it reads like a directory of local retail stores. It is this same class which has furnished more nearly the normal taxes than any other section of the business community.

It is to the legion of ordinary business men for their sanity and courage in times when their "betters" were in retreat that our hats may well be lifted. And their service and needs should not be forgotten by their country.

I pray for a long life, but I pray that I shall never see the day when great corporate middlemen shall have displaced the individual merchants. These are they who have always constituted the economic backbone of our towns and cities.

There are still 1,300,000 independent retailers in business. If we would speed the stocking of their shelves, the stimulation of their confidence, let us strike off the shackles of unfair competition which discourage hope in any man. Over a million men who have already proved their mettle will give fresh impetus to the whole field of trade and industry if we show recognition of their needs.

The great among us have failed us in this time of need. Now let us give the common man a chance to show what he can do in the mass. Remember that 98 per cent of retail merchants, over 1,250,000, are represented by the organizations which have petitioned for the passage of the Capper-Kelly bill.

Let us join in responding to the need pointed out in the opinion of Mr. Justice Holmes in the Miles case. We can do this by passing a statute that will give the average business man a chance to show what can be done to start orders by the million rolling into our factories.

As I see it, we should join in giving S. 97 early consideration.

The VICE PRESIDENT. The bill will be passed over.

JOINT RESOLUTION AND BILLS PASSED OVER

The joint resolution (S. J. Res. 80) authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens was announced as next in order.

Mr. REED. Over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 1039) establishing additional land offices in the States of Montana, Oregon, South Dakota, Idaho, New Mexico, Colorado, and Nevada was announced as next in order.

Mr. VANDENBERG. Over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 13) to authorize the merger of street-railway corporations in the District of Columbia, and for other purposes, was announced as next in order.

Mr. BLAINE. Over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 1251) relating to the making of loans to veterans upon their adjusted-service certificates was announced as next in order.

Mr. BINGHAM. Mr. President, we passed a measure the other day taking care of this matter temporarily, so I ask that the bill may be passed over.

The VICE PRESIDENT. On objection the bill goes over.

The bill (S. 34) to provide for review of the action of consular officers in refusing immigration visas was announced as next in order.

Mr. REED. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 939) to limit the jurisdiction of district courts of the United States was announced as next in order.

Mr. COPELAND. Over.

Mr. NORRIS. Mr. President, I am not going to try to pass this bill during the morning hours. I realize it is of

too much importance to be given in that short time the consideration which it requires, and that there is a serious contest over it. The bill has been twice reported by the Committee on the Judiciary, in this Congress and the preceding Congress, but we have been unable to secure consideration for it in the Senate because of the situation there existing. I intend early in the next session to call the bill up for consideration. It is one that ought to be considered and acted upon by the Senate. I would like to give notice to that effect now.

The VICE PRESIDENT. On objection the bill goes over.

The bill (S. 2842) to authorize construction of the Casper-Alcova division, North Platte project, Nebraska-Wyoming, was announced as next in order.

Mr. KENDRICK. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 4080) to regulate the manufacture and sale of stamped envelopes was announced as next in order.

Mr. FESS. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3223) relative to the qualifications of practitioners of law in the District of Columbia was announced as next in order.

Mr. COPELAND. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, was announced as next in order.

Mr. FESS. Over.

The VICE PRESIDENT. The bill will be passed over.

The resolution (S. Res. 60) to hear and determine the contest of George M. Pritchard against Josiah W. Bailey for a seat in the Senate from the State of North Carolina was announced as next in order.

Mr. COUZENS. Over.

The VICE PRESIDENT. The resolution will be passed over.

The resolution (S. Res. 26) changing the name of the Committee on Pensions to the Committee on Veterans' Affairs, and defining its jurisdiction, was announced as next in order.

Mr. REED. Over.

The VICE PRESIDENT. The resolution will be passed over.

The bill (S. 2687) to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The VICE PRESIDENT. The bill will be passed over.

INVESTIGATION OF CAMPAIGN EXPENDITURES, 1932

The resolution (S. Res. 174) for an investigation of campaign expenditures of presidential, vice presidential, and senatorial candidates in 1932 was announced as next in order.

Mr. NORRIS. Mr. President, I think we have an understanding about this resolution.

Mr. McNARY. Mr. President, may we have the attention of the senior Senator from Indiana [Mr. WATSON]?

The VICE PRESIDENT. Will the Senator from Indiana give his attention?

Mr. WATSON. With pleasure.

Mr. NORRIS. It is agreeable to the Senator from Indiana. There was a motion to reconsider made by the Senator from West Virginia [Mr. NEELY], who is not here, but I think we ought to take it up anyway. I will say to the Senate that I do not hesitate at all to bring it up in his absence because the Senator made this motion at my request; so that he will not object, I know, to having it taken up. It is a motion to reconsider the vote by which "$50,000" was stricken out and "$25,000" inserted.

I realize that that motion prevailed on a roll-call vote in the Senate; but, in my judgment, it was a very serious mistake, for the committee can not with $25,000 do in an effective manner the work which it will be called upon to do. The fact that the committee will only have $25,000 at its disposal will injure its activities very materially. Nevertheless, Mr. President, if the Senate wants to adhere to its prior action and vote down the motion to reconsider, I think there is no objection to the adoption of the resolution. I think the Senator from Indiana is not opposed to permitting the use of $50,000 instead of $25,000, although I am not sure as to that.

Mr. WATSON. There is now no way to reach that.

Mr. NORRIS. There is by a motion to reconsider.

Mr. WATSON. I am not objecting to the adoption of the resolution, nor to having the investigating committee appointed.

Mr. NORRIS. Does the Senator think that $25,000 is sufficient?

Mr. WATSON. Of course, if I were going to be on the committee and it was proposed to go into the subject thoroughly, I would want sufficient money. I do not know that even $50,000 would be sufficient. I do not know how much the Nye committee used.

Mr. NORRIS. That committee used over $100,000.

Mr. WATSON. I do not think the Senate would be willing to appropriate that much.

Mr. NORRIS. Nobody is asking for that, but the Committee on Privileges and Elections, of which the Senator is a member, formed the judgment that $50,000 ought to be provided, because they submitted an amendment striking out "$100,000" which was provided in the resolution as originally submitted by the Senator from Iowa.

Mr. WATSON. I have talked with a number of my colleagues and associates and they oppose increasing the amount to $50,000; and inasmuch as we have had a record vote on the question, I suggest it would be better to let the amount stand as it is and let the committee be appointed.

Mr. NORRIS. Of course, I can not expect to reverse the action of the Senate in view of the opposition of the leader on the Republican side, but we will have to have a vote on it, though I shall not ask for a record vote on it again.

The VICE PRESIDENT. The Chair will suggest that the first thing to do is to reconsider the vote whereby the committee amendment as amended was agreed to.

Mr. NORRIS. That is the pending motion.

The VICE PRESIDENT. No; the pending motion is to reconsider the vote whereby the amount was reduced from "$50,000" to "$25,000." If the Senate shall vote to reconsider the vote whereby the amendment as amended was agreed to, then that motion will be in order. Without objection, the vote whereby the committee amendment as amended was agreed to is reconsidered. The question now recurs on the motion of the Senator from West Virginia to reconsider the vote whereby $25,000 was substituted for $50,000.

The motion to reconsider was rejected.

The amendment as amended was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, as I understand, the amendment on page 2, lines 6 to 8, has already been agreed to.

The VICE PRESIDENT. That has already been agreed to. Without objection, the resolution as amended is agreed to.

Pursuant to the resolution, No. 174, the Vice President appointed Mr. HOWELL, Mr. TOWNSEND, Mr. CAREY, Mr. BRATTON, and Mr. CONNALLY members of the special committee to investigate campaign expenditures of the various presidential, vice presidential, and senatorial candidates in 1932.

CHARLES LAMKIN

The bill (H. R. 2704) for the relief of Charles Lamkin was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Charles Lamkin, of Banning, Calif., the amount of $66 in full settlement for the value

of equipment belonging to him which was destroyed by fire while being used in an attempt to save Government property from burning on the San Bernardino National Forest, Calif., July 14, 1929.

FINANCIAL RESPONSIBILITY OF TAXI DRIVERS

The bill (S. 99) to amend section 8 of the act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1914, and for other purposes, approved March 4, 1913, was announced as next in order.

Mr. ROBINSON of Arkansas. I inquire what change in the law this bill proposes to make?

Mr. KEAN. Mr. President, the bill does not change the present law; it only adds a provision to existing law in the effort to protect the people of the District of Columbia in connection with the operation of taxicabs. At present there is no financial responsibility on the part of the taxicab driver; a good many people have been injured and have been unable to secure any redress, and this bill endeavors to protect the public. That is its object.

Mr. GEORGE. I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

BILLS AND RESOLUTION PASSED OVER

The bill (S. 4291) to amend section 5219 of the Revised Statutes, as amended, was announced as next in order.

Mr. REED. Over.

The PRESIDENT pro tempore. The bill will be passed over.

The resolution (S. Res. 186) favoring an expression on Mother's Day of our love and reverence for motherhood was announced as next in order.

Mr. FESS. Over.

The PRESIDENT pro tempore. The resolution will be passed over.

The bill (S. 436) to amend the national prohibition act, as amended and supplemented, in respect to the definition of intoxicating liquor was announced as next in order.

Mr. FESS. Over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2473) to provide for increasing the permissible alcoholic content of beer, ale, or porter to 3⅕ per cent by weight, and to provide means by which all such beer, ale, or porter shall be made of products of American farms was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The bill will be passed over.

RESOLUTION INDEFINITELY POSTPONED

The resolution (S. Res. 206) opposing reductions in appropriations for the Postal and Customs Services that would seriously disrupt such services was announced as next in order.

Mr. BINGHAM. Mr. President, in view of the fact that the object of the resolution can no longer be achieved, the bill to which it relates having become a law, I ask that the resolution may be indefinitely postponed.

The PRESIDENT pro tempore. Without objection, the resolution will be indefinitely postponed.

BILL PASSED OVER

The bill (S. 368) for the relief of the Joliet National Bank and H. William, John J., Edward F., and Ellen C. Sharpe was announced as next in order.

Mr. ROBINSON of Arkansas. The Senator from Utah [Mr. KING] is absent. He has heretofore objected to the consideration of this bill. I ask that it may go over.

The PRESIDENT pro tempore. The bill will be passed over.

FRANKLIN SURETY CO.

The bill (S. 4258) authorizing adjustment of the claim of the Franklin Surety Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claim of the Franklin Surety Co. for extra work performed in connection with the completion of contract of April 10, 1929, between the United States and the Wiglan Building Co. (Inc.) for remodeling the Government warehouse at New York, N. Y., and to allow thereon not to exceed $11,725.71 in full and final settlement of all claims by the said Franklin Surety Co. against the United States arising out of said contract. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $11,725.71, or so much thereof as may be necessary, for payment of said claim.

COMMANDER FRANCIS JAMES CLEARY, UNITED STATES NAVY

The bill (S. 4270) for the relief of Commander Francis James Cleary, United States Navy, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That hereafter Commander Francis James Cleary, United States Navy, retired, an additional number in grade and designated for the performance of engineering duty only, who has heretofore been wounded in line of duty, shall be regarded as having been retained on active duty and as having been promoted to the rank of captain on the active list in the United States Navy as an additional number in grade to perform engineering duty only, with precedence next after the captain who immediately preceded him when in the grade of commander: *Provided further*, That no increased pay or allowance shall accrue prior to the date of this act.

BILL PASSED OVER

The bill (S. 4567) to provide for the settlement of claims against the United States on account of property damage, personal injury, or death was announced as next in order.

Mr. BRATTON. Over.

The PRESIDENT pro tempore. The bill will be passed over.

OTOE AND MISSOURIA TRIBES OF INDIANS

The bill (S. 4578) conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria Tribes of Indians to compensation on a basis of guardian and ward was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred on the Court of Claims to receive, hear, determine, and adjudicate all claims and complaints of the Otoe and Missouria Tribe or Tribes of Indians of whatsoever nature, which either or both of such tribes of Indians (considered as a unit or as two tribes) or the members of such tribe or tribes (considered on the basis of their tribal entity prior to their acceptance of allotments in severalty) may have or claim to have against the United States. Pursuant to the jurisdiction conferred, such tribe or tribes may bring suit against the United States in the Court of Claims upon any and every matter relating to, or arising out of, the status or relationship of the United States as guardian, quasi guardian, curator, or quasi curator of such tribe or tribes and the members thereof and as trustee or quasi trustee of their property and funds, from the inception of such status or relationship until the date of the approval of this act. The jurisdiction conferred shall include the right to determine and adjudicate the amount or amounts, if any, due to such tribe or tribes from the United States, under any law of Congress, any treaty between the United States and such tribe or tribes, any stipulation or contract (express or implied) between the United States and such tribe or tribes, or any regulation of an executive department, or for the misappropriation, misapplication, withholding, or nonpayment of any funds of such tribe or tribes and of the Indian citizens or members of such tribe or tribes. The description of, or reference to, any particular claims or complaints in this act shall not be construed to limit in any manner the jurisdiction conferred on the Court of Claims.

SEC. 2. The jurisdiction conferred in the first section shall extend to and include all claims arising in law or in equity and shall include jurisdiction and power—

(1) to consider the inequities, injustices, and improprieties of treaties or agreements with such tribe or tribes in respect to their several reservations and their lands and their removal therefrom;

(2) to determine the rights of such tribe or tribes for compensation for lands and reservation privileges in Kansas and Nebraska set apart unto such tribe or tribes under the treaty of March 15, 1854;

(3) to determine the cost and expense of the removal of such tribe or tribes from their Nebraska reservations to other lands and to reimburse them therefor;

(4) to ascertain and adjudge the rights of such tribe or tribes in law and in equity to other lands than those included in their respective treaties and to determine whether such lands have ever been settled for or not;

(5) to consider inequities, injustices, and improprieties in the public auction by officers of the United States and others of the lands of such tribe or tribes and determine the equity, justice, and propriety of the manner and amount of payment therefor;

(6) to consider and determine the inequity, impropriety, and any unfair or dishonest dealing with such tribe or tribes in the securing of the contracts on November 20, 1899, and to determine their rights and equities de novo, notwithstanding the confirma-

tion thereof by act of Congress approved April 4, 1900 (31 Stat. 59), nor by any receipts given in full or otherwise by the Indians under such settlement, nor shall such receipts be evidence of any fact except that of payment and the amount thereof;

(7) to determine and adjudge the sum or sums found to be due such Indians either in law or in equity on the basis of fair dealing between guardian and ward or trustee and cestui que trust and taking fully into consideration the fact that such Indians were a dependent people inexperienced in law and in business; and

(8) to require the United States to prepare, render, and submit as such guardian and trustee a full, true, and correct itemized account of its dealings with such tribe or tribes in receipts and disbursements of moneys and its securing of treaties, contracts, or stipulations waiving, relinquishing, or receipting therefor without the actual payment thereof.

SEC. 3. The Commissioner of Indian Affairs is hereby authorized and directed to assign some officer or employee of the United States, learned in the law with respect to Indian treaties and a thoroughly competent statistician or historian learned in the laws, history, and affairs of such tribe or tribes and the associated and confederated tribes of the Indians of the general portion of the United States inhabited by such tribe or tribes, to assist in the preparation and presentation of claims for and on behalf of such tribe or tribes and to represent them before the Court of Claims and in all appellate proceedings in all matters within the purview or contemplation of this act.

SEC. 4. (a) The burden of proof in all proceedings within the purview of this act shall follow the rules and practice in matters of guardianship accounts in the courts having jurisdiction of the settlement of minors' estates and the burden of proof shall rest upon the parties where, according to the laws, practice, and custom of the United States and of the several States, such burden of proof would rest as between guardian and ward.

(b) The claims which such tribe or tribes assert or desire to present in the Court of Claims under the authority of this act, whether legal or equitable, may be consolidated in one action and prosecuted to final determination, and the court shall do justice and equity irrespective of form and manner of pleading. Should any separate or separable matter be omitted from, or not be set forth in, any suit, brought under authority of this act, the omission of, or failure to set forth, such matter shall not prejudice the right to bring a subsequent suit therefor. Verification of all pleadings may be made by attorney for the interested parties whom he represents.

(c) The rights and privileges herein conferred upon such tribe or tribes and the individual members thereof may be exercised by the individual members, except that if such rights be asserted or exercised by individuals, it shall require at least 25 per cent of the individual members of such tribe or tribes to initiate proceedings within the purview of this act, but the benefits and results of such proceedings shall inure pro rata to the several members of such tribe or tribes as shown by the allotment schedules and the descent, inheritance, and succession rights resulting therefrom.

(d) In determining the rights of such tribe or tribes or members thereof it shall not be necessary to join either as plaintiff or defendant any other Indians or tribes of Indians, but the Commissioner of Indian Affairs is hereby authorized and directed in the course of any proceeding within the purview of this act to protect all rights and interests of any other tribe of Indians or the individual members thereof.

(e) No suit may be instituted under the authority of this act after seven years from the date of enactment of this act.

SEC. 5. (a) Upon the final determination of any suit instituted pursuant to the authority of this act, the Court of Claims shall allow as part of its decree or judgment such amount or amounts as it may deem reasonable (not exceeding 10 per cent of the amount of recovery against the United States) to be paid for the services, expenses, and disbursement of attorneys now or hereafter employed by such tribe or tribes of Indians or members thereof in representing them in any matter or matters appertaining to each and all of the several claims of such Indians and may direct the manner of payment thereof.

(b) The court shall also allow interest on all items wherein it would be equitable so to do at customary rate in such matters from the date of accrual of the claim or claims involved, or the court may in any particular claim or item, in its discretion, allow an equitable increase in the amount of recovery based on the long delay and lapse of time between the time of accrual of such claim and the adjudication thereof.

(c) The court shall also allow as part of its decree or judgment, in addition to any other costs allowed, costs against the United States for the taking of depositions, including the expense of stenographic and notarial services and costs of transmission.

(d) Either party aggrieved by the final decree or judgment of the Court of Claims may appeal to the Supreme Court of the United States.

OPERATION OF MOTOR VEHICLES IN THE DISTRICT

The Senate proceeded to consider the bill (S. 3053) to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments.

Mr. BLAINE. Mr. President, I would ask that this bill go over; but after conferring with the Senator from New Jersey [Mr. KEAN] I understand he is willing to accept this proposition: That on page 8 the first amendment should be rejected and also the second amendment striking out a part of the original Senate bill.

The PRESIDENT pro tempore. The Chair suggests that the Senate proceed with the committee amendments and deal under the agreement with the amendments referred to when they are reached in order.

Mr. BLAINE. I was going to ask if I was stating the understanding correctly.

Mr. KEAN. I will accept the suggestion of the Senator from Wisconsin, Mr. President.

The PRESIDENT pro tempore. The amendments will be stated.

The first amendment was, in section 2, page 1, line 6, after the word "operator's," to strike out "or chauffeur's" and to insert "permit"; on page 2, line 6, after the words "of the," to insert "act of Congress approved March 3, 1925, as amended, and commonly known as the"; in line 8, after the word "Acts," to strike out "of the District of Columbia"; after line 11, to strike out "such other violations as constitute cause for suspension or revocation of licenses in the District of Columbia; or"; in line 18, after the words "by the," to strike out "director of traffic (hereinafter called the director) because of such conviction" and insert "Commissioners of the District of Columbia or their designated agent"; on page 3, line 9, after the word "operator's," to strike out "license" and insert "permit"; in line 20, after the words "of the," to strike out "director" and insert "said commissioners or their designated agent"; in line 21, after the words "and the," to strike out "director" and insert "said commissioners or their designated agent"; on page 4, line 11, after the words "and the," to strike out "director" and insert "said commissioners or their designated agent"; in line 16, after the word "court," to strike out "or of the court where it has no clerk"; in line 18, after the words "to the," to strike out "director" and insert "said commissioners or their designated agent"; in line 19, after "transcript," to strike out "thereof. A certified copy or transcript of the judgment, order, or record of other action of the court" and insert "thereof, which said certified copy or transcript"; and in line 22, after the word "of," to strike out "such convictions" and insert "the facts," so as to make the section read:

SEC. 2. The motor-vehicle operator's permit and all of the registration certificates of any person who shall by a final order or judgment have been convicted of or shall have forfeited any bond or collateral given for a violation of any of the following provisions of law, to wit—

Driving while under the influence of intoxicating liquor or narcotic drugs, as provided in section 10 of the act of Congress approved March 3, 1925, as amended, and commonly known as the traffic acts;

Leaving the scene of an automobile accident in which personal injury occurs without making identity known, as provided in section 10 of said traffic acts;

A conviction of an offense in any other State, which if committed in the District of Columbia would be a violation of any of the aforesaid provisions of the traffic acts of the District of Columbia;

shall be suspended by the Commissioners of the District of Columbia or their designated agent and shall remain so suspended and shall not at any time thereafter be renewed, nor shall any other motor vehicle be thereafter registered in his name until he shall give proof of his ability to respond thereafter in damages resulting from the ownership or operation of a motor vehicle and arising by reason of personal injury to or death of any one person of at least $5,000, and, subject to the aforesaid limit for each person injured or killed, of at least $10,000 for such injury to or the death of two or more persons in any one accident, and for damage to property of at least $1,000 resulting from any one accident. Such proof in said amounts shall be furnished for each motor vehicle owned or registered by such person. If any such person shall fail to furnish said proof, his operator's permit and registration certificates shall remain suspended and shall not at any time thereafter be renewed, nor shall any other motor vehicle be thereafter registered in his name until such time as said proof be given. If such person shall not be a resident of the District of Columbia the privilege of

operating any motor vehicle in the District of Columbia and the privilege of operation within the District of Columbia of any motor vehicle owned by him shall be withdrawn until he shall have furnished such proof: *Provided*, That in case of both residents, and nonresidents, however, it it shall be duly established to the satisfaction of the said commissioners or their designated agent, and the said commissioners or their designated agent shall so find (a) that any such person so convicted, or who shall have plead guilty or forfeited bond or collateral, was, upon the occasion of the violation upon which such conviction, plea, or forfeiture was based, a chauffeur or motor-vehicle operator, however designated, in the employ of the owner of such motor vehicle; or a member of the same family and household of the owner of such motor vehicle, and (b) that there was not, at the time of such violation, or subsequent thereto, up to the date of such finding, any motor vehicle registered in the District of Columbia in the name of such person convicted, entering a plea of guilty or forfeiting bond or collateral, as aforesaid, then in such event, if the person in whose name such motor vehicle is registered shall give proof of ability to respond in damages, in accordance with the provisions of this act (and the said commissioners or their designated agent shall accept such proof from such person), such chauffeur or other person, as aforesaid, shall thereupon be relieved of the necessity of giving such proof in his own behalf. It shall be the duty of the clerk of the court in which any such judgment or order is rendered or other action taken to forward immediately to the said commissioners or their designated agent a certified copy or transcript thereof, which said certified copy or transcript shall be prima facie evidence of the facts therein stated.

The amendment was agreed to.

The next amendment was, on page 4, section 3, line 24, after the word "operator's," to strike out "license" and insert "permit"; on page 5, line 4, after the word "by," to strike out "expiration without appeal" and insert "expiration, without appeal"; in line 13, after the words "by the," to strike out "director" and insert "said commissioners or their designated agent"; in line 16, after the word "same," to insert "is or"; in line 24, after the word "to," to strike out "director" and insert "the said commissioners or their designated agent"; on page 6, line 2, after the words "of the," to strike out "director" and insert "said commissioners or their designated agent"; in line 10, after the word "such," to strike out "license" and insert "permit"; in line 15, after the word "personal," to strike out "inury" and insert "injury"; on page 7, line 3, after the word "only," to insert "*And provided further*, That a judgment debtor to whom this section applies may, for the sole purpose of giving authority to the commissioners or their designated agent to authorize the judgment debtor to operate a motor vehicle thereafter, on due notice to the judgment creditor, apply to the court in which the trial judgment was obtained for the privilege of paying such judgment in installments, and the court, in its discretion and without prejudice to any other legal remedies which the judgment creditor may have, may so order, fixing the amounts and times of payment of the installments. While the judgment debtor is not in default in payment of such installments, the commissioners or their designated agent upon his giving proof of ability to respond in damages for future accidents, as herein provided, may, in their discretion, restore or refrain from suspending his operator's permit and registration certificate or certificates; but such permit and certificate or certificates shall be suspended as hereinbefore provided if and when the commissioners or their designated agent are satisfied that the judgment debtor has failed to comply with the terms of the court order"; and on page 7, line 25, after the word "the," to strike out "streets and," so as to read:

SEC. 3. The operator's permit and all of the registration certificates of any person, in the event of his failure to satisfy every judgment arising from an accident, or accidents, happening subsequently to the effective date of this act and which shall have become final by expiration, without appeal, of the time within which appeal might have been perfected or by final affirmance on appeal, rendered against him by a court of competent jurisdiction in the District of Columbia or any State, or in a district court of the United States, for damages on account of personal injury, or damages to property in excess of $100, resulting from the ownership or operation of a motor vehicle by him, his agent, or any other person with the express or implied consent of the owner, shall be forthwith suspended by the said commissioners or their designated agent upon receiving a certified copy of such final judgment or judgments from the court in which the same is or are rendered and shall remain so suspended and shall not be renewed, nor shall any other motor vehicle be thereafter registered in his name while any such judgment remains unstayed, unsatisfied, and subsisting, and until the said person gives proof of his ability to respond in damages, as required in section 4 of this act, for future accidents. It shall be the duty of the clerk of the court in which any such judgment is rendered to forward immediately to the said commissioners or their designated agent a certified copy of such judgment or a transcript thereof. In the event the defendant is a nonresident, it shall be the duty of the said commissioners or their designated agent to transmit to the commissioner of motor vehicles (or officer in charge of the issuance of operators' permits and registration certificates) of the State of which the defendant is a resident a certified copy of the said judgment. If after such proof has been given any other such judgment shall be recovered against such person for any accident occurring before such proof was furnished, and after the effective date of this act, such permit and certificates shall again be and remain suspended while any such judgment remains unsatisfied and subsisting: *Provided, however*, That (1) when $5,000 has been credited upon any judgment or judgments rendered in excess of that amount for personal injury to or the death of one person as the result of any one accident; (2) when, subject to the limit of $5,000 for each person, the sum of $10,000 has been credited upon any judgments rendered in excess of that amount for personal injury to or the death of more than one person as the result of any one accident; or (3) when $1,000 has been credited upon any judgment or judgments rendered in excess of that amount for damage to property as the result of any one accident resulting from the ownership or operation of a motor vehicle by such judgment debtor, his agent, or any other person, with his express or implied consent, then and in such event such payment or payments shall be deemed a satisfaction of such judgment or judgments for the purposes of this section only: *And provided further*, That a judgment debtor to whom this section applies may, for the sole purpose of giving authority to the commissioners or their designated agent to authorize the judgment debtor to operate a motor vehicle thereafter, on due notice to the judgment creditor, apply to the court in which the trial judgment was obtained for the privilege of paying such judgment in installments, and the court, in its discretion and without prejudice to any other legal remedies which the judgment creditor may have, may so order, fixing the amounts and times of payment of the installments. While the judgment debtor is not in default in payment of such installments, the commissioners or their designated agent, upon his giving proof of abiliy to respond in damages for future accidents, as herein provided, may, in their discretion, restore or refrain from suspending his operator's permit and registration certificate or certificates; but such permit and certificate or certificates shall be suspended as hereinbefore provided if and when the commissioners or their designated agent are satisfied that the judgment debtor has failed to comply with the terms of the court order.

Whenever any motor vehicle, after the passage of this act, shall be operated upon the public highways of the District of Columbia by any person other than the owner, with the consent of the owner, express or implied, the operator thereof shall, in case of accident, be deemed to be the agent of the owner of such motor vehicle.

The amendment was agreed to.

The next amendment was, on page 8, line 4, after the word "vehicle," to insert "and the proof of the ownership of said motor vehicle shall be prima facie evidence that such person operated said motor vehicle with the consent of the owner."

Mr. BLAINE. I ask that that amendment be disagreed to.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was rejected.

The next amendment was, on page 8, after line 19, to strike out:

In all cases of persons who have been tried and convicted or plead guilty of violations of traffic laws of the District of Columbia the operation by a nonresident or with his express or implied consent, if an owner of a motor vehicle, on any public street or highway of the District of Columbia, shall be deemed equivalent to an appointment by such nonresident of the director or his successor in office to be his true and lawful attorney upon whom may be served all lawful processes in any action or proceedings against him growing out of any accident or collision in which said nonresident may be involved while so operating or so permitting to be operated a motor vehicle on any such street or highway, and said operation shall be a signification of his agreement that any such process against him, which is so served, shall be of the same legal force and validity as if served upon him personally. Service of such process shall be made by leaving a copy of the process with a fee of $2 in the hands of the director, or in his office, and such service shall be sufficient service upon the said nonresident: *Provided*, That notice of such service and a copy of the process are forthwith sent by registered mail by the plaintiff, or his attorney, to the defendant, and the defendant's return receipt appended to the writ and entered with the declaration. The court in which the action is pending may order such continuances as may be necessary to afford the defendant a reasonable opportunity to defend the action.

And in lieu thereof to insert:

The operation by a nonresident or by his agent of a motor vehicle on any public highway of the District of Columbia shall be deemed equivalent to an appointment by such nonresident of the director of vehicles and traffic or his successor in office to be his true and lawful attorney, upon whom may be served all lawful processes in any action or proceedings against such nonresident growing out of any accident or collision in which said nonresident or his agent may be involved while operating a motor vehicle on any such public highway, and said operation shall be a signification of his agreement that any such process against him, which is so served, shall be of the same legal force and validity as if served upon him personally in the District of Columbia. Service of such process shall be made by leaving a copy of the process with a fee of $2 in the hands of the director of vehicles and traffic or in his office, and such service shall be sufficient service upon the said nonresident: *Provided*, That the plaintiff in such action shall first file in the court in which said action is commenced an undertaking in form and amount, and with one or more sureties, approved by said court, to reimburse the defendant, on the failure of the plaintiff to prevail in the action, for the expenses necessarily incurred by the defendant, including a reasonable attorney's fee in an amount to be fixed by the said court, in defending the action in the District of Columbia: *And provided further*, That notice of such service and a copy of the process are forthwith sent by registered mail by the plaintiff or his attorney to the defendant, and the defendant's return receipt appended to the writ and entered with the declaration, or such notice of such service and a copy of the process may be served upon the defendant in the manner provided by section 105 of the Code of Laws for the District of Columbia. The court in which the action is pending may order such continuances as may be necessary to afford the defendant a reasonable opportunity to defend the action, and no judgment by default in any such action shall be granted until at least 20 days shall have elapsed after service upon the defendant, as hereinabove provided, of a copy of the process and notice of service of said process upon the director of vehicles and traffic.

Mr. BLAINE. Mr. President, I ask that the amendment to the text of the original Senate bill may be disagreed to.

Mr. KEAN. I accept that suggestion.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was rejected.

The next amendment was, in section 4, page 11, line 23, after the word "The," to strike out "director" and insert "said commissioners or their designated agent," and on page 12, line 8, after the word "The," to strike out "director" and insert "said commissioners or their designated agent," so as to read:

SEC. 4. Proof of ability to respond in damages when required by this act may be evidenced by the written certificate or certificates of any insurance carrier, duly authorized to do business within the District of Columbia, or in the case of a nonresident by an insurance carrier authorized to transact business in any of the several States, that it has issued to or for the benefit of the person named therein a motor-vehicle liability policy or policies as defined in this act which, at the date of said certificate or certificates, is in full force and effect and designating therein by explicit description or by other appropriate reference all motor vehicles with respect to which coverage is granted by the policy certified to. The said commissioners or their designated agent shall not accept any certificate or certificates unless the same shall cover all motor vehicles registered in the name of the person furnishing such proof. Additional certificates as aforesaid shall be required as a condition precedent to the registration of any additional motor vehicle or motor vehicles in the name of such person required to furnish proof as aforesaid. Said certificate or certificates shall certify that the motor-vehicle liability policy or policies therein cited shall not be canceled except upon 10 days' prior written notice thereof to the said commissioners or their designated agent.

The amendment was agreed to.

The next amendment was, on page 12, line 14, after the word "record," to insert "and filed with the said commissioners or their designated agent," and in line 18, after the word "The," to strike out "director. Such bond shall constitute a lien in favor of the District of Columbia upon the real estate of any surety, which lien shall exist in favor of any holder of any final judgment on account of damage to property over $100 in amount or injury to any person or persons caused by the operation of suoh person's motor vehicle, upon the filing of notice to that effect by the director in the office of the clerk of the Supreme Court of the District of Columbia," and insert "said commissioners or their designated agent. Such bond in the case where individual sureties are offered shall contain a schedule of the real estate of said sureties and shall constitute a lien in favor of the District of Columbia upon said real estate, which lien shall exist in favor of any holder of any final judgment thereafter rendered on account of damage to property over $100 in amount or injury to any person or persons caused by the operation of such person's motor vehicle. Said bond shall be recorded by the principal named therein among the land records of the District of Columbia before the same is filed with the commissioners or their designated agent. If a final judgment rendered after the filing of the bond as aforesaid against the principal named in the surety or real estate bond for damages sustained to person or property while said bond remains in force or effect shall not be satisfied within 30 days after its rendition, the judgment creditor may, for his own use and benefit and at his sole expense, bring an action in the name of the District of Columbia against the company or persons executing such bond," so as to make the clause read:

Such proof may be the bond of a surety company duly authorized to do business within the District of Columbia or a bond with at least two individual sureties, each owning unencumbered real estate in the District of Columbia, approved by a judge of a court of record, and filed with the said commissioners or their designated agent, which said bond shall be conditioned for the payment of the amounts specified in section 2 hereof and shall not be cancelable except after 10 days' written notice to the said commissioners or their designated agent. Such bond in the case where individual sureties are offered shall contain a schedule of the real estate of said sureties and shall constitute a lien in favor of the District of Columbia upon said real estate, which lien shall exist in favor of any holder of any final judgment thereafter rendered on account of damage to property over $100 in amount or injury to any person or persons caused by the operation of such person's motor vehicle. Said bond shall be recorded by the principal named therein among the land records of the District of Columbia before the same is filed with the commissioners or their designated agent. If a final judgment rendered after the filing of the bond as aforesaid against the principal named in the surety or real estate bond for damages sustained to person or property while said bond remains in force or effect shall not be satisfied within 30 days after its rendition, the judgment creditor may, for his own use and benefit and at his sole expense, bring an action in the name of the District of Columbia against the company or persons executing such bond.

The amendment was agreed to.

The next amendment was, on page 13, line 22, after the word "The," to strike out "director" and insert "said commissioners or their designated agent"; in line 25, after the word "money," to strike out "or collateral"; on page 14, line 1, before the word "shall," to strike out "or collateral"; in the same line, after "$11,000," insert "The said clerk shall accept such deposit and issue a receipt therefor"; in line 3, after the word "money," to strike out "or collateral"; in line 6, after the word "full," to strike out "The said clerk shall accept any such deposit and issue a receipt therefor"; in line 8, after the word "therefor," to insert "Such money shall be held by the said clerk to satisfy, in accordance with the provisions of this act, any execution issued against such person in any suit arising out of damage caused by the operation of any motor vehicle owned or operated by such person. Money so deposited shall not be subject to attachment or execution unless such attachment or execution shall arise out of a suit for damages, including injury to property, and personal injury or death, as a result of the operation of a motor vehicle," so as to read:

Such proof of ability to respond in damages may also be evidence presented to the said commissioners or their designated agent of a deposit by such person with the clerk of the Supreme Court of the District of Columbia of a sum of money, the amount of which money shall be $11,000. The said clerk shall accept such deposit and issue a receipt therefor. But the said clerk shall not accept a deposit of money where any judgment or judgments, theretofore recovered against such person as a result of damages arising from the operation of any motor vehicle, shall not have been paid in full. Such money shall be held by the said clerk to satisfy, in accordance with the provisions of this act, any execution issued against such person in any suit arising out of damage caused by the operation of any motor vehicle owned or operated by such person. Money so deposited shall not be subject to attachment or execution unless such attachment or execution shall arise out of a suit for damages, including injury to property, and personal injury or death, as a result of the operation of a motor vehicle.

The amendment was agreed to.

The next amendment was, on page 14, at the beginning of line 17, to insert "Sec. 5"; in the same line, after the word "The," to strike out "director" and insert "said

commissioners or their designated agent"; in line 20, after the word "act," to insert "or of any surety or real-estate bond"; in line 24, after the word "effect," to strike out "additional evidence of ability to respond in damages shall be furnished the director at any time upon his demand"; and to insert "Upon receipt of such notice of cancellation or expiration the said commissioners or their designated agent shall require other evidence of ability to respond in damages, and upon failure to furnish the same before the effective date of such cancellation or expiration, the operator's permit and all of the registration certificates of the person failing to comply herewith shall be suspended by the commissioners or their designated agent and shall remain so suspended until such other evidence of ability to respond in damages shall have been given," so as to read:

SEC. 5. The said commissioners or their designated agent shall be notified of the cancellation or expiration of any motor-vehicle liability policy of insurance certified under the provisions of this act or of any surety or real-estate bond at least 10 days before the effective date of such cancellation or expiration. In the absence of such notice of cancellation or expiration said policy of insurance shall remain in full force and effect. Upon receipt of such notice of cancellation or expiration the said commissioners or their designated agent shall require other evidence of ability to respond in damages, and upon failure to furnish the same before the effective date of such cancellation or expiration, the operator's permit and all of the registration certificates of the person failing to comply herewith shall be suspended by the commissioners or their designated agent and shall remain so suspended until such other evidence of ability to respond in damages shall have been given.

The amendment was agreed to.

The next amendment was, on page 15, line 12, to strike out section 5, as follows:

SEC. 5. Such bond, money, or collateral shall be held by the said clerk to satisfy, in accordance with the provisions of this act, any execution issued against such person in any suit arising out of damage caused by the operation of any motor vehicle owned or operated by such person. Money or collateral so deposited shall not be subject to attachment or execution unless such attachment or execution shall arise out of a suit for damages, including injury to property, and personal injury or death as a result of the operation of a motor vehicle. If a final judgment rendered against the principal on the surety or real-estate bond shall not be satisfied within 30 days after its rendition, the judgment creditor may, for his own use and benefit and at his sole expense, bring an action in the name of the District of Columbia against the company or persons executing such bond.

The amendment was agreed to.

The next amendment was, on page 15, section 6, after the word "The," in line 4, to strike out "director" and insert "director of vehicles and traffic"; in line 11, after the word "statute," to insert "or regulation"; in line 13, after the word "the," to insert "said"; and in line 14, after the word "The," to insert "said," so as to make the section read:

SEC. 6. The director of vehicles and traffic shall, upon request, furnish any insurer, person, or surety a certified abstract of the operating record of any person subject to the provisions of this act, which abstract shall fully designate the motor vehicles, if any, registered in the name of such person, and if there shall be no record of any conviction of such person of a violation of any provision of any statute or regulation relating to the operation of a motor vehicle or of any injury or damage caused by such person as herein provided the said director shall so certify. The said director shall collect for each such certificate the sum of $1.

The amendment was agreed to.

The next amendment was, on page 16, section 7, after the word "The," to strike out "director" and insert "director of vehicles and traffic," so as to make the section read:

SEC. 7. The director of vehicles and traffic shall furnish any person who may have been injured in person or property by any motor vehicle, upon written request, with all information of record in his office pertaining to the evidence of the ability of any operator or owner of any motor vehicle to respond in damages.

The amendment was agreed to.

The next amendment was, on page 16, after line 21, to strike out section 8, as follows:

SEC. 8. Any operator or any owner whose operator's license or certificate of registration shall have been suspended as herein provided, or whose policy of insurance or surety bond shall have been canceled or terminated, or who shall neglect to furnish additional evidence of ability to respond in damages upon request of the director shall immediately return to the director his operator's license, certificate of registration, and the number plates issued thereunder. If any person shall fail to return to the director the operator's license, certificate of registration, and the number plates issued thereunder as provided herein, the director shall forthwith direct any member of the Metropolitan police of the District of Columbia to secure possession thereof and to return the same to the office of the director. Any person failing to return on demand such operator's license or such certificate and number plates shall be guilty of a misdemeanor and shall be fined not more than $100, and such penalty shall be in addition to any penalty imposed for any violation of the provisions of the traffic acts as given in section 2 of this act. The amount of such fine shall be paid in the manner provided for the payment of fines for violations of the traffic acts.

The amendment was agreed to.

The next amendment was, on page 17, after line 18, to strike out section 9, as follows:

SEC. 9. The director may cancel such bond or return such evidence of insurance, or the said clerk may, with the consent of the director, return such money or collateral to the person furnishing the same, provided three years shall have elapsed since the filing of such evidence or the making of such deposit, during which period such person shall not have violated any provision of the traffic acts referred to in section 2, and provided no suit or judgment for damages on account of personal injury or damage to property in excess of $100 resulting from the operation of motor vehicle by him or his agent, shall then be outstanding against such person. The director may direct the return of any money or collateral to the person who furnished the same upon the acceptance and substitution of other evidence of his ability to respond in damages or, at any time after three years from the expiration of any registration or license issued to such person, provided no written notice shall have been filed with the director stating that such suit has been brought against such person by reason of the ownership, maintenance, or operation of a motor vehicle and upon the filing by such person with the director of an affidavit that he has abandoned his residence in the District of Columbia or that he has made a bona fide sale of any and all motor vehicles owned by him and does not intend to own or operate any motor vehicle in the District of Columbia for a period of one or more years.

The amendment was agreed to.

The next amendment was, on page 18, after line 19, to insert:

SEC. 8. Any operator or any owner whose operator's permit or certificate of registration shall have been suspended as herein provided shall immediately return to the director of vehicles and traffic his operator's permit, certificate of registration, and the number plates issued thereunder. If any person shall fail to return to the said director the operator's permit, certificate of registration, and the number plates issued thereunder as provided herein, the said director shall forthwith direct any member of the Metropolitan police of the District of Columbia to secure possession thereof and to return the same to the office of the said director. Any person failing to return on demand such operator's permit or such certificate and number plates shall be guilty of a misdemeanor and shall be fined not more than $100, and each day such person shall fail to return the same shall constitute a separate offense.

The amendment was agreed to.

The next amendment was, on page 19, after line 10, to insert:

SEC. 9. The said commissioners or their designated agent may cancel such bond or return such evidence of insurance, or the clerk of the Supreme Court of the District of Columbia may, with the consent of the said commissioners or their designated agent, return such money to the person furnishing the same, provided three years shall have elapsed since the filing of such evidence or the making of such deposit, during which period such person shall not have violated any provision of the traffic acts referred to in section 2, and provided no suit or judgment for damages on account of personal injury or damage to property in excess of $100 resulting from the operation of a motor vehicle by him or his agent shall then be outstanding against such person; and the affidavit of such person that he has not so violated the motor vehicle laws and that there are then outstanding against him no suits or judgments for damages as aforesaid shall be sufficient proof thereof in the absence of evidence to the contrary then before the commissioners or their designated agent. The said commissioners or their designated agent may direct the return of any money to the person who furnished the same upon the acceptance and substitution of other evidence of his ability to respond in damages or, at any time after three years from the expiration of the latest registration or permit issued to such person, provided no written notice shall have been filed with the director stating that such suit had been brought against such person by reason of the ownership, maintenance, or operation of a motor vehicle and upon the filing by such person with the said commissioners or their designated agent of an affidavit that he has abandoned his residence in the District of Columbia or that he has made bona fide

sale of any and all motor vehicles owned by him and does not intend to own or operate any motor vehicle in the District of Columbia for a period of one or more years.

The amendment was agreed to.

The next amendment was, on page 21, section 11, line 3, after the word "the," to strike out "director" and insert "said commissioners or their designated agent," so as to make the section read:

SEC. 11. Any person who shall forge or, without authority, sign any evidence of ability to respond in damages as required by the said commissioners or their designated agent in the administration of this act shall be fined not less than $100 nor more than $1,000 or imprisoned not to exceed one year, or both.

The amendment was agreed to.

The next amendment was, on page 25, section 12, line 16, after the word "the," to strike out "director of traffic" and insert "said commissioners or their designated agent," so as to make the clause read:

(c) The insurance carrier shall, upon the request of the insured, deliver to the insured for filing, or at the request of the insured shall file direct, with the said commissioners or their designated agent an appropriate certificate as set forth in section 4 hereof.

The amendment was agreed to.

The next amendment was, on page 25, line 21, after the word "the," to strike out "issue" and insert "issuance," so as to make the clause read:

(d) Any carrier authorized to issue motor-vehicle liability policies as provided for in this act may, pending the issuance of such a policy, execute an agreement, to be known as a binder; or may, in lieu of such a policy, issue an indorsement to an existing policy, each of which shall be construed to provide indemnity or protection in like manner and to the same extent as such a policy. The provisions of this section shall apply to such binders and indorsements.

The amendment was agreed to.

The next amendment was, on page 26, section 13, after line 14, to insert:

(d) "Public highway" shall include any street, road, or public thoroughfare.

The amendment was agreed to.

The next amendment was, on page 26, section 14, line 17, after the word "the," to strike out "director" and insert "said commissioners," so as to make the section read:

SEC. 14. The said commissioners shall make rules and regulations necessary for the administration of this act.

The amendment was agreed to.

Mr. ASHURST. Mr. President, probably in all America there is no city which has a more efficient, reliable, honest, or industrious set of what we sometimes call "jehus"; that is, men who drive taxicabs. I am informed that in this bill, which I have not had an opportunity carefully to peruse or in some other bill there is a provision which raises the fees which these "jehus" or taxicab drivers must pay from $10 to $25 a year.

Mr. KEAN. That is a bill that has been passed.

Mr. ASHURST. I thank the Senator.

It would be monstrously unjust to increase the license fee when these taxicabs drivers are working, some of them, 12 and 13 and I know some of them work 18 hours a day to earn a bare subsistence. I hope no legislation will be enacted that will give the Commissioners of the District the authority to increase the license fee from $10 to $25; and I ask the Senator in charge of the bill if this bill in any way grants to the commissioners any authority to raise the fee from ten to twenty-five dollars per annum.

Mr. KEAN. Not this bill. That is the other bill.

Mr. CAPPER. This bill has nothing to do with the matter of licenses for the operation of taxicabs.

Mr. ASHURST. Will the able Senator advise us as to whether or not the commissioners intend to enter any order raising the license fees from ten to twenty-five dollars per annum?

Mr. CAPPER. That has already been covered by what is known as the schedule of license fees, which had the approval of both Houses some weeks ago and was signed by the President.

Mr. ASHURST. Mr. President, I was not aware that such a bill had passed. I regret it, and if it were within my power I should proceed to undo that provision of the bill.

Mr. CAPPER. No objection came to the committee. I may say that the schedule covered every activity of the District of Columbia, and among others was the license for taxicabs; and it is not out of line with the charge which all other cities make.

Mr. DILL. Mr. President, is there a written report on this bill?

Mr. KEAN. Yes, Mr. President.

Mr. DILL. There is none on file in the calendar I have.

Mr. CAPPER. There is a very carefully prepared and comprehensive report.

Mr. DILL. What is the purpose of this bill?

Mr. CAPPER. Its purpose is to put a check on careless and reckless motorists and to establish some responsibility.

Mr. DILL. Under this bill, are the commissioners given authority to drive these 20-cent taxicabs off the streets?

Mr. CAPPER. No; not at all.

Mr. DILL. Are they given authority here to require meters?

Mr. CAPPER. Not in this bill. That question, of course, is now pending in the courts; but they think they already have that authority.

Mr. McKELLAR. Does this bill give them additional authority?

Mr. CAPPER. It does not.

Mr. DILL. Mr. President, I think this is too long a bill to be rushed through here under the 5-minute rule. I do not think this bill ought to pass; and I object.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. KEAN. Mr. President, will not the Senator withhold his objection for one moment? This bill has been on the calendar since January 16.

Mr. DILL. Mr. President, the Senator in charge of the bill should have brought it up in the regular way. It is too long a bill to rush through here, with a great lot of amendments, under the 5-minute rule.

Mr. KEAN. It is a very important bill and ought to be passed.

Mr. McKELLAR. May I ask the Senator from New Jersey whether the bill in any way fixes rates?

Mr. KEAN. No.

Mr. McKELLAR. It does not give the commissioners any additional power to fix rates or to require meters?

Mr. KEAN. No; it does not. It is just a bill for the control of people coming into the District of Columbia.

Mr. CAPPER. Let me say to the Senator that the public is now absolutely helpless so far as protection against irresponsible and careless drivers in this city is concerned, and this bill is intended to take care of that situation. The legislation is urged by the District Commissioners, by the traffic department, and by every civic organization in the District of Columbia.

Mr. BLAINE. Mr. President, in short, this bill is intended to require automobilists to take out bonds, liability-insurance policies. That is the purpose of the bill. It is a very long and complicated bill. I do not care to go into a discussion of its details.

The PRESIDENT pro tempore. The Chair understands the Senator from Washington to maintain his objection.

Mr. DILL. I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

BILLS, ETC., PASSED OVER

The bill (S. 7) to provide for the deportation of certain alien seamen, and for other purposes, was announced as next in order.

Mr. BINGHAM. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The joint resolution (H. J. Res. 154) to authorize the merger of street-railway corporations operating in the Dis-

trict of Columbia, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDENT pro tempore. The joint resolution will be passed over.

The bill (S. 1197) to liquidate and refinance agricultural indebtedness and to encourage and promote agriculture, commerce, and industry, by establishing an efficient credit system, through which the unjust and unequal burdens placed upon agriculture during the period of price fixing and deflation may be lightened, by providing for the liquidation and refinancing of farm mortgages and farm indebtedness at a reduced rate of interest through the Federal farm-loan system, the Federal reserve banking system, and the postal-savings depository system, and creating a board of agriculture to supervise the same, was announced as next in order.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Michigan will state it.

Mr. COUZENS. This bill having been referred to the Banking and Currency Committee as an amendment to the home loan bank bill, how can we dispose of it on the calendar?

The PRESIDENT pro tempore. It should be taken off the calendar, or a notation made that it has been referred to the committee.

Mr. COUZENS. I move then that it be noted on the calendar as having been referred to the Banking and Currency Committee.

The PRESIDENT pro tempore. That notation will be made.

The bill (S. 3243) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards was announced as next in order.

Mr. JOHNSON. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 4565) to amend the railway labor act was announced as next in order.

SEVERAL SENATORS. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

HORACE G. KNOWLES

The bill (S. 4318) for the relief of Horace G. Knowles was announced as next in order.

Mr. HASTINGS. I ask that that bill be recommitted.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the bill is recommitted to the Committee on Claims.

BILLS PASSED OVER

The bill (S. 4726) to supplement the migratory bird conservation act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the migratory bird treaty act and regulations thereunder, and for other purposes, was announced as next in order.

Mr. BRATTON. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2613) for the relief of Lynn Bros.' Benevolent Hospital was announced as next in order.

Mr. REED. Mr. President, that bill has been objected to each time by the Senator from Utah [Mr. KING]. In his absence I think I should request it to go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3188) for the relief of Dr. A. M. Newton, of Pocatello, Idaho, was announced as next in order.

Mr. REED. I make the same request.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 10238) creating a reimbursable fund to be used for special medical and surgical work among the Indians of the Fort Peck Indian Reservation, Mont., and for other purposes, was announced as next in order.

SEVERAL SENATORS. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar was announced as next in order.

Mr. REED. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3346) to provide for the escheat to the United States of certain deposits in national banks was announced as next in order.

Mr. REED. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2370) for the conservation of lobsters, to regulate interstate transportation of lobsters, and for other purposes, was announced as next in order.

Mr. JOHNSON. Mr. President, may I ask the Senator from Maine [Mr. WHITE] if that bill is satisfactory to him?

Mr. ROBINSON of Arkansas. Mr. President, we can not hear what is being said.

Mr. JOHNSON. The Senator from Maine [Mr. WHITE], the Senator from Massachusetts [Mr. COOLIDGE], and also the Senator from New York [Mr. COPELAND] were interested in this bill; and I was inquiring from the Senator from Maine if it is satisfactory to them now.

Mr. WHITE. It is eminently satisfactory to the Senator from Maine. I can not speak for the others.

Mr. JOHNSON. I spoke merely because I observed both of the other Senators to be absent. Oh, I see the Senator from Massachusetts here. Pardon me.

Mr. COOLIDGE. Mr. President, I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1301) to renew and extend certain letters patent was announced as next in order.

Mr. COUZENS. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. COPELAND subsequently said: Mr. President, what happened to Calendar No. 812, Senate bill 1301?

The PRESIDENT pro tempore. It was passed over on objection.

Mr. COPELAND. I simply desire to say for the benefit of the RECORD that the purpose of the bill is to relieve the financial embarrassment of persons who put money into a patent where, by reason of dishonest practices, the patent has expired. There is ample authority in law for the extension of letters patent. At the proper time I hope to press the matter and get favorable consideration.

The bill (H. R. 278) to compensate the Post Office Department for the extra work caused by the payment of money orders at offices other than those on which the orders are drawn was announced as next in order.

Mr. BRATTON. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 4755) to provide for grants and loans to the several States to aid in relieving unemployment, to facilitate the construction of self-liquidating projects, to provide for the construction of certain authorized Federal public-works projects, and for other purposes, was announced as next in order.

Mr. REED. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 11336) providing for an additional justice of the Court of Appeals of the District of Columbia was announced as next in order.

Mr. COUZENS and Mr. BRATTON. Let that go over.

Mr. HEBERT. Mr. President, I did not hear who raised the objection to this bill.

Mr. COUZENS. I objected because another Senator raised some objection the last time it came up, and I do not see him here at the present time.

Mr. HEBERT. I understand that all objections to the measure have been removed, and, so far as I know, there is no Senator who objects to it.

Mr. BRATTON. I objected to the bill also, Mr. President.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists was announced as next in order.

Mr. LA FOLLETTE. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

PACKING OF OLEOMARGARINE AND ADULTERATED BUTTER

The bill (S. 4065) authorizing the packing of oleomargine and adulterated butter in tin and other suitable packages was announced as next in order.

Mr. CONNALLY. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. CONNALLY subsequently said: Mr. President, a moment ago I objected to a bill of the Senator from Rhode Island [Mr. HEBERT]. I desire to withdraw that objection.

The PRESIDENT pro tempore. The Chair understands that the Senator from New Mexico [Mr. BRATTON] also objected.

Mr. HEBERT. No; this is another bill. This is Senate bill 4065. I ask to recur to the bill.

The PRESIDENT pro tempore. The Senate from Texas withdraws his objection, and the Senator from Rhode Island asks unanimous consent to recur to the consideration of Senate bill 4065, Order of Business 885. Is there objection? The Chair hears none.

The Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with amendments, on page 2, line 2, after the word "such" to strike out "materials, of" and insert "materials of," and on page 3, after line 9, to strike out:

(b) The ninth paragraph of such section 4 is amended by striking out "wooden or paper packages" and "wooden or paper packages as above described" and in each case inserting in lieu thereof "packages as above described."

And to insert:

(b) The ninth paragraph of such section 4 is amended by adding after the word "wooden" wherever it appears in such paragraph a comma and the word "tin."

So as to make the bill read:

Be it enacted, etc., That section 6 of the act entitled "An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine," approved August 2, 1886, as amended (U. S. C., title 26, secs. 543, 544), is amended to read as follows:

"SEC. 6. That all oleomargarine shall be packed by the manufacturer thereof in firkins, tubs, or other wooden, tin, or paper packages, not before used for that purpose, containing, or encased in a manufacturer's package made from any of such materials of, not less than 10 pounds and marked, stamped, and branded as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe; and all sales made by manufacturers of oleomargarine and wholesale dealers in oleomargarine shall be in original stamped packages. Retail dealers in oleomargarine must sell only from original stamped packages, in quantities not exceeding 10 pounds, and shall pack, or cause to be packed, the oleomargarine sold by them in suitable wooden, tin, or paper packages which shall be marked and branded as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe. Every person who knowingly sells or offers for sale, or delivers or offers to deliver, any oleomargarine in any other form than in new wooden, tin, or paper packages as above described, or who packs in any package any oleomargarine in any manner contrary to law, or who falsely brands any package or affixes a stamp on any package denoting a less amount of tax than that required by law shall be fined for each offense not more than $1,000, and be imprisoned not more than two years."

SEC. 2. (a) The eighth paragraph of section 4 of the act of May 9, 1902 (32 Stat. 193, ch. 784), is amended to read as follows:

"That all adulterated butter shall be packed by the manufacturer thereof in firkins, tubs, or other wooden, tin, or paper packages not before used for that purpose, containing, or encased in a manufacturer's package made from any of such materials of, not less than 10 pounds, and marked, stamped, and branded as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, and all sales made by manufacturers of adulterated butter shall be in original, stamped packages."

(b) The ninth paragraph of such section 4 is amended by adding after the word "wooden" wherever it appears in such paragraph a comma and the word "tin."

The amendments were agreed to.

Mr. HEBERT. Mr. President, I have another amendment to offer.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 1, line 10, and also on page 2, line 11; page 2, line 17; page 3, line 2; and page 3, line 16; strike out the word "tin" and in lieu thereof insert the word "tin-plate."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

OBLIGATIONS TO CERTAIN ENROLLED INDIANS

The joint resolution (S. J. Res. 167) to carry out certain obligations to certain enrolled Indians under tribal agreement was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That any person duly enrolled as a member of an Indian tribe who received in pursuance of a tribal treaty or agreement with the United States an allotment of land which by the terms of said treaty or agreement was exempted partially or in total from taxation, and from which land the restrictions have been or have not been removed and who was required or permitted contrary to law to pay any illegal or unauthorized Federal inheritance tax or Federal income tax on the rents, royalties, or other gains arising from such allotted lands, and who under the law and rulings of the Treasury Department have secured a refund of the taxes so illegally or erroneously collected, but who did not receive interest on such refunds in accordance with the laws and the regulations in force at the time the refund was secured and who have failed to file a claim for the allowance of such interest, shall be allowed one year after the approval of this act within which to file such claim, and if otherwise entitled thereto may recover such interest on such illegally collected taxes in the same manner and to the same extent as if such claims for interest had been theretofore duly filed as required by law, it not being the policy of the Government to invoke or plead a statute of limitations to escape the obligations of agreements solemnly entered into with its Indian wards: *Provided, however*, That in the case of the death of any person any such interest on the refund of illegal taxes paid by him or on his account may in like manner be claimed and recovered by the person or persons who would have received such money had it constituted a part of his estate at the time of his death.

SEC. 2. That all acts and parts of acts in conflict herewith are modified for the purpose, and only for the purpose, of carrying into effect the provisions hereof.

BILLS PASSED OVER

The bill (S. 4082) to regulate the business of executing bonds for compensation in criminal cases and to improve the administration of justice in the District of Columbia was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, I think there should be a brief explanation of this bill.

The PRESIDENT pro tempore. The Senator from Utah [Mr. KING], who is both the author of the bill and the Senator reporting it, is not present.

Mr. MCNARY. Under those circumstances, I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 175) to provide for the early completion of river and harbor projects now or hereafter authorized and adopted by Congress, including the connecting channels of the Great Lakes, and to authorize the issuance of bonds therefor, was announced as next in order.

SEVERAL SENATORS. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2959) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, was announced as next in order.

Mr. COUZENS. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3606) to authorize the purchase by the Government of American-produced silver, to provide for the issuance of silver certificates in payment therefor, to provide for the coinage of such silver, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

PUNISHMENT OF KIDNAPING IN THE DISTRICT

The Senate resumed the consideration of the bill (S. 4694) to amend section 812 of the Code of Law for the District of Columbia.

Mr. BLAINE. Mr. President, I inquire of the Senator from Missouri if this is the bill that was under discussion a few days ago?

Mr. PATTERSON. Yes; it is the same bill that was under discussion.

Mr. BLAINE. I also desire to inquire of the Senator if he will accept the amendments proposed at that time?

Mr. PATTERSON. Yes; I am willing to accept the amendments suggested.

The PRESIDENT pro tempore. The amendments will be stated.

Mr. BLAINE. There were two amendments:

On page 2, line 2, strike out the words "or for any other unlawful purpose."

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BLAINE. The other proposed amendment was, beginning in line 5, after the semicolon, to strike out the words "except that in any such case the jury may add to their verdict, if it be guilty, the words 'with the death penalty,' in which case the punishment shall be death by electrocution."

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 812 of the act entitled "An act to establish a Code of Law for the District of Columbia," approved March 3, 1901, as amended (D. C. Code, title 6, sec. 36), is amended to read as follows:

"SEC. 812. Whoever shall be guilty of, or of aiding or abetting in, seizing, confining, inveigling, enticing, decoying, kidnaping, abducting, concealing, or carrying away any individual, by any means whatsoever, and holding or detaining, or with the intent to hold or detain, such individual for ransom or reward, shall, upon conviction thereof, be punished by imprisonment for life or for such term as the court in its discretion may determine. This section shall be held to have been violated if either the seizing, confining, inveigling, enticing, decoying, kidnaping, abducting, concealing, carrying away, holding, or detaining occurs in the District of Columbia. If two or more individuals enter into any agreement or conspiracy to do any act or acts which would constitute a violation of the provisions of this section, and one or more of such individuals do any act to effect the object of such agreement or conspiracy, each such individual shall be deemed to have violated the provisions of this section."

BILL PASSED OVER

The bill (H. R. 8681) to develop American air transport services overseas, to encourage the construction in the United States by American capital of American airships for use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

JAMES E. FRASER

The Senate proceeded to consider the bill (H. R. 1260) for the relief of James E. Fraser, which was ordered to a third reading, read the third time, and passed.

VIRGINIA AVENUE SE.

The bill (S. 4920) to authorize the closing of a portion of Virginia Avenue SE., in the District of Columbia, and for other purposes, was announced as next in order.

Mr. LA FOLLETTE. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

FIRST CAMDEN NATIONAL BANK & TRUST CO.

The Senate proceeded to consider the bill (S. 2349) for the relief of the First Camden National Bank & Trust Co., of Camden, N. J., which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding the provisions and limitations of section 606 of the revenue act of 1928, as amended, relating to closing agreements, the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the First Camden National Bank & Trust Co., of Camden, N. J., the sum of $11,120.97 in full satisfaction of its claim for refund of taxes erroneously paid for the year 1927 on income derived from tax-exempt securities.

WIDOW OF GEORGE M. PEED

The Senate proceeded to consider the bill (H. R. 2927) for the relief of George M. Peed.

Mr. HOWELL. Mr. President, since this bill was passed by the House, the claimant has died, and I desire to offer an amendment to substitute the name of his widow.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 1, line 4, after the word "of," insert the words "Eva May Peed, widow of," and on page 1, line 5, afer the word "Peed," insert the word "deceased," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem in favor of Eva May Peed, widow of George M. Peed, deceased, 4⅞ per cent United States Treasury certificates of indebtedness, numbered 17951 to 17954, inclusive, in the denomination of $500 each, dated September 16, 1929, matured June 16, 1930, series TJ–1930, without interest and without presentation of the said certificates which are alleged to have been lost or stolen: *Provided*, That the said certificates of indebtedness shall not have been previously presented and paid, and that no payment shall be made hereunder for any coupons which may have been attached to the certificates: *Provided further*, That said George M. Peed shall first file in the Treasury Department, a bond in the penal sum of double the amount of the principal of said certificates of indebtedness in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the certificates of indebtedness hereinbefore described.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act for the relief of Eva May Peed, widow of George M. Peed."

LOTTERIES IN THE CANAL ZONE

The Senate proceeded to consider the bill (H. R. 7499) to amend Act No. 3 of the Isthmian Canal Commission relating to the suppression of lotteries in the Canal Zone, enacted August 22, 1904, which was ordered to a third reading, read the third time, and passed.

MAIL TRANSPORTATION BY MOTOR VEHICLE

The bill (H. R. 9636) to authorize the Postmaster General to permit railroad and electric-car companies to provide mail transportation by motor vehicle in lieu of service by train was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

STANFIELD PROJECT, OREGON

The Senate proceeded to consider the bill (S. 744) for the rehabilitation of the Stanfield project, Oregon, which had been reported from the Committee on Irrigation and Reclamation with amendments, on page 1, line 5, to strike out "383" and insert "388," and on page 3, line 22, after the

word "States," insert the words "within a period of 40 years," so as to make the bill read:

Be it enacted, etc., That there is hereby authorized to be appropriated from the reclamation fund established by the act of June 17, 1902 (32 Stat. L. 388), the sum of $100,000, or so much thereof as may be necessary, for the rehabilitation of the Stanfield project, Oregon.

SEC. 2. That the Secretary of the Interior, hereinafter styled the Secretary, is authorized to use money thus appropriated for the following purposes: (a) For the purchase of the canal system of said project, the owners thereof to convey title to the United States free of all liens and incumbrances; (b) for doing, or causing to be done under his supervision, any construction, betterment, or repair work necessary to place the irrigation system of said project in good operating condition, and as provided for in the contract hereinafter required; (c) for such drainage work as the Secretary may determine to be necessary; (d) for a loan to the Stanfield irrigation district of such sums of money as in the opinion of the Secretary are necessary for liquidating bonded and other outstanding indebtedness of such district on such basis of valuation as the Secretary may regard as equitable.

SEC. 3. All funds so used or advanced shall be repaid to the United States within a period, to be fixed by the Secretary, of not more than 40 years. Before any funds are so used or advanced a contract satisfactory to the Secretary shall be executed by an irrigation district, formed under the State law, obligating such district to repay the funds so used or advanced, as required by this act. Any contract so executed with such district shall require a lien on the land and on the irrigation system of such project. The operation and maintenance of such project shall be continued by the authorities in charge under the supervision of the Secretary, so far as necessary to effectuate the purposes of this act.

SEC. 4. In case of default in the payment of any installment due under contract executed as herein provided there shall be added to the amount unpaid a penalty of one-half of 1 per cent of the amount unpaid on the first day of each month thereafter, so long as such default shall continue. The provisions of any contract executed hereunder may be enforced by suit or by the foreclosure of any lien in the manner authorized by the State laws applicable in similar cases. In addition to other remedies, the Secretary, in any contract executed hereunder, may provide that in case of default for more than 12 months in the payment of any installment the control, operation, and maintenance of the project may, in the discretion of the Secretary, be assumed by the United States and the delivery of water withheld until payments are duly made in accordance with the contract requirements.

SEC. 5. No funds shall be appropriated for the purposes herein authorized until investigation and examination shall have been made of all pertinent conditions surrounding such project, and until the Secretary shall have made a written report of his finding to Congress that, in his opinion, by the action proposed the project can and will be placed upon a sound basis from a financial and economic standpoint so that the funds used and advanced hereunder will be returned to the United States within a period of 40 years.

SEC. 6. The Secretary is authorized to perform any and all acts and to make and enforce all needful rules and regulations for effectuating the purposes of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RELIEF OF NEEDY RESIDENTS

The bill (S. 4781) authorizing an emergency appropriation for the relief of needy and distressed residents of the District of Columbia and for the temporary care of transient and homeless persons in said District was announced as next in order.

Mr. FESS. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

RESPONSIBILITY OF POSTMASTERS

The bill (S. 4046) to fix more equitably the responsibility of postmasters was announced as next in order.

Mr. BRATTON. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

PRINTING ADDITIONAL COPIES OF HOUSE REPORT NO. 2290

The concurrent resolution (S. Con. Res. 31) authorizing the printing of additional copies of House Report No. 2290 was announced as next in order.

Mr. LA FOLLETTE. Let that go over.

The PRESIDENT pro tempore. The concurrent resolution will be passed over.

COAL MINING IN ALASKA

The Senate proceeded to consider the bill (H. R. 12281) to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes, which had been reported from the Special Committee on Investigation of Alaska Railroad, with an amendment, on page 1, line 10, after the word "secretary," to insert a proviso, so as to make the bill read:

Be it enacted, etc., That in order to prevent monopoly and to insure the continuance of two or more operating coal mines in the Territory of Alaska adjacent to the Alaska Railroad, the general manager of the Alaska Railroad with the approval of the Secretary of the Interior is hereby authorized to purchase coal annually for the railroad from two or more operating companies in that area at such reasonable price or prices as may be fixed and determined by said Secretary: *Provided*, That the prices to be paid for bituminous coal per ton shall not exceed $3.15 for the (b) grade, $3 for the (e) grade, and $2.90 for the (f) grade, as defined in specifications under which coal is now purchased by the Alaska Railroad.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

VIRGINIA AVENUE SE.

The bill (H. R. 12768) to authorize the closing of a portion of Virginia Avenue SE., in the District of Columbia, and for other purposes, was announced as next in order.

Mr. LA FOLLETTE. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

MAY WEAVER

The Senate proceeded to consider the bill (H. R. 7215) for the relief of May Weaver, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, to strike out "$5,000" and insert in lieu thereof "$50 per month, for a period not exceeding 100 months, in full settlement of all claims against the Government," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the United States Treasury not otherwise appropriated, to May Weaver, widow of Charles V. Weaver, the sum of $50 per month, for a period not exceeding 100 months, in full settlement of all claims against the Government for fatal injuries sustained by him while performing services in removing and assisting post-office inspectors in the examination and unloading of bombs mailed at the Easton, Pa., post office on December 30, 1931: *Provided*, That no part of the amount appropriated in this act shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

FRANK MARTIN

The Senate proceeded to consider the bill (H. R. 7199) for the relief of Frank Martin, which had been reported from the Committee on Claims with an amendment, on page 1, line 9, to strike out "10" and insert in lieu thereof "5," and on page 2, line 4, to strike out "10" and insert in lieu thereof "5," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $3,168.50 to Frank Martin for injuries received when struck by a United States mail truck: *Provided*, That no part of the amount appropriated in this act in excess of 5 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 5 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

FRANK R. SCOTT

The Senate proceeded to consider the bill (H. R. 7309) for the relief of Frank R. Scott, which was ordered to a third reading, read the third time, and passed.

MAKING THE UNITED STATES A PARTY DEFENDANT

The Senate proceeded to consider the bill (H. R. 5513) to permit the United States to be made a party defendant in certain cases, which was ordered to a third reading, read the third time, and passed.

HILDA BARNARD

The Senate proceeded to consider the bill (H. R. 5276) for the relief of Hilda Barnard, which was ordered to a third reading, read the third time, and passed.

ESTATE OF SAMUEL B. INMAN

The Senate proceeded to consider the bill (H. R. 5211) for the relief of the heirs of Samuel B. Inman, which was ordered to a third reading, read the third time, and passed.

BILLS AND RESOLUTIONS PASSED OVER

The bill (S. 4940) to provide temporary aid to agriculture for the relief of the existing national economic emergency was announced as next in order.

Mr. REED. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The resolution (S. 258) favoring a limitation on attorney's fees in senatorial election contests was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The resolution will be passed over.

The bill (S. 1684) for the relief of Hei Mo Sarkkinen was announced as next in order.

Mr. JONES. I ask that that go over.

The PRESIDENT pro tempore. The bill will be passed over.

CLAUDE E. DOVE

The Senate proceeded to consider the bill (H. R. 1834) for the relief of Claude E. Dove, which had been reported from the Committee on Claims with amendments, on page 1, line 6, to strike out "$5,000" and insert in lieu thereof "$4,000, and to his two minor children the sum of $1,000 (said sum to be paid to said Claude E. Dove, as guardian)," and on line 10, to strike out the words "by him," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Claude E. Dove, of El Paso, Tex., the sum of $4,000, and to his two minor children the sum of $1,000 (said sum to be paid to said Charles E. Dove, as guardian), in full settlement of all claims against the Government of the United States for damages sustained on account of the death of his wife, the injury of himself and two children, caused by collision with an Army truck operated by Sergeant Merlin Brace, of the United States Army, on May 24, 1929, at El Paso, Tex.: *Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

GUST J. SCHWEITZER

The Senate proceeded to consider the bill (H. R. 4910) for the relief of Gust J. Schweitzer, which had been reported by the Committee on Claims, with amendments, on page 1, line 10, after the numerals "$50," to strike out down to the word "each," in line 1, page 7, so as to read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $100 to Gust J. Schweitzer, as compensation in full for the loss of Liberty loan bonds destroyed in a cyclone in the vicinity of Okarche, Okla., March 15, 1919, said bonds having been numbered 2849229 and 2849230 (third 4¼ issue) in the amount of $50 each: *Provided*, That the said bonds shall not have been previously presented for payment and that no payment shall be made hereunder for the coupons if they shall have been previously presented and paid: *Provided further*, That the said Gust J. Schweitzer shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal and interest of said bonds, and the interest payable thereon, in such form and with such surety or sureties as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the lost, stolen, or destroyed bonds or coupons herein described.

The amendment was agreed to.

Mr. REED subsequently said: Mr. President, we are going at such speed that it is hard to read the bills as they are reached. I wish the Senator from Nebraska would explain Order of Business 1064, House bill 4910. Apparently no appropriation is made for the payment of coupons on these lost bonds. The appropriation is only for the amount of the principal, but there is a proviso that payment shall be made for the coupons that were previously presented. It seems to me the language of the bill is rather confused.

Mr. HOWELL. Mr. President, this is a House bill. As it came to the Senate, it was for $400. Three hundred dollars of these securities do not mature until 1938, and, as a consequence, the bill was amended so as not to make provision for payment of those securities. The only securities to be paid for are two securities of $50 each, which became due in 1929.

Mr. REED. How about the interest on these bonds?

Mr. HOWELL. No interest is allowed.

Mr. REED. On page 2 it says, "No payment shall be made hereunder for the coupons if they shall have been previously presented and paid." There were nine years of coupons attached to those bonds when the cyclone hit them, and the man is certainly entitled to his interest.

Mr. HOWELL. As I said, this is a House bill and——

Mr. REED. Let it go over.

The PRESIDENT pro tempore. The bill will be passed over.

WILLIAM DALTON

The Senate proceeded to consider the bill (H. R. 1289) for the relief of William Dalton, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, to strike out "compensate him for first degree" and insert in lieu thereof "in full and final settlement of all claims against the Government," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,500 to the legal guardian of William Dalton, in full and final settlement of all claims against the Government, for burns received while walking on a public sidewalk, in St. Louis, Mo., on July 20, 1925, due to United States Government agents pouring alcohol into a gutter on a public highway, said alcohol being ignited as a result of some unknown person throwing a match in the gutter.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

NEWPORT CONTRACTING & ENGINEERING CO.

The Senate proceeded to consider the bill (S. 4738) for the relief of Newport Contracting & Engineering Co., which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the Newport Contracting & Engineering Co., of Lee Hall, Va., out of any money in the Treasury not otherwise appropriated, the sum of $2,490 in full settlement for penalty imposed for delay in completing contract Noy–673, dated October 25, 1929, with the Navy Department for submarine escape practice tank.

ELSIE M. SEARS

The Senate proceeded to consider the bill (H. R. 2189) for the relief of Elsie M. Sears, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, to strike out "$50" and insert in lieu thereof "$25," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Elsie M. Sears, of Plymouth, Mass., the sum of $25 in full settlement of all claims against the Government for personal injuries and damage to her clothing as the result of an accident which she suffered, without negligence on her own part on the 23d day of July, 1926, while in the Federal building in said Plymouth.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

DAVID C. JEFFCOAT

The Senate proceeded to consider the bill (H. R. 3467) for the relief of David C. Jeffcoat, which was ordered to a third reading, read the third time, and passed.

CAUGHMAN-KAMINER CO.

The Senate proceeded to consider the bill (H. R. 3460) for the relief of Caughman-Kaminer Co., which was ordered to a third reading, read the third time, and passed.

RAYMOND D. WOODS

The Senate proceeded to consider the bill (H. R. 4160) for the relief of Raymond D. Woods, which was ordered to a third reading, read the third time, and passed.

PUBLICATION OF STATISTICS OF TOBACCO

The Senate proceeded to consider the bill (H. R. 9590) to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929, which was ordered to a third reading, read the third time, and passed.

LOANS TO FARM COOPERATIVES

The joint resolution (S. J. Res. 160) to amend Public Resolution No. 11, Seventy-second Congress, approved March 3, 1932, was announced as next in order.

Mr. REED. Let that go over.

Mr. HATFIELD. Mr. President, I trust the Senator will not object to this joint resolution. It is one that affects his State as well as the State of Virginia and my own State, in that it broadens the credit for the farmers who produce apples in those sections. It would permit the farmer, through his facility in the way of a cooperative, to get credit where it is impossible to obtain it at the present time.

Mr. REED. Mr. President, the bill looks like a very important measure, and one that involves a great deal of money. Will not the Senator explain it to us?

Mr. HATFIELD. It does not involve the appropriation of any additional money. It simply broadens the base of House Joint Resolution 292, in which credit is extended to the individual farmer under the $10,000,000 set aside to be distributed through the Department of Agriculture, a part of the $200,000,000 that was allocated through the Reconstruction Finance Corporation to be loaned to farmers.

Mr. REED. Does it call for any additional appropriation?

Mr. HATFIELD. Not a copper.

Mr. ROBINSON of Arkansas. What change would it make in the present law?

Mr. HATFIELD. It would give the cooperative the same right it gives an individual farmer, and in that way the individual farmer would be able to secure credit, which at the present time he can not get because he has no collateral to put up with the Secretary of Agriculture to negotiate a loan. Through the facility of the cooperative, credit can be extended to the individual farmer to produce apples and tomatoes, and will enable him to obtain barrels and baskets in which to pack his crop, in order that he may sell it through the cooperative, which has the title to his crops at the present time.

Mr. REED. Mr. President, at present such loans can be made on these terms to individuals?

Mr. HATFIELD. To individuals.

Mr. REED. This merely allows cooperatives the same privileges that individuals now have?

Mr. HATFIELD. That is it exactly.

Mr. REED. I withdraw my objection.

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That section 1 of the joint resolution entitled "Joint resolution to authorize the Secretary of Agriculture to aid in the establishment of agricultural-credit corporations, and for other purposes," approved March 3, 1932, is amended to read as follows:

"That the Secretary of Agriculture is hereby authorized to make advances or loans to individuals, cooperative marketing associations, and/or agricultural-credit corporations, under such regulations as he may prescribe, for the purpose of assisting in forming local agricultural-credit corporations, livestock-loan companies, or like organizations, or of increasing the capital stock of such corporations, companies, or organizations qualified to do business with Federal intermediate credit banks, or to which such privileges may be extended. In order to carry out the provisions of this section the Secretary of Agriculture may make loans upon the stock of any such corporation, company, or organization, or may purchase stock in any such corporation, company, or organization under an agreement for the return of such stock upon the repayment of the purchase price thereof. The rate of interest on any loan made pursuant to this resolution shall not exceed the rate of interest payable on the securities in which the proceeds of such loan are invested and which are deposited with the Federal intermediate credit banks for the purpose of securing rediscount privileges, or the rate of interest on the last preceding issue of Government obligations if such rediscount privileges are not to be exercised."

SEC. 2. Paragraph (a) of section 2 of such joint resolution is amended to read as follows:

"(a) No loan shall be made upon the capital stock of, or to create or increase the capital stock of, any such corporation, company, or organization in an amount in excess of 75 per cent of the par value of the capital stock of such corporation, company, or organization upon which such loan is made."

SEC. 3. Section 3 of such joint resolution is amended to read as follows:

"SEC. 3. No loan or advance shall be made upon the capital stock of, or to create or increase the capital of, any corporation, unless the paid-in capital stock of such corporation shall be at least $10,000."

PORTAGE ENTRY LIGHTHOUSE RESERVATION

The Senate proceeded to consider the bill (H. R. 12251) to provide for the conveyance of the Portage Entry Lighthouse Reservation and buildings to the State of Michigan for public-park purposes, which was ordered to a third reading, read the third time, and passed.

MALCOLM ALLEN

The Senate proceeded to consider the bill (H. R. 2010) for the relief of Malcolm Allen, which was ordered to a third reading, read the third time, and passed.

GEORGE H. HOLMAN

The Senate proceeded to consider the bill (H. R. 2650) for the relief of George H. Holman, which was ordered to a third reading, read the third time, and passed.

WILLIAM RAY TAPLIN

The Senate proceeded to consider the bill (S. 855) for the relief of William Ray Taplin, which had been reported from the Committee on Military Affairs with amendments, on page 1, line 3, to strike out "and directed," and on line 4, to strike out "appropriation for the support of the Army," and insert in lieu thereof the words "appropriation 'Organized Reserves, 1933,'" so as to make the bill read:

Be it enacted, etc., That the Secretary of War is authorized to pay, out of the appropriation "Organized Reserves, 1933," to William Ray Taplin, first lieutenant, United States Air Corps Reserve, the sum of $425.16, in full satisfaction of his claim against the United States for pay and allowances from November 12, 1929, to November 26, 1929, and from January 2, 1930, to February 3, 1930, the periods during which the said William Ray Taplin was receiving further medical treatment at a Government hospital in connection with injuries sustained by him in line of duty on August 16, 1929.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INTERSTATE TRADE IN MOTION-PICTURE FILMS

The bill (S. 3770) to prevent the obstruction of and burdens upon interstate trade and commerce in copyrighted motion-picture films, and to prevent restraint upon free competition in the production, distribution, and exhibition of copyrighted motion-picture films (a) by prohibiting the compulsory block booking of copyrighted motion-picture films; (b) by making unlawful unreasonable and discriminatory protection in favor of certain theaters over others; (c) to compel the furnishing of accurate synopses of all pictures offered to theater operators before the same have been released and reviewed; and (d) to amend section 2 of the Clayton Act to make it apply to license agreements and leases, as well as sales in interstate commerce, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The bill will be passed over.

SENATE JOINT RESOLUTION AND RESOLUTION PASSED OVER

The motion to discharge the Committee on the Judiciary from further consideration of the joint resolution (S. J. Res. 114) proposing an amendment to the Constitution relating to intoxicating liquors was announced as next in orfider.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The motion will be passed over.

The resolution (S. Res. 260) directing the Reconstruction Finance Corporation to report to the Senate regarding loans made or proposed to be made by it was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDENT pro tempore. The resolution will be passed over.

DISTRIBUTION OF GOVERNMENT-OWNED WHEAT AND COTTON

The joint resolution (H. J. Res. 461) making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress was announced as next in order.

Mr. GORE. I would like to ask unanimous consent that the Committee on Appropriations be requested to submit a report on this joint resolution, estimating what it would cost to carry it into effect.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the request of the Senator from Oklahoma is agreed to.

Mr. GORE. I ask that the joint resolution may go over.

The PRESIDENT pro tempore. The joint resolution will be passed over.

CORINNE BLACKBURN GALE

The Senate proceeded to consider the bill (S. 4949) for the relief of Corinne Blackburn Gale, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Corinne Blackburn Gale, widow of William Holt Gale, late American Foreign Service officer, retired, the sum of $8,000, being one year's salary of her deceased husband: *Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

CANCELLATION OF PATENT TO VICTORIA ARCONGE

The Senate proceeded to consider the bill (S. 4024) authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to cancel the patent in fee numbered 527856 issued to Victoria Arconge under date of May 8, 1916, covering her allotment of land on the Yankton Sioux Reservation, S. Dak., described as follows: Lots 582, 583, 586, and 587 of the Yankton Indian Reservation, S. Dak., containing 160 acres, and to issue to her a trust patent in lieu thereof covering the same land to be held in trust for her sole use and benefit or in case of her decease for the sole use and benefit of her lawful heirs for the same period under the same conditions as other trust allotments are held on that reservation as extended by the last proclamation of the President relating to the said reservation and with the right of the President in his discretion to extend the trust period: *Provided*, That nothing in this act shall be construed to affect in any way the vested interests of anyone other than the persons named herein.

CONSTITUTIONAL AMENDMENT RELATING TO INTOXICATING LIQUORS

Mr. BARBOUR. Mr. President, if I may, I would like very much to ask the Senator from Texas [Mr. SHEPPARD], who objected to order No. 1080, Senate Joint Resolution 114, if he will not be good enough to allow me to ask unanimous consent at this time that my motion to discharge the committee from the consideration of this joint resolution be agreed to. There is no objection to that on the part of the chairman of the committee or anybody else. It simply means that the resolution itself would go to the calendar, instead of the motion to discharge the committee. I ask unanimous consent, therefore, that the motion to discharge the committee be agreed to, and the resolution itself be allowed to go to the calendar.

Mr. SHEPPARD. I object.

The PRESIDENT pro tempore. Objection is made.

TREATMENT OF LEPERS IN HAWAII

Mr. BINGHAM. Mr. President, there is on the desk of the clerk a joint resolution reported from the Committee on Territories and Insular Affairs to-day regarding an investigation by the Public Health Service of the situation with regard to the leper colony in the Hawaiian Islands. I ask unanimous consent for the consideration of the joint resolution.

The PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

There being no objection the joint resolution (H. J. Res. 361) to authorize the Surgeon General of the United States Public Health Service to make a survey as to the existing facilities for the protection of the public health in the care and treatment of leprous persons in the Territory of Hawaii, and for other purposes, was read, considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Surgeon General of the United States Public Health Service is authorized and directed to—

(1) Institute a survey by officers of the Public Health Service to determine the adequacy of facilities and extent to which provision is made for the protection of the public health in the care and treatment of leprous persons in the Territory of Hawaii, and to report upon remedial legislation providing for the further control and eradication of the disease in the Territory.

(2) Prepare an estimate of the cost of the construction and equipment of a receiving station and hospital for the care and treatment of leprous persons, including the acquisition of necessary grounds for the location of said station and hospital, and an estimate of the yearly cost of maintaining and operating such station and hospital.

In the preparation of this estimate the Surgeon General shall ascertain from the Secretary of War, the Secretary of the Navy, the Secretary of the Interior, and the Secretary of Agriculture whether any military, naval, or other reservation suitable for the purpose is available for transfer, to be used for the location of said station and hospital, and shall consider also the cost of the purchase of the present Kalihi receiving hospital, its equipment and supplies, including the acquisition of the ground upon which the hospital is located and including such reconstruction or additional buildings as may be necessary.

The Surgeon General shall report his findings and estimates on the opening day of the second session of the Seventy-second Congress.

OHIO RIVER BRIDGE, WEST VIRGINIA

Mr. VANDENBERG. Mr. President, there has been reported from the Committee on Commerce a bridge bill (S. 4741) to extend the times for commencing and completing the construction of a bridge across the Ohio River at

or near Wellsburg, W. Va. I ask unanimous consent for the present consideration of the bill.

The PRESIDENT pro tempore. Is there objection? There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with an amendment, in line 5, after the words "built by" to insert "the J. K. Mahone Bridge Co., its successors and assigns, by."

So as to make the bill read:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va., authorized to be built by the J. K. Mahone Bridge Co., its successors and assigns, by an act of Congress approved May 14, 1928, heretofore extended by acts of Congress approved March 2, 1929, and May 13, 1930, are hereby further extended one year and three years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HOME-LOAN BANKS

The PRESIDENT pro tempore. The hour of 1 o'clock having arrived, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

Mr. WATSON. Mr. President, what is the pending question?

The PRESIDENT pro tempore. The pending question is on agreeing to the amendment proposed by the Senator from Wisconsin [Mr. BLAINE] to the amendment of the Senator from Idaho [Mr. BORAH].

Mr. WATSON. Is the Senator from Wisconsin ready for a vote?

Mr. BLAINE. Mr. President, first I desire to suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Johnson	Robinson, Ark.
Austin	Davis	Jones	Robinson, Ind.
Bailey	Dickinson	Kean	Schall
Barbour	Dill	Kendrick	Sheppard
Bingham	Fess	Keyes	Shipstead
Black	Fletcher	King	Shortridge
Blaine	Frazier	La Follette	Smoot
Borah	George	Lewis	Steiwer
Bratton	Glass	Long	Stephens
Broussard	Glenn	McGill	Thomas, Idaho
Bulkley	Goldsborough	McKellar	Townsend
Bulow	Gore	McNary	Trammell
Byrnes	Hale	Metcalf	Tydings
Capper	Harrison	Moses	Vandenberg
Caraway	Hastings	Norbeck	Wagner
Cohen	Hatfield	Norris	Walcott
Connally	Hayden	Nye	Walsh, Mass.
Coolidge	Hebert	Patterson	Watson
Copeland	Howell	Pittman	White
Couzens	Hull	Reed	

The PRESIDING OFFICER (Mr. FESS in the chair). Seventy-nine Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment in the nature of a substitute submitted by the Senator from Wisconsin to the amendment of the Senator from Idaho.

Mr. BLAINE. Mr. President, I ask that the amendment to the amendment be reported.

The PRESIDENT pro tempore. The amendment to the amendment will be read for the information of the Senate.

The Chief Clerk read as follows:

At the proper place insert:

"That paragraph 'Eighth' of section 4 of the Federal reserve act, as amended, is amended by adding before the period at the end thereof a colon and the following: '*Provided*, That notwithstanding any provisions of law prohibiting bonds of the United States from bearing the circulation privilege, for a period of five years from the date this paragraph as amended takes effect, all outstanding bonds of the United States heretofore issued or issued during such period and bearing a rate of interest of 3⅜ per cent or less shall be receivable by the Treasurer of the United States as security for the issuance of Federal reserve bank notes to Federal reserve banks, and upon the deposit with the Treasurer of the United States by a Federal reserve bank of any such bonds, such bank shall be entitled to receive circulating notes in the same manner and to the same extent and subject to the same conditions and limitations as now provided by law; except that the total amount of such circulating notes issued by the Comptroller of the Currency to any Federal reserve bank shall not exceed the amount of the paid-in capital stock and surplus of the national banking associations within the district of such Federal reserve bank less an amount equal to the circulating notes of all national banking associations within such district which are outstanding upon the date this paragraph as amended takes effect. Nothing contained in this paragraph as amended shall be construed to modify, amend, or repeal any law relating to bonds of the United States which bear the circulation privilege on the date this paragraph as amended takes effect.'

"As used in this act, the word 'bonds' shall not include notes, certificates, or bills issued by the United States.

"There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin to the amendment of the Senator from Idaho.

The amendment was rejected.

Mr. BLAINE. Mr. President, I offer the following amendment, in the nature of a substitute, to the amendment of the Senator from Idaho.

The PRESIDENT pro tempore. The clerk will report the amendment for the information of the Senate.

The CHIEF CLERK. The Senator from Wisconsin offers the following amendment to the amendment:

That the Federal reserve act is amended by adding at the end thereof a new section to read as follows:

"SEC. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."

SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

Mr. BLAINE. Mr. President, the text of the amendment is the text of the Goldsborough bill which passed the House and is known as H. R. 11499. I shall not debate the matter except to call attention to the fact that the Federal Reserve Board no doubt has the power to do that which the amendment in effect directs. The Federal Reserve Board exercised that power in 1920–21, but they exercised it in the reverse, that is, to depreciate prices. The proposal is to direct the Federal Reserve Board under its power to stabilize commodity prices, and the Goldsborough bill or the amendment as I have offered it is intended to stabilize the purchasing power of the dollar.

I do not care to go into a further discussion of the matter. I think the whole subject has been very thoroughly debated. Everyone understands the purpose of the amendment, and therefore I rest the case with this brief statement.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Florida?

Mr. BLAINE. I yield.

Mr. FLETCHER. The purpose and effect of the amendment would be not only to raise the level of commodity prices and increase currency circulation, but to stabilize commodity prices and stabilize the purchasing power of the dollar. Is not that correct?

Mr. BLAINE. Yes. I thank the Senator for that additional statement. I did not intend to be all inclusive in the brief remarks I made as to the purpose and effect of the amendment if it should become a law.

Mr. GLASS. Mr. President, I do not propose to discuss the question at length. I suppose everyone is familiar with what is known as the Goldsborough bill, which was overwhelmingly reported adversely by the Banking and Currency Committee and recommended in the negative unanimously by the Federal Reserve Board itself. Whatever may

be the purpose of it, there could be no effect from it, and I should be very much distressed to see it passed.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wisconsin to the amendment of the Senator from Idaho.

Mr. BLAINE. Let us have the yeas and nays.

The yeas and nays were not ordered, and the amendment to the amendment was rejected.

The VICE PRESIDENT. The pending question is the amendment of the Senator from Idaho [Mr. BORAH].

Mr. VANDENBERG. Mr. President, in connection with the Glass-Steagall bill, at each point where we provided an extraordinary and perhaps an experimental power, we limited it to one year, probably on the theory that it was advisable to bring it back into congressional review at least at the end of a year's experiment. I have discussed with the Senator from Idaho [Mr. BORAH] and the Senator from Virginia [Mr. GLASS] the proposition that this experiment might similarly be limited to one year and they have presented substantial reasons against it.

I want to inquire, however, whether the Senator from Idaho would resist an amendment making it read "two years" instead of "three years"? It seems to me that it would be advisable to bring the question back definitely and automatically for congressional review in two years.

Mr. BORAH. I should dislike to limit it to two years, but I would consent to limiting it to three years.

Mr. VANDENBERG. That would be some advantage from my point of view; and I move that the amendment be amended by substituting "three years" for "five years" in line 7 on page 2, so that it will read "for a period of three years" instead of "for a period of five years."

The VICE PRESIDENT. Does the Senator from Idaho accept the amendment proposed by the Senator from Michigan?

Mr. BORAH. I accept the amendment.

The VICE PRESIDENT. The Senator from Idaho modifies his amendment as suggested by the Senator from Michigan. The question is on agreeing to the amendment of the Senator from Idaho as modified.

WAR DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

Mr. REED. I send to the desk a conference report on the Army appropriation bill and move its adoption.

The VICE PRESIDENT. Let the conference report be read.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 20, 41, 45, 57, and 86.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 5, 6, 9, 19, 23, 25, 26, 27, 29, 30, 31, 33, 35, 37, 38, 39, 40, 46, 48, 49, 50, 53, 55, 56, 59, 63, 77, 83, 84, and 85, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "including not to exceed $2,365 for necessary per diem and traveling expenses in connection therewith"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "including not to exceed $750 for traveling expenses, $144,750"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following: "and travel (not to exceed $825), $70,365"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: "That no appropriation contained in this act shall be available for or on account of the maintenance of more than 37 military attachés: *Provided further*, That no appropriation contained in this act shall be available for or on account of the maintenance of more than 83 bands: *Provided further*"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In line 6 of the matter inserted by said amendment before the sum "$506,250" insert the words "not to exceed"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $3,225 for traveling expenses, $58,925"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $100,706 for traveling expenses, $11,815,498"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"For transportation of the Army and its supplies, including retired enlisted men when ordered to active duty; of authorized baggage, including that of retired officers, warrant officers, and enlisted men upon relief from active duty, and including packing and crating; of recruits and recruiting parties; of applicants for enlistment between recruiting stations and recruiting depots; of necessary agents and other employees, including their traveling expenses; of dependents of officers and enlisted men as provided by law; of discharged prisoners, and persons discharged from St. Elizabeths Hospital after transfer thereto from the military service, to their homes (or elsewhere as they may elect): *Provided*, That the cost in each case shall not be greater than to the place of last enlistment: *Provided further*, That not to exceed $2,522,880 shall be available for expenditure for or on account of the transportation of persons pursuant to the provisions of this appropriation; transportation."

And the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "not to exceed $18,641 for mileage or other travel allowances of officers, and traveling expenses of employees, traveling on duty in connection with the Signal Service of the Army"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: ", and not to exceed $131,315 for payment of their traveling and other necessary expenses as authorized by existing law"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered

42, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and not to exceed $900 for traveling expenses of officers on journeys approved by the Secretary of War and made for the purpose of instruction, $20,900: *Provided*, That the traveling expenses herein provided for shall be in lieu of mileage and other allowances"; and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $610 for traveling expenses, $175,610"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and not to exceed $26,981 for necessary traveling expenses, $9,832,715"; and the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $600 for traveling expenses, $74,800"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $3,320 in the aggregate for traveling expenses, $2,338,136"; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "including not to exceed $31,235 for transportation of cadets and accepted cadets from their homes to the Military Academy, and discharged cadets, including reimbursement of traveling expenses"; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "not to exceed $3,750 for the transportation of employees, instructors, and civilians to engage in practice"; and the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and not to exceed $17,625 for or on account of travel, $847,862"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and not to exceed $37 for or on account of travel, $6,057"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and not to exceed $152 for or on account of travel, $59,880"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $75 for or on account of travel, $7,374"; and the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment, insert the following: "and including not to exceed $225 for or on account of travel, $14,925"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $38 for or on account of travel, $60,102"; and the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $52 for or on account of travel, $7,982"; and the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $109 for or on account of travel, $4,725"; and the Senate agree to the same.

Amendment numbered 71: That the House recede from its disagreement to the amendment of the Senate numbered 71, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $187 for or on account of travel, $4,937"; and the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and including not to exceed $95 for or on account of travel, $39,968"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "and including not to exceed $112 for or on account of travel, $26,889"; and the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "and including not to exceed $142 for or on account of travel, $37,984"; and the Senate agree to the same.

Amendment numbered 75: That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "including not to exceed $37 for or on account of travel, $5,819"; and the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "including not to exceed $10,005 for or on account of travel, $161,285"; and the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "$60,000,000"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "and including not to exceed $375 for or on account of travel, $245,184"; and the Senate agree to same.

Amendment numbered 82: That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$32,000,000"; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 8, 10, 11, 12, 13, 14, 15, 16, 18, 32, 54, 60, 62, 79, 80, and 87.

DAVID A. REED,
W. L. JONES,
KENNETH MCKELLAR,
JOHN B. KENDRICK,
Managers on the part of the Senate.
ROSS A. COLLINS,
HENRY E. BARBOUR,
FRANK CLAGUE,
Managers on the part of the House.

Mr. REED. Mr. President, the House of Representatives has yielded to the Senate in the matter of the allocation of mileage to the particular items for which the mileage is necessary. That action has resulted in about 60 amendments, which are embodied in the conference report. I can say in substance that the result is that on the amendment affecting the House provision cutting out 2,000 officers we are still in disagreement, and I understand the amendment will go before the House for action to-morrow, when the conference report shall be acted upon.

We are also in disagreement about the provision which takes away the automobiles assigned to the exclusive use of the Assistant Secretaries of War and a few of the commanding generals. We are also in disagreement about the closing up of the Philadelphia quartermaster's clothing-manufacturing establishment. Those are the three real items in disagreement upon which the House will be asked to act to-morrow.

We are also in technical disagreement on five other items, which involve in a way new legislation within the House rules, but the conferees are fully agreed upon what shall be done, and, I repeat, the disagreement is technical only.

Mr. GEORGE. Mr. President, will the Senator from Pennsylvania permit me to ask what was the action of the conferees in regard to the appropriation for the Reserve Officers' Training Corps work?

Mr. REED. The appropriation for that purpose remains exactly as the Senate passed it.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Pennsylvania whether there is on this bill a complete agreement or a final resolution touching matters in disagreement?

Mr. REED. I am informed, Mr. President—of course, no one knows how accurate such information may be—that the other House is likely to yield on the amendments which remain in dispute. That, however, will have to be done by action on the floor. In the conference we have agreed upon every item of importance except only the cut of 2,000 officers and the abolition of the quartermaster's factory in Philadelphia.

Mr. ROBINSON of Arkansas. I express the hope that there will be some agreement touching those items. The conference report on this bill has been long delayed now as, of course, everyone knows.

Mr. REED. I feel exactly as does the Senator from Arkansas, and I share his hope.

Mr. LONG. Mr. President, I should like to inquire concerning the action of the conferees on the appropriations for flood control and for rivers and harbors?

Mr. REED. We have increased the amount allowed for rivers and harbors to $60,000,000. We receded from the Senate amendment reducing that amount; and on the flood-control item we reinstated the $32,000,000 provided by the House, increasing the appropriation half a million dollars over the amount voted by the Senate.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. FLETCHER. Mr. President, I just wish to say a word. I favor the action of the conferees in regard to the river and harbor appropriations and the other items. I can not get through my head at all the idea of effecting economy by retiring 2,000 officers on three-fourths pay and getting nothing from them in the way of service, whereas by keeping them on full pay we get their services as well.

Mr. REED. The Senator from Florida is exactly right. It is not an economy to pay those officers three-fourths pay for doing nothing; it would certainly be much better economy to pay them the additional one-fourth pay and get full-time service from them.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

NOMINATION OF MARCEL GARSAUD

Mr. NORRIS. Mr. President, there is pending before the Committee on Interstate Commerce a very important nomination by the President, that of Mr. Garsaud to be a member of the Federal Power Commission. There appeared in this morning's Washington Herald an editorial on the subject which I wish all Senators might read before they act upon that nomination. I ask unanimous consent to have printed in the RECORD the editorial to which I have referred, appearing in this morning's Washington Herald, entitled "Senate Should Reject Marcel Garsaud as a Power Commissioner."

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

SENATE SHOULD REJECT MARCEL GARSAUD AS A POWER COMMISSIONER

Every consideration of public interest demands that the Senate reject President Hoover's renomination of Marcel Garsaud, New Orleans Democrat and protégé of the Power Trust, as a Federal power commissioner.

In attempting to jam through a reappointment of Garsaud at the fag end of the session, the administration threatens a base surrender of every inch of ground the public has gained in the water-power fight.

The Power Commission's authority to stop the Power Trust's "watering" of securities and its profiteering in rates has just been sweepingly upheld by the District of Columbia Court of Appeals.

The next step is for the Power Commission, in accordance with that decision and with its sworn duty under the law, to eliminate the scores of millions of dollars of "water" and padding from $600,000,000 of investment claims awaiting its disposal.

No task calls more insistently for men of absolute independence, of single-minded devotion to interests of the public which are squarely and irreconcilably in conflict with the interests of the Power Trust.

Nothing has been found in Garsaud's record to show that he is such a man; much has been found to indicate he is not.

Of all the five commissioners, he is known to every close observer as the most reactionary. As a witness declared at the hearing on his confirmation, he appears "a stronger advocate of the power companies than the power-company attorneys."

Yet the alignment in the commission is such that on many critical issues he may cast the deciding vote.

Long before his first appointment Garsaud was selected by Electric Bond & Share interests in New Orleans, Senate records show, to be general manager of that city's port.

In that post he permitted these interests to charge the city for electricity in small units, instead of in quantity for the port as a whole, thus compelling the city to pay top rates.

These same interests were among his chief sponsors for appointment to the Power Commission.

In that commission the Electric Bond & Share interests had, and have to-day, rich water-power sites and vast plant investment claims at stake.

Since his appointment Garsaud admittedly has sided with the power companies on the critical issue of the navigability of the New River, an issue which is being made the excuse for an attempt to destroy the water power law.

He has refused to say whether he will allow a municipality a preference over the Power Trust in the disposal of hydroelectric resources, although the law says a municipality shall have this preference.

He joined with two colleagues, on his first day in office, in dismissing Chief Accountant William V. King and Solicitor Charles A. Russell, who had fought unswervingly to enforce honest investment claims and honest auditing. King was later reinstated.

Garsaud has admitted that, as he and certain of his fellows are running the commission to-day, business is transacted through "confidential memoranda between the commissioners, supposed to be seen only by the commissioners."

No one—except the Power Trust—needs Garsaud on the Power Commission.

If President Hoover will not nominate a better man, the commission can function quite effectively with four members until Governor Roosevelt is elected President and appoints real power commissioners.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Idaho as modified.

Mr. REED. On that I ask for the yeas and nays.

Mr. SHIPSTEAD. Mr. President, in view of the pending amendment I wish to read a short article appearing in the Wall Street Journal this morning containing a statement by Dr. Irving Fisher. I want to read it because it states the position of all responsible economists in every civilized country of the world on the question of the stability of the monetary unit and the management of the credit system.

In the testimony, which is very voluminous, given before the McMillan Commission of Great Britain, almost unanimously the various economists who appeared testified that the main and first duty of those who manage a credit system is to so manage it as to maintain the uniform stability of the monetary unit of the country.

To show how those who are entrusted with the power of controlling and managing the credit system of the United States have failed, I wish to read this statement, because it is self-evident that the United States must give more careful and intelligent study to this very serious question than we have given in the past.

CREDIT ABUSE AND DOLLAR STABILITY

The abuse of credit is an integral element in the instability of the dollar, on whose vagaries of inflation and deflation booms and depressions ride, as upon a scenic railway, states Prof. Irving Fisher. This bad habit of inflation and deflation seems of itself almost enough to account for most of the great crises of the past, he comments.

In the deflation of 1896 the dollar swelled to 150 cents; in the inflation of 1920 it shrunk to 45 cents; in the first deflation following the World War it swelled to 72 cents, and in this second deflation it has further swelled to 112 cents, which is more than one and one-half times its value in 1929, adds Professor Fisher.

"This fact is, in my opinion, the essential one about the depression; the fact that in three short years our dollar has grown to be more than a dollar and a half," he comments.

"This was indirectly due to a general overindebtedness and in turn has made the indebtedness worse, because every debtor has to pay over $1.50 for every dollar he contracted to pay. The farm mortgages are to-day bigger, measured in terms of wheat and cotton, than ever before. Millions of farmers can not raise crops big enough to pay those mortgages They are bankrupt. So are many industrialists. And these naturally stop giving employment to labor. Bankruptcy and unemployment are the inevitable effects of a deflated price level—namely, an inflated dollar."

The amendment proposed by the Senator from Idaho, if adopted and put into operation, would undoubtedly to some slight extent remedy the terrific condition that has been brought about by the increase in the value of the dollar based upon its gold value. In my opinion the proposal does not go far enough. The substitute offered by the Senator from Wisconsin [Mr. BLAINE], in my opinion, can not add to the Federal reserve banking system powers that it does not already possess and the policy that it has been pursuing now for several weeks of going into the market and purchasing Government securities.

The overwhelming question, if I may, in all modesty, be permitted to say so, for the United States is to give more earnest consideration to the stability of the purchasing power of our monetary unit, so that we may find some way of controlling our banking system, which controls the credit system, so as to maintain a stable monetary unit. We are not now in possession of an honest dollar; we have not had and honest dollar for trade and commerce and agriculture since the establishment of the Federal reserve system. It has failed. Whether it is due to mismanagement or whether it is due to organic defects in the law I do not propose now to discuss. I simply want to call the attention of the Senate to the tragic failure, which, as Professor Fisher says and as the responsible economists of the world will testify, is due largely to the instability of the monetary unit as the result of the failure of the managers of the credit system to maintain its stability.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Idaho as modified. When the question was put previously there was a demand for the yeas and nays.

Mr. FESS. Mr. President, as we are about to vote, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ark.
Austin	Dale	Jones	Robinson, Ind.
Bailey	Davis	Kean	Schall
Barbour	Dill	Kendrick	Sheppard
Bingham	Fess	Keyes	Shipstead
Black	Fletcher	King	Smoot
Blaine	Frazier	La Follette	Stephens
Borah	George	Lewis	Thomas, Idaho
Bratton	Glass	Long	Townsend
Broussard	Glenn	McGill	Trammell
Bulkley	Goldsborough	McKellar	Tydings
Bulow	Gore	McNary	Vandenberg
Byrnes	Hale	Metcalf	Wagner
Capper	Harrison	Moses	Walcott
Caraway	Hastings	Norbeck	Walsh, Mass.
Cohen	Hatfield	Norris	Watson
Connally	Hayden	Nye	White
Coolidge	Hebert	Patterson	
Copeland	Howell	Pittman	
Costigan	Hull	Reed	

The VICE PRESIDENT. Seventy-seven Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Idaho [Mr. BORAH], as modified.

Mr. REED and Mr. BINGHAM called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

Mr. LONG. Mr. President, what are we voting on?

The VICE PRESIDENT. On the amendment of the Senator from Idaho [Mr. BORAH], as modified.

The legislative clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. CAREY], who is absent. I therefore withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I understand, however, that if he were present and voting he would vote as I shall vote. Therefore I feel at liberty to vote. I vote "yea."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING]. Not knowing how he would vote, I withhold my vote.

Mr. McNARY (when his name was called). On this question I have a pair with the Senator from Missouri [Mr. HAWES]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. SCHALL (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. I am satisfied that if he were present he would vote as I intend to vote. I therefore cast my vote. I vote "yea."

Mr. THOMAS of Idaho (when his name was called). On this question I have a general pair with the junior Senator from Montana [Mr. WHEELER]. I transfer that pair to the junior Senator from Oregon [Mr. STEIWER], and will vote. I vote "yea."

Mr. WATSON (when his name was called). I am unable to secure a transfer of my pair with the Senator from South Carolina [Mr. SMITH], and therefore withhold my vote.

The roll call was concluded.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. If that Senator were present, he would vote as I am about to vote. I vote "yea."

Mr. HOWELL. I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. I understand that if present he would vote as I intend to vote. I vote "yea."

Mr. HATFIELD (after having voted in the affirmative). Has the senior Senator from North Carolina [Mr. MORRISON] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. HATFIELD. I have a general pair with that Senator. Not being able to obtain a transfer, I am compelled to withdraw my vote.

Mr. SHORTRIDGE. I have a general pair with the senior Senator from Montana [Mr. WALSH]. I therefore withhold my vote.

Mr. COSTIGAN. The junior Senator from West Virginia [Mr. NEELY] is unavoidably absent. I am authorized to say that if present he would vote "yea."

Mr. BAILEY. My colleague the senior Senator from North Carolina [Mr. MORRISON] is necessarily absent. I am authorized to say that if present he would vote "yea."

Mr. HATFIELD. I am informed that my pair, the senior Senator from North Carolina [Mr. MORRISON], would vote as I have voted. Therefore I feel that I am entitled to let my vote in the affirmative stand.

Mr. DALE (after having voted in the affirmative). I transfer my pair with the Senator from Alabama [Mr. BANKHEAD] to the Senator from Connecticut [Mr. WALCOTT], and will let my vote stand.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Iowa [Mr. DICKINSON] with the Senator from Kentucky [Mr. BARKLEY]; and

The Senator from Nevada [Mr. ODDIE] with the Senator from Illinois [Mr. LEWIS].

I also desire to announce the special pair on this question of the Senator from Iowa [Mr. BROOKHART] with the Senator from Colorado [Mr. WATERMAN]. If present, the Senator from Iowa would vote "yea," and the Senator from Colorado would vote "nay."

The result was announced—yeas 53, nays 18, as follows:

YEAS—53

Ashurst	Costigan	Johnson	Schall
Austin	Couzens	Jones	Sheppard
Bailey	Dale	Kendrick	Shipstead
Black	Davis	La Follette	Smoot
Borah	Fletcher	Long	Stephens
Bratton	Frazier	McGill	Thomas, Idaho
Broussard	George	McKellar	Townsend
Bulow	Glass	Norbeck	Trammell
Byrnes	Gore	Norris	Vandenberg
Capper	Harrison	Nye	Walsh, Mass.
Caraway	Hatfield	Patterson	White
Cohen	Hayden	Pittman	
Connally	Howell	Robinson, Ark.	
Coolidge	Hull	Robinson, Ind.	

NAYS—18

Barbour	Fess	Hebert	Reed
Bingham	Glenn	Kean	Tydings
Blaine	Goldsborough	Keyes	Wagner
Copeland	Hale	Metcalf	
Dill	Hastings	Moses	

NOT VOTING—25

Bankhead	Hawes	Oddie	Walsh, Mont.
Barkley	King	Shortridge	Waterman
Brookhart	Lewis	Smith	Watson
Bulkley	Logan	Steiwer	Wheeler
Carey	McNary	Swanson	
Cutting	Morrison	Thomas, Okla.	
Dickinson	Neely	Walcott	

So Mr. BORAH's amendment, as modified, was agreed to.

Mr. BINGHAM. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 39, after line 19, it is proposed to insert the following:

That the national prohibition act, as amended and supplemented, is amended in the following respects:

(a) By striking out the words "one-half of 1 per cent or more" wherever they appear in such act and inserting in lieu thereof the words "more than 3.45 per cent."

(b) By striking out the words "less than one-half of 1 per cent" wherever they appear in such act and inserting in lieu thereof the words "not more than 3.45 per cent."

(c) By striking out the words "more than one-half of 1 per cent" wherever they appear in such act and inserting in lieu thereof the words "more than 3.45 per cent."

(d) By striking out the words "below such one-half of 1 per cent" wherever they appear in such act and inserting in lieu thereof the words "to 3.45 per cent or less."

(e) By striking out the words "and is otherwise denominated than as beer, ale, or porter" where they appear in section 1 of Title II of such act and inserting in lieu thereof the words "and is otherwise denominated than as ale."

SEC. 2. Any offense in violation of, or any right, obligation, or penalty, or any seizure or forfeiture based upon any provision of the national prohibition act, as amended and supplemented, or upon any regulation or permit issued thereunder, committed, accruing, made, or incurred prior to the time this act takes effect, may be prosecuted or enforced in the same manner and with the same effect as if this act had not been passed.

SEC. 3. All permits issued under the national prohibition act, as amended and supplemented, before this act takes effect shall be valid with respect to intoxicating liquor as hereinbefore defined in this act to the same extent as such permits are, at the time this act takes effect, valid with respect to intoxicating liquor as defined by law prior to the enactment of this act.

SEC. 4. Title II of the national prohibition act, as amended and supplemented, is amended by adding at the end thereof the following new section:

"SEC. 40. All fermented liquors brewed or manufactured, and taxable under the provisions of section 608 of the revenue act of 1918, and hereafter sold or removed for consumption or sale within the United States, by whatever name such liquors may be called, shall be packed in cases of pint bottles of 16 fluid ounces content, such cases to contain 1 dozen, 2 dozen, or 4 dozen such bottles each. Each case and individual bottle shall be marked, branded, and labeled in such manner as the Attorney General and the Secretary of the Treasury shall, jointly, by regulations prescribe, and all sales by brewers and dealers in fermented liquors shall be in the original package or case so marked, branded, or labeled. Such fermented liquors may be removed from such package or case for use in any public place only by legitimate hotels and restaurants and for the sole purpose of serving such liquors in the dining rooms of such establishments in the pint bottle with meals."

SEC. 5. This title shall take effect at the end of the thirtieth day after the passage of this act.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator whether the amendment has been printed?

Mr. BINGHAM. The amendment has been on the calendar since the 3d of May.

Mr. ROBINSON of Arkansas. The Senator has apparently made certain changes in the amendment which he formerly presented. What I am asking is whether the amendment has been printed in its present form?

Mr. BINGHAM. It has been printed in the CONGRESSIONAL RECORD in its present form. It was printed just before the remarks of the Senator from Arkansas a few days ago.

Mr. ROBINSON of Arkansas. The reason why I ask is that I called for a copy of the amendment and was told that it had not been printed.

Mr. BINGHAM. It was printed in the RECORD.

Mr. ROBINSON of Arkansas. Will the Senator inform me the page of the RECORD where it is to be found?

Mr. BINGHAM. I can not answer the Senator offhand as to just where it will be found.

Mr. TYDINGS. Mr. President, will the Senator from Connecticut yield to me?

Mr. BINGHAM. I yield.

Mr. TYDINGS. May I ask the Senator from Connecticut what alcoholic content his amendment contemplates?

Mr. BINGHAM. I was about to state that this amendment is in the exact form in which the bill was reported from the Committee on Manufactures on the 3d of May, as recommended by the minority, with a single exception that instead of the Volstead Act phrase, "one-half of 1 per cent by volume" it substitutes "3.45 by volume," which is 2.75 by weight.

I stated the other day, when the Senator was absent from the Chamber, that I put it at 3.45 per cent because throughout the Volstead Act and throughout the national prohibition laws the alcoholic percentage is always given by volume. I realize that what the Senator has offered is 2.75 by weight, but that is exactly the same as 3.45 by volume.

I also stated, while the Senator was absent the other day, that I had changed it at the request of the chairman of labor's committee on the modification of the Volstead Act, in order that there might be no conflict, and in order that we might get a vote at this time on the question of modifying the Volstead Act at a point clearly, and in the Senator's own opinion, as stated in the RECORD on page 14752, at a percentage which brought it under constitutional limitation.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BINGHAM. In just a moment. I also put it in this form because the matter was studied, at my request, very carefully by the Legislative Counsel of the Senate during the period prior to its first introduction, which was nearly two

years ago, and they went through the laws very carefully and prepared the amendment in the form in which it has been offered, in such a way as to take care of every situation which might arise under the prohibition laws. So that the amendment is rather long and somewhat complicated, but it means only one thing; that is, that wherever in the national prohibition law the words "one-half of 1 per cent" occur, we put in lieu thereof the equivalent of what the Senator has been trying to get.

Mr. TYDINGS. As I understand, the amendment as now projected, as far as alcoholic content is concerned, provides for the same amount as in the substitute offered four or five days ago by Senators WALSH, BULKLEY, and myself, namely, 2.75 by weight.

Mr. BINGHAM. That is correct.

Mr. TYDINGS. So that if the Senator's amendment is adopted, in effect it is a 2.75 by weight proposition, except that he uses the language "by volume" instead of "by weight"?

Mr. BINGHAM. That is correct.

Mr. TYDINGS. May I say to the Senator that he will certainly have my support for his amendment, and I trust that others on this and the other side of the aisle will likewise give him support.

Mr. BINGHAM. I thank the Senator. It was in order to meet the Senator's view, and in order to meet his statement that what he and his colleagues were trying to do was to bring the percentage within the limitations of the Constitution, that I changed the provision. I realize that it does not sound as good to the professional drys, because it is 3.45, but it is exactly the same as 2.75.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. BINGHAM. I yield.

Mr. LONG. Is the Senator reintroducing the beer amendment?

Mr. BINGHAM. I stated the other day—but the Senator from Louisiana, not being familiar with parliamentary practice, did not understand the matter, but made a characteristic address in regard to the withdrawing of the amendment—that the sole object of withdrawing the amendment was not, as stated by the Senator from Louisiana, for some political advantage, but purely to secure a parliamentary advantage, namely, a direct vote upon this question. The Senator from Idaho, having come to the relief of the drys on the other side of the aisle who did not want to vote on this question, had offered as a substitute for my amendment an amendment which has now been agreed to, which had nothing whatever to do with the bill, agreed to by a very large majority, not germane to the bill at all, an amendment providing for what might be called a certain amount of easy money. That has now been agreed to as Title II. The amendment to which he offered it as a substitute I had to withdraw in order that it might not die a parliamentary death upon the adoption of his amendment. I withdrew it so as to be able to offer it now again. Of course, if any Senator wants to rise and offer another substitute for it to becloud the issue, I shall have to withdraw it again, but I hope that the Senator will help me to secure a direct vote on this amendment.

Mr. LONG. I am going to vote with the Senator, but I just wanted to know whether this amendment would be withdrawn.

Mr. BINGHAM. It will be withdrawn if any Senator offers another amendment to becloud the issue, I state frankly to the Senator.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield.

Mr. WALSH of Massachusetts. Would the Senator be willing, for the sake of expedition and saving time, to yield for the purpose of allowing me to propose a unanimous-consent request that we may vote on the amendment at once, without debate?

Mr. BINGHAM. I shall be very glad to yield for that purpose. I have no desire to debate it.

Mr. WALSH of Massachusetts. I ask unanimous consent that we may proceed at once, without debate, to vote on the amendment submitted by the Senator from Connecticut [Mr. BINGHAM].

Mr. ASHURST. Mr. President, reserving the right, I object to a statement made by my learned friend from Connecticut in which he said that certain gentlemen on this side were trying to avoid a vote. If there be anything of which the Democratic Party can be accused it is not cowardice. Nobody in that party here is afraid to vote at any time.

Mr. BINGHAM. That is splendid, and I hope that the subsequent proceedings will carry out the Senator's statement.

Mr. ASHURST. Another thing, before the Senator obtains his unanimous-consent request to vote, I want to know, first, how much money or revenue this proposal would put into the Treasury if it were adopted. Secondly, is the alcoholic content which the Senator proposes to put into beer, intoxicating in the ordinary sense of the term?

The Senator owes it to the Senate and to the country to stop accusing this side of attempting camouflage. He owes it to himself, because he is a trained debater, to tell us how much revenue his amendment will produce and to submit proof as to whether or not 2.75 is intoxicating. If it is not intoxicating, then under the Constitution and under the Democratic platform plank Senators may vote for it. If it be intoxicating, Democratic Senators may not vote for it without violating their own platform plank and the Constitution as well.

Mr. BINGHAM. Mr. President, in answer to the two questions asked by the Senator from Arizona, permit me to say that, in the first place, it is estimated by those better qualified to know than I am, whose word I am willing to take, that it will probably add to the revenue of the Government more than $300,000,000 a year.

In the second place, in answer to the Senator's question, I may state that personally I was led to believe by the scientists who testified before the Committee on Manufactures, which had this question before it for several months, that beer containing even 4 per cent by volume, or 3.02 per cent by weight, was not intoxicating.

For many years I have been urged by persons knowing my opposition to the eighteenth amendment to introduce a modification measure. I had felt that no modification measure that might under the Constitution be adopted would be satisfactory. It was not until one day when the newspapers published a rather long statement by Prof. Yandell Henderson, professor of physiology and applied physiology in Yale University, in which he stated that in his opinion as a noted world-renowned toxicologist, beer was not intoxicating, that I began to believe that we might get somewhere with modification. In view of his statement made to the press, he was the first witness invited before the committee; and he was cross-examined and criticized at considerable length, as the Senator can see by referring to the long hearings before the committee. We also called various professors of physiology and of medicine and various physicians before us, and it was their testimony that even 4 per cent could not properly under the Constitution be held to be intoxicating.

The statement of the Senator from Maryland [Mr. TYDINGS], who was a member of the Democratic convention, and the Senator from Massachusetts [Mr. WALSH], who was a member of the platform committee, and the Senator from Ohio [Mr. BULKLEY], who was also a member of the platform committee, and their decision, when the Democratic platform went on record as favoring immediate modification of the Volstead Act for the manufacture and sale of beer or other beverages which could be manufactured under the Constitution, that in their opinion the reason why they offered this amendment containing the reference to 2.75 per cent was to bring it within the Constitution, led me to realize that the only way to get immediate action on a matter which I believe to be of great importance, was to sink my own opinion and adopt their views in the matter. Therefore, I have placed in the amendment which I have offered that percentage of alcohol which those who wrote

the Democratic platform and they themselves believe to be entirely consonant with the Constitution.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Connecticut yield to me?

Mr. BINGHAM. I yield.

Mr. ROBINSON of Arkansas. It seems appropriate, in view of what has taken place on the floor in the last few minutes, to state that a motion to refer the amendment offered by the Senator from Connecticut to the Committee on the Judiciary will be made, for the purpose of having an inquiry by that committee into the alcoholic content of intoxicating beverages, particularly as it relates to beer. I want the Senator to be informed of that fact.

Mr. BINGHAM. Does the Senator desire to make the motion now?

Mr. ROBINSON of Arkansas. I will make the motion now, if the Senator will yield.

Mr. BINGHAM. I yield for that purpose.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me just a moment before that is done?

Mr. BINGHAM. I yield.

Mr. ROBINSON of Indiana. I want to read something which may interest the Senator from Arizona, if I may have his attention. I am thinking particularly of the Senator's suggestion that beer is not intoxicating, and just for what it is worth I would like to read into the RECORD at this point a news item appearing in the Baltimore Sun of the 5th day of this month, as follows:

[From the Baltimore Sun, July 5, 1932]

CHILD, 4, INTOXICATED ON BEER, FALLS DOWN AND INJURES HIS HEAD

A 4-year-old boy yesterday became intoxicated on beer and fell down, injuring his head.

The beer was given to the child by his father, northern district police reported.

After being treated at the hospital, where he was taken by a neighbor, the boy was returned to his home.

That may be enlightening in view of what has been said on the subject.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Arkansas?

Mr. BINGHAM. I yield.

Mr. ROBINSON of Arkansas. Before making the motion, if the Senator will indulge me to make a brief statement, I am perfectly aware of the fact that there is great diversity of opinion as to what amount of alcohol constitutes an intoxicating beverage with respect to beer. I know such differences of opinion will continue. While I can not speak from experience, and I know that the Senator from Connecticut can not do so either, it has been my observation that some persons can carry a great deal more alcohol than others, that some persons can carry a great deal more alcohol at one time than at other times, and that some persons seemingly can not get enough to make them fall down so they can not rise.

There is a good-faith question involved which I think some have overlooked in connection with the matter. That is the question of what constitutes an intoxicating beverage—what amount of alcohol makes beer intoxicating. It is for that reason that I propose to make the motion to refer the amendment to the Committee on the Judiciary. I am perfectly willing to vote for permission to manufacture beer that is not intoxicating. I do not know what amount of alcohol makes beer intoxicating. It is not certain that anyone else here knows. I realize that if a man is in a hurry to get beer, the fact that it may be intoxicating does not lessen his haste. Many people who want beer want it because they hope it will be slightly intoxicating. If the scientific question can be determined with approximate accuracy there would be no objection to an immediate vote on the Senator's amendment. But in view of all the circumstances, and they have been detailed day after day during the course of the present session of Congress, I feel that the sensible and practical thing to do is to refer the question to the Committee on the Judiciary.

The Senator from Arizona [Mr. ASHURST] asked the Senator from Connecticut what amount of revenue would be received under his amendment. The Senator stated, as I recall, $300,000,000. The amendment as I read it does not carry a revenue provision, probably for the reason that the Senate has not the power to initiate a revenue measure. Undoubtedly if beer be legalized a tax will in time be imposed upon it and some revenue will be received from it, but the adoption of the amendment and the enactment of it into law will not yield one dollar of revenue, will it?

Mr. BINGHAM. Yes. I should not have stated that had I not been aware of the fact that on the statute books today is an act, which has never been repealed, which provides $6 a barrel tax on beer. The Commissioner of Internal Revenue, in his testimony before the committee, stated there would be no difficulty in collecting the tax and that they could begin to collect it the day after the act was passed. It does not require any new revenue legislation.

Mr. ROBINSON of Arkansas. Is that a tax on nonintoxicating beer?

Mr. BINGHAM. It is a tax on all beer above one-half of 1 per cent alcoholic content.

Mr. ROBINSON of Arkansas. So that automatically the tax would go into effect if the amendment should be adopted?

Mr. BINGHAM. Yes. In reply to the Senator's question of a moment ago, the Senator will find the amendment printed at page 14851 of the RECORD.

Mr. ROBINSON of Arkansas. Yes; I have it now before me.

Mr. President, I now move that the amendment of the Senator from Connecticut be committed to the Committee on the Judiciary.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

Mr. BINGHAM obtained the floor.

Mr. TYDINGS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Maryland?

Mr. BINGHAM. I yield for a question.

Mr. TYDINGS. I desire to enter a motion, upon which I do not insist, but I want to enter it nevertheless, for the discharge of the Committee on the Judiciary from the further consideration of the resolution introduced by the junior Senator from New York [Mr. WAGNER], repealing the eighteenth amendment through the medium of State conventions. I ask that the motion may be entered.

Mr. BINGHAM. I think the motion was entered this morning.

The VICE PRESIDENT. The Senator from New York [Mr. WAGNER] entered a similar motion.

Mr. BINGHAM. Mr. President, of course the Senator from Arkansas is entirely within his rights in making the motion. He stated the other day that he would make it, and I suppose that is the nearest we can come to an actual vote on the question at this session. It is a great disappointment to those of us who believe that there is nothing that can be done which would help the revenues of the Government more, that would help business more, which would help social conditions more, and which would help temperance more than the passage in the near future—in fact, immediately—of such a modification of the Volstead Act as might be made under the Constitution.

Mr. President, the motion to send the matter to the Judiciary Committee is a motion which will simply throw the whole question over the election and into next December, when anyone who has safely been elected for a period of six years in this body may comfortably vote for a modification of the Volstead Act if he believes, according to the wishes of the country as expressed on the first Tuesday in November, that that is the general view of the people in his State.

Mr. President, may I say, in the first place, in regard to the necessity for such action by the Judiciary Committee, that the matter has already been fully gone into by a com-

mittee of the Senate. When I asked the Senator from Wisconsin [Mr. LA FOLLETTE] more than a year ago to take up the so-called beer bill that was before his committee, which was introduced a year ago last December, and have hearings on it, it was in order that we might get evidence to find out what is the alcoholic content of a beverage that might be legal under the Constitution. It was not possible for him during the last session of Congress to call a meeting of his committee for that purpose, but early in the present session of Congress he did appoint a subcommittee, the chairman of which was the Senator from Rhode Island [Mr. METCALF], and every opportunity was given to both wets and drys to produce testimony as to whether beer with an alcoholic content of 4 per cent or otherwise could be held to be intoxicating. No committee, not even the Judiciary Committee, could go into the matter more fully than did that committee. All the time they needed was accorded to the opposition, the dry forces. A distinguished group of physicians and scientists was brought together either in person or by letter.

Furthermore, with the idea that some day this very question might arise, we put into the record at the very beginning the affidavits offered to the United States Supreme Court in a celebrated case as to the intoxicating quality of what is known as war-time beer, 2.75 per cent beer, which is nothing more nor less than the kind of beer called for in this amendment. At that time when the matter came before the Supreme Court neither the Government nor anybody else made the slightest effort to prove that 2.75 per cent alcoholic content beer was intoxicating. The question was outside of the discussion because nobody contended for a minute that it was intoxicating. In fact, one of the reasons why war-time beer was placed at 2.75 per cent was that it was practically impossible for any one to drink enough of it to become intoxicated. The question was brought before the Supreme Court and those affidavits were submitted. The Government did not contend for a moment that 2.75 per cent beer was intoxicating. All the Government contended was that the Congress was within its rights when it declared that anything, buttermilk or ginger ale, or anything else containing more than one-half of 1 per cent alcohol, was an intoxicating beverage, and the Supreme Court said that the Congress is within its rights in so declaring.

Mr. President, I submit that if the Congress was within its rights in declaring one-half of 1 per cent of alcoholic content of buttermilk or ginger ale to constitute an intoxicating beverage, which every one knows it is not, Congress would be entirely within its rights to declare 4 per cent alcoholic content to be nonintoxicating even though there are some who doubt it. But of course it is obvious that Congress is not going to do any such thing. However, no question was raised in regard to 2.75 per cent beer.

The Senator from Arkansas [Mr. ROBINSON] and the Democrats who follow him will not get anywhere, will not get anything except delay by sending this matter to the Judiciary Committee for action. The Judiciary Committee, forsooth, is the last committee that is interested in the question. They have had at least a score of important measures before them in regard to repeal of the eighteenth amendment and modification of the Volstead Act since the first days of December. Have they reported any of them back to the Senate? They have not. Why have they not? I have been told that the reason is that the subcommittee having the matters in charge, when a meeting was called in order that some bill might be reported back to the full committee, could not get a quorum. Why could they not get a quorum? It was because the drys, forsooth, refused to attend the meetings, and as there were three drys on the committee and only two wets, the two wets who were present could not vote and could not get a quorum. When the drys on the committee were asked why they did not attend the meetings they replied that the matter was not of sufficient interest to require their attendance. That is the committee to which the Senator from Arkansas wants us to refer this important matter.

The Committee on Manufactures, under the able guidance of the senior Senator from Wisconsin [Mr. LA FOLLETTE], has considered this matter. Long hearings were held upon the question. Those hearings are now contained in a 600-page volume which is on our desks and is available to any Senator. There was no question in their mind about the intoxicating quality of 2.75 per cent beer. The only question was as to the intoxicating quality of 4 per cent beer. I appeal to those who really desire to decide the question not to send it back to the Judiciary Committee, which has successfully pigeonholed all measures concerned with prohibition since the 1st of December, including even a very simple and very reasonable bill permitting physicians to prescribe beer.

It is not generally realized that under the Volstead Act physicians may prescribe whisky; they may prescribe brandy; they may prescribe wine of any quality, provided they do not prescribe to exceed a certain quantity in 10 days; but they may not prescribe beer. There is something about beer that causes it, in the mind of the ardent prohibitionist, to be considered as being untouchable; the very touch of a glass of beer to the lips of a convalescent is so poisonous that physicians are not permitted to prescribe one glass of beer a day for him. They may prescribe a glass of whisky or so a day, and that does not make bad habits; that does not poison the patient; that is not a menace. They may prescribe two glasses of wine a day; certainly that will not poison the patient; it will not hurt him; it is a medicine; but if the physician desires to prescribe a bottle of beer a day, as he used to do in the case of many convalescent patients, oh, no; that is untouchable; that will poison the patient; that will not help anybody's health. Yet before the committee we had the opinion of the American Dental Association that nothing would be of greater help to the development of children's teeth in the period of babyhood than to permit the nursing mother to have a bottle of beer a day. However, Mr. President, I shall not argue about that further. That is merely one of the bills that have been permitted to slumber in the Judiciary Committee, to which the Senator from Arkansas now desires to send this amendment for further slumbering.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Arkansas?

Mr. BINGHAM. Certainly.

Mr. ROBINSON of Arkansas. I am obtaining information. This is the first time I ever heard of beer being prescribed for dental benefits. [Laughter.]

Mr. BINGHAM. If the Senator would only read the hearings, he might learn much more.

Mr. ROBINSON of Arkansas. I will probably read them, if I can get the opportunity.

Mr. BINGHAM. Mr. President, I do not desire to embarrass anyone, but I submit that those of us who sincerely believe in the immediate modification of the Volstead Act and the repeal of the eighteenth amendment had a right to suppose that when the Democrats at their great convention in Chicago so overwhelmingly went on record in favor of immediate modification that they meant what they said in their platform.

In that document they refer to many different matters, but the word "immediate" is only used three times, once in connection with governmental economy and twice in connection with prohibition.

Mr. BULKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Ohio?

Mr. BINGHAM. I yield to the Senator from Ohio.

Mr. BULKLEY. I quite agree with the Senator that the word "immediate" means immediately—now—it does not mean immediately after the election. However, it does not necessarily mean immediately without consideration by a committee. The Senator will appreciate that when the Democratic platform was drawn at Chicago it was impossible to say exactly what percentage of alcohol makes a bev-

erage intoxicating within the meaning of the Constitution. If we had known exactly what percentage is intoxicating we would have said so frankly in the platform, just as everything else is set forth frankly in the platform, so far as possible.

Mr. BINGHAM. Of course, the Senator from Ohio and I are on exactly the same ground in this regard. He is one of those who signed the minority report in favor of 4 per cent beer.

Mr. BULKLEY. If the Senator will permit me a moment more, I agree exactly with the Senator from Connecticut that 2.75 per cent beer is not intoxicating, and for my part I am ready to vote on the proposition now, and I intend to vote against the motion to refer, but I realize that some Senators do not feel as thoroughly convinced as do the Senator from Connecticut and I. And I realize that they may have reasons for wishing further consideration and a more authoritative report from a committee. I recall that the majority report of the subcommittee, in which I joined the Senator from Rhode Island in favor of reporting the Bingham beer bill, was not approved by the full committee.

Mr. BINGHAM. But the Senator from Ohio signed the minority report of the full committee, which is on the calendar, and I admire him for it, because the testimony which he heard during the long period of time that the committee held hearings convinced him as it convinced others that 4 per cent beer was not intoxicating.

Mr. BULKLEY. The testimony was absolutely convincing to me.

Mr. BINGHAM. Mr. President, in order to show how unnecessary this motion is, may I call attention to the fact that from pages 6 to 23 of the hearings on this proposed amendment of the prohibition act there are contained affidavits signed by a number of distinguished physicians with regard to 2.75 per cent beer. May I say further that there was not a single affidavit presented or a single statement made by anyone, even by the drys, in the committee hearings to show that 2.75 per cent beer was intoxicating.

The first affidavit, found on page 6, is by Dr. Hobart Amory Hare, of 1801 Spruce Street, Philadelphia. I will not read the entire affidavit, but merely the ending of it, which states:

> From these personal experiences and observations and considerations of the literature on the subject I am of the opinion that beer containing not to exceed 2.75 per cent of alcohol by weight is not intoxicating under the legal definition of that term.

Then follows the affidavit of Dr. John Marshall, professor of chemistry and toxicology in the medical school of the University of Pennsylvania. His affidavit concludes with the words—

> IX. In view of the foregoing, I would not consider that beer with an alcoholic content of 2.75 per cent by weight should be regarded as an intoxicating beverage.

Then there follows the affidavit of Dr. Smith Ely Jelliffe, graduate of Columbia University with the degrees of M. D., A. M., and Ph. D., who first served as interne in St. Marys Hospital, Brooklyn, and later in hospitals of Vienna, Paris, and London. He has been licensed to practice medicine in New York since 1889. I quote from his affidavit as follows:

> VI. From my personal experience and investigation and from observations made upon others, as well as from my study of the experiences, investigations, and experiments recorded by others in the scientific literature of many countries, I am of the opinion that beer or any beverage which contains not to exceed 2.75 per cent of alcohol by weight, when consumed by an ordinary man or woman, in such quantities as the human stomach can ordinarily hold, is not intoxicating.

Then follows the affidavit of Dr. William John Gies, a physician in the city of New York, professor of biological chemistry in the school of medicine of Columbia University, who concludes a long affidavit with the words:

> I am therefore of the opinion that beer of alcoholic content of 2.75 per cent by weight is not an intoxicating beverage.

Then follows the affidavit of Dr. Abraham A. Brill, licensed to practice in the State of New York, graduate of New York University in 1901, and from the College of Physicians and Surgeons in New York City in 1903, for five years assistant physician at the Manhattan State Hospital for the Insane, fellow of the New York Academy of Medicine, a member of the American Medical Association, and so forth. He concludes his testimony as follows:

> VI. I am acquainted with the substance now known and sold as "war beer" both from my own consumption of the same and from being in company of others who have drunk it, which substance, I am informed and verily believe, has an alcoholic content not to exceed 2.75 per cent by weight, and from my experience and observation I am of the opinion that such beer which is now made and sold would not tend to cause inebriation or alcoholism in any average, normal adult drinking the same, but on the contrary it exerts a very beneficial effect, and in my opinion it would be impossible for any such person to drink a sufficient quantity of this substance to cause drunkenness.

His testimony is further substantiated by that of Dr. James J. Walsh, a physician residing at 110 West Seventy-fourth Street, New York City, who says:

> V. I have personal experience with the "war beer" now being sold and which I am told contains 2¾ (2.75) per cent of alcohol by weight, and I have noted its mildness, and though I rarely use alcoholic beverages personally, and am very susceptible to the action of alcohol, I have felt scarcely any effect from this beer other than that of a refreshing beverage. From my personal experience, and as a physician, I do not consider beer containing 2¾ (2.75) per cent by weight of alcohol an intoxicating beverage.

I might read from the testimony of others, Mr. President, but I do not desire to prolong this debate. I merely want to say that there is an abundance of testimony that beer of such alcoholic content is not intoxicating; the Government did not maintain it was intoxicating in a case before the Supreme Court; and there is nothing whatever to be gained, from the viewpoint of the modification of the Volstead Act, by sending this amendment to the Judiciary Committee.

It has been fully considered by the Committee on Manufactures, and an abundance of testimony has been taken. Nothing can be gained—oh, I am mistaken about that, for something can be gained; delay can be gained; avoidance of a vote on this direct question can be gained, and avoidance of embarrassment to the Democratic Party can be gained, because the Democratic platform calls for immediate modification, and "immediate" obviously means now; but we are not to get it now because the leader of the Democratic Party on the other side of the aisle wants the amendment sent to a committee which has shown its ability to handle such questions by having a number of such measures before it for six months without making a single report on any of them. It is quite obvious that the plank of the Democratic platform calling for "immediate modification" is a myth. It is a myth on which the Democratic Party proposes to go on its way this fall.

It is quite appropriate, Mr. President, that the candidate of the Democratic Party is now going to cruise along the coast of southern New England, which everyone knows is wet, and wants immediate repeal and immediate modification. He is going to sail along the Connecticut coast and the Rhode Island coast and Massachusetts coast on the "myth." It is very appropriate, Mr. President, that the candidate of the Democratic Party should have embarked from New York yesterday morning on the 40-foot cruiser *Myth II*. Where the first "myth" came in, of course, I do not know, but I point out that there is clearly a "myth" involved in this matter. The Associated Press dispatch dated New York, July 9, and published in the newspapers of yesterday states:

> But trailing the 40-foot *Myth II*—
>
> The 40-foot *Myth*; that is pretty good, Mr. President—
>
> will be the trim 90-foot *Ambassadress*, a sea-going cruiser which will have as passengers a long list of Democracy's kingpins.

Oh, yes, Mr. President; there are going to be a lot of Democrats who are going to trail up to New England on the heels of this *Myth*. The dispatch goes on to say—

> Once a day the *Ambassadress* will come alongside the *Myth*—
>
> Once a day the *Ambassadress* will come alongside the *Myth!*

Mr. NORRIS. Is not that often enough?

Mr. BINGHAM. The dispatch continues—

> and Roosevelt's thoughts will be brought back to his campaign.

Once a day the Democrats on the *Ambassadress* looking for jobs, looking for a chance to win the election, are going to come up alongside the *Myth*, the "myth" of immediate modification of the Volstead Act, and there will be a few moments' discussion with the candidate of the Democratic Party; but, as the dispatch so well says, "Roosevelt's thoughts will be brought back to his campaign."

Mr. President, there could not be found a more satisfactory boat for the Democratic candidate on which to go into New England than this *Myth*. Whether it will fool the voters or not, remains to be seen.

I appeal to the Senator from Arkansas to let us have a vote on this question. There never has been the slightest doubt in the minds of any physicians or scientists who have testified before any committee that 2.75 per cent beer was nonintoxicating. We have had all the hearings by the committee that we need. We have given every one a chance to be heard.

The report is here; the hearings are before us. Of course, if the plank in the Democratic platform calling for immediate modification of the Volstead Act is a myth—and it is really a "myth" in two senses on which the Democratic candidate is going up into New England—this amendment might as well go to the Judiciary Committee, which can be trusted to shelve it and pigeonhole it for another six months, so that it will not, until after the November elections shall have been held, rise to plague those souls who are afraid to go on record as favoring what might by some persons be considered to be a "nearer" beer, a little nearer than that which is now obtainable; in fact, such beer as was recommended by those who wrote the plank in the Chicago convention. Evidently it is desired that they be not embarrassed until next December, even if then; for, knowing the Judiciary Committee and the manner in which it handles matters of this kind, I doubt very much if we will get a report in time to have it voted upon during the short session. I hope very much that this motion will not prevail and that we may have an opportunity to vote directly on the question.

Mr. President, inasmuch as full hearings have been held upon it and that the testimony is overwhelming in favor of the amendment before us, of course, we know that anyone who votes to send it to another committee, not interested in submitting a report, as was the Manufactures Committee, is voting because he does not want to have the matter immediately considered nor to have the Volstead Act immediately modified.

Mr. GLASS. Mr. President, I should not have another word to say on the subject before the Senate except for the obvious fact that the senior Senator from Connecticut [Mr. BINGHAM] is conducting his senatorial campaign here on the floor of the Senate, and is not nearly so much interested in having beer as he is in having himself reelected by endeavoring to draw in question the sincerity of the Democratic Party on the matter of modifying the Volstead Act.

In order that my own attitude may not be mistaken in any respect, I want to remind the Senate again that I was among those who are catalogued as "drys" who have felt all along that the Volstead Act went far beyond the requirements of the eighteenth amendment in many of its vital provisions. Therefore, I conceived the idea that we should, once for all, have a definite and scientific ascertainment of the alcoholic content of an intoxicating beverage. For that reason I drafted the amendment to the deficiency bill in the Senate which appropriated a quarter of a million dollars and put it at the disposal of the so-called Wickersham Commission for the very purpose of having that commission make an honest and a searching investigation of the problem, and reporting the result of such investigation with its recommendations to the President, and having the President transmit that report to the Congress with his recommendations, as promised in his speech accepting the Republican nomination for the Presidency.

Month after month went on without the Wickersham Commission giving one particle of attention to the primary purpose of that provision of the deficiency bill which enabled it to be erected and to proceed with its inquiry. Eleven months after the passage of the bill, with its appropriation, the Wickersham Commission had paid more for one piece of furniture in its establishment than it had appropriated to the use of this investigation. For one single piece of furniture it had paid more of the $250,000 than it had appropriated to the use of the real investigation with which it was charged.

Not only so, but the chairman of that commission, Mr. Wickersham—I call it the "Wicked sham commission" rather than the "Wickersham Commission"—made a speech in the State of the senior Senator from Connecticut in which he utterly and textually decried the very idea that the commission was primarily or particularly charged with the duty of investigating the prohibition problem; and the President of the United States three weeks afterward, before an annual meeting of the Associated Press in New York, stated textually that the prohibition problem was "a mere segment" of what was proposed to be done by the Wickersham Commission, indicating that he minimized to the last degree the purpose of Congress in seeking to ascertain what was the fault with the Volstead Act, and why it could not be enforced. In all that period nobody ever heard the senior Senator from Connecticut raise his voice here in protest against this obvious dereliction of the Wickersham Commission. Not a word did he say to provoke this commission to perform the duty that we had in mind when we appropriated $250,000 for its purposes. His reelection was so far off at that time that it never occurred to him to play politics with this question, and to get us an authenticated decision as to what really constitutes the alcoholic content of an intoxicating beverage.

I pointed out on the floor of the Senate that this commission had, in cost to the taxpayers of the country, consumed three times as much food at the Mayflower Hotel as had been the cost of its investigation of prohibition; but not a word from the senior Senator from Connecticut about hurrying up a modification of the Volstead Act, or about the proper alcoholic content of an intoxicating beverage.

As stated, I felt that the act should be modified in that respect, and in other vital respects. The eighteenth amendment does not undertake to deal with medicinal alcohol. The eighteenth amendment does not necessarily authorize the Congress to circumscribe in a severe and, as a professional authority says, in a ruinous way how much liquor a physician may prescribe for his patients. The eighteenth amendment does not say that you may not, except through an impossible process, get alcohol for culinary purposes, to season food. In those and other respects I felt that the Volstead Act should be modified; but we had no assistance from the senior Senator from Connecticut at that time.

Not only that, but as the years expired, and as the revelations and the consequent discontent with the operation of the eighteenth amendment progressed, I felt that the people should be given an opportunity again to say whether or not, in the light of all these events, we should retain, repeal, or modify the eighteenth amendment.

Accordingly, I drafted a declaration for the Virginia Democratic State platform calling for the submission of the question to the respective States in conventions assembled long before either the Republican or the Democratic National Convention convened; and that is my attitude to-day. I am willing right now, without another minute's delay, to vote to submit the question of repeal or modification of the eighteenth amendment, preferring to reserve authority to prevent both the Federal Government or the States from licensing a return of the saloon or permitting shipment of liquor from wet to dry territory.

Now as to the declaration of the Democratic platform, upon which the senior Senator from Connecticut seems to have staked his reelection to this body, I utterly deny that that convention had a right to speak for any Congressman then elected or any Senator here under oath and obligation to discharge his duty according to his judgment and his conscience. If for anybody at all, it had the right to speak only for those candidates for the United States Senate and those candidates for the House of Representa-

tives to be chosen at the ensuing election. Therefore, I experience not the slightest embarrassment, personal or political, upon the questions that have been discussed here.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. GLASS. In a moment.

Mr. BINGHAM. May I ask the Senator a question at that point?

Mr. GLASS. Oh, yes; I yield now.

Mr. BINGHAM. I merely wanted to ask whether it was the Senator's general understanding of platforms that they bound only that one-third of the Senate that might be coming up for reelection?

Mr. GLASS. I do not think it bound anybody except the delegates who voted for it.

Mr. BINGHAM. That is a very interesting statement.

Mr. GLASS. It is interesting, but it is my position.

Mr. BINGHAM. May I say to the Senator that I sympathize with his position, and I hold the same position with regard to my own vote.

Mr. GLASS. If the Senator is bound by the Republican declaration, why should he have picked upon the Democratic declaration? Why did he not immediately or "promptly"—which is not different—submit here, and insist upon its passage, a proposal to repeal or modify the eighteenth amendment as declared by the Republican platform?

Mr. BINGHAM. Mr. President, I have on the desk a resolution which will do that, and I shall move to take it up at the first opportunity.

Mr. GLASS. Oh, which "will" do it. What degree of appropriateness is attached to the Senator's effort to lay stress upon the Democratic declaration when he is a Republican? Why does he not lay some stress upon his Republican declaration, and why does he not take some action on it?

Mr. BINGHAM. We will take it just as soon as we get a chance, Mr. President.

Mr. GLASS. Yes; and we will take action on the Senator's proposal just as soon as we ascertain what is the proper alcoholic content of an intoxicating beverage.

Mr. BINGHAM. In other words, when a commission makes up its mind about something which it probably will never make up its mind about.

Mr. GLASS. Yes; I would rather accept the mind of that commission than to accept the mind alone of the Senator from Connecticut. [Laughter.]

Mr. BINGHAM. Mr. President, I am accepting the mind of the Democratic National Convention in this matter. [Laughter.]

Mr. GLASS. The Senator from Connecticut is very subtle in his comment upon these hearings. There is more importance to be attached to what he omits than there is to what he has stated with reference to these hearings.

I took the care and the time the other night and the succeeding day to go over these hearings. I challenge any man with a fair disposition and a clear mind to read them and not say that they were deliberately projected to reach the conclusion which the Senator from Connecticut has reached.

His own witnesses say that they were summoned here at his suggestion. Nobody can read the hearings without reaching the conclusion that these particular persons, if experts they be, were summoned here after the Senator from Connecticut had ascertained in advance what their testimony would be. And even his own experts failed to sustain his position, as I shall show.

His particular expert, a young scientist from the alma mater of the Senator from Connecticut, Doctor Henderson, testified, when he ventured to say that 2.75 per cent beer was not intoxicating, that he had reference to "adult, healthy persons who had been accustomed to the use of beer." That is far from meaning that a beverage of that degree of alcohol would not be intoxicating to people who were not adults and who have not been "accustomed to the use of beer."

What, then, would the Supreme Court of the United States determine when the problem should be presented in that aspect? Would it unqualifiedly sanction a beverage which, according to the Senator's own witness, might intoxicate a minor, or might intoxicate a mature person who had not been accustomed to drinking a pint or more of beer? Doctor Henderson also testified that to avoid intoxication the beer must be drunk after meals and not before. In short, a person must first get his stomach full of food before taking on his beer. What would be the decision of the Supreme Court on that remarkable phase of the question?

Mr. GLENN. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Illinois?

Mr. GLASS. Oh, let me attend to the Senator from Connecticut for a while.

The VICE PRESIDENT. The Senator declines to yield.

Mr. GLASS. Then I may give my attention to the Senator from Illinois.

Mr. GLENN. Very well.

Mr. GLASS. I do not mean to be discourteous, because the Senator himself is always so courteous that I could not be otherwise.

Mr. GLENN. I understand that. I thank the Senator. I realize he is having quite a busy task attending to the Senator from Connecticut.

Mr. GLASS. We shall see. The Senator from Connecticut says that nobody will say that 2.75 per cent beer is intoxicating. Right here in his own printed hearings, on page 451, is presented the testimony of Dr. Harvey W. Wiley, chief chemist of the United States Department of Agriculture for 25 years. I do not need to tell the Senate who Doctor Wiley was. He stood in the front rank of the eminent chemists of this country, if his name was not entitled to be first of them all. He said:

> Beer, which is a malt liquor containing 2¾ per cent alcohol by weight, which equals 3.3 per cent alcohol by volume, has a sufficient amount of alcohol to intoxicate an average person in the quantities often consumed.

Will the Supreme Court accept the testimony of Doctor Wiley or that of the inexperienced Senator from Connecticut when it comes to determine the questions which can only be determined in the laboratories of the chemists?

To a like effect were presented affidavits from Prof. George C. Higley, of the chemistry department of the Ohio Wesleyan University; Dr. William Geagley; Dr. Howard A. Kelly, still one of the eminent physicians of this country, at Johns Hopkins; Dr. Abel R. Todd; Dr. W. A. Evans, former professor of pathology of the University of Illinois Medical School and former commissioner of health at Chicago.

There appeared before that committee Doctor Bevan, testifying as an expert, to say that 2.75 per cent beer was intoxicating.

The Senator's own witness again, Doctor Henderson, said that it would not render a man incapable of talking or of locomotion; in other words, it would get him on the verge of intellectual idiocy; it would get him on the verge of a down and out, but not quite. He would be a "near" drunk instead of an absolute drunk.

Let me call the attention of the Senate to the fact that the Supreme Court of the State of Virginia, in a case under consideration regarding the intoxicating nature of 2.75 per cent beer, said:

> Doubtless the legislature took cognizance of the well-known fact that the minimum per cent of alcohol in what is commonly known as beer is 2¼, and even this, the weakest form of beer, has been found to be intoxicating, and on this account arbitrarily fixed upon this percentage as the differential between beer and the class of "near beer," and gave to the latter class the name of "malt beverage."

Mr. President, in determining this question for myself, shall I accept the decision of the supreme court of my State rather than a hasty and vociferous declaration of a party platform adopted by a convention where not one particle of testimony was taken as to the alcoholic content of an intoxicating beverage?

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. BULKLEY. I call the Senator's attention to the fact that the party platform does not prescribe any per-

centage. What is the Senator's objection to the party platform?

Mr. GLASS. I object, in the first place, to a State giving a Republican majority of 1,500,000 in the last election undertaking to tell the State of Virginia that nobody is a Democrat who is not in favor of the repeal of the eighteenth amendment. I object to that in the platform.

Mr. BINGHAM. Mr. President, what was the Democratic majority in Virginia in the last presidential election, may I ask?

Mr. GLASS. Unhappily, it was not anything at all. As I had occasion to say to the Governor of Massachusetts, once in 60 years Virginia voted wrong, and once in 70 years Massachusetts voted right. [Laughter.] Not many times has Connecticut voted right, because Connecticut to-day has not a republican form of representative government.

Mr. BULKLEY. Mr. President, of course I intended my question to refer to the so-called beer plank in the platform, not the platform generally.

Mr. GLASS. Yes.

Mr. BULKLEY. I want to inquire seriously whether the Senator really thinks there is anything in the platform that is not justified on the subject of beer. It does not specify any percentage at all. It simply says such percentage as is permissible under the Constitution.

Mr. GLASS. There is no fault to be found with that; that is my attitude, "as is permissible by the Constitution," but I refuse to accept the opinion of the Senator from Connecticut as to what is constitutional.

Mr. BULKLEY. That is what I understood; but I was afraid the Senator was saying something about the platform that was not quite accurate.

Mr. GLASS. No; I could not say anything disagreeable to my colleague about that.

Here is an opinion in the printed hearings of the Senator from Connecticut, which was available to him, by the Supreme Court of Georgia. They said:

> In light of common knowledge as to the amount of beer that may be drunk, it would be absurd to refuse to recognize that a beer containing as much as 4 per cent of alcohol is capable of being drunk in such quantities as to produce "intoxication" as defined above. A pint of such beer would contain nearly as much alcohol as an ounce and a half of hundred proof whisky.

The first proposition of the Senator from Connecticut was 4 per cent. He could just as readily, upon the basis of 4 per cent, complain that we are not carrying into effect "immediately" the Democratic platform, as he may upon his 2.75, which means 3.3. Are the Senators from Georgia bound by the Senator from Connecticut or by the supreme court of their own State in the determination of what is the alcoholic content of an intoxicating beverage?

Other cases cited before the committee, appearing in the printed record, showed clearly that the weight of judicial authority is largely in favor of the contention that beer of the alcoholic content urged here is intoxicating.

Dr. Arthur Dean Bevan, a graduate of Yale in science and arts, a graduate in medicine from the Rush Medical School and head of the surgical department in that institution, as well as of the Presbyterian Hospital at Chicago and a fellow of the American Medical Association, a student for years in beer-drinking Germany, in testifying before this committee called attention to the fact that the "best piece of nonpartisan evidence on the question of alcohol" that he had ever seen was the report of the Board of Liquor Control in England, made in 1915–16. He stated the board was composed of medical men, pharmacologists of eminence, and that the report of this board furnished "one of the best pieces of evidence that I know of in regard to the fact that beer will produce drunkenness."

Senator HATFIELD called attention to the testimony of Doctor Miles, a very eminent authority on the subject, who had made what is very likely the most comprehensive scientific inquiry, saying:

> There is not any room for doubt in reference to the toxic action of alcoholic beverages as weak as 2.75 per cent by weight. If 27.5 grams of alcohol are taken in this form, a well-defined and measurable depression in physical and mental processes is not far short of the same result found when from 21 to 25 grams of alcohol are taken in solutions varying from 14 to 25 per cent.

Had I any disposition to consume the time of the Senate, I could read item after item of testimony presented before the Senator's committee which undermines his contention. The only member of his subcommittee who has ever spent five minutes in a chemical laboratory, the Senator from West Virginia [Mr. HATFIELD], who has been for years a practicing physician, took a position absolutely contrary to that taken by the Senator from Connecticut.

Mr. ROBINSON of Arkansas. Mr. President, I was about to ask the Senator from Virginia whether the Senator from West Virginia [Mr. HATFIELD], who is a chemist, concurred in the opinion of the Senator from Connecticut, who is a great many other things but is not a chemist.

Mr. GLASS. He dissented teetotally from the position of the Senator from Connecticut not so emphatically as I do, because I have a great deficiency of disposition and emotion, I confess, when it comes to discussing questions, but Senator HATFIELD, well versed in the subject, absolutely dissented from the position assumed by the Senator from Connecticut. So that at this moment the Senate is not in possession of any authentic information that would enable it intelligently to determine whether the amendment proposed by the Senator from Connecticut would not be declared invalid by the Supreme Court of the United States, in which event we would have had our labors for nothing and have spent our time in a perfectly futile thing.

I am willing, and have been ever since I offered my amendment to the deficiency bill, to have a scientific inquiry upon this question.

I am perfectly willing to vote for any beverage which under the provisions of the eighteenth amendment I would feel confident the Supreme Court would sustain, but I am not willing, merely because the Senator from Connecticut wants to play petty politics with the problem by impeaching the good faith of the Democratic Party, to vote for the proposition which he presents here without any adequate or convincing authority of a professional or acceptable nature.

Mr. BINGHAM. Mr. President, I merely want to protest against the suggestion of the Senator from Virginia that impeaching the sincerity of the Democratic Party is playing petty politics. [Laughter.]

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Arkansas.

Mr. SHEPPARD. Mr. President, before it can be determined whether a particular form of beer is intoxicating, it is necessary to know what intoxication is. Not one of the experts called by the Senator from Connecticut [Mr. BINGHAM] gave us a technical, scientific definition of intoxication. They referred to intoxication "in the general sense of the term" or "in the general acceptance of the word." One of his experts went so far as to say that a man was not intoxicated as long as he could walk or talk.

As a matter of fact, intoxication means the toxic or poisonous effect of a liquor or of a drug upon the tissues of the brain or other tissues of the body, and that effect may be in dangerous operation long before a state of visible drunkenness or visible intoxication has been reached. A review of the testimony of the Bingham experts showed they evidently had in view visible intoxication or visible drunkenness as the meaning of intoxication. At any rate, they did not give us a technical definition of the term.

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Connecticut?

Mr. SHEPPARD. I yield.

Mr. BINGHAM. On page 33 there is a very clear definition by Prof. Yandell Henderson, of Yale University, in which he stated:

> By an intoxicating beverage is properly to be understood one which contains such a percentage of alcohol that the amount of it which a person would consume, in its ordinary use, would induce either a marked temporary disturbance of physical condition and behavior or cumulative ill effects.

Mr. SHEPPARD. Exactly—visible physical condition.

Mr. BINGHAM. No one ever supposed that one could be intoxicated without it being visible.

Mr. SHEPPARD. Oh, yes; that is the point exactly. Intoxication means a toxic or poisonous effect upon body tissues, and that toxic effect may be, as I have said, in deleterious operation long before any visible state of drunkenness has been reached. Indeed, the chief danger of intoxicating liquor and the drink habit lies in the effect upon moderate drinkers, who take alcohol in moderate amounts and who may never throughout the course of their lives show signs of visible drunkenness.

The Senator from Connecticut said the Government did not make an official pronouncement as to the meaning of intoxication when the case involving the constitutionality of 2.75 per cent beer was before the courts. In fact, the Government had established an official definition. The eighteenth amendment prohibited intoxicating liquor but did not define it. It became necessary for Congress, in passing the enforcement act, the act known as the Volstead Act, to define intoxicating liquor, and what did Congress find? It found that the Federal Government, in connection with the war-time prohibition act of November 21, 1918, through the Treasury Department, had ruled in Treasury Decision 2788, paragraph 14 (b), issued on February 6, 1919, that a beverage containing one-half of 1 per cent or more of alcohol by volume would be regarded as intoxicating. Congress found further that 35 States, wet and dry, had defined intoxicating liquor and in doing so had adopted half of 1 per cent or a lesser standard. The wet States had found it necessary to define intoxicating liquor in connection with the regulation of the liquor traffic. The dry States had found it necessary to define intoxicating liquor in connection with the prohibition of intoxicating liquor. Seventeen States had decided on the basis of practical experience that liquor with any trace of alcohol was intoxicating. Eighteen States decided that one-half of 1 per cent or more of alcoholic content made a liquid intoxicating.

Mr. President, the prohibition movement was chiefly aimed at beer because it was the principal form in which intoxicating liquor was sold and consumed in pre-prohibition times. The old-time saloon beer ranged in alcoholic content from 1.7 per cent to 7 per cent. Two and seventy-five hundredths per cent beer constituted a large portion of the beer sold in saloons and against which the prohibition movement was mainly leveled. What Senator with any respect for his official oath to support the Constitution can consistently vote to legalize a beer undoubtedly intoxicating? Beer having one-half per cent or more of alcoholic content is intoxicating liquor. Beer with one-half per cent or more of alcohol is forbidden by the American Constitution as it now stands.

When the ravages of alcohol are denounced, beer is included. When we say that alcoholic drink is a menace to mankind, the form of alcoholic drink known as beer is included. When we say that alcohol in the shape of a beverage is a habit-forming drug, replete with danger to human beings, to free and intelligent government, and to civilization itself, beer is included.

The Senator from Arizona [Mr. ASHURST] asked about the revenue to be derived from beer. Let me call his attention to the following facts: In order to construct the necessary plant and equipment to produce beer enough to bring $300,000,000 in revenue, a capital investment of $900,000,000 would be required. We would have to subtract $900,000,000 from the capital sources of the country in order to construct sufficient plant and equipment to sell enough beer to produce, at the rate proposed, $300,000,000 of revenue. Furthermore, the American masses would have to consume $1,200,000,000 worth of beer in order to produce that revenue. These vast amounts would have to be expended in order to obtain $300,000,000 of revenue for the Government. Is not the price too dear to pay?

Mr. ASHURST. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Arizona?

Mr. SHEPPARD. I yield.

Mr. ASHURST. No matter how large a sum of money might be raised, and no matter how sadly we might need the revenue, if it be unconstitutional we would not be justified.

Mr. SHEPPARD. I am making the argument at this time solely from the financial viewpoint. In order to produce $300,000,000 of revenue the American people would be called upon to spend about $1,200,000,000 for beer, and capital sources would suffer to the extent of $900,000,000. All this money must come out of the pockets of the people and the country's capital sources.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

Mr. BINGHAM. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Reed
Austin	Dale	Johnson	Robinson, Ark.
Bailey	Davis	Jones	Robinson, Ind.
Barbour	Dickinson	Kean	Sheppard
Bingham	Fess	Kendrick	Shipstead
Black	Fletcher	Keyes	Shortridge
Blaine	Frazier	King	Smoot
Borah	George	La Follette	Steiwer
Bratton	Glass	Lewis	Stephens
Bulkley	Glenn	McGill	Thomas, Idaho
Bulow	Goldsborough	McKellar	Townsend
Byrnes	Gore	McNary	Trammell
Capper	Hale	Metcalf	Tydings
Caraway	Harrison	Moses	Vandenberg
Cohen	Hastings	Norbeck	Walcott
Connally	Hatfield	Norris	Walsh, Mass.
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Patterson	White
Costigan	Howell	Pittman	

The VICE PRESIDENT. Seventy-five Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] to refer the amendment of the Senator from Connecticut [Mr. BINGHAM] to the Committee on the Judiciary.

Mr. NORRIS. Mr. President, I hope Senators are not so weary that they will be disgusted if I take a few moments of time on the pending motion.

I do not believe in all the United States there was anyone who in better faith and with greater desire for success followed the prohibition cause than did I. It is not my intention now, Mr. President, to enter upon a discussion of the liquor traffic; but away back, as far as I can remember, at least during all the years of my manhood, I have had a feeling of disgust for that traffic. I have seen it in all its despicable phases. I have seen it grow and expand and get into politics from Washington down to the little village. I have lived under various kinds of laws, including local option, the voters of the community deciding every year whether or not they should permit saloons to be licensed. I have also lived under laws which authorized the license system. Long before we had State prohibition in my State I participated in various discussions and elections applying to separate localities. I participated in the effort to have a prohibition law put into operation in the State where I lived. I was anxious that a prohibition amendment should be put into the Federal Constitution. I supported it loyally; I supported it with the belief that it would be successful. When the amendment was put into the Constitution and the Volstead law was passed, although I realized then that its enforcement would be difficult I was hopeful and believed as fervently as I believed anything that after a few years of trial it would be universally obeyed and would be a success. I have seen in my lifetime communities which had saloons vote them out; I have observed the dissatisfaction of some of the best citizens, who, in the very best of faith, believed that the licensed saloon was better than prohibition; and, as time went on, I have seen those men change their views and concede that prohibition was successful. I thought it would be that way in the Nation.

I cried out from the housetops against putting the enforcement of the national prohibition law into politics. I

have made many speeches in the Senate in which I denounced putting the appointment of prohibition-enforcement officers in the hands of politicians; but, as time went on I could see—and it seemed to me if I wanted to be fair even with myself I could not help but see—that the law was not accomplishing what I thought it would accomplish. My disappointment was bitter. Any change of attitude I have experienced has come reluctantly, against my wishes and against my will. However, I do not want to close my eyes to the fact, which, it seems to me, must be admitted by fair-minded men, that the enforcement of the prohibition amendment has not been successful. I can now see that in many respects conditions under enforcement in some localities seem to be worse, if there could be anything worse, than those under the old saloon. I know of other localities where I think prohibition can fairly and honestly be considered successful.

As time went on I think we improved the law. We made an effort to take its enforcement out of politics; we put the appointment of prohibition officers under the civil service. Again I had no doubt but that would be successful. I wish to digress here, Mr. President, to say that I believe the fairest attempt to enforce prohibition that has been made, so far as I am able to see, has come under that law and under this administration. Abuses which appeared to me to be sufficient to cause the failure of any law have to a great extent been remedied; but I have proclaimed in my campaigns and from many a rostrum that if, after prohibition had what I believed it was entitled to, a fair, honest trial, it then was apparent to me that it was not a success, I would be willing to vote for a modification of the law.

I did not believe that prohibition was an experiment; I thought it was going to be a reality; but I must confess, Mr. President, that after all these years of watching I have reached the conclusion that prohibition is not a success. I have recently said that, having reached that conclusion, I would vote for a modification of the prohibition law. When I say that, Mr. President, I mean it so far as I am concerned; I am taking that position in as good faith as I ever supported the prohibition law.

I realize that I do not know and can not tell in advance whether modification would be a success or a failure. In other words, I have reached the point where I am willing to admit that any modification of the Volstead Act which we may enact will be an experiment. I do not like to try experiments in government if I can help it; but I have such a hatred for the old system, the nature of which many of those who have recently come into manhood and womanhood do not realize, that I am willing, rather than go back to the saloon, to try an experiment, to do the best we can, to make such change as may be necessary in order to prevent, so far as possible, the use of alcoholic liquors as a beverage. Feeling that way, Mr. President, I would not vote now to repeal the eighteenth amendment, although, to be fair, I must say if we try other experiments and fail, I may reach the time that I would so vote. I have not reached it as yet; I still have hope that out of it all we may, to a great extent, save the situation.

The eighteenth amendment is not self-enforceable; without any law to enforce it it would be a dead letter. If to-day we should repeal the so-called Volstead Act, and enact nothing in its place, the eighteenth amendment would be a dead letter. When we passed the Volstead Act—and I was a member of the Judiciary Committee that considered it; I was not only a member of the committee which considered it but I was also a member of the subcommittee to which it was referred—I did not agree, I remember, with some of the legal propositions that were laid down before that subcommittee.

I was convinced by the hearings that I had an erroneous idea of the law; and when I looked up the decisions of the courts, and particularly those of the Supreme Court of the United States, and followed their reasoning, I was not so sure but that if I myself had been passing upon the law I might have reached the same conclusion; at least I reached the conclusion that the provisions which we put in the Volstead Act were constitutional and that we had a right to adopt them under the eighteenth amendment. We included, however, in that law a definition of intoxicating liquor which I believed then and I believe yet, and I think almost everybody else agrees to the proposition, covers beverages that are in fact not intoxicating. I refer to the limitation as to alcoholic content. That law has, however, been upheld by the decisions of the Supreme Court of the United States.

Whether right or wrong, Mr. President, I have reached the conclusion I have stated; and at the beginning of this session of Congress I do not believe anyone thought there was going to be any real attempt made either to repeal the eighteenth amendment or to modify the Volstead Act, although a great number of resolutions were introduced for repeal and a good many bills were introduced to modify the Volstead Act. Perhaps I did not perform my duty, but it is true that I did not give those measures any serious consideration. I believe that is true of a large majority of the Members of this body. The reason I did not give them consideration was because I thought they would not reach the stage where they would be seriously considered by the Senate. All Senators know that, considering the important legislation that is continually coming before the Senate and its committees, particularly, I think, before the Judiciary Committee, many other measures will not be brought up for serious consideration. We consider and devote our time only to those measures which we feel in all probability will come before the Senate for decision, and doing that takes more time than any of us have. That is my excuse, my apology if an apology be necessary, for not giving serious consideration to any of these propositions.

However, it became my duty, as chairman of the Judiciary Committee, to appoint subcommittees. I referred these questions to one subcommittee. I selected a committee of five. I appointed the Senator from Wisconsin [Mr. BLAINE], a wet, as chairman of that committee. I put two Members who, to use the ordinary expression, are known as wets on that committee, and three Members who are recognized as drys.

I am not complaining of that subcommittee for not reporting to the full committee, which they never have done. I believe that those members thought, as I did, that there was going to be no serious attempt to pass upon any of these matters at this session of Congress. Every one of them was overwhelmed with work, and I am not finding fault with members of that subcommittee who did not attend all the hearings, because they felt, as I know I would have felt if I had been on the subcommittee, having a large amount of other work to look after, that I would not be able to properly attend to those matters upon which I was going to be called to act if I gave my attention and my time to listening to the interminable speeches that would be made before that subcommittee.

That being true, Mr. President, I do not feel competent now, in the closing days of this session, to begin a study of this subject with a view of passing upon a law modifying the Volstead Act. Everyone must recognize that it is a very important proposition. It has within it some very close constitutional legal questions, and to satisfy myself as to how I should vote, I should want to give it a great deal of attention that I have not given it.

Having reached the conclusion that I am going to favor some modification, I do not want to become hysterical and jump at a conclusion and vote for some half-baked, ill-considered legislation, and I do not intend to vote for anything of that kind until I have had time and until the Senate has had time to go into the details of any law of modification.

I hope we can modify the Volstead Act, that we can liberalize it in some respects, and still maintain a condition of law and law enforcement that will do away, perhaps, with the present illegal and bootlegging activities and still prevent the return of the saloon. At least, as I said a while ago, Mr. President, I have reached the conclusion that I am willing to make the trial.

I yield to the Senator from West Virginia.

Mr. HATFIELD. Will the Senator tell us what the Supreme Court has said on this question respecting the intoxicating qualities of beverages within the eighteenth amendment?

Mr. NORRIS. The Supreme Court has sustained our law.

Mr. HATFIELD. Did the court state what would be permissible in the way of an alcoholic content under the eighteenth amendment?

Mr. NORRIS. No. The Supreme Court have not told us how much farther they might go, or whether they would go in the other direction or not.

Mr. HATFIELD. I am just wondering if the Senator has read of the experiments carried on by Dr. Walter R. Miles at the Carnegie Institute Laboratory in March, 1924?

Mr. NORRIS. No; I have not.

Mr. HATFIELD. May I read the result of them to the Senator?

Mr. NORRIS. It will not be pertinent to what I have to say, but I have no objection to the Senator reading it.

Mr. HATFIELD. Just a paragraph.

Mr. NORRIS. I yield.

Mr. HATFIELD. After an investigation by this scientific man, he concludes as follows:

> There is no longer room for doubt in reference to the toxic actions of alcoholic beverages as weak as 2.75 per cent by weight. If 27.5 grams of alcohol—
>
> Which is about 416 drops—
>
> are taken in this form, the well-defined and measurable depression in physical and mental processes, judged within the limits of this investigation, is not far short of the result found when 21 to 28 grams of alcohol are taken in solutions varying from 14 to 22 per cent.

Dr. Walter R. Miles is the only scientific investigator up to the present time, so far as I know, who has expressly stated and completely proven that 2.75 per cent of alcoholic content, diluted, on a full stomach is toxic.

If Doctor Miles's experiments are correct, then no modification increasing the alcoholic content of a beverage to 2.75 per cent or more would be legal under the eighteenth amendment.

Mr. NORRIS. I thank the Senator. I do not want to go into a discussion, because I am not qualified to do it, as to what is intoxicating and what percentage of alcohol would make a beverage intoxicating. I think it is generally understood that when we defined intoxicating liquor, as I said a while ago, as containing a certain amount of alcohol we included within it beverages that were not in fact intoxicating. We have been sustained by the Supreme Court in doing that. Therefore, suppose—and I do not know that this is the qualification thatI would seek; I am just using it as an illustration, rather offhand, too—suppose we gave another definition of intoxicating liquor under the Volstead Act and defined it so that we excluded some things that were in fact intoxicating and we defined them as nonintoxicating. Would the Supreme Court sustain that? Would they make the rule work both ways? If so, does it not open an avenue wherein we could modify the Volstead Act and perhaps—those who are behind the movement claim it will; they may be right; I do not know—perhaps relieve the question of the terrible conditions that now confront us under the present law?

Mr. BINGHAM. Mr. President, will the Senator yield at that point?

Mr. NORRIS. Yes.

Mr. BINGHAM. The Committee on Manufactures in its hearings had before it a very distinguished lawyer from Baltimore named Oscar Leser, who brought out the point that in the Volstead Act we do not actually say that one-half of 1 per cent is intoxicating. We say that the penalty and prohibition shall apply to everything containing one-half of 1 per cent.

Mr. NORRIS. Yes.

Mr. BINGHAM. He said we would be perfectly within our rights under the Constitution in repealing the Volstead Act. Then there would be no enforcement at all. He also said that we could make the penalty apply to anything that we choose; we could make it apply to something that had 25 per cent of alcohol, and that would be constitutional.

Mr. NORRIS. I was coming to that, Mr. President—that probably under the decision of the Supreme Court we could, if we wanted to, provide for different degrees of penalty. We could provide one punishment where a person sold liquor containing 10 per cent of alcohol, and another and different punishment for a person who sold liquor containing only 5 per cent of alcohol. All that avenue is open, it seems to me; but I am not sure just how far we might go under these decisions. I am not satisfied myself, if I were permitted to draw the law, just where I should place it. Not knowing just what ought to be done, if we can change the content of alcohol and increase it and thus do away with the illegal bootlegging and the disgraceful things that have been going on in our great cities, I am willing to try it and see how it works. If it does not work, we can repeal it or change it. I think we ought to do that before we repeal the eighteenth amendment and take away our jurisdiction.

I listened with great interest, as I always do, to the Senator from Virginia [Mr. GLASS]. He referred to the so-called Wickersham Commission. When the first announcement came out, and it was discovered that the commission had united in a report, and then everyone had written a dissenting opinion to it, it seemed to me that it was the laughing-stock of the country. Later on, however, when I got time, at different times, I read every one of those opinions, and I confess that I was wonderfully impressed by some of them. Some of them were written by men whom I knew personally to be just as firm and honest in favor of prohibition as I was myself. I did not have the advantage of listening to the evidence. That is one great mistake that the commission made, in holding its hearings in secret; but those who did hear the evidence have reached conclusions, as you all know, that were about equal in number to the number of members on the commission.

All this I say, Mr. President, in preparation for the statement which seems to me to be logical, seems to me to be fair, and seems to me to be right, that we are not in condition now to pass intelligently upon any proposition to change the Volstead Act. It ought to go to a committee. I do not care whether it goes to the Judiciary Committee or not, but it ought to be given as careful consideration as the original act was given.

I wanted to say this much before voting upon the motion to refer the matter to a committee.

I am not interested in the partisan political question that is involved that may move some Senators to their activities. I am not interested in what the Democratic Party said in what seems to me to be a very plain proposition, that they were in favor of the repeal of the eighteenth amendment and the immediate change of the Volstead Act. I think I know what it means. That is one eulogy which I want to give to that platform which I can not give to the Republican platform. Nobody knows what the Republican platform means. Not even God could tell what it means. None of those things have any effect upon me as far as this question is concerned. I want to keep out of it now, as I always have, all partisan political considerations.

I do not follow the Senator from Connecticut when, on every occasion—Sundays, week days, night, and mornings—at every opportunity he offers a beer bill somewhere to somebody for consideration; and if he backs it up with his partisan political arguments, with trying to put somebody else in the hole while he keeps himself out of it, that is immaterial to me.

My good friend from Connecticut dreams about beer. He thinks about beer. He is probably an expert; and I am not competent to contradict his evidence, although I would rather let somebody else be heard, at least, before I vote. But beer seems to be the sole law of his heart—beer now, and always, and forevermore. If my good friend dies some day, as I fear he will, and if he goes to Heaven, as I know he will—when St. Peter opens the pearly gates the Senator from Connecticut will refuse to go in unless he can have a bottle of beer under each arm. [Laughter.]

I do not believe that this heckling of the members of one party by the members of another, one party trying to get advantage of another is conducive to the passage of a right kind of law. It may be that sufficient evidence has been produced. I have not read the evidence, I have not seen it. It may be that the subcommittee presided over by the Senator from Wisconsin [Mr. BLAINE] has produced all the evidence that is necessary. But we can not consider that now, and we have not considered it yet. We have now reached nearly the middle of the hot season in Washington, everybody knows we are going to adjourn in a few days, and I believe the country, as far as beer is concerned, will be in existence next December.

If this amendment goes to the Committee on the Judiciary, of course it means the end of it at this session of Congress. Because I am not prepared, and I do not believe that most of my associates are prepared, to vote upon this important question now without some more investigation and consideration, I am going to vote to refer the amendment to the committee.

Mr. BLAINE. Mr. President, I think it is due the Committee on the Judiciary, and the subcommittee thereof which considered the resolutions and the bills relating to the prohibition question, to state what the record discloses regarding the hearings on those measures.

There were 15 bills and resolutions referred to the subcommittee. In examining those resolutions and bills I find that the resolution introduced by the junior Senator from New Jersey [Mr. BARBOUR] was not referred to the subcommittee. That probably was due to some oversight.

After those measures were referred to the subcommittee the chairman, myself, informally began to inquire when it would be desirable to hold hearings. It will be recalled that hearings on prohibition were being held before a committee of the House of Representatives, and the particular bill which the Senator from Connecticut now offers as an amendment to the pending bill was referred to the Committee on Manufactures of the Senate, and a hearing was in progress upon that bill for some time.

After conferring with some members of the subcommittee and conferring with people who were interested and who were advocating the repeal of the eighteenth amendment and the modification of the Volstead Act, I came to the conclusion that the committee ought not to begin its hearings until the House committee had completed its hearings, and the House had had an opportunity to vote upon the question. There were very valid reasons for coming to that conclusion, which I need not state.

I found also that the hearings before the Committee on Manufactures had been quite extensive respecting the modification of the Volstead Act, but that committee had not reported. I did not feel that we would be justified in deferring the hearings before the subcommittee of which I was chairman until a committee report was made by the Committee on Manufactures. Therefore, in the latter part of March last I called a hearing formally, and set the hearing for April 14, it being necessary to give at least two weeks' notice, or a little more than two weeks' notice, to both sides, to the proponents and the opponents, because I proposed to give both sides an equal opportunity to be heard and to have full hearings, in order that no one should be denied an opportunity to be heard before the subcommittee.

However, there were pending before the House committee bills relating to the prescribing of medicinal liquors. A hearing was held before the House committee on the 6th of April. I was absent from Washington, and the senior Senator from New York [Mr. COPELAND] wired me and asked me if it would be convenient to hold a meeting of my subcommittee on the 7th of April in order to accommodate those gentlemen who appeared before the House committee. I therefore fixed the date of hearing on the bills providing for amendments to the medicinal provisions of the act on April 7.

On April 7 there were present the following members of the subcommittee of which I was chairman: The chairman and Senator HEBERT, of Rhode Island. Our subcommittee held hearings for eight days, and I will give the attendance on those eight days. I have given it for the first day.

The next hearing was on April 14. The members of the subcommittee in attendance at that time were the chairman, Senator HEBERT of Rhode Island, and Senator WALSH of Montana.

On April 15, the following day, the same Senators were present as members of the subcommittee, the chairman, Senators HEBERT and WALSH of Montana.

On April 19 there was present the chairman alone.

On April 20 there was present the chairman alone.

On April 21 there was present, on the occasion of the hearing by the subcommittee, the chairman only.

On May 10 a hearing was held to permit Minister Morehead to testify before the committee, and the committeemen present on that occasion were the chairman and Senator WALSH of Montana.

On May 17 there were present the chairman and Senator WALSH of Montana.

Subsequent to those hearings, and very shortly thereafter, due notice was given to all members of the subcommittee that a committee meeting would be held, the time and place of the meeting were designated, and the purpose of the meeting was designated. The purpose of that meeting was to consider the various bills and resolutions, with a view of reporting to the full committee.

At the time the meeting was held those present were the chairman, myself, and the junior Senator from Rhode Island [Mr. HEBERT]. The two members of the subcommittee, of course, had no authority to report to the full committee.

After waiting a due time, and a considerable time, and no other members of the subcommittee appearing, the subcommittee adjourned. Afterwards I had some informal discussions with some of the members of the subcommittee, and it very clearly appeared to me, and to those members with whom I had informal discussions, that there was no chance for the subcommittee to have a quorum present, and no chance for a report upon any bill or any resolution. The subcommittee, therefore, could not function, it was unable to report on any bill or resolution, simply because the subcommittee could not have and did not have a quorum. As chairman, I was in attendance at all meetings of the committee.

Mr. President, I make these brief remarks for the purpose of having in the record the facts, without any comment upon those facts.

Mr. FESS. Mr. President, in the issue of June 29 of the religious journal known as the Christian Century, which is published in Chicago, a publication that is well known to be edited by what we would call free-lances in religion, and whose editorial policy has not been very friendly to this administration, especially to the President, there appears an editorial in reference to the Republican plank on the prohibition question. It is too long to read, and I do not want to take any time. I therefore ask unanimous consent that the editorial may be printed in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Christian Century, June 29, 1932]

THE HOOVER LIQUOR PLANK

Though the dry leaders are in retirement—as the press states—awaiting the results of the Democratic convention before making any statement on the Republican liquor plank, we see no reason why an opinion should not be given instantly. To do so it is necessary to lift the plank out of the platform and consider it quite apart from other Republican policies. To approve the liquor plank by no means implies approval of the rest of the platform, or of the Republican party, or of Mr. Hoover. All other aspects of the political situation must be considered on their merits. To say this is to emphasize the importance of considering the liquor plank on its merits also, rather than with the bias of partisan opposition or partisan favor toward Republican policies in general. Our opinion of the Republican plank on liquor is that it should be gratefully received and approved by every reasonable dry; likewise by every reasonable wet. This is not said facetiously or ironically. The longer the Republican plank is studied the more will it commend itself as fair to both sides,

constitutional in method, and patriotic in purpose. It formulates a plan for the resubmission of the liquor question in terms which prescribe a just formula under which the issue is to be submitted, leaving untouched the merits or substance of the issue itself.

Though the Republican proposal is for resubmission, its essence is that it proposes to control the formula of resubmission. And this is the all-important matter. If two men contemplate engaging in a public debate on any subject, both are rightly concerned as to the terms in which the proposition is formulated. They are on opposite sides of the question, but they well know that the proposition must be framed so as to bring out the essential difference between them and to divide the responsibility so that one is not left, for instance, under the necessity of affirming a negative, or the other with no responsibility at all but to pick flaws in his opponent's affirmative argument. The resubmission of the liquor question will be a huge nation-wide debate. Probably no such debate has taken place in our history—certainly not the debate on slavery which never came to a peace-time issue, but was decided in war; nor that on free silver, which did not involve so deeply the popular emotions as that which the revival of this issue is sure to precipitate.

The drys will be ready for it.

Their only concern as they look forward to it is that the issue shall be so formulated as to lay upon both sides the responsibility of constructive, affirmative thinking. Enlightened drys have for some time been coming to the position that public policy now demands that the question be taken back to the people for a fresh mandate. If this mandate goes against Federal prohibition, it goes without saying that prohibitionists will abide by the law. If it goes in favor of Federal prohibition, the task of enforcement will be greatly simplified. We have heard of no defender of the eighteenth amendment who does not subscribe to the general principle that the people have the right to be heard, and we know of but few who would question the opportuneness of a popular expression now; that is to say, as soon as the constitutional process can present the issue to Congress and then to the States.

The sole difference of opinion between wet and dry resubmissionists has been with respect to the formula upon which the people would be asked to vote. Readers of the Christian Century need no elaboration of this point at this time. They must have observed with some degree of reassurance the instant acceptance and wide circulation of the thesis first presented in these pages in two editorials. "The Wet Strategy" and "The Dry Strategy," in which the paramount importance of the formula of submission was pointed out. Continuance of prohibition versus repeal as a formula for the people to vote upon was, we argued, a dangerous trap—not only dangerous to prohibition but certain to elicit an irresponsible decision from the electorate. Such a formula would capitalize the impatience and disgruntlement of the public mind without confronting the voter with an alternative or substitute for which he was willing to be responsible. To resubmit the liquor question under such a formula would be playing the game with loaded dice.

Against that formula was placed this: Continuance versus a specific substitute. The wets were challenged to name a specific substitute for Federal prohibition designed to lay upon the voters the responsibility not only of repealing the present law but of affirmatively declaring what they desired in its place. This the wets would not do. They came to the Republican convention determined to push through a formula of flat repeal. They were blocked in this strategy by Mr. Hoover himself. The plank which he authorized and which the convention passed declares: "We do not favor a submission limited to the issue of retention versus repeal," and then proceeds to set up in general terms a specific substitute upon which both Congress and the electorate may vote intelligently and responsibly as between the substitute and the eighteenth amendment.

The Republican plank is neither wet nor dry; it does not deal with the merits or substance of the liquor issue. Neither is it "moist." Nor yet is it in any sense a "straddle," or an evasion of the issue. The party takes no position on the merits of prohibition or on the desirability of change. It explicitly states that "no public official or member of the party should be pledged or forced to choose between his party affiliations and his honest convictions upon this question." The party does favor resubmission, but it refuses to prejudice or influence the outcome. It puts itself in the rôle of an umpire, concerned that the great game of resubmission shall be played fairly and responsibly, not recklessly and indecisively. The Republican Party promises that if it wins the election next November it will see to it that an amendment to the Constitution designed as a substitute for the eighteenth amendment will be introduced in Congress and, if it passes Congress by a two-thirds vote, submitted to the States for ratification or rejection, a vote of three-fourths of the States being required for its ratification. If it fails to pass Congress or, passing Congress fails to be ratified by the States, the eighteenth amendment remains in force. If and when it is ratified the eighteenth amendment will be no longer in force, being supplanted by the new amendment.

And the Republican plank specifies what the substitute amendment shall contain. It provides for the inclusion of three important features. One is the retention by the Federal Government of "power to preserve the gains already made in dealing with the evils inherent in the liquor traffic." That is a vague statement so far as the "gains" are concerned, but the inclusion of the principle of Federal authority is specific enough and marks a distinct advance over the Federal impotence of preprohibition days. Another is State option to be wet, if a State so desires, but subject to Federal authority guaranteeing against the return of the saloon. A third is the guaranty of Federal protection for States that elect to be dry against the invasion of their territory by the liquor traffic from wet States. These three things are specifically promised in the new amendment.

We say above that the Republican plank should be satisfactory to the wets as well as to the drys. We do not see how any reasonable and patriotic wet can reject Mr. Hoover's plank. To reject it is to betray not only a spirit of unfairness but hypocrisy and lack of patriotism. The three features which the plank proposes for the new amendment were taken right off the lips of the wets. The wets claim, for example, that they do not desire the return of the saloon. Very well. It devolves upon them to propose and defend a concrete plan which will guarantee that the saloon shall not return. They also assert their devotion to State rights as against Federal prohibition, claiming that a State must be allowed the right to be wet or dry according to the will of its own people. Very well. It then devolves upon them to assume responsibility for a concrete plan designed to protect the States that wish to be dry from invasion by the liquor traffic legalized in the wet States.

This just responsibility the Hoover plank lays upon the anti-prohibitionists. It refuses to allow the great debate to begin either in Congress or the States under a reckless and irresponsible formula, such as retention versus repeal. But if the proposed substitute wins in Congress and is ratified by the States, the eighteenth amendment will be thereby repealed—no wet or dry should have any illusion on that point. Federal prohibition will be a thing of the past and a new method of liquor control will be set up in its place. No honest wet whose mind is not befuddled with bigotry can therefore reject the Republican formula as unfair or unreasonable. For him to insist upon his formula of retention versus repeal gives the lie to his protestations against the return of the saloon and in favor of State's rights.

It is important to keep clearly in mind that the liquor plank is a platform document, not a draft bill ready for introduction in Congress. It will be a highly interesting and delicate task to draft the amendment which will embody the features set forth in the platform. Speculation as to the method by which liquor can be legally manufactured and sold in a wet State without the return of the saloon is already beginning. The sophisticated drys who have thought into this thing much further than have any of the wets are already smiling up their sleeves as they envisage the Republican Senators and Congressmen trying to write this feature into their bill and at the same time keep the Government out of the liquor business! It is quite all right to smile, but this is not the time to laugh out loud. There will be time enough for that when the amendment is introduced into Congress. If it does not provide against the return of the saloon, it will be attacked on the ground that it does not keep faith with the platform promise. If it does obviate the saloon, but only by putting the Government, either National or State, into the liquor business, it will be attacked on that score. It is incredible that the traditional public feeling of the American people has changed with respect to such an alliance of liquor and Government.

The point is, that the Republican plank sets up a substitute, a good substitute—indeed it is, in our judgment, one of the very best substitutes that could be formulated. It will have a better chance to win against the eighteenth amendment than any constructive substitute that has emerged. Whether it is a practicable substitute or not need not now be debated. The time to debate that will be after the Republicans win the election, if they win it, and when they set about to fulfill their promise by drafting an amendment containing the features which they have specifically and explicitly defined.

But the drys who find satisfaction in the formula under which the Republican platform proposes to resubmit the liquor question, must bear in mind that their approval of the formula does not tie their hands in the slightest degree, even if the amendment eventually presented to Congress keeps faith with every item of the platform promise. The platform commits no one—no voter, no Republican, no Senator, no Congressman, not even the President who put forward the plank—to vote for the substitute amendment when it is presented. It is perfectly consistent to give approval to the substitute as a fair and responsible alternative to the eighteenth amendment, and then to vote against it. We repeat that the plank does not touch on the merits of prohibition as the method of dealing with the liquor traffic. All it does is to demand that the people who wish to vote to repeal the eighteenth amendment shall be held responsible for saying what they propose to put in its place. The Republican Party has now defined the substitute which it will present as an alternative, but it does so in the interest of a fair vote and an intelligent one, not with any commitment to one or the other alternative. If the Democratic Party takes a position in favor of naked repeal, they stand in danger not only of losing the support of the irreconcilable drys but of all open-minded citizens who desire to bring about a constructive solution of the liquor problem.

The fact is that the real battle will begin only when the draft amendment comes before Congress. It will be a battle between the eighteenth amendment and the new amendment. Congressmen will hear from their constituencies on the question. There will be a campaign of education on the liquor question that will

cast into the shadow all the campaigns of the past. Leadership will emerge which now we do not see. The defenders of Federal prohibition will not be on the defensive. They will conceivably carry the battle into repealist territory, by examining the proposed amendment, disclosing its implications, comparing the results that are likely to flow from it with conditions existing under prohibition, pointing out the bootlegger in the woodpile of the substitute scheme, and exposing the inevitable corruption of our political system by the return of the legalized liquor traffic even under the method of control which the substitute presents. We say "conceivably" this will be the case. It surely will be the case unless the drys shall have been in the meantime persuaded to abandon their fundamental contention that there is no way to deal with the liquor traffic but to outlaw it.

But after the substitute amendment shall have passed Congress by two-thirds vote—if it does—there will then come the most intense phase of the battle. The States will then prepare to vote in conventions specially called for this purpose. The selection of the delegates to these conventions will be no routine matter! Perhaps a period of two years will be required for the States to register their will. There thus lie before us a possible two and a half years from the date of the election next November in which to study the issue, to educate public opinion, to mobilize and release into action the forces on both sides, and to register public opinion in the State conventions.

Rightly to judge as to the significance of the Republican liquor plank, it is necessary to transport oneself into the conflict of the 2-year period—it may be much longer—and from that point of view look back to the Chicago convention where the formula of resubmission was wrought out. From that future point of observation it will be seen that Mr. Hoover's plank was an achievement of high statesmanship in the interest of true democracy and national well-being.

It is perhaps unwise to venture a prediction. But we have long felt that when once the issue is joined under a fair and responsible formula, the promoters of the present wet hysteria will stand amazed at the undreamed-of resources upon which the drys will draw, in church, and home, and school, and factory, to keep the Nation from slipping back a single step in this the most significant effort at voluntary social self-control which history has ever known.

Mr. BINGHAM. Mr. President, I do not desire to prolong the debate, but there has been brought to my attention—and this will take me only two or three minutes—a very interesting bit of official information regarding what constitutes an intoxicating beverage.

During the war there was a proclamation of President Wilson on September 16, 1918, in which, in order to preserve foodstuffs, he gave notice that no person could use sugar, corn, rice, or any other foods or fruits to make any kind of beverage, including near beer. The use of any such foodstuffs for the manufacture of anything for beverage purposes was prohibited under that proclamation.

Then, by a proclamation dated January 30, 1919, he said that, whereas the prohibition and use of grain in the manufacture of beverages which were not intoxicating had been found by the President to be no longer necessary in order to secure an adequate and continuous supply of food, he modified the previous proclamation made on the 16th day of September, 1918, to the extent of permitting the use of grain in the manufacture of beverages which were not intoxicating, and that was the time when the brewers were permitted to manufacture 2.75 beer, which was held by the Democratic administration at that time to be a nonintoxicating beverage.

I ask that the proclamation may be printed in the RECORD.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA—A PROCLAMATION

[Amending proclamation of September 16, 1918, prohibiting manufacture of malt liquors]

Whereas, under and by virtue of an act of Congress entitled "An act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel," approved August 10, 1917, the President, on the 16th day of September, 1918, made a proclamation, containing the following prohibition:

"I prescribe and give public notice that on and after October 1, 1918, no person shall use any sugar, glucose, corn, rice, or any other foods, fruits, food materials or feeds, except hops and malt now already made, in the production of malt liquors, including near beer, for beverage purposes, whether or not such malt liquors contain alcohol, and on and after December 1, 1918, no person shall use any sugar, glucose, corn, rice, or any other foods, fruits, food materials, or feeds, including malt, in the production of malt liquors, including near beer for beverage purposes, whether or not such malt liquors contain alcohol."

And whereas the President, under authority of the said act of August 10, 1917, by further proclamation dated January 30, 1919, modified the said proclamation of September 16, 1918, so as to permit the use of grain in the manufacture of beverages which are not intoxicating, such proclamation providing as follows:

"Whereas the prohibition of the use of grain in the manufacture of beverages which are not intoxicating has been found by the President to be no longer essential in order to assure an adequate and continuous supply of food:

"Now, therefore, I do hereby modify the aforesaid proclamation made on the 16th day of September, 1918, to the extent of permitting the use of grain in the manufacture of beverages which are not intoxicating."

And whereas for the production from a cereal base of a nonintoxicating beverage, which shall be nutritious and palatable, food products other than grains, of which there is now an adequate supply, but of which the use for such purposes is prohibited by the aforesaid proclamation of September 16, 1918, are required:

Now, therefore, I, Woodrow Wilson, President of the United States of America, do hereby amend the aforesaid proclamation of September 16, 1918, by inserting in the first sentence of the prohibiting paragraph, after the words "production of," the word "intoxicating" and by striking out of the same sentence the words "including near beer"; and by inserting in the succeeding sentence in both places where the phrase "production of malt liquors" occurs, after the words "production of," the word "intoxicating," and striking out the phrases "including near beer" and "whether or not such malt liquors contain alcohol" in both places in that sentence where these phrases occur, so that as amended the prohibitory provisions of said proclamation shall read as follows:

"That the use of sugar, glucose, corn, rice, or any other foods, fruits, food materials, and feeds in the production of intoxicating malt liquors for beverage purposes be prohibited. And by this proclamation I prescribe and give public notice that on and after October 1, 1918, no person shall use any sugar, glucose, corn, rice, or any other foods, fruits, food materials, or feeds, except hops and malt now already made, in the production of intoxicating malt liquors, for beverage purposes, and on and after December 1, 1918, no person shall use any sugar, glucose, corn, rice, or any other foods, fruits, food materials, or feeds, including malt, in the production of intoxicating malt liquors, for beverage purposes, whether or not such malt liquors contain alcohol."

And the aforesaid proclamation of September 16, 1918, as thus amended, shall remain in full force and effect.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done this 4th day of March, A. D. 1919, and of the independence of the United States of America the one hundred and forty-third.

[SEAL.] WOODROW WILSON.

By the President:

FRANK L. POLK,
Acting Secretary of State.

Mr. GLENN. Mr. President, I shall not detain the Senate long upon this matter, but I regard it as one of great importance. I know this is a matter of considerable interest in the State from which I come, with nearly 8,000,000 people and the second city in the Nation. I came into the Senate of the United States when the wave of prohibition was at its very peak. I recall the great debate between the Senator from Idaho [Mr. BORAH] upon the one side and the distinguished Senator from Missouri, Mr. Reed, upon the other side. The subject of that debate was the now famous, and I may say I believe almost notorious, five and ten law. In the wave of enthusiasm, and almost of fanaticism, a law was enacted against the protests, against arguments, unavailing and falling upon deaf ears, which I believe was the turning point in the program for prohibition in this land of ours. It was the old, old story of extremists being allowed to go on and on, and finally working their own undoing. The end was clear from the day the law was passed through this Congress making it possible—I say possible—for a judge of the United States to send a youth, be it a boy or a girl, who was found in the act of walking across the street, perhaps to a dance, with a small flask of homemade wine or homemade beer or homemade gin in his or her pocket to the penitentiary for five years and to be fined $10,000. If perchance five different distinct offenses of that terrible and heinous nature were fastened upon that boy or girl, immature, young, perhaps yet in the high school, he or she could be sent to the penitentiary for 25 years and fined $50.000.

Yes, it was said, but that would not be done; that was only for extreme cases. But I say to you if some of the sincerest Members of the Congress, honest in their judgment that this law is the greatest law of all laws and that the only way to enforce it is by imposing the maximum penalty, should reach the Federal bench of this country, honest and sincere and conscientious, seeing the failure of the law to

function, believing that as a last resort they should impose a maximum penalty, it might well happen that a boy or girl would be sent to the penitentiary for 25 years for that minor, trivial offense. But the people rose up and rebelled, and within a year amendments to the Jones Five and Ten Act, which were spurned when first presented in the Senate, were unanimously passed here and almost unanimously passed in the other branch of Congress.

But Congress did not go far enough to satisfy some of the five-and-ten law supporters, so Congress went farther and passed the most inhumane and, I think, the most terrible law that has ever been passed by a Congress of the United States. Knowing that some of this liquor was illegally reaching the beverage consumer, this great humane Government of ours provided for the placing in that liquor of deadly poisons to kill, to paralyze, to blind the one who was such a horrible offender as illegally to take a drink of industrial alcohol. We remember, too, the fight that was waged here day after day by the Senator from Maryland [Mr. TYDINGS]. If he did nothing in all his senatorial career but that, he should go down as a great Senator worthy to be remembered by his State and by his Nation. He pictured here to us the evils which this country was putting upon its people by providing that they might be paralyzed by the poison placed in the industrial alcohol by their Government.

Finally this Government, which had decided it was impossible to find any other way of making industrial alcohol so repulsive that it would not be used for beverage purposes, after months and months of protest here did find a way, and now, thanks to the Senator from Maryland more than to anyone else, our Government is not in the business of deliberately and willfully poisoning, paralyzing, and blinding and killing its own people. Knowing that among the millions of veterans of our land, that great mass of patriotic citizens, there would be some who would violate this law, Congress, in one breath provided for their poisoning and in the next breath provided great appropriations to try to restore them to health in the hospitals of the United States Government after the Government itself had poisoned and blinded and paralyzed them. Was there ever a more horrible, absurd, inhumane action taken by any Government?

It is things like this that brought about within the last 30 days or so a most remarkable spectacle in a city from which I come. In the great convention hall there assembled from all over the Nation first the delegates and followers of the Republican Party and then the delegates and followers of the Democratic Party. Among all those who 3 or 5 or 10 or 12 years ago would have been there singing songs and hymns, making all sorts of demonstrations in favor of prohibition, spurred on by zeal and enthusiasm to the painting of pictures of the great good that had come when prohibition came upon our land, not a single voice so far as I know, or so far as I heard, was raised to defend the result of the reign of terror under which the United States has been existing for the last 12 years.

Some raised their voices there upon the ground of politics, saying that it would be a politically unwise thing to modify the Volstead Act or to repeal the eighteenth amendment; but so far as I know no one existed in either one of those conventions reckless enough to say "We prophesied the favorable results 12 years ago that this amendment would bring, and we are here now to defend our position and to say that the results justified our action," not one Democrat and not one Republican.

Almost within a stone's throw of that great convention hall in that great city, second in our land, metropolis of the whole Mississippi Valley, the leaders of America met, and almost within the sound of the voices of the speakers in that great convention hall 200 men have met violent death as the result of this prohibition law which was to bring back law and order to our land. One gangster after another in that very vicinity had met his tragic, horrible death. Up and down those streets, which were then traversed by the delegates on their way to and from the convention, but a few months ago raced and cruised armored cars of beer runners, liquor runners, and gangsters of all kinds. Seven men were shot to their death at one time in a garage by beer runners in the horrible, terrible St. Valentine's Day massacre in the city of Chicago—the fruits of this law which some are determined to keep upon the statute books by every parliamentary trick known to the most experienced and able and ingenious Members of the Senate.

There was no difference between the conventions upon this question. It is said that the Democratic platform is clear. It is clear. It is positive. It is certain. It is understood by everybody except the Democratic Members of Congress. It means repeal, and in the meantime it means immediate modification of the Volstead Act. Everybody knows what it means, as has been well said here time after time—that is, everybody except the leading Members of the Democratic Party—some of them—who have here refused and declined to abide by it.

This is a nonpartisan movement. It is a movement which should be above political and partisan lines. The Senator from Nebraska [Mr. NORRIS] said he is a little shocked because anybody would think about politics on the floor of the United States Senate. I think it is a good thing. I think it is right and proper that a candidate for public office should submit his record to voters, that a candidate for reelection to the United States Senate should not evade and should not straddle, but should say to the people of his State, be it Nebraska or be it Illinois or be it Connecitcut, "Here is where I stand and this is what I stand for." Is that wrong? Is that injurious to the public mind? I think not. I think the public have a right to know.

The Democratic platform says:

> We believe that a party platform is a covenant with the people to be faithfully kept by the party when intrusted with power, and that the people are entitled to know in plain words the terms of the contract to which they are asked to subscribe. We hereby declare this to be the platform of the Democratic Party.

Then the platform proceeds with this plain plank, so clear and so easily understood, and says:

> In conclusion, to accomplish these purposes and to recover economic liberty, we pledge the nominees of this convention the best efforts of a great party, whose founder announced the doctrine which guides us now in the hour of our country's need: Equal rights to all; special privileges to none.

A few of us over here are now tendering to Senators on the other side of the Chamber an opportunity to carry out this contract, this covenant with the people, to do what their great party said it would do. I am not endeavoring to make a political partisan speech. I think it is as much the duty of our party over here as it is of the party over on the other side of the Chamber to recognize the situation that has grown up so rapidly that no one dares now oppose it, especially on the floor of this body. But what is the excuse now? One after another, Senators rise, after exhausting all efforts to avoid a vote and to avoid meeting the issue, and say, "We do not know now what constitutes an intoxicating beverage." They knew 12 years ago enough about what constituted an intoxicating beverage to fix the alcoholic content at a percentage which they say now is wrong; but they do not now know enough about it and so they want the testimony of experts. But, Mr. President, you know and I know and all of us know, who practice law and are familiar with lawsuits, that when experts for the drys and experts for the wets are called in their number will be limited only by the means available to employ them; there will be as many on one side as on the other, and some will testify to this and others will testify to that. There will happen what happens in criminal trials where lunacy experts are employed. The court has to limit their number, because as many can be obtained to swear that a man is insane as can be obtained to swear that he is sane, limited only by the amount of money available. So in this case there will be no limit. Experts will appear for the drys and experts for the wets—and many an expert wet can be changed overnight into an expert dry, and vice versa—and we will not know any more about it, in fact, we will know less about it, than we now know.

There is only one way of finding out what the Constitution means, and it will not be through a professor here or

professor there or a wet doctor here or a dry doctor there, because there will be scores of them available to each side. We have to abide by our own judgment, the best judgment we have, and submit the question to the courts, to the only place on earth where finally an authoritative definition can be made, and that is the Supreme Court of the United States. We can do that now as well as we can in December or January or February or a year from now. Let us do what we think is right, what our judgment leads us to believe is proper, and now fix the definition. We can not make one much farther from the truth than the one that is now in the law as it now stands. Everybody—or almost everybody—knows that that is a false definition; that seems to be generally conceded.

We can pass the law now. It will mean $200,000,000 of revenue to the National Treasury before next December. We can do more than that. We can convince the people of the United States——

Mr. BULKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Ohio?

Mr. GLENN. I yield.

Mr. BULKLEY. On what authority does the Senator think the President will sign such a bill if we should pass it?

Mr. GLENN. Our friends on the other side of the aisle have for a long while been criticizing the President for not saying how he felt upon this subject. This is the answer to their problem. Let us pass a bill—that is our duty—and send it to him. We will then find out how the President feels on this subject. That is the answer to the Senator's problem.

Mr. BULKLEY. First, let me say that I approve of that course fully and I expect to vote that way; but I am asking the Senator whether this is not all merely a sham battle; and whether it is not perfectly certain, in the light of the authoritative statement made by Mr. Garfield the other day, that the President is going to veto anything of this sort that we might pass?

Mr. GLENN. There is but one way of which I know to find out about that, and that is to pass a bill fixing a definition which we think is the correct one, and then allow the President to pass upon it. We will know in that event definitely, and that is the only way by which we can ascertain. Certainly I have no authority to speak for the President. Let us have courage enough to act on the question now. Talk about "passing the buck" in politics and all that sort of thing, let us forget all that; let us do what we think is right on this question, and let us not waste six months or a year or two years or three years or four years. The time has passed when an effort should be made to bring about delay.

When some of us came here a man who advocated a change in the eighteenth amendment or a change in the Volstead Act was linked up with hoodlums, with law violators, with people of a low order. That time has passed. Now a man or a woman who stands advocating a change in the Volstead law may be wrong, but he or she stands with some of the best people in these United States, with men and women many of whom a few years ago were the leaders in the movement for prohibition, for the eighteenth amendment, for the Volstead Act and for all the other acts to which I have referred. This is a great, growing, sweeping movement to which there can be but one ultimate answer. The only question is, Shall we do it now or shall we wait until we return to our homes, to our people, and find out how materially and how drastically this change in sentiment has come about in every great city in the land, in the smallest precinct and in the smallest rural district as well, and then return here with the orders, the commands, the demands of the people and make this change?

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas to refer to the Committee on the Judiciary the amendment offered by the Senator from Connecticut. On that question the yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DALE (when his name was called). I have a pair with the junior Senator from Alabama [Mr. BANKHEAD], but I am informed that he would vote as I intend to vote on this question. Therefore I feel at liberty to vote, and vote "yea."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I transfer that pair to the junior Senator from Nevada [Mr. ODDIE], who would vote as I intend to vote. I vote "nay."

Mr. DICKINSON (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY], who is absent from the Chamber. I transfer that pair to my colleague the senior Senator from Iowa [Mr. BROOKHART], who is absent on necessary business, and will vote. I vote "yea." I wish to add that my colleague, if present, would vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I understand that if present he would vote as I intend to vote. Therefore, I feel at liberty to vote, and vote "yea."

Mr. MCNARY (when his name was called). On this vote I have a pair with the senior Senator from Missouri [Mr. HAWES]. I transfer that pair to the senior Senator from Virginia [Mr. SWANSON], and will vote. I vote "yea."

Mr. SHORTRIDGE (when his name was called). I have a general pair with the senior Senator from Montana [Mr. WALSH], and therefore withhold my vote.

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. WATSON (when his name was called). Transferring my general pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Colorado [Mr. WATERMAN], I vote "yea."

The roll call was concluded.

Mr. KING. I transfer my general pair with the junior Senator from New Mexico [Mr. CUTTING] to the senior Senator from North Carolina [Mr. MORRISON], and will vote. I vote "yea."

Mr. BULKLEY. I have a general pair with the junior Senator from Wyoming [Mr. CAREY], who, if present, would vote "yea." I find that I can transfer that pair to the junior Senator from South Dakota [Mr. BULOW]. I make that transfer and will vote. I vote "nay."

Mr. BLACK. I desire to announce that my colleague the junior Senator from Alabama Mr. [BANKHEAD] is necessarily detained from the Senate. If present, he would vote "yea."

Mr. COSTIGAN. The Senator from West Virginia [Mr. NEELY] is necessarily absent. He is paired with the Senator from Minnesota [Mr. SHIPSTEAD]. If present, the Senator from West Virginia would vote "yea."

Mr. BRATTON. I wish the RECORD to show that my colleague [Mr. CUTTING] is absent on account of illness. As stated, he has a pair with the Senator from Utah [Mr. KING].

Mr. BAILEY. I desire to say that if the senior Senator from North Carolina [Mr. MORRISON] were present, he would vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from West Virginia [Mr. NEELY]; and

The Senator from Minnesota [Mr. SCHALL] with the Senator from Oklahoma [Mr. THOMAS].

Mr. SHEPPARD. I desire to announce that the Senator from Kentucky [Mr. BARKLEY] is necessarily detained from the Senate by a death in his family.

The result was announced—yeas 50, nays 25, as follows:

YEAS—50

Ashurst	Black	Byrnes	Cohen
Austin	Borah	Capper	Connally
Bailey	Bratton	Caraway	Costigan

Couzens	Hale	King	Sheppard
Dale	Harrison	Lewis	Smoot
Dickinson	Hastings	McGill	Steiwer
Dill	Hatfield	McKellar	Stephens
Fess	Hayden	McNary	Townsend
Frazier	Howell	Norbeck	Vandenberg
George	Hull	Norris	Watson
Glass	Jones	Nye	White
Goldsborough	Kendrick	Robinson, Ark.	
Gore	Keyes	Robinson, Ind.	

NAYS—25

Barbour	Davis	Long	Tydings
Bingham	Fletcher	Metcalf	Wagner
Blaine	Glenn	Moses	Walcott
Broussard	Hebert	Patterson	Walsh, Mass.
Bulkley	Johnson	Pittman	
Coolidge	Kean	Reed	
Copeland	La Follette	Trammell	

NOT VOTING—21

Bankhead	Hawes	Shipstead	Walsh, Mont.
Barkley	Logan	Shortridge	Waterman
Brookhart	Morrison	Smith	Wheeler
Bulow	Neely	Swanson	
Carey	Oddie	Thomas, Idaho	
Cutting	Schall	Thomas, Okla.	

So the amendment of Mr. BINGHAM was referred to the Committee on the Judiciary.

Mr. PATTERSON. Mr. President, I desire to call up the motion of the junior Senator from Wyoming [Mr. CAREY] to reconsider the vote by which the Senate adopted the amendment, in the nature of a substitute, offered by the Senator from Michigan [Mr. COUZENS].

The VICE PRESIDENT. The question is on the motion to reconsider.

Mr. COUZENS. Mr. President, for several days now we have been off the consideration of the home loan bank bill. We have discussed inflation, and beer, and agriculture, and debts, and have gotten away entirely from the principle involved in the home loan bank bill.

The original intention of the proponents of this bill was to set up a system of 12 home-loan banks financed primarily by the Federal Government. After several days' discussion, when the bill was first brought up, the Senate voted, 34 to 32, to take a substitute proposal to set up a home-loan divisions in the Reconstruction Finance Corporation for the purpose of specializing and immediately taking care of the small-home owner whose mortgage is about to be foreclosed or is in default.

As I stated, the Senate at one time agreed that in order to get immediate relief for the small-home owner we should set up a division in the Reconstruction Finance Corporation to specialize in furnishing that relief.

I am quite certain that since this discussion took place the minds of Senators have been taken off the question of home-loan banks to the consideration of other matters, and I plead with the Senate not to reverse its previous position and vote to take out what it has already put in—a temporary provision for taking care of the small-home owner.

Mr. DILL. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Washington?

Mr. COUZENS. I do.

Mr. DILL. Can the Senator tell us why the savings and loan banks and the savings banks generally are opposed to his amendment?

Mr. COUZENS. I do not know why they are opposed to it.

Mr. DILL. I observe that the Senator covers them in this amendment. I have just read the amendment. I notice that they are provided for in the amendment, and I am wondering why they are opposing his amendment.

Mr. COUZENS. The reason why they are opposing the amendment, I think, is because they have become committed to the permanent home-loan bank system. The Senator from New York [Mr. COPELAND], during the debate, pointed out that for years back he had introduced bills providing for a system of home-loan banks; and the building and loan associations and others, in their conventions, have gone on record as favoring a system of home-loan banks.

Mr. DILL. It seemed to me when the Senator presented his amendment the other day—and it seems to me more than ever, since I have just reread it—that they would be more adequately cared for under the Senator's amendment which we have adopted than they would under a new set of banks, to be set up as provided by the original bill.

Mr. COUZENS. I have not any doubt in my mind that they are confused. For another thing, I think they know little about the substitute which I have proposed and which the Senate at one time adopted.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. COUZENS. I do.

Mr. McKELLAR. Is that the same reason why the building and loan associations themselves are opposing the Senator's amendment—because it is not a permanent system?

Mr. COUZENS. That is true. They have gone on record in conventions for a number of years as favoring a system of home-loan banks.

Everyone knows that there is no source of income for any of us except those who labor in the mines, in the fields, or in the factories. There is not one of us who could draw his salary or income except from the men and the women who work in the factories, the mines, and the fields. I contend that every time we set up one of the parasitical organizations—organizations that have to live off production, that have no source of income except from the factory worker, the field worker, and the mine worker—we are adding to the burdens of that group of citizens. I venture to say that there is not a Member of Congress who during the last six months has not received hundreds of letters condemning vigorously bureaucracy in Washington, the setting up of more commissions, the setting up of more bureaus; yet under this bill we are setting up an agency that will for a long time have to be supported out of taxation, and no one can venture the prediction that this home-loan bank system will succeed.

As I have said before, not one dollar of stock subscription is promised from any private agency for the stock of these banks. Not a witness who appeared before the committee that held hearings, of which I was a member, promised to subscribe one dollar of stock; and those who are pleading for this home-loan bank system have not committed themselves to a dollar of investment in the bank system. Yet we are asked to have the Federal Government advance $125,000,000, in reality a paltry amount if it is to cover the relief that is sought for the small-home owner.

The Senator from Oklahoma [Mr. GORE] says that that is priming the pump. I assert that it will not even prime the pump, because capital at this time is timid. I venture to say that there will be no subscriptions in any substantial amount to the capital stock of the home-loan bank system by the association that are the beneficiaries under this act. What will happen? There is no limitation as to what percentage the Federal Government will put in as their stock subscription. I tried to secure the adoption of an amendment, when the bill was before us heretofore, providing that the private interests should supply at least 50 per cent of the capital. That was protested by the Senator from Rhode Island [Mr. HEBERT] and the Senator from Indiana [Mr. WATSON], and yet they are perfectly willing to have the Government put up all the capital. There would be some advantage, at least, if those who are urging the creation of these banks would risk their own money to the extent of 50 per cent of the capital required for each bank.

It is true that by an amendment which was adopted by the Senate the banks are now limited to four; and, as a result of that, an amendment was offered by the Senator from Indiana [Mr. WATSON] increasing the capital stock of each bank to $15,000,000 in lieu of $5,000,000 as previously provided by the bill; so that, in effect, if these four banks are set up, under the amendment now in the bill, the Government may have to subscribe the entire amount. It is also true that if the building and loan associations, the savings banks, and these others who are beneficiaries under the bill want to come in and take advantage of it, they are re-

quired to put up a minimum of $1,500 capital, or a maximum of 1 per cent of their entire amount of outstanding mortgages.

So, Mr. President, if during times like these, when the workers in the fields and the factories and the mines are under great pressure and great strain, Congress wants to burden them with another financial agency, we might just as well set up a class of vice presidents and cashiers in this country, because they certainly will be in the majority before long if we go on with a system of this sort.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. COUZENS. I do.

Mr. McKELLAR. A day or two ago, in discussing his amendment, the Senator stated, as I recall, that his amendment was more favorable to the small-home owner than was the original bill. Will the Senator refer to that again? That interests me very much. I think what we do here ought to be in the interest of the small-home owner if possible, and I should like to hear the Senator in reference to that matter.

Mr. COUZENS. What the Senator has in mind, perhaps, is that the substitute which the Senate adopted would secure immediate action with respect to the ultimate gains from either the substitute or the original bill. I do not claim that there is any difference, because the same limitations are placed in both the substitute and the original bill.

Mr. McKELLAR. Then, as I understand, the only benefit that goes to the small-home owner is that he will get virtually immediate action under the Senator's amendment, whereas he would have to wait until the financial institution was set up in order to get relief under the original bill.

Mr. COUZENS. That is unquestionably true.

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Florida?

Mr. COUZENS. I do.

Mr. TRAMMELL. I notice that in the Senator's substitute he omits the provision which he had adopted as an amendment to the original bill, providing that individuals might be eligible for loans. Under his substitute the only way of proceeding is to go through these building and loan or mortgage companies. The Senator drops the idea regarding individuals that was in the amendment which he offered, and succeeded in having adopted, to the original bill.

Mr. COUZENS. That is true, because I drafted the substitute before the adoption of the amendment which I later suggested to the original bill. There is another practical difficulty in applying the amendment to my substitute rather than to the original bill. In applying it to the original bill, of course, banks were to be set up throughout the country. That is not true with respect to the substitute. In the substitute we are going to rely on the Reconstruction Finance Corporation and its 39 agencies—not banks, but agencies—set up throughout the country to make recommendations to the Washington office as to the kind of loans it shall make. If, however, the Senator believes that there is any advantage in having that provision attached to my substitute, I should be perfectly willing to do so, although I am frank to say it will not work so well as it would under the amendment to the original bill.

Mr. TRAMMELL. Mr. President, I was very much pleased when the Senator offered the amendment to the original bill giving that authority and that right. It seems to me it would be a good policy to carry into the substitute. If we do not do that, the individual owner, the man who wants to liquidate a mortgage and take care of his home, will find that the only avenue through which he can do it is some building association or some mortgage company or some bank.

Mr. COUZENS. I agree with that, and if the vote on the substitute is not reconsidered, I will offer the provision which we put into the original bank bill, to which the Senator referred.

Mr. President, I do not want to take up an unreasonable length of time of the Senate, but I hope that in view of the situation the vote on the substitute will not be reconsidered.

Mr. CAPPER. Mr. President, I ask unanimous consent to print in the RECORD the following telegrams urging prompt passage of the pending home loan bank bill. I am receiving many such messages. I sincerely urge, Mr. President, that we may complete our deliberations on this measure right now, defeat the Couzens substitute, pass the bill as sponsored by the Senator from Indiana, send it to conference, and insure early enactment of a helpful relief measure. I send the telegrams to the desk for the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

TOPEKA, KANS., *July 7, 1932.*

Hon. ARTHUR CAPPER,
United States Senate:

No hope for relief for Kansas building and loan under Reconstruction Finance Corporation enactment. Work for reconsideration and passage of home-loan bank as passed by House. Know you will do your best.

PAUL B. MORRISON,
Executive Secretary Kansas Building and Loan League.

TOPEKA, KANS., *July 7, 1932.*

Senator ARTHUR CAPPER,
United States Senate:

Associations in Kansas prohibited from participation in Reconstruction Finance Corporation act. We must have home-loan banks if we are to have any relief. Can you not influence some support for the measure?

C. S. ELLIOTT.
C. A. STERLING.

KANSAS CITY, KANS., *July 7, 1932.*

Senator ARTHUR CAPPER:

Twelve associations in Wyandotte County earnestly request you use your best efforts to have Senate reconsider home loan bank bill on basis as passed by House. Building and loans in Kansas must have this assistance, as Reconstruction Finance Corporation affords no relief in this State.

WYANDOTTE COUNTY LEAGUE OF
BUILDING AND LOAN ASSOCIATIONS,
FRANK S. POWELL, *President.*

Mr. WATSON. Mr. President, I am decidedly in favor of the adoption of the motion for reconsideration. In the first place, the Reconstruction Finance Corporation now has the right to make loans to building and loan associations. The amendment of the Senator from Michigan adds nothing to that right or power. In fact, it rather limits its power, because now there is no limitation on what they may lend to building and loan associations, whereas the amendment of the Senator from Michigan limits the Reconstruction Finance Corporation to $400,000,000.

In the next place, there can be no dispute about the fact that $400,000,000 is nothing in comparison with the needs of the home owners in the United States whose homes at this time are under mortgage, and a far greater sum than $400,000,000 must be had if those homes are to be saved from the hammer of the sheriff. It is my deliberate judgment that the only way in which that can be secured is by setting up the establishment provided in the original amendment.

Mr. FESS. Mr. President, will the Senator yield?

Mr. WATSON. I yield.

Mr. FESS. Another item with reference to the Reconstruction Finance Corporation is that I understand from the Reconstruction Finance Corporation that no loan has been made to an association for longer than six months, and it could not be for longer than three years. Surely, if this measure means anything, it deals with long-term mortgages, and not six months' mortgages. It strikes me that that would make this fatal, so far as this proposal is concerned.

Mr. WATSON. I thank the Senator for his suggestion, backed up by the fact that Mr. Gardiner, of the Reconstruction Finance Corporation, when he testified before the Committee on Banking and Currency in the House, said that, in his judgment, this measure was absolutely essential, because the Reconstruction Finance Corporation could not lend for a sufficient length of time in order to satisfy the demand. The testimony of Mr. Gardiner was very explicit; and General Dawes, before the same committee, testified that

he was decidedly in favor of the passage of the pending bill as written, because he thought it would fill a long-felt want, and that the Reconstruction Finance Corporation at the present time, and under existing conditions, was not equal to the solution of this problem.

Of course, I do not impugn the motive of my friend from Michigan, but, in my judgment, he has not been for the pending bill at any time; he has been against it; and the other day, when the Senator from Idaho offered his amendment in the nature of a substitute, and I asked unanimous consent that it be considered at a fixed time on Tuesday, he objected.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. WATSON. I yield.

Mr. COUZENS. Of course, I objected, because I wanted the measure offered by the Senator from Idaho to be passed at this session, and everyone knows that we are drawing to a close of the session; and if it were not attached to a bill that we were going to pass in some form, we would not get that little inflation that we would get by the amendment of the Senator from Idaho.

Mr. WATSON. If the Senator says that is what motivated him, I believe him, of course; but knowing his opposition to the bill, I thought he objected, because at that time he believed, as I have said, that if the amendment of the Senator from Idaho were attached to the measure, it would kill it inevitably.

Mr. COUZENS. Mr. President, I have made no bones about the fact of being opposed to the bill.

Mr. WATSON. No; the Senator has not.

Mr. COUZENS. I am opposed to the permanent setting up of these banks. There is no question about that. I have not tried to equivocate about it. But the Senator will remember that when the Senator from Idaho offered his inflation bill the Senate at that time had adopted my substitute.

Mr. WATSON. Certainly it had.

Mr. COUZENS. So that I was perfectly willing to have it go through as a substitute.

Mr. WATSON. The Senate adopted the Senator's substitute, but the Senator was not willing that there should be a time fixed for consideration of the Borah amendment. That led me to think, of course, that the Senator was doing everything he could to kill the bill. But, of course, if the Senator says that that was not his motive I accept his statement.

Mr. FESS. Mr. President, will the Senator yield?

Mr. WATSON. I yield.

Mr. FESS. I am wondering whether the Senator from Michigan was indulging in levity on the 1st of July, when in the course of a colloquy with the Senator from New York [Mr. COPELAND] the Senator from New York asked, "Whether the Senator from Michigan is opposed to the bill or not, he wants to perfect it and make it just as good as possible," the Senator from Michigan replied to the Senator from New York, "Or just as bad as possible, as the Senator may choose." Was that levity, or what did it mean?

Mr. COUZENS. Mr. President, will the Senator from Indiana yield?

Mr. WATSON. I yield.

Mr. COUZENS. The Senator from Ohio may interpret it in any way he cares to. I suspect it was in part levity. But I want to make it as bad as I can if it is going to be a permanent system. I do not want this system set up as a permanent system. I believe it would be another burden; I believe it would be another of these parasites, if you please, to be supported by the man who works in the field, the man who works in the factory, the man who works in the mine, because there is no other way to pay this organization except out of their efforts.

Mr. LONG. Mr. President, will the Senator from Indiana yield to me?

Mr. WATSON. I yield.

Mr. LONG. Where is the opposition to this bill coming from? Everybody I hear of among the common, ordinary elements down in my State wants the bill passed. As I understand it, the branch office of the Reconstruction Finance Corporation down in my State is a voluntary organization. There is no salary attached to the people who administer it. If we are going to pass this bill, I do not know why there is an effort to tear it to pieces. Why is it so filled with opposition amendments, which have no object except to tear the bill to pieces or to keep it from being workable?

Mr. WATSON. That is my view, I will say to the Senator.

EMERGENCY HIGHWAY CONSTRUCTION

Mr. WAGNER. Mr. President, will the Senator from Indiana yield to me so that I may make a request for unanimous consent?

Mr. WATSON. Certainly.

Mr. WAGNER. I ask unanimous consent that, beginning with the session to-morrow, House bill 9642, to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, be made a special order.

Mr. WATSON. Is that the relief bill?

Mr. WAGNER. It will amount to that. The bill provides for an appropriation for Federal aid to State highways. I propose to-morrow to offer a substitute for that bill; that is, the relief bill.

The VICE PRESIDENT. Is there objection?

Mr. BORAH. What is the request of the Senator?

Mr. WAGNER. I am asking that calendar No. 382 be made a special order.

Mr. WATSON. Mr. President, I understand that I do not lose the floor by this interruption. If I do, I decline to yield.

The VICE PRESIDENT. The Senator will not lose the floor.

Mr. WAGNER. I have made the request that House bill 9642 be made a special order beginning to-morrow morning at the opening of the session. It is a bill providing for Federal aid to State highways. My object in making it a special order is so that I may to-morrow offer as a substitute for the highway appropriation a complete relief bill for the consideration of the Senate.

Mr. BORAH. Has this complete relief bill the Senator speaks of now been printed?

Mr. WAGNER. I am about to follow that with another request that the so-called substitute be printed for the information of the Senate.

Mr. BORAH. It is a complete bill?

Mr. WAGNER. Perhaps that was an unfortunate use of terms. It is the best we can get under the circumstances.

The VICE PRESIDENT. The Senator from New York asks that the proposed substitute for House bill 9642 be printed and lie on the table. Is there objection? The Chair hears none, and that order is made.

The Senator from New York further requests that House bill 9642 be made a special order for to-morrow at the opening of the session of the Senate.

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. Reserving the right to object to the request, if the bill mentioned by the Senator from New York is made a special order at the convening of the Senate to-morrow, would that displace some other bill which the Senate might, by action this evening, make the unfinished business?

The VICE PRESIDENT. The unfinished business would take precedence, and the special order would follow.

Mr. BORAH. Mr. President, I would like to ask one further question, so that we may know by to-morrow morning what we are to be thinking about? What change does this make in the bill we voted on?

Mr. WAGNER. It eliminates the feature to which objection has been made, providing for loans to individuals and corporations, loans to private industry.

Mr. BORAH. But it leaves private industry?

Mr. WAGNER. No.

Mr. BORAH. It eliminates private industries and individuals both?

Mr. WAGNER. Yes.

Mr. BORAH. Has the President changed his mind on private industries also?

Mr. WAGNER. I have not changed my mind about it.

Mr. BORAH. I did not mean to indicate that the Senator had. I had understood that the President objected only to loans to individuals.

Mr. WAGNER. That is true.

The VICE PRESIDENT. Is there objection to the request of the Senator from New York?

Mr. WATSON. What is the request?

The VICE PRESIDENT. The Senator from New York will again state his request.

Mr. WAGNER. I ask unanimous consent that House bill 9642, Calendar No. 382, be made a special order beginning with the opening of the session to-morrow.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The special order was reduced to writing, as follows:

SPECIAL ORDER

Ordered (by unanimous consent), That the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment be made a special order immediately after convening of the Senate July 12, 1932.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 7293) authorizing the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway bridge across United States military reservation at the Springfield Armory, Mass.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HILL of Alabama, Mr. FITZPATRICK, and Mr. JAMES were appointed managers on the part of the House at the conference.

LANDS ADJACENT TO BOLLING FIELD IN THE DISTRICT

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. REED. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. REED, Mr. CUTTING, and Mr. FLETCHER conferees on the part of the Senate.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

Mr. WATSON. Mr. President, I have had a long experience with legislation, and have never had so many interruptions of all kinds in trying to make a short talk and never have known of a bill to be so hampered and handicapped and hamstrung in all my experience as has been the home loan bill by every sort of interruption.

I now want to insist that in some form or other we pass this bill before we leave here to-night. Certainly it is worthy of the consideration of the Senate of the United States. I think a majority of the Members of the Senate believe in the bill and want to pass it in some form, but I believe we might just as well not pass it at all as to pass it in the form in which it now is, because we add nothing to the power of the Reconstruction Finance Corporation by the Couzens amendment. On the contrary, we might even limit the scope of its operations.

Mr. President, I am not going to make a long talk about this matter, because I think we have all made up our minds about how we are going to vote on the question of reconsideration. Therefore I am willing that the vote be taken.

Mr. COPELAND. Mr. President, my attitude toward the motion to reconsider depends upon the attitude of Senators on the other side who emasculated and ruined the pending bill by the adoption of the Walcott amendment.

Mr. WATSON. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Indiana?

Mr. COPELAND. I yield.

Mr. WATSON. Why does the Senator say "on the other side," as if it were a partisan proposition? I was opposed to that amendment as much as a man could be. I did not want the amendment adopted.

Mr. COPELAND. I took the pains to go over the RECORD to see, and I found that nine administration Republicans, who ought to be supporting the President in trying to enact into law an acceptable and decent and workable home loan bank bill, voted in favor of the Walcott amendment which, added to the bill, makes it worth nothing, not nearly so much as the amendment suggested by the Senator from Michigan. That is my answer.

Mr. WATSON. That is not an answer, I will say to my good friend from New York. Does the Senator think it was a partisan matter? Did anybody try to rally Senators on the strength of being Republicans or Democrats? The amendment came up and was voted on without any regard to partisanship. Nobody thought of asking such a question as that. I was opposed to it, and I have been accused of being a Republican and an administration man.

Mr. COPELAND. Can the Senator give us any assurance at all that the Walcott amendment will be reconsidered if we reconsider the Couzens amendment?

Mr. WATSON. I will vote to reconsider it and will support the motion vigorously.

Mr. COPELAND. The Senator can do a little more than that. He can hustle around and help us.

Mr. WATSON. I shall be very happy, with every ounce of influence I can muster, to bring about its reconsideration, but how can we do it?

Mr. COPELAND. Mr. President, not since I have been in the Senate has there been under consideration a measure so dear to my heart as this one. There is no subject which I have studied more thoroughly since my early manhood than the matter of building and loan associations. When my party was in power it proposed a building and loan association home bank bill. In 1924 I introduced such a bill and again in 1927. It was always desired, and now, I may say to my friend, it is the desire of the building and loan associations to provide long-term mortgages.

If we are going to have no long-term mortgages the proposal of the Senator from Michigan [Mr. COUZENS] of course is preferable, because it provides more money. It provides $400,000,000, but that money is not of any avail to building and loan associations. It is not going to solve the problems of the home owners who are now struggling about what to do with short-term mortgages that are to run one or two or three years and where foreclosure is threatened. What we desire is that there may be long-term mortgages amortized in such a way that they can be paid off by the month.

Mr. President, I say again that the bill was emasculated by the votes of the standpat Republicans. They are responsible for it. The Senator from Indiana, who says that at times he is a Republican—I have never known the time when he was not—assures me that he will do all he can. He can use his influence by speech and by word of mouth and by personal contact to make possible the reconsideration of the Walcott amendment. If that can be done, I would be delighted to have reconsideration of the Couzens amend-

ment and the matter brought back to be reconsidered on its merits.

Let me say to my friends on the Democratic side of the aisle that I know they have some confidence in me even if Senators on the other side have not. The building and loan associations of every State in the Union have been making appeals to Senators through the past several weeks to pass this bill in order that there may be provided a reservoir out of which may be had money to take care of the mortgages which are in default, the short-term mortgages, in order that they may be amortized over long periods and the people taken out of their misery. What did the Walcott amendment do? It said the limit of the lending should be for five years. That is not going to help the building and loan associations. The shortest term they have in their mortgages is eight years. It is not going to help them a bit, not any more than the $125,000,000 provided for, because if it is limited to five years, there will be no money available for the building and loan associations.

I appeal to Senators, each and every one of them, to see what the situation is. The building and loan associations of my section of the country, the cooperative banks of New England, the savings banks everywhere, are making this appeal for money which they are to use to amortize mortgages over a period of 8 or 10 years.

Now, the Senator from Connecticut [Mr. WALCOTT], charming as he is, and my friend, has offered an amendment which, in my opinion, ruins the bill. It makes it no good. It does not begin to be as good as the amendment of the Senator from Michigan [Mr. COUZENS]. It is in the interest of the insurance companies of Connecticut and New York, the companies that do a pawnbroker's business in mortgages, one or two year term mortgages; but the little, modest home owner, spoken of by the Senator from Michigan as the man from the mine and the field and the factory, is not going to be served and taken care of by that sort of thing. The short-term mortgages they have run only a year or two, and they have to make application for renewal and pay a bonus and all those extra charges.

Mr. BORAH. Mr. President, is there a motion pending to reconsider the amendment offered by the Senator from Connecticut? Can the Senator from New York inform me?

Mr. COPELAND. There is such a motion pending on notice given by the Senator from Georgia [Mr. GEORGE] for reconsideration, but the Senator from Idaho can see our dilemma. If we are not to have that motion acted on favorably, so there is hope that we may have what was intended by the authors of the bill, we might better have the proposal of the Senator from Michigan, because it gives us $400,000,000 right away which can be loaned out for six months or a year or even three years. It would give us that much money, but even that would not solve our problem.

I want Senators to see the dilemma in which we find ourselves.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Washington?

Mr. COPELAND. I yield.

Mr. DILL. Is it not the real fact of the matter that many of these loan companies have gotten hold of a lot of bad mortgages and they want to have the Government take them up through this proposed system of banks, like the farm-land banks did, and eventually the Government would have to take them in, like the Government took in the farm lands of the country?

Mr. COPELAND. I have protested against the inclusion of insurance companies and similar institutions because many of them did have the kind of mortgages spoken of by the Senator from Washington. This bill is primarily intended to be for the benefit of the building and loan associations.

Mr. DILL. Yes; and it turned out to be a bill to help a lot of companies that have the kind of bad mortgages to which I have referred.

Mr. COPELAND. I think that is true.

Mr. DILL. I do not want to vote for that kind of a bill.

Mr. COPELAND. But if the Senator will help us to do two things we can save the situation. If we can get some moral support so we can believe that the Walcott amendment will be wiped out, then we can——

Mr. DILL. Is not the quickest way of getting this matter settled to let it go to conference? All of the provisions are in the House text and it can be worked out in conference. We can not rewrite the bill on the floor of the Senate. Is it not the sensible thing to send the bill to conference? It seems to me we are going to merely thresh over old straw and not get anywhere by going back and attempting to reconsider all these matters.

Mr. COPELAND. I do not think it is quite right in order to get legislation to have bills rewritten in conference. We have it in our power in the Senate to perfect the bill and if we do it by getting rid of the Walcott amendment I have no doubt that in conference the thing the Senator from Washington has in his mind will be corrected; that is, there will not be included among those who can borrow the institutions who are seeking to get rid of "dead horses." But I feel so keenly on the matter that I would a great deal rather leave it where it is, knowing we are going to have $400,000,000 that will be used. However, if we can have the assurance along with reconsideration of the Couzens amendment that there will be a reconsideration of the Walcott amendment, then we can safely send the bill to conference and probably have brought out a bill that will do for the people of the country what they have long desired to have accomplished—and that is the creation of a central bank like the Federal reserve bank.

Mr. BULKLEY. Mr. President, may I ask the Senator from New York if there is a motion pending to reconsider the Walcott amendment?

Mr. COPELAND. There is a notice on the table given by the Senator from Georgia [Mr. GEORGE]. But the thing about which I am worried is that if we bring about reconsideration of the Couzens amendment, then we will come later to have nothing in that line but the emasculated bill spoiled by the Walcott amendment. I would like to be able to use my voice, defective as it is to-day, to urge Senators to a reconsideration of the Couzens amendment, which I urged them to vote for the other day, provided we can have assurance from the other side of the Chamber that the Walcott amendment will be eliminated. That is the position in which I find myself.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. KING. Is not the Senator pleading for a permanent system of home banks? I am told that there are some associations taking advantage of the depression, which have urged the proposed legislation. There are many persons who favor legislation to afford some relief to persons threatened with the loss of their homes, but who are opposed to fastening upon the country a system of banks which heretofore we have not had.

Mr. COPELAND. I call the attention of the Senator to the fact that his party under Mr. Wilson proposed this very system. Why should not the little home owners in the building and loan associations have exactly the same privileges of rediscount that the big banks have to the Federal reserve system? The Senator has not any doubt about the value of the Federal reserve system. Why should not these building and loan associations and cooperative institutions have the same privilege? The Senator need not worry. The Government is not going into this thing forever. The Government is put in to the extent of $125,000,000, and provision is made in the bill that at any time the Congress can bring it to an end.

Mr. KING. In a system of banks established a number of years ago, the Government furnished the capital and at this session we have been called upon to appropriate $125,000,000 to supplement them because of their unsatisfactory condition. Is there any assurance that the Government will not

be called upon to make further capital contributions in the future?

Mr. COPELAND. When I think about the 8,000,000 of homes that have been built through these institutions, I would be ungrateful if I did not stand for them, because the first house I ever owned I gained possession of through membership in a building and loan association.

Mr. WATSON. So did I.

Mr. COPELAND. The Senator from Indiana states that he did the same thing, and other Senators have given me similar information. The building and loan associations, however, have always been hampered in the volume of work they could do by reason of the fact that they had only local funds with which to operate. Of course, in the early days the intention was to build houses. It is not planned to do that now; but what we are planning to do is to provide a means for the unfortunate home owner who has given a thousand dollar mortgage for one year, two years, or three years, to some mortgage-loan company or mortgage or other banker, who is now indifferent to conditions which prevail and is demanding the money and saying, "Pay us or we shall foreclose."

If we can pass this bill, and if it operates as its authors believe it will, there will be funds sufficient to take care of those mortgages which are about to be foreclosed and to save many families who are now under the obligation every year or every two years of paying bonuses and the excess charges to save them from disaster and safeguard their homes. I know as well as I know anything that nothing is better for our country than to have every family housed in its own home. That is the way to make good citizens; that is the way to produce happiness and contentment.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Ohio?

Mr. COPELAND. I do.

Mr. FESS. The Senator from New York is well aware that from the beginning this proposal has not been unanimously supported.

Mr. COPELAND. Yes.

Mr. FESS. From the very first suggestion there has been opposition to it. Certain great elements of a financial character have opposed it. It is stated that in order to be workable there ought to be a leeway of something like from 8 to 14 years——

Mr. COPELAND. Yes.

Mr. FESS. And that anything short of that will render the plan useless.

Mr. COPELAND. The Senator is right.

Mr. FESS. The reason I did not want the matter turned over to the Reconstruction Finance Corporation is that that institution is temporary in character, and, while loan associations may be beneficiaries under the law, there has been no loan made by that corporation beyond six months, and they can not loan for more than three years. That would make the provision which has been adopted rather unworkable. The proposal about which the Senator from New York is talking struck me when it was first suggested as being obnoxious to the whole philosophy of the bill, not only making it a temporary affair but providing a limit of time which would render it wholly workable.

Mr. COPELAND. The Senator is right.

Mr. FESS. We can kill the bill outright or we can kill it by making the time so short that its advantages will not be availed of.

Mr. COPELAND. That is correct.

Mr. FESS. I agree that we should cut it from eight to four, although there may be some doubt as to the advisability of doing that.

Mr. COPELAND. That is as to the number of home-loan banks.

Mr. FESS. Yes. I do not think that that is a serious matter, but when it comes to limiting the time it certainly is serious. That is not the theory upon which the measure has been built, and I agree with the Senator that we might as well vote the whole bill down if it is going to be thus amended.

Mr. COPELAND. The Senator is entirely sound in what he says.

Mr. McKELLAR. Mr. President, will the Senator from New York yield to me for just a moment?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Tennessee?

Mr. COPELAND. I yield.

Mr. McKELLAR. The Senator from New York says the suggestion of the Senator from Ohio is entirely sound. Is it not a very practical question that is before us, whether we adopt the Couzens amendment or the original bill, the measure will have to go to conference and the conferees will work it out anyway? The two bills will be so entirely different, the conferees can certainly frame a bill that will be satisfactory if the measure we shall pass shall not be satisfactory. The bill has got to go to conference, and it seems to me the sooner we get it to conference the better, so that a satisfactory bill may be worked out.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COPELAND. Suppose the motion to reconsider were to carry and then the motion to reconsider the Walcott amendment should not carry, would it be in order after that to offer in effect the same amendment which the Senator from Michigan [Mr. COUZENS] has offered?

The VICE PRESIDENT. If the motion to reconsider shall be agreed to there would have to be another vote taken on the Couzens amendment. As the Chair understands the Senator's question, if that motion should be adopted and then a motion were made to reconsider the vote whereby the amendment of the Senator from Connecticut was adopted, and that failed, this amendment could not be offered in the exact form, but it could be offered in a modified form.

Mr. COPELAND. Then, Mr. President, may I say to those who take the same view that I take, I am willing to test the leadership of the Senator from Indiana, and, so far as I have any influence, I suggest that we vote to reconsider the vote whereby the amendment of the Senator from Michigan was agreed to; and then, as the Vice President has suggested, there will be a motion made as to the Walcott amendment. After that, so far as I am concerned, if the Walcott amendment should stay in, and a limitation of five years be placed upon this bill, knowing something about the building and loan associations I would say that in some modified form the Couzens amendment ought to be put back in the bill because $400,000,000, as provided by the Senator from Michigan, or four hundred and fifty or five hundred millions dollars, which we might put in by having to change somewhat the form of the amendment, would be a great deal better than this plan with the Walcott amendment added to it, because, with the 5-year limit, there would not be any possibility of selling any bonds; it would be impossible to amortize any issue of long-term bonds; it could not be done; and so the only good that we would get out of it would be the four or five hundred million dollars which might be loaned by the Reconstruction Finance Corporation. Therefore, Mr. President, so far as I am concerned I urge that we reconsider the vote whereby the Couzens amendment was adopted.

I ask that there may be included in the RECORD a memorandum concerning the Couzens substitute, which was prepared on behalf of the United States Building and Loan League by William E. Best, president.

The VICE PRESIDENT. Without objection, it is so ordered.

The memorandum is as follows:

The United States Building and Loan League urges the approval of the home loan bank bill as perfected by the House and Senate Banking and Currency Committees.

We further urge that the substitute bill, "To provide for the making of loans to certain home-financing institutions by the Reconstruction Finance Corporation," be rejected.

The Couzens substitute is not satisfactory or adequate for the following reasons:

(1) The Reconstruction Finance Corporation is a temporary expedient making short-time loans only. To date no advance has been made to a building and loan association for a period in excess of six months. Legally no advance can be made in excess of three years. The home-financing institutions, particularly building and loan associations, need long-time money if they are to continue to make 8 to 14 year home mortgages. Money can not be borrowed for six months' time and reloaned to the home owner for from 8 to 14 years. Therefore the funds available from the Reconstruction Finance Corporation are not adaptable or satisfactory for their purposes.

(2) The Reconstruction Finance Corporation meets only emergency needs, such as the repayment of bank borrowings, the meeting of maturities, and urgent withdrawal demands. No building and loan association can safely borrow 6-month money to carry on its normal business. The building and loan associations and savings banks, which advance money on long-term mortgages, need a permanent institution created immediately, designed to place at their disposal a source of credit for long-term funds. If home mortgages are to be made for 8 to 14 years, funds used by building associations should be available for similar periods.

(3) At present the Reconstruction Finance Corporation is making advances to home-financing institutions, including building and loan associations, in a number of States. The proposed bill adds no powers which the corporation does not have at the present time but proposes that an aggregate amount of loans (not to exceed $400,000,000) be made to the home-financing institutions under restrictions more rigorous than those imposed by the Reconstruction Finance Corporation act. For example, the bill proposes that no mortgage be accepted if the value of the real estate exceeds $10,000, and it then further provides that no loan in excess of 40 per cent of the value of the real estate be made by the corporation. This means that building and loan associations, savings banks, trust companies, State and national banks could not secure even the short-time funds of the corporation on a considerable portion of their available mortgage securities. If the substitute becomes the latest expression of Congress on the matter, its interpretation might result in a curtailment rather than an expansion of the present activities of the corporation, which would render impossible renewals of many of its present 6-months' advances to financial institutions made upon collateral that would be ineligible by the suggested substitute. Note that the substitute, as drawn, applies to national banks, State banks, insurance companies, and "other banking organizations."

(4) The service being rendered and possible to be rendered to the institutions mentioned in the home loan bank bill by the Reconstruction Finance Corporation was fully gone into by the House committee, which summoned before it General Dawes, president of the corporation, and Mr. Gardner, in charge of the building and loan division of the corporation.

General Dawes, in answer to direct question of Mr. CAMPBELL, a member of the committee, testified as follows:

"Mr. CAMPBELL. You would recommend the enactment of this home loan bank bill?

"General DAWES. I would, absolutely; yes.

"Mr. CAMPBELL. You give it your unqualified indorsement?

"General DAWES. My unqualified indorsement. Yes" (p. 418, House hearings).

Mr. Gardner testified (p. 420 of the House hearings), in answer to question of Chairman REILLY, as follows:

"Mr. REILLY. Then the Reconstruction Finance Corporation is not the proper set-up, as regards the length of time for loans that can be made, to accomodate and meet the demands and requirements of the building and loan association?

"Mr. GARDNER. Absolutely not. My thought is this: In the event of the passage of the home loan bank bill, loans which the Reconstruction Finance Corporation has made to the building and loan associations should be picked up by the home loan bank system, refinanced and reorganized on a long-term basis, suitable to the needs of these associations."

Again, on page 422, Mr. Williams, a member of the committee, asked General Dawes the following questions:

"Mr. WILLIAMS. What is the relative position of the applications of building and loan associations, as compared to banks, and railroads, insurance companies, and other agencies under this act?

"General DAWES. So far, building and loan applications are very much smaller.

"Mr. CAMPBELL. Would that be due to the reason that Mr. Gardner mentioned, that they do not care to accept 6-months' paper?

"General DAWES. Exactly."

(5) The Couzens substitute forces a continuation of the unsatisfactory situation in which the home-financing institutions are now having to seek their relief from the Reconstruction Finance Corporation, whose agencies are officered entirely by men from the commercial banking field, many of whom are uninformed and even unsympathetic with the peculiar problems and needs of the small community home-financing institutions. The formalities of obtaining funds from the Reconstruction Finance Corporation have been found to be so burdensome that building and loan associations have spent several months in numerous cases in obtaining even much-needed short-term funds and, in general, can only go to the Reconstruction Finance Corporation under pressure of called bank loans or other extreme distress.

(6) Those who have studied the home-loan bank legislation (including committees of both Houses) feel that it will make long-term funds available to the community banking and home-financing institutions, as well as release savings to the wage earners, the class of citizen that patronizes particularly the building and loan associations and savings banks.

(7) There are a number of States in which the Reconstruction Finance Corporation for legal reasons has not been able to make any advances to building and loan associations. This has affected particularly Florida, Oklahoma, Missouri, and Pennsylvania, and there are several other States in which the matter has not yet been determined.

(8) Senator COUZENS, in presenting the substitute, indicated that there was a question of fundamental policy involved, namely, whether additional bureaus and banking organizations should be created or whether existing governmental agencies should be employed. If the Reconstruction Finance Corporation were to properly take care of this situation, it would have to establish a bureau staff equal to the organization required for the home-loan bank system.

(9) With the problems of the institutions with which the Reconstruction Finance Corporation deals, the capacities of the corporation are sorely taxed and additional functions should not be added to it, if regard is given to the public interest in serving the railroads, banks, closed banks, stock loans, crop credits, and all the financial institutions.

The experiences of the past two years emphatically indicate that some rearrangements are necessary in our banking structure. It is sound public banking policy to detach certain forms of investment banking—in this case, long-term credits on urban residential real estate—from the commercial banking structure, where the policy is necessarily that of marketability and liquidity. In this case, the Government is merely providing the vehicle through which over 11,000 building and loan associations, distributed over the whole United States, and the savings banks and other home-financing institutions may, at their own expense and under their own responsibility, as far as the 8 to 12 banks are concerned, and under the rigorous guidance and supervision of the Federal board, provide the rediscounting facilities that these institutions need in conducting their normal business. Hundreds of bank failures could have been avoided if they had not coupled real-estate mortgage lending with their normal and proper business. Similarly, hundreds of building and loan associations and like institutions would be in funds and functioning normally to-day if this reserve system for the home-financing institutions had been established earlier.

In conclusion, we urge the passage of the home loan bank bill, as perfected by the Senate Banking and Currency Committee, and insist that the proposed substitute is only a temporary makeshift and does not increase in any way the power of the Reconstruction Finance Corporation, nor does it adequately serve the existing situation.

A billion dollars is needed. The home loan bank bill merely permits the borrowing of $125,000,000 from the Reconstruction Finance Corporation funds and provides the vehicle through which the necessary assistance can be distributed, both immediately and permanently, and through which funds can be raised without burdening the Treasury. Provision is made for the retirement of the Government's advance as rapidly as eligible institutions join and take advantage of the home-loan bank system.

Congress has provided a reserve credit system for the commercial and financial interests, as well as for the agricultural interests, and the home owners are only asking through the building and loan associations that they be given similar consideration. From the point of view of the present situation, the home-owning class, constituting, as it does, the very foundation of a stable and loyal citizenry, is entitled to receive such consideration. The building and loan associations are institutions of the common people, and the home owner can best be served by providing a permanent reserve institution for their immediate use.

Mr. WATSON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WATSON. If the Senate should recess now, the home loan bank bill would be the unfinished business to-morrow, would it not?

The VICE PRESIDENT. It would be.

Mr. WATSON. And it would take precedence over a special order?

The VICE PRESIDENT. It would.

Mr. WATSON. And it would take a two-thirds vote to supplant the unfinished business by the special order?

The VICE PRESIDENT. No; a majority vote could do it.

Mr. WATSON. Very well.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COPELAND. I understand that my colleague [Mr. WAGNER] asked unanimous consent that the unfinished business be temporarily laid aside to-morrow——

The VICE PRESIDENT. The Senator is mistaken. The junior Senator from New York [Mr. WAGNER] asked unanimous consent that the bill be made a special order, which would follow the unfinished business then pending.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on July 8, 1932, the President approved and signed the following act and joint resolution:

S. 3154. An act authorizing the conveyance of certain lands to the city of Fallon, Nev.; and

S. J. Res. 148. Joint resolution to permit a compact or agreement between the States of Idaho and Wyoming respecting the disposition and apportionment of the waters of the Snake River and its tributaries, and for other purposes.

DIRECTORS OF THE RECONSTRUCTION FINANCE CORPORATION (S. DOC. NO. 136)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, referred to the Committee on Banking and Currency, and ordered to be printed:

To the Senate and House of Representatives:

Section 3 of the act creating the Reconstruction Finance Corporation provides:

> The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, or in his absence, the Under Secretary of the Treasury, the governor of the Federal Reserve Board, and the Farm Loan Commissioner, who shall be members ex officio, and four other persons appointed by the President of the United States, by and with the advice and consent of the Senate. Of the seven members of the board of directors not more than four shall be members of any one political party and not more than one shall be appointed from any one Federal reserve district.

The extraordinary heavy burdens placed upon the directors of the corporation during the past few months have resulted in the overwork especially of the ex officio members. It has within the past few days arrived at a point where there is danger of a physical breakdown among the ex officio members in their endeavor to carry dual duties.

I therefore recommend to the Congress an amendment to the act which would eliminate the governor of the Federal Reserve Board and the Farm Loan Commissioner as members ex officio when successors shall have been appointed. It is important that the Secretary of the Treasury shall remain as an ex officio member, and under the provisions for the Under Secretary to act as an alternate it offers the necessary relief. It is desirable that the Treasury should maintain its intimate association with the corporation because of the great financial problems involved in Government issues.

In order that the operations of the corporation may be conducted with certainty and public confidence, both as to its nonpartisan character and its personnel, I recommend that the number of the board be increased to eight, of whom not more than four shall belong to any one political party.

HERBERT HOOVER.

THE WHITE HOUSE, *July 11, 1932.*

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate a message from the President of the United States transmitting the nomination of a secretary in the Diplomatic Service, which was referred to the Committee on Foreign Relations.

USE OF COTTON TWINE BY POST OFFICE DEPARTMENT

Mr. CONNALLY. Mr. President, I ask unanimous consent to have printed in the RECORD a letter addressed by me to-day to J. R. McCarl, Comptroller General of the United States.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
JULY 11, 1932.

Hon. J. R. MCCARL,
Comptroller General of the United States.

MY DEAR GENERAL MCCARL: The appropriation bill for the Treasury and Post Office Departments for the fiscal year 1933 carries the following language:

"SEC. 5. In the expenditure of appropriations in this act or appropriations hereafter made, the Secretary of the Treasury in the case of the Treasury Department, and the Postmaster General in the case of the Post Office Department, shall, unless in his discretion the interest of the Government will not permit, purchase, or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable. In giving effect to this section special consideration shall be given to the domestic article where the raw material of which the article is made is grown in the United States and the article is manufactured in the United States."

This provision of law was worked out with a view to requiring the various Government departments to use products of the United States rather than foreign products, "notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable," and so forth.

In this connection I desire to call to your attention that the purchasing office of the Post Office Department has recently negotiated a tentative contract with Ludlow Sales Corporation of Boston for the purchase of 1,600,000 pounds of jute twine at a stated cost of $142,400. The purchasing office has advised me, in reply to my inquiries, that cotton twine of practically the same yardage per pound was offered to the department at a cost of about $2,000 more than the award for jute twine.

The bid for jute twine was 8.9 cents per pound with a yardage of 814 to the pound. The cotton bid was 9 cents per pound for cotton twine with a yardage of 800 to the pound. Cotton twine with 840 yards to the pound was offered at 0.915.

Since you, under the law, are vested with the power of determining the availability of Government funds in payment of charges incurred by various departments of the Government, I desire to submit this matter to you and ask for a ruling as to the power of the Post Office Department to ignore the provisions of the law above quoted, and to grossly abuse whatever discretion such act grants to the department.

The only discretion granted to the Postmaster General is determination of the question as to whether "the interest of the Government will not permit * * *." That is the only grant of discretionary power. The other clauses of the act require the purchase of articles of the growth, production, or manufacture of the United States, with the further provision that the Postmaster General shall, in giving effect to this section, give special consideration to the domestic article where the raw material of which the article is made is grown in the United States and the article is manufactured in the United States.

It may be urged that jute twine, if manufactured in the United States, would come within the terms set forth in the act. Even though that may be true, the concluding sentence in section 5 clearly indicates that it was the intent of Congress that preference should be given to articles which were both grown and manufactured in the United States. Since the cotton twine is not only manufactured in the United States but the raw material of which it is made is also of the growth of the United States, it is clear that Congress intended it should have a preference over jute or any other article which, though manufactured in the United States, is not made of material grown in the United States.

One of the high functions of your office is to protect the Treasury against expenditures not authorized or not warranted by Congress. I desire to submit to you the above facts and to urge that you withhold payment of the $142,400 to the Ludlow Sales Corporation, of Boston, on the ground that, under the facts set forth, the Post Office Department had no authority to award to such company a purchase of jute twine when cotton twine of superior quality could be purchased for not exceeding $2,000 more. I submit that such increased cost of $2,000 is not unreasonable in view of the provisions of law quoted above.

Thanking you for your attention to this matter, I am,
Sincerely,

TOM CONNALLY.

RECESS

Mr. McNARY. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 5 o'clock and 30 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, July 12, 1932, at 11 o'clock a. m.

NOMINATION

Executive nomination received by the Senate July 11, 1932

SECRETARY IN THE DIPLOMATIC SERVICE

William W. Butterworth, jr., of Louisiana, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

HOUSE OF REPRESENTATIVES

MONDAY, JULY 11, 1932

The House met at 12 o'clock noon.

Rev. Vernon Norwood Ridgely, of the Calvary Methodist Episcopal Church, offered the following prayer:

Almighty God, father of all mankind, we recognize our dependence upon Thee. In Thee we live, move, and have our being. We are grateful to Thee for the privilege and joy of living and for all the blessings which we have received from Thy bountiful hands. We acknowledge our weakness and the desires of our carnal nature. We have made mistakes, perhaps we have yielded to temptation; it may be we have openly sinned. We confess our mistakes and our manifold sins and earnestly pray that Thou wouldst forgive us, that Thou wouldst cleanse our hearts by the inspiration of Thy Holy Spirit that we may perfectly love Thee and worthily magnify Thy holy name. Guide us in all our ways by Thy spirit. Keep us from making mistakes when forming judgments and making decisions. Continue to be gracious unto us as a nation. Let Thy favor be upon us day by day. Make us a blessing to all the world. We earnestly pray Thy protection for our homes. Guard all of our interests and help us day by day to serve Thee in the interest of humanity. We ask it in the name of the Father, the Son, and the Holy Spirit. Amen.

The Journal of the proceedings of Friday, July 8, 1932, was read and approved.

CALL OF THE HOUSE

Mr. BULWINKLE. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

Mr. RAINEY. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed, the Sergeant at Arms was directed to notify absent Members, and the Clerk called the roll. The following Members failed to answer to their names:

[Roll No. 112]

Abernethy	Douglas, Ariz.	Kendall	Rayburn
Amlie	Doutrich	Kennedy	Reid, Ill.
Auf der Heide	Drane	Kerr	Romjue
Bankhead	Eaton, N. J.	Ketcham	Sabath
Beam	Estep	Lambertson	Sandlin
Beck	Evans, Mont.	Lanham	Seger
Blanton	Fernandez	Larsen	Shreve
Bohn	Finley	Lewis	Sinclair
Boylan	Fish	Lindsay	Sirovich
Brand, Ga.	Frear	Linthicum	Smith, Va.
Brand, Ohio	Freeman	Lovette	Stewart
Britten	Fulbright	McClintic, Okla.	Stokes
Buchanan	Fuller	McGugin	Swank
Buckbee	Fulmer	McKeown	Swick
Busby	Gasque	McReynolds	Swing
Cable	Gillen	Maas	Thomason
Canfield	Golder	Mansfield	Tierney
Carley	Goldsborough	May	Tilson
Carter, Calif.	Goodwin	Miller	Tucker
Cary	Greenwood	Mitchell	Underhill
Celler	Griffin	Montague	Vinson, Ga.
Chiperfield	Hardy	Moore, Ky.	Watson
Cooper, Ohio	Hart	Murphy	Weeks
Corning	Hastings	Nelson, Wis.	Williams, Tex.
Crisp	Hull, Morton D.	Oliver, N. Y.	Wingo
Crosser	Igoe	Owen	Wright
Crowther	Johnson, Ill.	Parks	Wyant
Curry	Johnson, S. Dak.	Partridge	
Davis	Johnson, Wash.	Peavey	
Dies	Keller	Ragon	

The SPEAKER. Three hundred and eleven Members have answered to their names; a quorum is present.

Mr. RAINEY. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12445) entitled "An act to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program."

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 7293, an act requesting the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway and bridge across United States military reservation at the Springfield Armory, Mass.; and

H. R. 11732, an act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 7939. An act to authorize the presentation of a distinguished-flying cross to Russell N. Boardman and John L. Polando, and Wiley Post and Harold Gatty, and for other purposes;

H. R. 10246. An act to fix the fees to be charged for the issue of domestic money orders;

H. R. 10494. An act to provide a postage charge on notices to publishers regarding undeliverable second-class matter; and

H. R. 12445. An act to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program.

ARMY APPROPRIATION BILL

Mr. COLLINS presented a conference report on the bill H. R. 7897 making appropriations for military and nonmilitary activities for the War Department for the year ending June 30, 1933, for printing under the rule.

Mr. WARREN. Mr. Speaker, I ask unanimous consent to proceed for three minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. WARREN. Mr. Speaker, on yesterday I received the following telegram from Kansas City, Kans.:

> Please send me immediately 100 copies of CONGRESSIONAL RECORD containing the Strong-Lambertson debate on Friday.

Now, Mr. Speaker, I have looked in vain through the RECORD of both Friday and Saturday and find to my astonishment that neither of the two speeches made by the distinguished statesmen from Kansas appear so far in the RECORD.

For the benefit of those Members who were not present late Friday afternoon, I may state that these two literary gems referred to were speeches by the Hon. WILLIAM P. LAMBERTSON and the Hon. JAMES G. STRONG. The House was treated to a great debate, and a valuable discussion centering chiefly around the art of injecting paraffin under a bull's hide [laughter], thereby adding to the appearance, personality, and vitality of the aforesaid bull when he was exhibited at a Kansas State fair.

Immediately after the debate was concluded, the able and astute Republican whip, the gentleman from West Virginia [Mr. BACHMANN] rushed over to his brethren from Kansas, and held close communion with them for a long time, and therefore it is fair to assume that the nonappearance of the speeches so far in the RECORD is due to Mr. BACHMANN. The two Members from Kansas are now present. I appeal to them for the entertainment and enlightenment of the House, for the benefit of their Kansas constituents, and for the general edification of the country at large, to insert those speeches in the RECORD to-day, without attempting to delete any portion of them. [Applause.]

ARMY APPROPRIATION BILL

Mr. SNELL. Mr. Speaker, may I inquire when we are to take up the conference report upon the Army appropriation bill?

The SPEAKER. That conference report was sent up to the desk a short time ago to be printed under the rule.

Mr. SNELL. I understood that they were going to ask unanimous consent that it was going to be taken up to-day.

Mr. COLLINS. Mr. Speaker, the Senate acts upon this bill first, and we will act upon it as soon thereafter as we can.

SPRINGFIELD ARMORY, MASS.

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7293) requesting the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway and bridge across the United States military reservation at Springfield Armory, Mass., with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The Clerk will report the Senate amendment.

The Clerk read as follows:

Amend the title so as to read: "An act authorizing the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway bridge across the United States military reservation at the Springfield Armory, Mass."

The SPEAKER. Is there objection?

There was no objection.

So the Senate amendment was concurred in.

ACQUISITION OF LAND ADJACENT TO BOLLING FIELD

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929, to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and ask for a conference.

The SPEAKER. The gentleman from Alabama asks unanimous consent to take from the Speaker's table the bill H. R. 11732, with a Senate amendment, disagree to the Senate amendment, and ask for a conference. Is there objection?

There was no objection.

The Chair appointed the following conferees: Mr. HILL of Alabama, Mr. FITZPATRICK, and Mr. JAMES.

ORDER OF BUSINESS

The SPEAKER. The Chair asks the attention of the House for a moment. Where a House bill has been passed, has gone to the Senate, and the Senate has amended it, the Chair thinks it is the duty of the Chair to recognize the Member in charge of the bill to ask unanimous consent for its present consideration either to go to conference or concur in the Senate amendment. If any of the gentlemen have bills under such circumstances, the Chair will recognize them for the purpose of asking unanimous consent for the consideration of the Senate amendment at this time.

DISTRICT BUSINESS—BOARD OF INDETERMINATE SENTENCE AND PAROLE

Mr. PALMISANO. Mr. Speaker, I call up the bill H. R. 10273, to establish a Board of Indeterminate Sentence and Parole for the District of Columbia, and to determine its functions, and for other purposes, and ask unanimous consent to consider in its place Senate bill 1155 of similar title and text.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, let the bill be reported.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That there shall be established in the District of Columbia a Board of Indeterminate Sentence and Parole for the penal institutions for said District, to consist of three members, residents of said District, to be appointed by the Commissioners of the District of Columbia, none of which members shall be officially connected with the prison administration in any other capacity; that of the three members first appointed after the passage of this act, one shall be appointed for three years, one for five years, and one for seven years; thereafter all appointments, except such as may be made for the remainder of unexpired terms, shall be for the term of seven years. It shall be the duty of the Board of Indeterminate Sentence and Parole to examine into the physical, mental, and moral records of the prisoners committed to the penal institutions of the District; receive reports of wardens and other officials, including the psychiatrist; recommend the treatment which, in their opinion, is most conducive to the prisoners' reformation; and provide for a system of determining the proper time of release and the rehabilitation of the ex-prisoner in the community. The board shall adopt rules and regulations for its procedure, subject to the approval of the Commissioners of the District of Columbia. The members of the board shall serve without compensation: *Provided*, That actual and necessary traveling expenses of the members of the board, incurred in the performance of duties under this act, shall be allowed and paid as herein provided.

SEC. 2. The Board of Indeterminate Sentence and Parole shall, subject to the approval of the Commissioners of the District of Columbia, appoint parole officers, in such number as shall be approved by Congress from time to time, for the penal institutions of said District, one of whom shall also act as the clerk of said Board of Indeterminate Sentence and Parole. It shall be the duty of such officers, subject to the discretion and control of said board, to perform such duties and exercise such authority as the said board may direct. Salaries and the actual and necessary traveling expenses of each such parole officer shall be paid out of the appropriation for the maintenance of the penal institution to which he is assigned and receive compensation in accordance with the rates established by the personnel classification act of 1923. (All other necessary expenses incurred in the administration of this act shall be paid out of the appropriations for the penal institutions from which prisoners are paroled, and such appropriations are hereby made available therefor.)

SEC. 3. That hereafter, in imposing sentence on a person convicted in the District of Columbia of a felony, the justice or judge of the court imposing such sentence shall sentence the person for a maximum period, not exceeding the maximum fixed by law, and for a minimum period not exceeding one-fifth of the maximum period fixed by law, and any person so convicted and sentenced may be released on parole as herein provided at any time after having served the minimum sentence: *Provided, however*, That this act shall not abrogate the power of the justice or judge to sentence a convicted prisoner to the death penalty as now or hereafter may be provided by law: *Provided further*, That where a justice or a judge of the Supreme Court of the District of Columbia has imposed a life sentence on the prisoner convicted in the District of Columbia, said prisoner serving such sentence shall be eligible to parole as herein provided at any time after having served 15 years of his life's sentence.

SEC. 4. That whenever, within the limitations of section 3 of this act, it shall appear to the Board of Indeterminate Sentence and Parole, from the reports of the prisoner's work and conduct which may be received in accordance with the rules and regulations prescribed, and from the study and examination made by the board itself, that any prisoner serving an indeterminate sentence is fitted by his training for release, that there is a reasonable probability that such a prisoner will live and remain at liberty without violating the law, and in the opinion of the board such release is not incompatible with the welfare of society, said Board of Indeterminate Sentence and Parole may, in its discretion, authorize the release of such prisoner on parole, and he shall be allowed to go on parole, outside of said prison, and in the discretion of the board to return to his home upon such terms and conditions, including personal reports from said paroled prisoner, as said Board of Indeterminate Sentence and Parole shall prescribe, and to remain, while on parole, in the legal custody and under the control of the superintendent of the institution from which the prisoner may have been paroled, until the expiration of the maximum of the term or terms specified in his sentence, less such good-time allowance as is, or may hereinafter be, provided by law; and the said board shall in every parole fix the limits of the residence of such person paroled, which limits, however, may be thereafter changed in the discretion of the board.

SEC. 5. If said Board of Indeterminate Sentence and Parole, or any member thereof, shall have reliable information that a prisoner has violated his parole, said board, or any member thereof, at any time within the term or terms of the prisoner's sentence, may issue a warrant to any officer hereinafter authorized to execute the same for the retaking of such prisoner. Any officer of the penal institution from which such prisoner shall have been paroled or any Federal officer authorized to serve criminal process within the United States to whom such warrant shall be delivered is authorized and required to execute such warrant by taking such prisoner and returning him to said penal institution.

SEC. 6. At the next meeting of the Board of Indeterminate Sentence and Parole held after the issuing of a warrant for the retaking of any paroled prisoner, said board shall be notified thereof, and if such prisoner shall have been returned to the institution, he shall be given an opportunity to appear before said Board of Indeterminate Sentence and Parole, and the said board may then, or at any time in its discretion, revoke the order and terminate such parole or modify the terms and conditions thereof and if such order of parole be revoked and the parole so terminated the said prisoner shall serve the remainder of the sentence originally imposed, the unexpired term of imprisonment of any such prisoner to begin to run from the date he is returned to the institution, and time the prisoner was out on parole shall not be taken into account to diminish the time for which he was sentenced: *Provided*, That the parole board, at its discretion, may afterwards grant a new parole to said prisoner, in the event said board should deem it advisable.

SEC. 7. That all acts or parts of acts inconsistent with the provisions of the act are hereby repealed: *Provided, however*, That for any felony committed before this act takes effect, the penalty,

sentence, or forfeiture provided by law for such felony at the time such felony was committed shall remain in full force and effect and shall be imposed, notwithstanding this act.

SEC. 8. Any person confined in a penal institution of the District of Columbia who escapes or attempts to escape therefrom, or any person who procures, advises, connives at, aids, or assists in such escape, or conceals any such prisoner after such escape, shall be guilty of an offense and upon conviction thereof in any court of the United States shall be punished by imprisonment for not more than five years, said sentence to begin, if the convicted person be an escaped prisoner, upon the expiration of the original sentence.

SEC. 9. Upon the appointment of the members of said board the powers of the existing parole board over prisoners confined in the penal institutions of the District of Columbia shall cease and determine and all the powers of said existing parole board under the authority of the act of Congress approved June 25, 1910, entitled "An act to parole United States prisoners, and for other purposes," as amended, over said prisoners confined in the penal institutions of the District of Columbia shall be transferred to and vested in said board of indeterminate sentence and parole: *Provided, however*, That in the case of a prisoner convicted of felony committed prior to the effective date of this act, and in the case of any prisoner convicted of misdemeanor when the aggregate sentence imposed is in excess of one year, said board of indeterminate sentence and parole may parole said prisoner, under the provisions of this act, after said prisoner has served one-fifth of the sentence imposed.

Mr. STAFFORD. Mr. Speaker, I ask that this bill may be withdrawn temporarily.

The SPEAKER. This bill, as the Chair understands it, is an exact copy of the House bill.

Mr. PALMISANO. Yes.

The SPEAKER. The gentleman from Maryland has the right to call up the House bill. The only question is whether we shall consider the Senate bill instead of the House bill. The Chair will recognize the gentleman to call up the House bill as a matter of right.

Mr. PALMISANO. Mr. Speaker, I call up the bill H. R. 10273.

The SPEAKER. Does the gentleman from Wisconsin wish to consider that bill or the Senate bill?

Mr. STAFFORD. I prefer to have the House bill considered, and after its completion, to then substitute the Senate bill.

The SPEAKER. This bill is on the Union Calendar.

Mr. PALMISANO. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10273) to establish a Board of Indeterminate Sentence and Parole for the District of Columbia, and to determinate its functions, and for other purposes.

Mr. BLACK. Mr. Speaker, I ask unanimous consent in connection with that that general debate be limited to 40 minutes, 20 minutes on a side.

The SPEAKER. The gentleman from New York asks unanimous consent that general debate be limited to 40 minutes. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Maryland that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10273.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10273, with Mr. BLOOM in the chair.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mrs. NORTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, this bill provides for the District of Columbia Board of Parole and Indeterminate Sentence.

I introduced the House bill. It came to me from the National Committee on Prisons and Prison Labor. It is heartily indorsed by the General Federation of Women's Clubs. It is indorsed by the Department of Justice. It is indorsed by the District Commissioners, and it also has the indorsement of the District of Columbia Chamber of Commerce.

There is a great deal of confusion existing in the District concerning the application of the parole system. At the present time prisoners sentenced for offenses against the District of Columbia are subject to the jurisdiction of the Federal parole board.

The prisoners, in many cases, sentenced for District offenses, are confined in Federal institutions at Federal expense. The Federal parole board has enough to do with the great number of Federal cases that are submitted to it as to the merits of the parole applications, and prisoners of the District of Columbia are not given the consideration which their cases demand. The Federal board tries to pass on these District cases. The Federal board is confronted with all Federal cases, and the Department of Justice urges Congress to relieve the Federal board and the Department of Justice from the disposition of District parole cases.

In the District of Columbia we do not have the indeterminate sentence. This bill provides that a judge in sentencing a man shall give him a maximum as now fixed by law, and a minimum which shall be, in the case of the House bill, one-third of the maximum; in the case of the Senate bill, one-fifth of the maximum. That is the provision in felony cases. If this bill passes, hereafter in the District of Columbia a judge sentencing a man for a felony shall give a minimum and maximum sentence, and if the House bill passes, the minimum shall be one-third of the maximum; if the Senate bill passes, the minimum shall be one-fifth of the maximum. On the expiration of the minimum sentence the parole board will have a right to consider the application of the prisoner for parole. In the Federal jurisdiction, when a man has served one-third of his sentence, he is eligible to make parole application. Of course, it does not mean that because the minimum time has expired he will be freed, but it does mean that there will be a scientific study made of his case, of the man's character, of the effect prison servitude has had upon him, of the circumstances surrounding the crime, and if it is in the interest of society that the man be paroled, then he will be paroled.

A parole does not mean absolute freedom, as you all know. It means there will be supervision over the man paroled by a Government official. He will be required to report. There will be a check upon his activities; there will be a check so as to ascertain whether or not he actually reforms.

In the case of misdemeanors, the parole application shall not be eligible until six months have passed. I am told in the case of misdemeanors in the District of Columbia there are some people in the District who are sentenced for a misdemeanor and spend three or four months in jail; then they are out three or four months and then they go back in for three or four months, and they have a round of life like that.

These people who are honestly interested in prison reform say this is due to the fact that once they are free from prison they have no kind of supervision, and I am told this bill will furnish the supervision which will help the unfortunates to go straight.

My idea is that we should pass the Senate bill. At the proper time I shall offer amendments to the House bill to make it conform to the Senate bill.

Mr. STAFFORD. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. STAFFORD. I have not had time to examine the Senate bill, although I have examined closely the House bill, which contains various amendments. Can the gentleman inform the committee whether the Senate bill as it passed the Senate is in the form of the House bill as originally introduced, or did it carry any amendment proposed by the House committee?

Mr. BLACK. As the bill passed the Senate it conforms practically with the House bill as I introduced it, but the Committee on the District of Columbia amended the House bill, and the main point of difference between the Senate and the House is on the period of the minimum sentence. The

Senate insists on one-fifth and the House committee said one-third. One-third is the Federal law. I acceded to that amendment in the District Committee.

Mr. STAFFORD. Will the gentleman yield further?

Mr. BLACK. I yield; surely.

Mr. STAFFORD. Is it the plan of the Committee on the District of Columbia to consider the Senate bill, to offer various amendments of the committee to the Senate bill?

Mr. BLACK. I had rather hoped that we would consider the Senate bill and we would not have to do all of that amending, but in the present situation I suppose that is what we will be compelled to do unless the gentleman can help us out some way.

Mr. STAFFORD. Is it the purpose of the Committee on the District of Columbia to offer the various committee amendments to the Senate bill?

Mr. BLACK. Yes. We want the Senate bill.

Mr. STAFFORD. Then I would suggest to the lady from New Jersey that as soon as the gentleman completes the time for general debate the lady from New Jersey move that the committee rise, and then ask unanimous consent that the Senate bill be considered in lieu of the House bill.

Mr. MOUSER. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. MOUSER. The gentleman is not going to recede from the provision of the bill with reference to minimum sentence, is he?

Mr. BLACK. Yes. We want to.

Mr. MOUSER. For what reason?

Mr. BLACK. In the first place, these people who have given study to the subject, namely, the Department of Justice, this reform group, and the man at the head of local prisons, Captain Barnard, and others, thought that one-fifth was the proper minimum.

Mr. MOUSER. The committee had their suggestion on it.

Mr. BLACK. We had their suggestion on it, and the bill was drawn by these people. The bill has passed the Senate and in this form is acceptable to the committee.

Mr. MOUSER. This will expedite passage.

Mr. BLACK. Yes. It will take more time to amend the House bill than it will to pass the Senate bill.

Mrs. NORTON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to. Accordingly, the committee rose, and Mr. WOODRUM, having assumed the chair as Speaker pro tempore, Mr. BLOOM, chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10273) and had come to no resolution thereon.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the Senate bill (S. 1155) to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes, be substituted for the House bill, H. R. 10273, and that the Senate bill be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That there shall be established in the District of Columbia a Board of Indeterminate Sentence and Parole for the penal institutions for said District, to consist of three members, residents of said District, to be appointed by the Commissioners of the District of Columbia, none of which members shall be officially connected with the prison administration in any other capacity; that of the three members first appointed after the passage of this act, one shall be appointed for three years, one for five years, and one for seven years; thereafter all appointments, except such as may be made for the remainder of unexpired terms, shall be for the term of seven years. It shall be the duty of the Board of Indeterminate Sentence and Parole to examine into the physical, mental, and moral records of the prisoners committed to the penal institutions of the District; receive reports of wardens and other officials, including the psychiatrist; recommend the treatment which in their opinion is most conducive to the prisoners' reformation; and provide for a system of determining the proper time of release and the rehabilitation of the ex-prisoner in the community. The board shall adopt rules and regulations for its procedure, subject to the approval of the Commissioners of the District of Columbia. The members of the board shall serve without compensation: *Provided*, That actual and necessary traveling expenses of the members of the board, incurred in the performance of duties under this act, shall be allowed and paid as herein provided.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word.

A parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore (Mr. WOODRUM). The gentleman will state it.

Mr. STAFFORD. Was the request of the gentlewoman from New Jersey that the bill be considered in the House as in Committee of the Whole submitted?

Mrs. NORTON. That was my request.

Mr. STAFFORD. Then, as I understand, the bill is now being read for amendment?

The SPEAKER pro tempore. The gentleman is correct.

Mr. STAFFORD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. STAFFORD. Has any action been taken on the committee amendments to section 1?

The SPEAKER pro tempore. There has been no committee amendment offered to section 1.

Mr. STAFFORD. The copy of the bill I have is a copy of the Senate bill as it was reported to the Senate. I should like to inquire whether the Senate bill contains any of the amendments proposed by the House to the House bill?

Mr. BLACK. As I understand, the only point of difference between the two bills is the proportionate time of the minimum sentence.

Mr. STAFFORD. I notice, Mr. Speaker, the Senate bill does contain one of the amendments that was reported by the House in that instead of the word "alienist" the word "psychiatrist" is substituted.

Mr. Speaker, I withdraw the pro forma amendment.

The Clerk read as follows:

SEC. 3. That hereafter, in imposing sentence on a person convicted in the District of Columbia of a felony, the justice or judge of the court imposing such sentence shall sentence the person for a maximum period, not exceeding the maximum fixed by law, and for a minimum period not exceeding one-fifth of the maximum period fixed by law, and any person so convicted and sentenced may be released on parole as herein provided at any time after having served the minimum sentence: *Provided, however*, That this act shall not abrogate the power of the justice or judge to sentence a convicted prisoner to the death penalty as now or hereafter may be provided by law: *Provided further*, That where a justice or a judge of the Supreme Court of the District of Columbia has imposed a life sentence on the prisoner convicted in the District of Columbia, said prisoner serving such sentence shall be eligible to parole as herein provided at any time after having served 15 years of his life's sentence.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I assume the gentleman from New York wishes to offer an amendment to strike out "one-fifth" and insert "one-third."

Mr. BLACK. No; I do not. The intention of the House committee now is to accept the Senate's idea of one-fifth.

Mr. STAFFORD. So the gentleman has changed front since he made his previous statement?

Mr. BLACK. No; I have not. I do not think the gentleman understood me.

Mr. STAFFORD. There is no doubt but what I did not understand the gentleman.

Mr. BLACK. I said that originally the House bill contained the figure "one-fifth." The House committee amended this to "one-third." In reply to a question of the gentleman from Ohio [Mr. MOUSER] I stated that the committee wanted to take the Senate's amendments largely for the sake of expedition, and because those who favored the bill favored the Senate's idea.

Mr. BOWMAN. One-fifth instead of one-third.

Mr. BLACK. Yes.

Mr. STAFFORD. It is not planned to offer any amendment to the Senate bill, then, is it?

Mr. BLACK. It is not.

Mr. STAFFORD. I made inquiry as to whether it was the purpose of the committee to offer the committee amendments, and I received an affirmative reply.

Mr. BLACK. That was to the House bill. We were then considering the House bill, and we were then trying to make the House bill by amendment conform with the Senate bill.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 5. If said Board of Indeterminate Sentence and Parole, or any member thereof, shall have reliable information that a prisoner has violated his parole, said board, or any member thereof, at any time within the term or terms of the prisoner's sentence, may issue a warrant to any officer hereinafter authorized to execute the same for the retaking of such prisoner. Any officer of the penal institution from which such prisoner shall have been paroled or any Federal officer authorized to serve criminal process within the United States to whom such warrant shall be delivered is authorized and required to execute such warrant by taking such prisoner and returning him to said penal institution.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word. I think the House will be interested in a very important provision in this bill that makes it mandatory upon the parole board to parole life prisoners after the service of 15 years. There is no discretion, as I read the bill, in the parole board which gives them any privilege of keeping a prisoner in confinement, but this bill mandatorily compels them to give them freedom under parole after the service of 15 years. I rise to inquire whether there is any similar legislation in any other State of the Union granting parole to life prisoners after the service of 15 years. I am basing my inquiry on the provision contained in section 3, which makes it mandatory upon the parole board to parole a life prisoner after the service of 15 years.

Mr. BLACK. The gentleman, I am sure, does not hold that the bill makes it mandatory that such a man be granted a parole but that the bill provides he shall be eligible for parole.

Mr. STAFFORD. I stand corrected. Can the gentleman inform the House whether other States have any similar legislation so far as life prisoners are concerned?

Mr. BLACK. I honestly can not. I do not know of any. I do not think our State does. I want to say to the gentleman that there has been such a bad reaction from the viewpoint of society against life sentences that in New York State they are about to repeal some of these very rigorous sentences as provided under the Baumes law. It is considered that society has not been benefited by such rigorous procedure, but that such laws have brought about more criminals, and all that sort of thing.

Mr. STAFFORD. I was not referring to the Baumes law, which provides that when a person has committed the fourth offense he shall be imprisoned for life. That is true not only in New York but in Michigan, where they copied the same provision of law. There has been a righteous protest against that impractical method of imposing life sentence upon a person who commits a misdemeanor or a minor felony.

Mr. MOUSER. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. MOUSER. I did not hear the reply of the gentleman from New York about making this mandatory.

Mr. STAFFORD. I was in error. It is that he shall be eligible for parole.

Mr. KELLER. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. KELLER. As I understand, the protest was not against that law, but it arose in a prohibition case and not from a real crime as we have ordinarily understood it. Is there any contrary opinion as to that law on ordinary crimes?

Mr. STAFFORD. It applies not only to prohibition offenses, but it applies to all crimes. It is these insignificant cases which bring out very pointedly the injustice of imposing life imprisonment upon a person who happens to commit an offense on the fourth occasion. There is no justification for imposing a life sentence upon a person who has simply committed a crime of minor importance for the fourth time.

Mr. KELLER. Is there any justification for turning loose an habitual criminal?

Mr. STAFFORD. Not at all; but take, for instance, the administration in the Army and Navy. The attention of the Committee on Military Affairs has been called to many instances where an enlisted man has been guilty of minor infractions, of drunkenness and going away for a short time without leave, and in such cases very harsh sentences have been imposed. Those cases do not warrant the imposition of life imprisonment.

Mr. KELLER. That is not a crime.

Mr. STAFFORD. That was a fanatical provision supported by fanatics. It has been clearly proven it is the result of the work of fanatics.

Mr. KELLER. I do not agree with that conclusion.

Mr. STAFFORD. The gentleman from Illinois says he does not agree with that conclusion, but there are any number of cases where it carries them to that ridiculous extreme, the punishment of a man for life simply because he has been guilty, perhaps, of four times committing a minor offense. Such punishment does not fit the crime.

Under the law the judges should be given discretion to determine what the punishment should be. The modern theory is that it should be left to the judges to determine the punishment. The Baumes law and the Michigan law, which followed in its wake, made the punishment mandatory and took away the discretion of the judges. That law provided that life imprisonment should be imposed if a man committed a crime the fourth time, no matter what the crime might be.

[Here the gavel fell.]

Mr. MOUSER. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MOUSER. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. MOUSER. Does not the gentleman think that if a prisoner's behavior was good and he had a good record for 15 years that under this language it would be the duty of the parole board to parole him?

Mr. STAFFORD. I subscribe to the provision in this bill which makes it mandatory upon the board to consider whether he is entitled to parole. If a man has a very bad record and he is criminally inclined, perhaps it is better for society that he be kept in prison.

Mr. MOUSER. I agree with the gentleman that this language is not mandatory that they grant a parole, but does not the gentleman think, in view of the language, that if a man's record has been good for 15 years it would be the duty of the board to act favorably upon his application for parole?

Mr. STAFFORD. It is the duty of the board to consider whether he is entitled to parole, as this bill provides.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 8. Any person confined in a penal institution of the District of Columbia who escapes or attempts to escape therefrom, or any person who procures, advises, connives at, aids, or assists in such escape, or conceals any such prisoner after such escape, shall be guilty of an offense and upon conviction thereof in any court of the United States shall be punished by imprisonment for not more than five years, said sentence to begin, if the convicted person be an escaped prisoner, upon the expiration of the original sentence.

Mr. LAGUARDIA. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, this bill is quite in keeping with the modern methods of treating the punishment of crime. The bill is carefully drawn and I believe has taken advantage of the experience in many States.

This still leaves us with the question of whether prison is the solution of our criminal problems, and it also brings to mind very forcefully, in this particular period, how the public attitude—or may I say the legislative mind—has been accustomed to the necessity of providing penal accommo-

dation, and yet will recoil and hesitate if demand is made for the same kind of accommodation based upon need rather than crime. For instance, if an individual walks down Pennsylvania Avenue and deliberately takes a brick, throws it into a jeweler's window, and reaches in and takes a handful of jewelry, the law provides that he shall be taken into custody, given a fair and impartial trial, and, after conviction, we provide for his accommodation, housing, shelter, clothing, food, medical treatment, and, in most penal institutions, recreation and education. Yet another individual, not criminally inclined but unemployed may walk up and down Pennsylvania Avenue until he drops from starvation, and if we suggest that in the event of unemployment, where a citizen becomes in need and is entirely destitute, the State shall make provision for his care, we are immediately confronted with all sorts of constitutional objections, theories of government, and sometimes, from very high sources, with slogans of "rugged individualism."

There is no objection to this bill. Crime, unfortunately, is on the increase. I believe if we separate the crimes of violence, crimes of passion, and would make a careful analysis, after excluding artificial crimes created by fanatical laws, we would find that a great many of the inmates of penal institutions are the victims of economic conditions.

While, of course, a parole bill for the District of Columbia is necessary, we should be devoting time and study to the prevention of crime to the extent of where crime is the result of economic conditions, beyond the control of the individual. If an individual commits a crime of violence, his act is a crime against society, and we provide punishment; but there is no provision for the crime of society against an individual, and when you have an economic condition or a depression or a financial crisis, call it whatever you will, where the willing individual is unable to find employment, is unable to obtain food and shelter for himself and his family, then society is committing a crime against him.

This may seem a little far-fetched to some of my conservative friends here to-day, but just as sure as we are sitting here, the time is not distant, after having finished a complete code of punishment for crimes of the individual against society, when we will have to provide preventive measures and cures for the present crimes of society against the individual. [Applause.]

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk concluded the reading of the bill.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H. R. 10273) was laid on the table.

PLUMBING AND GAS FITTING IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 3400) to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia," a similar House bill being on the calendar, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That sections 3 and 4 of the act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia," be, and the same are hereby, amended to read as follows:

"SEC. 3. That applicants for licenses as master plumbers and gas fitters or master gas fitters, who are citizens of the United States, must be 21 years of age, must make application in their own handwriting, and must accompany such application with a certificate as to good character signed by at least three reputable residents of the District of Columbia, two of whom shall certify that the applicants have had at least four years' experience in the plumbing and gas-fitting business.

"SEC. 4. That all renewals of existing licenses and all new licenses as a master plumber and gas fitter or master gas fitter shall be for a period of not more than one year and that the fee for such license shall be not less than $25 nor more than $50 per annum, to be fixed by the Commissioners of the District of Columbia, for a license year beginning January 1 and ending December 31. Such special license fee shall be separate from, or in addition to any contractors' or business license tax, hereafter fixed for this and similar occupations by the Commissioners of the District of Columbia according to law. Licenses issued at any time after the beginning of the year shall date from the first day of the month in which the license is issued and end on the last day of the license year, and payment shall be made of a proportional amount of the annual license fee. Any licensee may apply for and receive a license for or on behalf of any firm, copartnership, or corporation that he is a bona fide member of, or a substantial stockholder in, but all plumbing or gas fitting done pursuant to such license shall be done under the immediate personal supervision of the licensed man.

"The Commissioners of the District of Columbia or their duly authorized agent shall have the power to suspend or revoke any plumber's or gas fitter's license for a violation of the plumbing or gas-fitting regulations after a public hearing granted the licensee or after conviction in court for such violation or for conduct involving moral turpitude. This act shall become effective on the 1st day of January following its enactment."

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word. I notice in the Senate bill they have left out the provision in the House bill, after the word "business," in line 6, page 2, relating to nonresident applicants for license as master plumber. Is the committee in sympathy with the idea of making no provision for nonresident applicants for licenses?

Certainly you ought to give an opportunity for persons living outside of the District who are master plumbers, and who have occasion to bid on public works, to obtain a permit.

Mr. PALMISANO. I may state to the gentleman that starting with section 3 it says:

That applicants for licenses as master plumbers and gasfitters or master gasfitters, citizens of the United States—

And so forth.

That, of course, eliminates the objectionable feature that the gentleman speaks of. It permits citizens of the United States anywhere to make application to become master plumbers.

Mr. STAFFORD. I am not sympathetically inclined toward a bill which would require the exaction of a fee to secure a license of $25 or $50, at the ipse dixit of the Commissioners of the District. The present fee is $3. Now, you want to load down the plumbing business by requiring a master plumber to pay $25 or $50.

Will some member of the committee justify that outrageous increase, which will certainly be spread over the people of the District, when you exact that exorbitant fee, for merely exercising a master plumber's license.

Mrs. NORTON. I may say to the gentleman that this is entirely in accord with the fees paid in other businesses in the District. We find it is true in all the States.

Mr. STAFFORD. The other day we passed an omnibus bill requiring fees of various character, varying from $5 for a beauty parlor to $100 or $200 for allowing a circus to perform in the District. Here you are exacting a fee of $25 to $50, and I think it is rather exorbitant.

Mrs. NORTON. Is it not in accord with the fees paid in other States?

Mr. STAFFORD. I speak offhand as far as other States are concerned, the city I have the privilege in part to represent does not exact a fee of $25 or $50 for a master plumber's license. The purpose of the bill is to hold a little more strictly the requirements for the qualification—some persons have not had the requisite knowledge, and some people have lost their lives by reason of their negligence in the performance of duty. But this bill in its requirements goes beyond what I deem reasonable.

Mr. MOUSER. It is going to eliminate a lot of worthy people, and is a higher fee than in any place I know of.

Mr. STAFFORD. It drives out of employment many plumbers who would like to ply their trade in the District. Fifty dollars is a heavy fee for a master plumber to pay.

Mrs. NORTON. In the hearings held before the subcommittee, of which the gentleman from Maryland, Mr. PALMISANO, was chairman, there was no objection made to the amount of the fee.

Mr. MOUSER. But that is no reason why somebody should not rise to object to it on the floor of the House.

Mr. STAFFORD. It might be to the interest of a few big master plumbers to keep out some small master plumbers. When you exact a fee of $50 per annum for a man to do some small itinerant plumbing work in the District, you will be driving out a lot of people from making a living, and forcing the business into the hands of a few.

Mr. MOUSER. You are taking away the possibility of earning a livelihood.

Mr. STAFFORD. You are taking away the opportunity to earn a livelihood from many journeyman plumbers.

Mr. MOUSER. I agree with the gentleman.

Mr. STAFFORD. I do not believe that that high fee should be in the bill. The bill is all right in its general purpose, but when you come to increase the fee from $3 to $50, you are going far afield from the real purpose of the bill.

Mr. HOLMES. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. HOLMES. I think the gentleman is unduly alarmed over this situation. I know in my State, and in several States of the Union, almost all of the master plumbers pay a fee of more than $3 for a license.

Mr. STAFFORD. Does the gentleman know of any place where they pay $50?

Mr. HOLMES. I read from a letter signed by the Board of Commissioners of the District of Columbia to the chairman of the committee, Mrs. NORTON, dated January 26, 1932:

> Annual license fees for master plumbers' licenses in the eight hundred and odd cities where such licenses are issued vary from $10 to $100 per annum.

I think in my State the master plumbers' fee is $25, and the gentleman must realize that we can not promiscuously allow any man with a kit of tools to go out and handle a matter of plumbing in our respective communities, which may affect the health of the community.

Mr. MOUSER. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. MOUSER. As far as a man's fitness to perform his job is concerned the amount of money that he pays for a fee has nothing to do with that, but when you are charging him $50 a year in times like these, you are taking away the right of a great many men who are qualified plumbers to earn a livelihood.

Mr. HOLMES. The gentleman knows that a matter of $50 a year on the plumbing contracts during the year is a rather insignificant sum.

Mr. MOUSER. But what has that to do with a man's efficiency? Whether or not he can pay $50 has nothing to do with the question of the efficiency of his work.

Mr. HOLMES. I realize that.

Mr. STAFFORD. What is the burden on the District of Columbia for determining the qualifications of these master plumbers? Surely it is nothing like $50 a year, because this is going to be paid right along.

Mr. HOLMES. I think the gentleman is wrong. I think it costs that amount of money to examine these men.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. GOSS. Does the gentleman know whether they have a plumbing inspector in the District?

Mr. STAFFORD. I believe they have.

Mr. GOSS. Then all of the work done by these master plumbers has to be inspected by the plumbing inspector before the building is accepted, does it not?

Mr. MOUSER. Yes.

Mr. GOSS. Then that is the protection.

Mr. MOUSER. You do not need $50 to protect it.

Mr. GOSS. No; but it seems to me that the mere fact that we license them, after we discover whether their work is right or wrong, keeps a better check upon the matter, from the standpoint of health and safety.

Why arbitrarily tax a man out of business, especially in times like these?

Mr. BLACK. The District Commissioners try to figure the license fee to cover the actual cost of the supervision involved. That has been their policy.

Mr. PALMISANO. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. PALMISANO. What would the gentleman suggest so far as the fee is concerned? Three dollars is not sufficient to pay the expense of the fee.

Mr. STAFFORD. I should say $10.

Mr. PALMISANO. Ten to twenty-five dollars?

Mr. STAFFORD. That would be acceptable.

Mrs. NORTON. The committee will accept an amendment of that kind.

Mr. MOUSER. Will that cover the expense?

Mr. PALMISANO. It seems to me that that should take care of the expense.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment which I send to the desk.

The Clerk read as follows:

> Amendment offered by Mr. STAFFORD to the Senate bill: Page 2, line 10, strike out "$25" and insert "$10," and on page 2, line 11, strike out "$50" and insert "$25."

The SPEAKER pro tempore (Mr. WOODRUM). The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. LAGUARDIA. Mr. Speaker, I move to strike out the last word in order to make this comment, particularly to the gentleman who raised the question as to the amount of the fee. In cities where we have licensing boards for plumbers, it has not been the official fee that has been burdensome, and that kept many from getting a license, but it has been rather the unofficial fee. So let us hope that in the District of Columbia all they have to pay is the official fee. [Applause.]

The SPEAKER pro tempore. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on the following dates present to the President, for his approval, a joint resolution and bills of the House of the following titles:

On July 9, 1932:

H. J. Res. 336. Joint resolution construing section 503 (b) of the tariff act of 1930; and

H. R. 10600. An act to exempt from the quota husbands of American citizens.

On July 11, 1932:

H. R. 7939. An act to authorize the presentation of a distinguished-flying cross to Russell N. Boardman and John L. Polando, and Wiley Post and Harold Gatty, and for other purposes;

H. R. 10246. An act to fix the fees to be charged for the issue of domestic money orders;

H. R. 10494. An act to provide a postage charge on notices to publishers regarding undeliverable second-class matter; and

H. R. 12445. An act to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program.

GAME AND BIRD SANCTUARY, DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 3792) to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District, a similar House bill (H. R. 10359) being on the calendar; and I ask unanimous consent that the Senate bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

Mr. MOUSER. Mr. Speaker, I object.

The SPEAKER. Is there objection to consideration of the bill H. R. 10359 in the House as in Committee of the Whole?

MESSAGE OF THE PRESIDENT

Mr. SNELL. Mr. Speaker, I would like to ask when the Chair expects to take up the message from the President just received?

The SPEAKER. The Chair does not know what it is. It is not customary to take it up until it has been opened.

Mr. SNELL. I agree it is not customary, but will the Speaker state when he expects to take it up?

The SPEAKER. The Chair does not know. It has not yet been opened.

GAME AND BIRD SANCTUARY, DISTRICT OF COLUMBIA

Is there objection to consideration of the bill H. R. 10359 in the House as in Committee of the Whole?

There was no objection.

The Clerk read the title of the bill.

VETO MESSAGE OF THE PRESIDENT OF THE UNITED STATES ON GENERAL RELIEF BILL (H. DOC. NO. 360)

The SPEAKER. The House will suspend consideration of the bill H. R. 10359 in order to allow the Chair to lay before the House a message from the President of the United States.

Mr. SNELL. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and thirty-seven Members are present, not a quorum.

Mr. RAINEY. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 113]

Abernethy	Doutrich	Johnson, Wash.	Kendall
Amlie	Drane	Kennedy	Ragon
Auf der Heide	Estep	Kerr	Rayburn
Bankhead	Evans, Mont.	Ketcham	Reid, Ill.
Beam	Fernandez	Lanham	Romjue
Beck	Finley	Larrabee	Sabath
Blanton	Fish	Larsen	Sandlin
Bohn, Mich.	Frear	Lindsay	Shreve
Boylan	Freeman	Linthicum	Sirovich
Brand, Ga.	Fulbright	Lovette	Smith, Va.
Brand, Ohio	Fuller	McClintic, Okla.	Stewart
Brunner	Fulmer	McKeown	Stokes
Buchanan	Gasque	McReynolds	Swank
Buckbee	Gilbert	Mansfield	Swing
Busby	Gillen	May	Thomason
Cable	Golder	Miller, Ark.	Tierney
Canfield	Goldsborough	Mitchell	Tilson
Carley	Goodwin	Montague	Tucker
Cary	Greenwood	Moore, Ky.	Underhill
Celler	Griffin	Nelson, Wis.	Vinson, Ga.
Chiperfield	Hare	Oliver, N. Y.	Weeks
Cooper, Ohio	Hartley	Overton	Williams, Tex.
Corning	Hastings	Parks	Wingo
Crisp	Igoe	Partridge	Wright
Davis	Johnson, Ill.	Peavey	
Douglas, Ariz.	Johnson, S. Dak.	Polk	

The SPEAKER pro tempore [Mr. WOODRUM]. Three hundred and twenty-eight Members are present, a quorum.

Mr. RAINEY. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER pro tempore. The Chair lays before the House the following message from the President of the United States.

The Clerk read as follows:

To the House of Representatives:

I am returning herewith, without my approval, H. R. 12445, "Emergency relief and construction act of 1932."

On the 31st of May last I addressed the Senate recommending further definite and large-scale measures to aid in relief of distress and unemployment imposed upon us by the continued degeneration in the world economic situation. These proposals were made after discussion with leaders of both political parties in Congress and in endeavor to secure united nonpartisan action.

They were in brief:

1. Authorization to the Reconstruction Corporation to loan up to $300,000,000 to State governments which are unable to finance themselves to care for distress, such loans to be made upon the basis of need.

2. Authorization to the Reconstruction Finance Corporation to buy bonds or otherwise temporarily to finance public bodies and to provide part of needed loans in limited cases also to private industry, to increase employment through construction of sound self-liquidating or income-producing projects.

3. Authorization to the corporation to undertake to finance exports of agricultural products and to make loans to institutions on the security of agricultural commodities in order to assure the carrying of normal stocks and the orderly marketing of these commodities.

4. To increase authority of the corporation to issue securities by a further $1,500,000,000.

The bill now under consideration consists of three titles, of which I shall first refer to Title I and Title III:

TITLE I

As this title has been amended, it now stands in accord with my recommendation.

TITLE III

This portion of the measure proposes to expend $322,000,000 on public works. I have expressed myself at various times upon the extreme undesirability of increasing expenditure on nonproductive public works beyond the $500,000,000 of construction already in the Budget. It is an ultimate burden upon the taxpayer. It unbalances the Budget after all our efforts to attain that object. It does not accomplish the purpose in creating employment for which it is designed, as is shown by the reports of the technical heads of the bureaus concerned that the total annual direct employment under this program would be less than 100,000 out of the 8,000,000 unemployed. Strongly as I feel that this departs from sound public finance, and that it does not accomplish the purpose for which it is instituted, I am not prepared for this reason alone to withhold my assent to the bill provided there is a proper provision that (except for expenditure on public roads which is deductible from future appropriations, together with park and forest roads and trails) these works should not be initiated except on certificate of the Secretary of the Treasury that the moneys necessary for such expenditure are available, or can be obtained, without interference with current financing operations of the Government. The expression of this principle in the present bill is not in this form and is not adequate.

TITLE II

This title is the major extension of the authority of the Reconstruction Finance Corporation. The creation of the Reconstruction Finance Corporation itself was warranted only as a temporary measure to safely pass a grave national emergency which would otherwise have plunged us into destructive panic in consequence of the financial collapse in Europe. Its purpose was to preserve the credit structure of the Nation and thereby protect every individual in his employment, his farm, his bank deposits, his insurance policy, and his other savings, all of which are directly or indirectly in the safe-keeping of the great fiduciary institutions. Its authority was limited practically to loans to institutions which are under Federal or State control or regulation and affected with public interest. These functions were and are in the interest of the whole people.

Our problem now is to further widen the activities of the Reconstruction Corporation in the field of employment, and to further strengthen agriculture in such a practical fashion as will benefit the whole people, as will not damage any part of the people, and confer no special privileges upon any of the people.

So far as those portions of the proposed extension of authority to the corporation provide authorization temporarily to finance self-liquidating works up to the sum of $1,500,000,000, it is in accord with my recommendations. The section dealing with agricultural relief does not provide

for loans to sound institutions upon the security of agricultural products in order to assist in production and finance of normal holdings and stocks of these commodities and thus aid in the orderly marketing of agricultural products so sorely needed at the present time. Such action would contribute to improve price levels of farm products.

There are several secondary objections to this title with which I will not trouble the Congress, because my major objection to the measure, as now formulated, lies in the inclusion of an extraordinary extension of authority to the Reconstruction Corporation to make loans to "individuals, to trusts, estates, partnerships, corporations (public or quasi public or private), to associations, joint-stock companies, States, political subdivisions of States, municipalities, or political subdivisions thereof." The following objections are directed to this particular provision:

First. This expansion of authority of the Reconstruction Corporation would mean loans against security for any conceivable purpose on any conceivable security to anybody who wants money. It would place the Government in private business in such fashion as to violate the very principle of public relations upon which we have builded our Nation, and render insecure its very foundations. Such action would make the Reconstruction Corporation the greatest banking and money-lending institution of all history. It would constitute a gigantic centralization of banking and finance to which the American people have been properly opposed for the past 100 years. The purpose of the expansion is no longer in the spirit of solving a great major emergency but to establish a privilege whether it serves a great national end or not.

Second. One of the most serious objections is that under the provisions of this bill those amongst 16,000 municipalities and the different States that have failed courageously to meet their responsibilities and to balance their own budgets would dump their financial liabilities and problems upon the Federal Government. All proper and insuperable difficulties they may confront in providing relief for distress are fully and carefully met under other provisions in the bill.

Third. The board of directors of the Reconstruction Corporation inform me unanimously that miscellaneous loans under this provision are totally impracticable and unworkable. It would be necessary to set up a huge bureaucracy, to establish branches in every county and town in the United States. The task of organization, of finding competent personnel, would not be a matter of months but of years. Hundreds of thousands of applications representing every diversity of business and interest in the country would immediately flood the board, all of which must be passed upon by seven men. The directors would be dependent upon the ability and integrity of local committees and branch managers. Every political pressure would be assembled for particular persons. It would be within the power of these agencies to dictate the welfare of millions of people, to discriminate between competitive business at will, and to deal favor and disaster amongst them. If it be contended that these hundreds of thousands of miscellaneous loans will be used to increase employment, then an additional bureaucracy for espionage must follow up each case and assure that these funds be used for such purpose.

Fourth. The sole limitation under the bill is that loans shall be secured and that the borrowers shall not have been able to obtain loans from private institutions upon acceptable terms. This at once throws upon the corporation all the doubtful loans in the United States. It would result in every financial institution calling upon their customers whom they regard as less adequately secured to discharge their loans and to demand the money from the Government through the Reconstruction Corporation. The organization would be constantly subjected to conspiracies and raids of predatory interests, individuals, and private corporations. Huge losses and great scandals must inevitably result. It would mean the squandering of hundreds of millions of public funds to be ultimately borne by the taxpayer.

Fifth. The bill provides only the funds to the corporation which the Senate with reason deemed the minimum necessary to aid construction projects and to cover loans to the States in aid of distress. There is, therefore, no provision in the bill for any sum of money for the purpose of these miscellaneous loans. The corporation would thereby be charged with a duty impossible to carry out in practice with no additional funds with which to make loans unless the unemployment projects and the loans to the States are abandoned or seriously curtailed and the fundamental purpose of the legislation defeated.

Sixth. Under the new obligations upon the Reconstruction Corporation to finance the additional construction activities and loans to the States in addition to its present activities, it will be necessary for the corporation to place over $3,000,000,000 of securities. It can place these securities only because the credit of the United States is pledged to secure these obligations. To sell any such vast amount of securities at a time like this is a difficult-enough task, strong as is the credit of the United States, without having the credit of the Government undermined by the character of use to which it is directed that these moneys should be applied. As long as obligations of the corporation are based on wholly sound securities for self-liquidating purposes, of which early repayment is assured, there is no burden upon the taxpayer. There is an assurance of a strengthening of the economic situation. But if the funds of the corporation are to be squandered by making loans for the purposes here referred to, it will be at once evident that the credit of the Government is being misused, and it is not too much to say that if such a measure should become law it further weakens the whole economic situation by threatening the credit of the United States Government with grave consequences of disaster to our people.

CONCLUSION

This proposal violates every sound principle of public finance and of government. Never before has so dangerous a suggestion been seriously made to our country. Never before has so much power for evil been placed at the unlimited discretion of seven individuals.

In view of the short time left to the Congress for consideration of this legislation and of the urgent need for sound relief measures, the necessity of which I have on several occasions urged upon the Congress, I recommend that a compromise should be reached upon terms suggested by members of both Houses and both parties, and that the Congress should not adjourn until this is accomplished. Such compromise proposal should embrace:

First. Title I of H. R. 12445, the act now under consideration, covering provisions for loans to States in amount of $300,000,000 for the care of distress in States where needed.

Second. Title III of this act, with the provision made applicable to all parts of the title except for roads and trails, that such works shall not be initiated except on certificate of the Secretary of the Treasury that the funds necessary are available and can be obtained without interference with the current financing operations of the Government.

Third. That there should be substituted for Title II the substance of the provisions in the substitute bill introduced by Senator WAGNER and passed by the Senate, or Senate bill 4822, introduced by Senator BARBOUR, or section 4 of the substitute bill, introduced by Representative HAWLEY. Among them they provide not only loans for construction work of projects of self-liquidating character but also essential aids to agriculture.

Fourth. That the corporation be authorized to increase its issues of capital by $1,800,000,000 for these purposes.

With the utmost seriousness I urge the Congress to enact a relief measure, but I can not approve the measure before me, fraught as it is with possibilities of misfeasance and special privileges, so impracticable of administration, so dangerous to public credit, and so damaging to our whole conception of governmental relations to the people as to bring far more distress than it will cure.

HERBERT HOOVER.

THE WHITE HOUSE, *July 11, 1932.*

The SPEAKER pro tempore. The objections of the President will be spread upon the Journal.

Mr. RAINEY. Mr. Speaker, I move that the message and the bill to which it refers be referred to the Committee on Ways and Means and that the message be printed in the RECORD.

The SPEAKER pro tempore. The gentleman from Illinois, Mr. RAINEY, moves——

Mr. SNELL. Will the gentleman yield for a question?

The SPEAKER pro tempore. The Chair will state the motion first.

Mr. CHINDBLOM. Mr. Speaker, I make a point of order.

The SPEAKER pro tempore. The Chair will state the motion first, and the gentleman can make his point of order.

The gentleman from Illinois, Mr. RAINEY, moves that the veto message of the President of the United States and the bill be referred to the Committee on Ways and Means and ordered to be printed.

Mr. CHINDBLOM. Mr. Speaker, I make the point of order that the question before the House has not been stated by the Speaker pro tempore. The question prescribed by the Constitution is whether the House, upon reconsideration, will pass the bill, the veto of the President to the contrary notwithstanding; and when that question has been stated, or if it may be assumed that it was stated, I desire to prefer a parliamentary inquiry whether, under the rules of the House, I may not be recognized to move upon that question, the previous question, as a preferential motion under paragraph 4 of Rule XVI.

The SPEAKER pro tempore. The Chair understands the preferential motion in this case to be the motion which the gentleman from Illinois [Mr. RAINEY] has made, namely, a motion to refer to the committee.

Mr. CHINDBLOM. May I pursue the matter further, Mr. Speaker?

The SPEAKER pro tempore. Certainly.

Mr. CHINDBLOM. The question before the House, being that of consideration of the veto message of the President, of course is a matter of debate. Upon that reconsideration debate may be shut off by ordering the previous question.

Paragraph 4 of Rule XVI of the rules of the House provides that—

> When a question is under debate, no motion shall be received but to adjourn, to lay on the table, for the previous question (which motions shall be decided without debate), to postpone to a day certain, to refer, or to amend, or postpone indefinitely, which several motions shall have precedence in the foregoing order.

Some of those motions are not applicable to a veto message, but where they are applicable, I submit to the Chair that they have precedence in the order stated. Therefore I desire to be recognized for the purpose of moving the previous question on the question of reconsideration.

The SPEAKER pro tempore. The Chair has already recognized the gentleman from Illinois, but the Chair will consider the gentleman's point of order.

Mr. CANNON. Mr. Speaker, under the practice of the House, the question on a veto message is considered as pending, and there are three motions that are preferential. Any Member securing recognition for the purpose may move to postpone, or may move to refer, or may move to lay on the table.

Of course, a motion for the previous question is in order; but the gentleman would not be entitled to prior recognition over the Member in charge of the bill.

The SPEAKER pro tempore. The Chair thinks the gentleman from Missouri has stated the matter correctly.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. CANNON. I yield.

Mr. CHINDBLOM. The gentleman will admit that whether the gentleman from Illinois [Mr. RAINEY] is entitled to prior recognition will depend upon the nature of the gentleman's motion? If his motion is preferential, he is entitled to recognition for the purpose of making it, whether the other motion has been made prior to his or not.

Mr. CANNON. The motion to refer is preferential; the motion has been made by the Member in charge, and the motion is therefore before the House.

Mr. RAINEY. Mr. Speaker, I move the previous question on my motion.

Mr. CHINDBLOM. What does the gentleman say as to my application of paragraph 4 of Rule XVI?

Mr. CANNON. The gentleman from Illinois [Mr. RAINEY], representing the Committee on Ways and Means, is entitled to prior recognition to move to refer, and on that motion he also is entitled to prior recognition to demand the previous question.

The SPEAKER pro tempore (Mr. WOODRUM). The Chair is ready to rule.

The Chair thinks that under the rules of the House, the gentleman from Illinois has a right to make a preferential motion to refer to a committee. On that motion the gentleman has the right to control one hour of time or the right to move the previous question. The gentleman has been recognized and has now moved the previous question.

Mr. SNELL. Will the gentleman from Illinois [Mr. RAINEY] yield for a question before the motion is put?

Mr. RAINEY. I yield.

Mr. SNELL. Do I understand the attitude of the majority in making this motion is that this bill is killed for this session and there will be no further move to pass it over the presidential veto?

Mr. RAINEY. No; that is not the attitude at all. The attitude is to stop unnecessary debate on the floor. We have debated it at great length. We wish to put up to the committee the question of sending here a bill complying with the President's suggestions, if possible. [Applause.]

The SPEAKER pro tempore. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Illinois.

The motion was agreed to.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a bill and joint resolution of the House of the following titles:

H. R. 2704. An act for the relief of Charles Lamkin; and

H. J. Res. 361. Joint resolution to authorize the Surgeon General of the United States Public Health Service to make a survey as to the existing facilities for the protection of the public health in the care and treatment of leprous persons in the Territory of Hawaii, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11897) entitled "An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes."

GAME AND BIRD SANCTUARY, DISTRICT OF COLUMBIA

Mr. MOUSER. Mr. Speaker——

The SPEAKER pro tempore. For what purpose does the gentleman rise?

Mr. MOUSER. Mr. Speaker, I did not understand the nature of the legislation the gentlewoman from New Jersey called up for present consideration a moment ago, to which I objected.

I withdraw my objection and wish to say I am heartily in favor of this bill which protects wild life along the Potomac River, and I want to congratulate the gentlewoman from New Jersey upon bringing it in.

Mr. Speaker, I ask unanimous consent to withdraw my objection to the present consideration of the bill.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 2792) to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild

animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District, and ask unanimous consent that it may be considered in lieu of the House bill.

The SPEAKER pro tempore. The gentlewoman from New Jersey calls up a bill which the Clerk will report.

The Clerk read the title of the bill.

Mr. GOSS. I reserve the right to object for the purpose of making an inquiry. Will the gentlewoman from New Jersey advise me if the bill prohibits the hunting of all wild life on the Potomac River?

Mrs. NORTON. Yes.

Mr. GOSS. Do I understand there will be no hunting allowed on the Potomac River and its tributaries?

Mrs. NORTON. Is it not a fact there never has been much hunting on the Potomac River?

Mr. GOSS. Oh, no. There are many duck blinds on the river below the District of Columbia.

Mrs. NORTON. This bill does not apply to the river below the District of Columbia.

Mr. GOSS. That is what I am trying to get at. This bill just applies to the District of Columbia?

Mrs. NORTON. Yes; just to the District of Columbia.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 5 of the act of June 30, 1906 (34 Stat. 808), entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," is hereby amended by striking out the words "with any boat propelled by any means other than oars," so that the said section as amended shall read as follows:

"SEC. 5. That no person in the District of Columbia shall at any time hunt, pursue, or needlessly disturb any wild duck, goose, or other waterfowl, in any of the waters of the District of Columbia, under penalty of $10 or imprisonment in the workhouse for not more than 30 days, or both, for each offense."

SEC. 2. That section 6 of the said act of June 30, 1906, is hereby amended by striking out the words: "But nothing in this act shall prevent the hunting of game birds on the marshes of the Anacostia River, or Eastern Branch, north of the Anacostia Bridge, and on the marshes on the Virginia shore of the Potomac River east of the Aqueduct Bridge: *Provided*, That said birds are not hunted within 200 yards of any bridge or dwelling," so that said section as amended shall read as follows:

"SEC. 6. That all acts or parts of acts inconsistent herewith be, and the same are hereby, repealed."

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H. R. 10359) was laid on the table.

NATIONAL ISSUES

Mr. GARRETT. Mr. Speaker, I have been requested to come to the Committee on Rules, which is considering a matter of great importance. I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GARRETT. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following recent statement made to my constituency:

I had entertained the hope that Congress would conclude its legislative program and adjourn in time for me to return home and give my people a personal account of my stewardship as their public servant.

At this time it looks improbable that Congress will adjourn in time for me to carry out this much-desired plan.

10,000,000 JOBLESS MEN

With 10,000,000 men walking the streets and highways of our country out of work and important legislation pending before Congress to provide for their relief, I can not get my consent to leave my post of labor here and come home to work for my renomination when I feel it is my plain duty to stay on the job and work to help the people who have elected me as their representative.

NATIONAL DEMOCRACY

The Democratic Party of the Nation has met in convention at Chicago, declared its platform, and selected its candidates by nominating Gov. Franklin D. Roosevelt, of New York, for President and our own Speaker of the House of Representatives, Hon. JOHN N. GARNER, of Texas, for Vice President.

There will, no doubt, be many who will be of the opinion that the party in its platform went farther than was necessary in declaring for the repeal of the eighteenth amendment instead of declaring for the resubmission of the eighteenth amendment to the States.

DEMOCRATS OF TEXAS WILL SETTLE QUESTION

However, this question will not very greatly disturb the Democracy of Texas at this time for the reason that the Democrats in Texas have decided for the time being to settle the question for themselves in their own way.

When the Democratic executive committee of Texas decided to place the referendum of the eighteenth amendment on the primary ballot on the 23d of July it thereby gave the Democratic men and women of Texas the right to express themselves directly on the question of whether or not they favor a referendum of the repeal of the eighteenth amendment.

EQUIVALENT TO INSTRUCTIONS

This action will give to every Congressman from the State of Texas direct information as to the express wishes of his constituents as to how they wish him to vote on this question when it comes before the next Congress.

Upon a former occasion I publicly stated my views regarding the July primary referendum of the eighteenth amendment.

No one can question the inherent right of the people to alter, change, or amend their fundamental law as the necessities and conditions of the times require.

My position upon the prohibition question for the past quarter of a century in Texas is so well known that comment with reference to the same is unnecessary.

I have always believed, and believe now, that the sale and manufacture of alcoholic liquors, and their dispensation through the open saloon is one of the worst enemies of the human race; and should I now declare otherwise I would be untrue to my own ideals and unworthy of the confidence and trust of my people.

The question of prohibition of the manufacture and sale of intoxicating liquors, either State or National, should never become a political question to be used as a yardstick to measure the usefulness of men for public service. This was my position in my first race for Congress from the State at large of Texas in 1912, and it is my position to-day.

Prohibition is a great moral and economic question that belongs to the people themselves, and they should have the right to determine for themselves whether or not they wish the manufacture and sale of alcoholic liquors prohibited or permitted in their country under laws and regulations set up by their own legislative authority.

Therefore, in keeping with my former statement and without surrendering the convictions of a lifetime upon this subject, but yielding alone to a direct mandate from my people, I repeat that I am willing for my constituents to pass on this or any other question for themselves; and should a majority of the Democratic men and women of my district vote for the resubmission of the eighteenth amendment in the July primaries if I am returned to Congress, I will feel that I am in duty bound, as their representative, to respect and obey their will, and I will do so when the matter comes up before Congress for action by casting my vote in obedience to the will of my people as expressed at the ballot box.

BEGAN SERVICE UNDER PRESIDENT WOODROW WILSON

I shall always be grateful to the Democrats of Texas for the honor they conferred upon me in 1912, by nominating me for Congressman at large from the State, thereby permitting me to begin my public service under the leadership of that great President, Woodrow Wilson.

WILSON LEADERSHIP

Under the matchless leadership of President Wilson the Sixty-third and Sixty-fifth Congresses enacted a forward-looking progressive and constructive legislative program in the interest of all the people that stands without a parallel in the history of this Republic—I shall always be glad that I was permitted to play my humble part of helpfulness in those days and that time.

REPRESENTING EIGHTH DISTRICT

Since I have had the honor to represent the eighth district it has been my one purpose to serve all the people in every walk of life without regard to class or creed, devoting myself wholeheartedly to the service of all.

HOUSTON

Since I have been the direct representative of the eighth district I believe I can truthfully say, without boasting, that I have guarded well every interest of our great and growing city, and have done as much for the development of all her industries, including our great ship channel, as any man that ever represented this district in Congress.

EX-SERVICE MEN

No greater patriotic devotion hath any man than this—to offer his life for his country—no greater duty hath any Government than this—to care for its disabled soldiers, their widows, and orphans.

My flesh and my blood were in the World War, and those boys who offered their lives as a living sacrifice to their country are my heroes of yesterday.

BONUS BILL

In view of what the Government is doing for the railroads, banks, insurance companies, and the vast sums of money it has loaned to them during these perilous times, I thought it was

nothing but the plain duty of the Government to mature the adjusted-compensation certificates of the World War veterans and pay them now. Therefore, I voted to pay the bonus now. It has been a pleasure to me to serve the veterans of all wars.

I have handled over 2,000 compensation cases of World War veterans before the Veterans' Bureau, recovering many thousands of dollars for them, their widows, and children that they would never have received.

SPANISH WAR VETERANS

I have secured pensions for over 500 Spanish War veterans.

WOMAN SUFFRAGE

It was by my vote in the Sixty-fifth Congress that the nineteenth amendment to the Federal Constitution, giving to our womenfolk the right to vote, was adopted. Had I been absent upon this occasion our women would not be voting to-day, as the amendment was adopted by one vote.

LABOR RECORD 100 PER CENT

I am willing for the labor people themselves to tell you how I have stood by them and how I have voted for all legislation having for its purpose the betterment of working and living conditions for laboring men and women everywhere. Ask any man or woman of any labor craft in Houston—he will tell you.

LAND-LOAN BANK

I supported the Federal land-loan bank law whereby our farmers have been able to borrow money at a low rate of interest to aid them in buying a home and otherwise assist them in carrying on their agricultural activities.

HOME LOAN BILL

I joined in helping to secure a favorable report from my Committee on Rules at the present session of Congress on a rule for the immediate consideration of the Federal home loan bank bill, which is intended to aid the people living in cities and towns to buy a home on long time and at low interest. I voted for this bill. It passed the House and is now pending in the Senate.

FARMERS—DAIRYMEN—TRUCK GROWERS

I have been the steadfast friend of the farmers, cattlemen, dairymen, and truck growers, and have earnestly insisted that the Government extend to them the same consideration and financial aid that it is so generously extending to others in these dark hours of depression.

MORATORIUM AND CANCELLATION OF FOREIGN DEBTS

There is much agitation throughout the country to-day for a general moratorium or cancellation of the debts owing the United States by foreign countries on account of the World War.

During the present session of Congress a moratorium of the interest due the United States on all foreign debts to the amount of over $250,000,000 owing us by our allies in the World War was granted by a resolution passed by Congress.

In my opinion this action was indefensible. I have consistently opposed the reduction of debts owing our country by foreign nations, and I shall continue to oppose any legislation looking to the reduction or cancellation of this indebtedness.

ECONOMY AND RELIEF

I have voted for the reduction of governmental expenses to the minimum, including the reduction of my own salary and allowances just in the same proportion that other governmental employees have been reduced.

CONCLUSION

My friends, our country is in the midst of a terrible economic depression—unequaled in the memory of anyone now living—the produce of our farms, gardens, and dairies selling far below the cost of production, while millions of our people are out of employment and hungry, and our warehouses and factories are crowded with surplus goods, but on account of our shortsighted tariff policy the nations of the earth who once traded with us freely are now closing their doors in our face and penalizing our people by levying high tariffs upon our exports. Will we not have to put the Golden Rule of "Do unto others as you would have them do unto you" in business as a part of our foreign-trade policy?

In conclusion, my friends, may I say the Democratic House of Representatives is doing all it can to help relieve the distressed situation that hangs over our country like a pall.

It is my intention to stay here on the job and do my part.

FIREMEN'S INSURANCE CO. OF WASHINGTON AND GEORGETOWN, D. C.

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 2958) to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia, and ask unanimous consent that it may be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. The gentlewoman from New Jersey asks unanimous consent for the present consideration of the bill, S. 2958, which the Clerk will report.

The Clerk read the title of the bill.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, will the gentleman from Maryland explain what is really to be accomplished by this short bill amending the charter of the Firemen's Insurance Co.?

Mr. PALMISANO. Since the incorporation of the Firemen's Insurance Co. there has been general law passed permitting insurance companies to extend their lines of insurance. In order that the Firemen's Insurance Co. may enjoy the same rights the other insurance companies enjoy under the general laws of the District this amendment of their charter is necessary.

Mr. STAFFORD. Why can they not obtain the same privilege under the general law instead of requiring a special enactment of Congress?

Mr. PALMISANO. They could except for the fact this fire insurance company happened to be chartered by Congress, and in order to amend its charter it must be done by act of Congress.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, my objection to these matters is fundamental. I do not believe any corporation or company should be organized by act of Congress, and here is the best proof of the soundness of my objection. Instead of amending their charter in the usual way they must come to Congress for an amendment. How did this company originally happen to get a charter by act of Congress?

Mr. HOLMES. The original act under which this company was incorporated was the act of March 3, 1837.

Mr. LAGUARDIA. Why should not this company reorganize under the general law like any other corporation?

Mr. HOLMES. The general provisions of the law can not be made applicable to this company without the authority of Congress.

Mr. LAGUARDIA. They might reorganize under the general law.

Mr. HOLMES. Then they would have to forego the material value of the advertising that comes to them by reason of being incorporated under an original act.

Mr. LAGUARDIA. I suppose they feature the fact that they are the only company organized by act of Congress.

Mr. HOLMES. They can not do that because there are other companies organized under this same act.

Mr. LAGUARDIA. Is this a profit-making company?

Mr. HOLMES. It is a fire-insurance company.

Mr. LAGUARDIA. A stock corporation?

Mr. HOLMES. Yes.

Mr. LAGUARDIA. Not even a mutual company.

Mr. HOLMES. It is a stock company.

Mr. PALMISANO. I may state to the gentleman from New York that as chairman of the subcommittee on the judiciary of the District of Columbia Committee I have maintained the position that where a corporation may be incorporated under the general laws we ought not to report any bill incorporating any company.

Mr. LAGUARDIA. I compliment the gentleman on his policy, but I certainly take exception to the designation, by inference or otherwise, of any subcommittee of this House as the Committee on the Judiciary, except the real Committee on the Judiciary of the House.

Mr. PALMISANO. I do not want to obtain any rights I do not have, but the fact is the rules of the House designate this subcommittee in that way.

Mr. LAGUARDIA. No; they do not.

Mr. PALMISANO. Then I think it ought to be corrected.

The SPEAKER pro tempore. Is there objection?

Mr. DYER. Mr. Speaker, reserving the right to object, why does not this company secure its charter under the District of Columbia through the regular channels instead of coming to Congress where we have no supervision?

Mr. PALMISANO. Simply because they would have to reorganize another company and abandon the present company.

Mr. DYER. That is what they should do. It is a bad policy for a business concern of any kind to secure a charter from Congress, because Congress has no facilities for looking after such companies or seeing that they are properly conducted. They make reports to us, but who sees them? I think the thing to do is to put an end to all these charters and let us proceed in the regular way.

The SPEAKER pro tempore. Is there objection?

Mr. DYER. Mr. Speaker, I object.

Mrs. NORTON. Then, Mr. Speaker, I call up the bill as a matter of right.

The SPEAKER pro tempore. This bill is on the House Calendar and the lady from New Jersey can call it up as a matter of right. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the charter of The President and Directors of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia, granted by an act of Congress approved March 3, 1837, extended by an act of Congress approved February 7, 1857, and amended by an act of Congress approved February 18, 1911, is hereby further amended to permit the said insurance company to insure and reinsure risks in all the various forms authorized by section 3 of an act of Congress approved March 4, 1922, entitled "An act to regulate marine insurance in the District of Columbia, and for other purposes."

SEC. 2. That the said charter of the said The President and Directors of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia, is hereby further amended so that the authorized capital stock of said company shall be $1,000,000, divided into 50,000 shares of the par value of $20 each.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word. I wish to inquire as to the limit of capitalization which an insurance company may have under the general law? You are increasing the capitalization of this insurance company from $200,000 to $1,000,000. What is the limit, in case a new corporation should be formed under the general law, as to the amount of its capitalization?

Mr. PALMISANO. I confess I do not know whether or not there is any limitation under the general law.

Mr. STAFFORD. As I understand the purpose of this special act, it is to enlarge the powers of this privately chartered insurance company in order that it may undertake other forms of insurance under the general insurance laws of the District.

Mr. HOLMES. That is true.

Mr. STAFFORD. Is not that the real purpose of increasing the capitalization from $200,000 to $1,000,000?

Mr. HOLMES. That is true.

Mr. STAFFORD. I ask any member of the Committee on the District of Columbia this question: If a corporation is formed under the general provisions of the insurance laws of the District, whether there is any limit on the capital which that corporation may have?

Mr. HOLMES. Personally I am under the impression that there is no limit at all.

Mr. PALMISANO. I do not think there is any limit.

Mr. STAFFORD. We have recently had the case of the Acacia Insurance Co., which was originally organized as a private company to issue insurance to members of the Masonic fraternity. Then, during the administration of President Harding an attempt was made to increase the powers of that corporation. However, the bill providing such additional powers was vetoed by the President of the United States, on the ground that no company should be allowed to organize under an act of Congress which would feature the fact that it was connected with the Masonic fraternity. Then the company changed its name to Acacia, which, I understand, has a particular significance in Masonry, although I am not a member of that order or any other fraternal order. Then lately it came to Congress asking the privilege of issuing life insurance regardless of whether the persons insured were members of the Masonic fraternity or not. Now, I am asking the real purpose of this bill.

Mr. HOLMES. It is for the purpose of broadening the scope of this company.

Mr. STAFFORD. Under a congressional charter, so as to go out over the country and say they are chartered by the National Congress and enter into competition with private insurance companies the country over.

Mr. PALMISANO. The gentleman from Wisconsin ought to bear in mind that this insurance company already has a national charter.

Mr. STAFFORD. Only for a special limited form of insurance.

Mr. PALMISANO. That was true in 1837, under the general laws, but since that act was passed, on March 4, 1922, the general insurance laws were enlarged and this company, being chartered by Congress, was unable to derive any benefit from the act of 1922. Now it asks for the particular benefit which we have given to insurance companies in general under the act of 1922.

The pro forma amendment was withdrawn.

Mr. DYER. Mr. Speaker, I move to strike out the last word.

The SPEAKER pro tempore. The time is in the control of the lady from New Jersey.

Mr. DYER. Will the lady from New Jersey yield me two minutes?

Mrs. NORTON. Mr. Speaker, I yield the gentleman two minutes.

Mr. DYER. Mr. Speaker, I would like to inquire of the lady from New Jersey, the chairman of the District Committee, if the District of Columbia Committee brings in bills recommending that charters be granted by Congress or if this is the only instance where they have brought in something to change a charter that has already been granted.

Mrs. NORTON. I think we have brought in two such bills.

Mr. DYER. Then the District Committee does assume to have jurisdiction over the bringing in of bills to grant charters by Congress in the District.

Mrs. NORTON. The District Committee can do that, but this bill has not anything to do with that.

Mr. DYER. For many, many years it has been left with the Judiciary Committee to bring in bills granting charters by the Congress.

Mrs. NORTON. Is that true of the District?

Mr. DYER. Yes. We have recommended the granting of charters to citizens of the District, for instance, those engaged in patriotic work or some special work connected with the Government service. Then we have granted charters to veterans' organizations which have headquarters here.

Mrs. NORTON. May I say to the gentleman that this is limited to District business and these bills are referred to the judiciary subcommittee of the District Committee, of which the gentleman from Maryland [Mr. PALMISANO] is the chairman.

Mr. DYER. But the gentlewoman from New Jersey can readily see, I am sure, how dangerous it is to grant charters to citizens of the District for the purpose of engaging in business when we have here in the District of Columbia every facility for the incorporation of all kinds of business, as we have in every State of the Union.

Mr. HOLMES. Will the gentleman yield?

Mr. DYER. Yes.

Mr. HOLMES. I think I can safely say, although this is my first year of service on this committee, that it is the unanimous opinion of the members of the District Committee that we do not want to embark on any program that is going to mean the granting of special, congressional charters or national charters to any organization or individual, but this is an act for a company that has been granted a special charter.

[Here the gavel fell.]

Mrs. NORTON. Mr. Speaker, I yield the gentleman five additional minutes.

Mr. HOLMES. This organization was chartered back in 1837 and its charter on several occasions has been modified and brought up to date.

Mr. DYER. I understand that, and I am not criticizing the legislation that the gentlewoman from New Jersey has brought in. I have no objection to it, and I want to compliment the very distinguished chairman of the District Committee for the fine work the committee has been doing. It has been doing this without any expectation of reward except a consciousness of having done its duty. I served many years ago on the District Committee, and I know what little thanks one gets for one's services upon that committee so far as our constituencies or the country at large or the membership of the House may be concerned. However, I invite the attention of the House to the fact that in years gone by we have granted charters promiscuously to this, that, and everything, which had no connection with, and no benefit

to, the Government at all. Many of them have used their charter to go out and raise funds and to campaign for money and, in my judgment, to bring discredit upon the Government. We ought to be very careful in making such grants. Our Judiciary Committee and the Judiciary Committee of the Senate some years ago adopted a policy of refusing, except in exceptional cases, to recommend the granting of charters by the Congress.

Mr. HARLAN. Will the gentleman yield?

Mr. DYER. Yes.

Mr. HARLAN. I think that has been the accepted policy of the District of Columbia Committee, and whether we pass on the bill or the Judiciary Committee passes on the bill is determined entirely by the reference of the bill by the Parliamentarian.

Mr. DYER. I think the committee will realize it is very important and that we ought to be very careful in taking action on matters of this nature.

Mrs. NORTON. May I thank the gentleman for his kind remarks regarding the Committee on the District of Columbia. We shall be careful about our actions in this regard.

Mr. PALMISANO. I am pleased that the gentleman from Missouri has made this statement on the floor, because while acting for the chairman of this subcommittee, I have been in conflict with a number of the Members of the House, because whenever they have called upon me to grant them a hearing on bills relating to charters, I have asked them, consistently, whether or not they could obtain the charter under the general laws; and unless they could tell me they could not, I would not consider the bill.

Mr. DYER. I commend the gentleman for his action.

Mr. KURTZ. Will the gentleman yield?

Mr. DYER. I yield.

Mr. KURTZ. May I ask the gentleman if it is not the fact that an effort is being made to cancel or annul some of the charters indiscriminately granted by the Congress?

Mr. DYER. There is such an effort being made, but it is a very difficult matter. It is very hard to get rid of a charter after it has once been granted.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H. R. 8627) was laid on the table.

PROMOTION OF SAFETY ON STREETS AND HIGHWAYS BY PROVIDING FOR FINANCIAL RESPONSIBILITY OF OWNERS AND OPERATORS OF MOTOR VEHICLES

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 7894) to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia, to prescribe penalties for the violation of the provisions of this act, and for other purposes.

The Clerk read the bill as follows:

Be it enacted, etc., That this act shall in no respect be considered as a repeal of any of the provisions of the traffic acts for the District of Columbia but shall be construed as supplemental thereto.

SEC. 2. The motor-vehicle operator's or chauffeur's license and all of the registration certificates of any person who shall by a final order or judgment have been convicted of or shall have forfeited any bond or collateral given for a violation of any of the following provisions of law, to wit—

Driving while under the influence of intoxicating liquor or narcotic drugs, as provided in section 10 of the traffic acts of the District of Columbia;

Leaving the scene of an automobile accident in which personal injury occurs without making identity known, as provided in section 10 of said traffic acts;

Such other violations as constitute cause for suspension or revocation of licenses in the District of Columbia; or

A conviction of an offense in any other State, which if committed in the District of Columbia would be a violation of any of the aforesaid provisions of the traffic acts of the District of Columbia;

shall be suspended by the director of traffic (hereinafter called the director) because of such conviction and shall remain so suspended and shall not at any time thereafter be renewed, nor shall any other motor vehicle be thereafter registered in his name until he shall give proof of his ability to respond thereafter in damages resulting from the ownership or operation of a motor vehicle and arising by reason of personal injury to or death of any one person of at least $5,000, and, subject to the aforesaid limit for each person injured or killed, of at least $10,000 for such injury to or the death of two or more persons in any one accident, and for damage to property of at least $1,000 resulting from any one accident. Such proof in said amounts shall be furnished for each motor vehicle owned or registered by such person. If any such person shall fail to furnish said proof his operator's license and registration certificate shall remain suspended and shall not at any time thereafter be renewed, nor shall any other motor vehicle be thereafter registered in his name until such time as said proof be given. If such person shall not be a resident of the District of Columbia the privilege of operating any motor vehicle in the District of Columbia and the privilege of operation within the District of Columbia of any motor vehicle owned by him shall be withdrawn until he shall have furnished such proof: *Provided*, That in case of both residents and nonresidents, however, if it shall be duly established to the satisfaction of the director, and the director shall so find, (a) that any such person so convinced, or who shall have pled guilty or forfeited bond or collateral, was, upon the occasion of the violation upon which such conviction, plea, or forfeiture was based, a chauffeur or motor-vehicle operator, however designated, in the employ of the owner of such motor vehicle; or a member of the same family and household of the owner of such motor vehicle, and (b) that there was not, at the time of such violation, or subsequent thereto, up to the date of such finding, any motor vehicle registered in the District of Columbia in the name of such person convicted, entering a plea of guilty or forfeiting bond or collateral, as aforesaid, then in such event, if the person in whose name such motor vehicle is registered shall give proof of ability to respond in damages, in accordance with the provisions of this act (and the director shall accept such proof from such person), such chauffeur or other person, as aforesaid, shall thereupon be relieved of the necessity of giving such proof in his own behalf. It shall be the duty of the clerk of the court, or of the court where it has no clerk, in which any such judgment or order is rendered or other action taken to forward immediately to the director a certified copy or transcript thereof. A certified copy or transcript of the judgment, order, or record of other action of the court shall be prima facie evidence of such conviction therein stated.

SEC. 3. The operator's license and all of the registration certificates of any person, in the event of his failure to satisfy every judgment arising from an accident, or accidents, happening subsequently to the effective date of this act and which shall have become final by expiration without appeal of the time within which appeal might have been perfected or by the final affirmance on appeal, rendered against him by a court of competent jurisdiction in the District of Columbia or any State, or in a district court of the United States, for damages on account of personal injury, or damages to property in excess of $100, resulting from the ownership or operation of a motor vehicle by him, his agent, or any other person with the express or implied consent of the owner, shall be forthwith suspended by the director, upon receiving a certified copy of such final judgment or judgments from the court in which the same are rendered and shall remain so suspended and shall not be renewed, nor shall any other motor vehicle be thereafter registered in his name while any such judgment remains unstayed, unsatisfied, and subsisting, and until the said person gives proof of his ability to respond in damages, as required in section 4 of this act, for future accidents. It shall be the duty of the clerk of the court in which any such judgment is rendered to forward immediately to such director a certified copy of such judgment or a transcript thereof. In the event the defendant is a nonresident, it shall be the duty of the director to transmit to the commissioner of motor vehicles (or officer in charge of the issuance of operators' permits and registration certificates) of the State of which the defendant is a resident a certified copy of said judgment. If after such proof has been given any other such judgment shall be recovered against such person for any accident occuring before such proof was furnished, and after the effective date of this act such license and certificates shall again be and remain suspended while any such judgment remains unsatisfied and subsisting: *Provided, however*, That (1) when $5,000 has been credited upon any judgment or judgments rendered in excess of that amount for personal injury to or the death of one person as the result of any one accident; (2) when, subject to the limit of $5,000 for each person, the sum of $10,000 has been credited upon any judgments rendered in excess of that amount for personal injury to or the death of more than one person as the result of any one accident; or (3) when $1,000 has been credited upon any judgment or judgments rendered in excess of that amount for damage to property as the result of any one accident resulting from the ownership or operation of a motor vehicle by such judgment debtor, his agent, or any other person, with his express or implied consent, then and in such event such payment or payments shall be deemed a satisfaction of such judgment or judgments for the purposes of this section only.

Whenever any motor vehicle, after the passage of this act, shall be operated upon the streets and highways of the District of Columbia by any person other than the owner, with the consent of the owner, express or implied, the operator thereof shall, in case of accident, be deemed to be the agent of the owner of such motor vehicle.

If any such motor-vehicle owner or operator shall not be a resident of the District of Columbia, the privilege of operating any motor vehicle in the District of Columbia and the privilege of operation within the District of Columbia of any motor vehicle owned by him shall be withdrawn, while any final judgment pro-

cured against him for damages, including personal injury or death caused by the operation of any motor vehicle, in the District of Columbia or elsewhere, shall be unstayed, unsatisfied, and subsisting, and until he shall have given proof of his ability to respond in damages for future accidents as required in section 4 of this act.

In all cases of persons who have been tried and convicted or pled guilty of violations of traffic laws of the District of Columbia the operation by a nonresident or with his express or implied consent, if an owner of a motor vehicle, on any public street or highway of the District of Columbia, shall be deemed equivalent to an appointment by such nonresident of the director or his successor in office to be his true and lawful attorney upon whom may be served all lawful processes in any action or proceedings against him growing out of any accident or collision in which said nonresident may be involved while so operating or so permitting to be operated a motor vehicle on any such street or highway, and said operation shall be a signification of his agreement that any such process against him, which is so served, shall be of the same legal force and validity as if served upon him personally. Service of such process shall be made by leaving a copy of the process with a fee of $2 in the hands of the director, or in his office, and such service shall be sufficient service upon the said nonresident: *Provided*, That notice of such service and a copy of the process are forthwith sent by registered mail by the plaintiff, or his attorney, to the defendant, and the defendant's return receipt appended to the writ and entered with the declaration. The court in which the action is pending may order such continuances as may be necessary to afford the defendant a reasonable opportunity to defend the action.

SEC. 4. Proof of ability to respond in damages when required by this act may be evidenced by the written certificate or certificates of any insurance carrier, duly authorized to do business within the District of Columbia, or in the case of a nonresident, by an insurance carrier authorized to transact business in any of the several States, that it has issued to or for the benefit of the person named therein a motor-vehicle liability policy or policies as defined in this act which, at the date of said certificate or certificates, is in full force and effect and designating therein by explicit description or by other appropriate reference all motor vehicles with respect to which coverage is granted by the policy certified to. The director shall not accept any certificate or certificates unless the same shall cover all motor vehicles registered in the name of the person furnishing such proof. Additional certificates as aforesaid shall be required as a condition precedent to the registration of any additional motor vehicle or motor vehicles in the name of such person required to furnish proof as aforesaid. Said certificate or certificates shall certify that the motor-vehicle liability policy or policies therein cited shall not be canceled except upon 10 days' prior written notice thereof to the director.

Such proof may be the bond of a surety company duly authorized to do business within the District of Columbia or a bond with at least two individual sureties, each owning unencumbered real estate in the District of Columbia, approved by a judge of a court of record, which said bond shall be conditioned for the payment of the amounts specified in section 2 hereof and shall not be cancelable except after 10 days' written notice to the director. Such bond shall constitute a lien in favor of the District of Columbia upon the real estate of any surety, which lien shall exist in favor of any holder of any final judgment on account of damage to property over $100 in amount or injury to any person or persons caused by the operation of such person's motor vehicle, upon the filing of notice to that effect by the director in the office of the clerk of the Supreme Court of the District of Columbia.

Such proof of ability to respond in damages may also be evidence presented to the director of a deposit by such person with the clerk of the Supreme Court of the District of Columbia of a sum of money or collateral, the amount of which money or collateral shall be $11,000. But the said clerk shall not accept a deposit of money or collateral where any judgment or judgments, theretofore recovered against person as a result of damages arising from the operation of any motor vehicle, shall not have been paid in full. The said clerk shall accept any such deposit and issue a receipt therefor.

The director shall be notified of the cancellation or expiration of any motor-vehicle liability policy of insurance certified under the provisions of this act at least 10 days before the effective date of such cancellation or expiration. In the absence of such notice of cancellation or expiration said policy of insurance shall remain in full force and effect. Additional evidence of ability to respond in damages shall be furnished the director at any time upon his demand.

SEC. 5. Such bond, money, or collateral shall be held by the said clerk to satisfy, in accordance with the provisions of this act, any execution issued against such person in any suit arising out of damage caused by the operation of any motor vehicle owned or operated by such person. Money or collateral so deposited shall not be subject to attachment or execution unless such attachment or execution shall arise out of a suit for damages, including injury to property, and personal injury or death, as a result of the operation of a motor vehicle. If a final judgment rendered against the principal on the surety or real-estate bond shall not be satisfied within 30 days after its rendition, the judgment creditor may, for his own use and benefit and at his sole expense, bring an action in the name of the District of Columbia against the company or persons executing such bond.

SEC. 6. The director shall, upon request, furnish any insurer, person, or surety a certified abstract of the operating record of any person subject to the provisions of this act, which abstract shall fully designate the motor vehicles, if any, registered in the name of such person, and if there shall be no record of any conviction of such person of a violation of any provision of any statute relating to the operation of a motor vehicle or of any injury or damage caused by such person as herein provided the director shall so certify. The director shall collect for each such certificate the sum of $1.

SEC. 7. The director shall furnish any person who may have been injured in person or property by any motor vehicle, upon written request, with all information of record in his office pertaining to the evidence of the ability of any operator or owner of any motor vehicle to respond in damages.

SEC. 8. Any operator or any owner whose operator's license or certificate of registration shall have been suspended as herein provided, or whose policy of insurance or surety bond shall have been canceled or terminated, or who shall neglect to furnish additional evidence of ability to respond in damages upon request of the director shall immediately return to the director his operator's license, certificate of registration, and the number plates issued thereunder. If any person shall fail to return to the director the operator's license, certificate of registration, and the number plates issued thereunder as provided herein, the director shall forthwith direct any member of the Metropolitan police of the District of Columbia to secure possession thereof and to return the same to the office of the director. Any person failing to return on demand such operator's license or such certificate and number plates shall be guilty of a misdemeanor and shall be fined not more than $100, and such penalty shall be in addition to any penalty imposed for any violation of the provisions of the traffic acts as given in section 2 of this act. The amount of such fine shall be paid in the manner provided for the payment of fines for violations of the traffic acts.

SEC. 9. The director may cancel such bond or return such evidence of insurance, or the said clerk may, with the consent of the director, return such money or collateral to the person furnishing the same, provided three years shall have elapsed since the filing of such evidence or the making of such deposit, during which period such person shall not have violated any provision of the traffic acts referred to in section 2, and provided no suit or judgment for damages on account of personal injury or damage to property in excess of $100 resulting from the operation of motor vehicle by him or his agent, shall then be outstanding against such person. The director may direct the return of any money or collateral to the person who furnished the same upon the acceptance and substitution of other evidence of his ability to respond in damages or, at any time after three years from the expiration of any registration or license issued to such person, provided no written notice shall have been filed with the director stating that such suit has been brought against such person by reason of the ownership, maintenance, or operation of a motor vehicle and upon the filing by such person with the director of an affidavit that he has abandoned his residence in the District of Columbia or that he has made a bona fide sale of any and all motor vehicles owned by him and does not intend to own or operate any motor vehicle in the District of Columbia for a period of one or more years.

SEC. 10. Any person who by any other law of the District of Columbia is required to make provision for the payment of loss occasioned by injury to or death of persons or damage to property shall, to the extent of such provision so made and not otherwise, be exempt from this act.

SEC. 11. Any person who shall forge or, without authority, sign any evidence of ability to respond in damages as required by the director in the administration of this act shall be fined not less than $100 nor more than $1,000 or imprisoned not to exceed one year, or both.

SEC. 12. "Motor-vehicle liability policy," as used in this act, shall be taken to mean a policy of liability insurance issued to the person therein named as insured by an insurance carrier authorized to transact business in the District of Columbia, or in the case of a nonresident, by an insurance carrier authorized to transact business in any of the several States, which policy shall designate, by explicit description or by appropriate reference, all motor vehicles with respect to which coverage is intended to be granted by said policy, and shall insure the insured named therein and any other person using or responsible for the use of any such motor vehicle with the consent, express or implied, of such insured, against loss from the liability imposed upon such insured by law or upon such other person for injury to or death of any person, other than such person or persons as may be covered, as respects such injury or death by any workmen's compensation law, or damage to property except property of others in charge of the insured or the insured's employees growing out of the maintenance, use, or operation of any such motor vehicle in the United States of America; or which policy shall, in the alternative, insure the person therein named as insured against loss from the liability imposed by law upon such insured for injury to or death of any person, other than such person or persons as may be covered as respects such injury or death by any workmen's compensation law, or damage to property, except property of others in charge of the insured or the insured's employees, growing out of the operation or use by such insured of any motor vehicle, except a motor vehicle registered in the name of such insured, and occurring while such insured

is personally in control, as driver or occupant, of such motor vehicle within the United States of America, to the amount or limit of $5,000, exclusive of interest and costs, on account of injury to or death of any one person, and, subject to the same limit as respects injury to or death of one person of $10,000, exclusive of interest and costs, on account of any one accident resulting in injury to or death of more than one person; and of $1,000 for damage to property of others, as herein provided, resulting from any one accident; or a binder pending the issuance of any such policy, or an indorsement to an existing policy as hereinafter provided: *Provided*, That this section shall not be construed as preventing such insurance carrier from granting any lawful coverage in excess of or in addition to the coverage herein provided for, nor from embodying in such policy any agreements, provisions, or stipulations not contrary to the provisions of this act and not otherwise contrary to law: *Provided, however*, That separate concurrent policies covering, respectively, (a) personal injury or death, as aforesaid, and (b) property damage, as aforesaid, shall be considered a motor-vehicle liability policy within the meaning of this act.

No motor-vehicle liability policy shall be issued or delivered in the District of Columbia until a copy of the form of policy shall have been on file with the superintendent of insurance for at least 30 days, unless sooner approved in writing by the superintendent of insurance, nor if within said period of 30 days the superintendent of insurance shall have notified the carrier in writing that in his opinion, specifying the reasons therefor, the form of policy does not comply with the laws of the District of Columbia. The superintendent of insurance shall approve any form of policy which discloses the name, address, and business of the insured, the coverage afforded by such policy, the premium charged therefor, the policy period, the limit of liability, and the agreement that the insurance thereunder is provided in accordance with the coverage defined in this section as respects personal injury and death, or property damage, or both, and is otherwise subject to all the provisions of the act.

Such motor-vehicle liability policy shall be subject to the following provisions, which need not be contained therein:

(a) The liability of any company under a motor-vehicle liability policy shall become absolute whenever loss or damage covered by said policy occurs, and the satisfaction by the insured of a final judgment for such loss or damage shall not be a condition precedent to the right or duty of the carrier to make payment on account of such loss or damage. No such policy shall be canceled or annulled as respects any loss or damage by any agreement between the carrier and the insured after the said insured has become responsible for such loss or damage, and any such cancellation or annulment shall be void. Upon the recovery of a final judgment against any person for any such loss or damage, if the judgment debtor was at the accrual of the cause of action insured against liability therefor under a motor-vehicle liability policy, the judgment creditor shall be entitled to have the insurance money applied to the satisfaction of the judgment. But the policy may provide that the insured, or any other person covered by the policy, shall reimburse the company for payments made on account of any accident, claim, or suit involving a breach of the terms, provisions, or conditions of the policy; and further, if the policy shall provide for limits in excess of the limits designated in this section, the insurance carrier may plead against such judgment creditor, with respect to the amount of such excess limits of liability, any defenses which it may be entitled to plead against the insured. Any such policy may further provide for the prorating of the insurance thereunder with other applicable valid and collectible insurance.

(b) The policy, the written application therefor (if any), and any rider or indorsement which shall not conflict with the provisions of this act shall constitute the entire contract between the parties.

(c) The insurance carrier shall, upon the request of the insured, deliver to the insured for filing, or at the request of the insured shall file direct, with the director of traffic an appropriate certificate as set forth in section 4 hereof.

(d) Any carrier authorized to issue motor-vehicle liability policies as provided for in this act may, pending the issue of such a policy, execute an agreement, to be known as a binder; or may, in lieu of such a policy, issue an indorsement to an existing policy, each of which shall be construed to provide indemnity or protection in like manner and to the same extent as such a policy. The provisions of this section shall apply to such binders and indorsements.

SEC. 13. The following words, as used in this act, shall have the following meanings:

(a) The singular shall include the plural. The masculine shall include the feminine and neuter, as requisite.

(b) "Persons" shall include individuals, partnerships, corporations, receivers, referees, trustees, executors, and administrators; and shall also include the owner of any motor vehicle as requisite, but shall not include the District of Columbia.

(c) "Motor vehicle" shall include trailers, motor cycles, and tractors.

SEC. 14. The director shall make rules and regulations necessary for the administration of this act.

SEC. 15. Nothing herein shall be construed as preventing the plaintiff in any action at law from relying for security upon the other processes provided by law.

SEC. 16. If any part, subdivision, or section of this act shall be deemed unconstitutional, the validity of its remaining provisions shall not be affected thereby.

SEC. 17. This act shall go into effect 90 days after its passage and approval by the President of the United States.

Mr. PATTERSON. Will the lady from New Jersey yield?

Mrs. NORTON. I yield.

Mr. PATTERSON. Some of us are very much interested in this bill, and I have a copy of the report, but it only contains a few words. What is the purpose of the bill?

Mrs. NORTON. The purpose of the bill is to prevent carelessness of automobile drivers.

Mr. PATTERSON. Yes; that is stated in this report, what little there is of it.

Mrs. NORTON. The gentleman from Michigan [Mr. MCLEOD] introduced the bill.

Mr. STAFFORD. Will the lady from New Jersey yield to me?

Mrs. NORTON. I yield.

Mr. STAFFORD. This bill, I may say, passed the House at the last session. The gentleman from Alabama may recollect the instance, because he follows legislation rather closely. This bill is sponsored by the American Automobile Association. It seeks to give protection to the pedestrian and take away the license of reckless automobile drivers. It is a model law, and if adopted in the District, it is hoped that it will be put in force in the States. There are some cities and municipalities which have similar legislation. It does not permit a chauffeur, convicted of reckless driving, to retain his license, because he is a menace to society.

Mr. PATTERSON. If the bill has nothing more for its purpose, I am in hearty accord with it. I would like to ask if in any way it increases taxes?

Mr. STAFFORD. No; I went over this bill carefully, section by section, when it was up for consideration before, and I am in hearty accord with the provisions of the bill.

Mr. PATTERSON. I also have gone over the bill very carefully, but I wanted to be sure about the provisions.

Mr. McLEOD. Let me say that the purpose of the bill is that where you have an accident, and no attempt is made to take care of the party injured, the driver can not obtain a license to continue to operate an automobile until he takes out insurance and reimburses the individual. This bill does not provide for compulsory automobile insurance.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. McLEOD. Yes.

Mr. EATON of Colorado. As I read this bill, it provides that where a business concern is operating, say, 20 trucks, and carrying its own insurance, it would be compelled to take out insurance in case of an accident, notwithstanding the fact that it may make a more favorable settlement on account of a claim arising out of an accident than an insurance carried would.

Mrs. NORTON. No; the bill does not provide that.

Mr. McLEOD. The gentleman is mistaken.

Mr. EATON of Colorado. The bill requires insurance indemnity.

Mr. McLEOD. It requires no insurance until he has been found guilty by a competent court.

Mr. EATON of Colorado. Suppose here is a concern, A, which has 20 trucks, and 1 of them meets with an accident involving damage of $8 or $10, perhaps for a broken fender. Until he secures a settlement you would not permit him to operate his other 19 trucks, even though to-morrow the claim would be all settled. If there was no question of negligence, there would be no liability, and yet you require insurance.

Mr. McLEOD. If the liability was on the part of the owner of the 20 trucks, the gentleman is correct.

Mr. EATON of Colorado. You do not say "liability"; you say "trouble." When there is an accident the question arises as to who is guilty of negligence, and if there is negligence on the part of one he should make restitution. But here, simply because A has one truck in an accident, if he gets into trouble, he must pay an insurance premium, although he may settle any claim arising out of an accident the next day.

Mr. McLEOD. The statement I made in regard to trouble should be taken from the RECORD. I did not understand it the way the gentleman speaks. The party must be found guilty of a violation or misdemeanor.

Mr. EATON of Colorado. Where and by whom? In a court where damages are claimed or in the police court?

Mr. McLEOD. In either court. If he be found guilty of a misdemeanor in the police court for the offense of a tort or negligence, then he would have to obtain insurance and make restitution before he would get another permit, and he would have to reimburse the party for damage. But there must be a finding of guilt before this is enforceable. It is not just a finding of a state of facts on your part or my part as between the two persons as to who is guilty. There must be an actual finding by a court.

Mr. EATON of Colorado. There are three or four insurance companies carrying automobile liability called mutual insurance companies. Frequently there is a difference of opinion between those who operate regular insurance companies and those who operate mutual insurance companies. It occurs to me, as I have examined the text of the bill, that you have entirely omitted the right of a mutual insurance company's policy to be recognized under this bill, notwithstanding that those companies may be otherwise recognized to do business in the District of Columbia.

Mr. McLEOD. Where does the gentleman find that?

Mr. EATON of Colorado. It is a matter of omission. It is not in the bill. You do not recognize the mutual liability insurance company.

Mr. PALMISANO. Oh, I think any insurance company, whether mutual or otherwise, that is recognized by the insurance commissioner of the District of Columbia will be recognized under this bill.

Mr. EATON of Colorado. The gentleman says he thinks.

Mr. PALMISANO. There is no question about that.

Mr. EATON of Colorado. Can the gentleman point me to any language in the bill that would cover a mutual insurance company. That is all I asked for.

Mr. McLEOD. There is no language in the bill that segregates or tries to define or discriminate against any insurance company that is a reputable company recognized by the Insurance Commission of the District of Columbia, regardless of whether it is mutual or otherwise.

Mr. EATON of Colorado. Does the gentleman mean in section 4, which provides?—

> Proof of ability to respond in damages when required by this act may be evidenced by the written certificate or certificates of any insurance carrier, duly authorized to do business within the District of Columbia, or in the case of a nonresident, by an insurance carrier authorized to transact business in any of the several States.

Is it the gentleman's interpretation that those words "any insurance carrier duly authorized to do business within the District of Columbia, or in case of a nonresident, by an insurance carrier authorized to transact business in any of the several States," include these mutual companies?

Mr. McLEOD. That is correct, they do. If they are not fit, they can be ruled out.

Mr. EATON of Colorado. I want that statement made on the floor, if that is a fact, and the intention.

Mr. McLEOD. That is a fact, and the intention.

Mrs. NORTON. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

Mrs. NORTON. Mr. Speaker, that about finishes the bills from the Committee on the District of Columbia for this session, and at this time may I thank you, Mr. Speaker, and the various gentlemen who have occupied the chair in the House and in the Committee of the Whole, as well as every Member of the House, for their splendid cooperation with the Committee on the District of Columbia during this session. [Applause.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted—

To Mr. GLOVER, for an indefinite time, on account of sickness in family.

To Mrs. WINGO, indefinitely, on account of illness.

THE DOUBLE TAXATION BURDEN

Mr. McDUFFIE. Mr. Speaker, the gentleman from Kentucky [Mr. VINSON], a distinguished member of the Committee on Ways and Means, on July 6 last delivered a very interesting and able address over the radio, dealing with the question of double taxation. I ask unanimous consent to extend my remarks by printing that address in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, under permission granted me yesterday to print in the CONGRESSIONAL RECORD the radio address by the Hon. FRED VINSON, of Kentucky, I now submit for the RECORD his very able and interesting address delivered over the radio on July 6, dealing with the problems of taxation.

No Member of either branch of the Congress has worked more assiduously to bring about the passage of legislation designed to correct the unprecedented conditions which now obtain in the country. Few men in public life understand so well as does FRED VINSON the intricate problems involved in revenue legislation. As a member of the great Committee on Ways and Means he has proven his worth to his country, and every Member of the House of Representatives not only recognizes his outstanding ability but respects his sound judgment upon national affairs. On both sides of the aisle he is regarded as a most valuable Member of the Congress. With his broad vision, his clear conception of national problems, his devotion to duty, Congressman VINSON has made a record of which his district and his party is justly proud. I deem it a privilege to present for the RECORD the following address:

RADIO ADDRESS OF HON. FRED M. VINSON, OF KENTUCKY, JULY 6, 1932

The tax burden of our country presents a most difficult problem. Its importance is second to none. Birth, taxes, and death are the succession of events in our terrestrial sojourn. Under our form of government, every division thereof, Federal, State, and municipal, imposes burden upon the property, income, and energy of its citizens. Proper emphasis, in recent months, has been laid upon the Federal burden. But taxes imposed by the States and their several subdivisions, county, city, and other taxing divisions, truly constitutes the major burden. The overlapping and duplication of taxes by our various governmental units are ever increasing the tax load of our people.

The annual expenditure for government in this country reaches thirteen and one-half billions of dollars. We have property taxes (tangible and intangible), income taxes (individual and corporate), franchise taxes, excise taxes, sales taxes, inheritance taxes, estate taxes, customs, per capita (poll) taxes, local assessments, and many other tax impositions.

Nineteen States have individual income taxes; 19 States have corporate income taxes; 13 States levy tobacco taxes; 47 of the States have inheritance taxes; all States have real property taxes; all these sources are subject to Federal taxation. Many items are subject to excise taxes by the municipal, State, and Federal Government. One business concern pays 198 separate taxes in 33 different forms in 33 States, ranging from 1 tax to 13 taxes to a State. With one-fifth of our annual income used up in the expense of Government, we are presented with a complicated maze. The burden of taxation is magnified many times over because of the high oversized value of the dollar and the prevailing low commodity prices.

THE COMMITTEE AND ITS PURPOSE

In an effort to relieve against this ever-increasing burden, I introduced a House resolution for the appointment of a committee, authorized and directed to—

"make an investigation and study of the overlapping, duplication, and lack of correlation, in the imposition of taxes by the United States and the States, the legal and constitutional limitations on the taxing powers of the United States and the States giving rise to maladjustments of Federal and State taxation, methods of attaining coordination in the administration of the tax laws of the United States and the several States, and all problems which, in its opinion, arise in connection with the relations of the States and the United States with respect to taxation. The committee shall report to the House, on or before December 15, 1932, the results of its investigation, together with such recommendations for legislation as it deems advisable."

The following Members of the House were assigned to this task: Messrs. THOMAS H. CULLEN (New York), DAVID J. LEWIS (Maryland), CARL R. CHINDBLOM (Illinois), FRANK CROWTHER (New York), and myself as chairman. This is the initial step to coordinate and correlate the taxes imposed by the States and United States. It is high time for concerted effort to determine their respective fields of taxation and to eliminate, as far as possible, the injustices to the American people, required by law to be assumed. For, as the illustrious Marshall—in an early day—said, "The power to tax is the power to destroy."

BALANCING THE BUDGET

As an original proposition, I differed with the Treasury's position that it was imperative to balance the Budget in a single year. With full knowledge of the deficit for 1931 and 1932, totaling almost four billions of dollars—the administration took no steps toward balancing the Budget until last December, and then insisted that the ends must meet July 1, 1933. Some of us thought that it would be more businesslike, and certainly less burdensome to an already heavily laden tax-paying public, to bring the receipts and expenditures together over a 2-year spread. In this manner, we could have fuller benefits from reductions in appropriations, elimination of useless offices, consolidation of kindred functioning, reductions in expenditures, and economies in administration. Further, the full benefits of the new taxes can not be secured until the second fiscal year, in view of the fact that only the collections in March and June, 1933, of income taxes for the calendar year 1932, will be collected in the next fiscal year.

However, so insistent was the Treasury upon the 1-year program, which position it sold to the country, that those of us who had originally entertained the idea of the 2-year spread made concession of our position.

REDUCTION IN EXPENDITURES

Federal appropriations are based upon the estimates of the Director of the Budget, who speaks for the President of the United States. For the next fiscal year, the presidential recommendations of last December total $4,100,000,000. Thousands of specific items make up that stupendous total. Not long since, the President, without signifying the items to be affected, called for a cut of $700,000,000. Why were the appropriations recommended in this dark, economic hour if any of the items were unnecessary.

Congress, this session, has established an all-time record for economy. Without specific recommendations for savings, either from the President or the department heads, and in the face of actual opposition by certain department heads, this Congress has made reductions of more than $300,000,000 below the presidential estimates—$162,000,000 in expenditure cuts by the Appropriation Committee, the House and the Senate, and more than $150,000,000 through the Special Economy Committee, the House and Senate. The President, after the reduction of fixed charges, has fixed the base for reduced expenditures at $1,700,000,000. The reduction in expenditures therefore approximates 20 per cent of the aforesaid base.

Much larger reductions could have been made if the spending end of the Government, the executive branch, had cooperated in full degree. With further study of proposed amendments to existing law, many more hundreds of millions of dollars per year will be saved the taxpayers of this Nation.

I stated that the executive branch failed to cooperate in this economy program. For illustration, the consolidation of the Navy Department with the War Department under one Cabinet officer heading the Department of National Defense, was recommended by the Economy Committee. The estimated saving was $100,000,000 per year. Neither department approved. A former Member of the House, the liaison officer of the President, his present secretary, was on the floor of the House during its consideration. One hundred and fifty-two of the administration forces voted against this economy—50 for it. In my opinion, its defeat is directly attributable to the President of the United States.

THE TYRANNY OF EXCESSIVE TAXATION

The present tax burden is oppressive. With reductions in expenditures and the return of normal yield, many taxes may be eliminated and reductions in others effected. It is particularly opportune to initiate the effort to wipe out or at least relieve against the double taxation burden.

At the present time our taxes are collected without any definite jurisdictional lines. City, county, State, and Nation will tax anything that will yield returns. It is a permitted right in law, but an unjust exercise in application. Unless a definite policy be determined, every revenue field will be completely covered by both State and Federal Government. Their respective provinces must be determined and agreed upon. The tax load must be lightened. "The power to tax is the power to destroy."

For concrete illustration, since the early days of our Nation, a Federal tobacco tax has been levied. Twenty cigarettes are taxed 6 cents. Recently, 13 States have invaded this tax field. In Arkansas, 20 cigarettes are taxed 5 cents. So, a pack of cigarettes which retails for 10 cents in States not having a local tobacco tax, is sold in Arkansas for 15 cents, 11 cents of which is taxes. Four cents is the amount distributed among the tenant farmer, the farm owner, the selling warehouseman, the manufacturer, jobber, and retailer, including all transportation, distributing, and other costs. In other words, the tax is 275 per cent of the sale price of the commodity without imposition of tax. Based upon the average 1931–32 prices of Burley in Kentucky, which was 8⅔ cents per pound, the tobacco tax in Arkansas on a pack of 20 cigarettes is 2,100 per cent more than the average price the farmer received for its tobacco content. Not only is it destructive to the tobacco grower, but the saturation point has been reached and the law of diminishing return applies. Thus, the tax yield itself falls of its own weight. "The power to tax is the power to destroy."

Time limit prevents my dealing in detail with the percentage of burden imposed upon other commodities, industries, and tax subjects.

The States are not the only offenders in the invasion of the tax fields preempted by other branches of the Government. In the recent revenue bill, for the first time, the Federal Government invaded the gasoline field, which had heretofore been subject to State taxation only. This invasion was made because of the attractiveness and certainty of yield—which is far from justification of the act. Now the Federal Government imposes a tax of 1 cent a gallon on gasoline. In at least two States gasoline pays 7 cents per gallon in taxes. This total tax substantially equals the wholesale price of said commodity without tax. We turn to the sage of Monticello, who said:

"The government which steps out of the ranks of the ordinary articles of consumption to select and lay under disproportionate burdens a particular one, because it is a comfort, pleasing to the taste, or necessary to health, and will therefore be bought, is in that particular a tyranny."

TO LESSEN THE BURDEN

Under the direction or our appointment, our committee proposes to investigate and study the overlapping, duplication, and lack of correlation in the imposition of taxes by the United States and the States. We purpose to study and investigate the maladjustments now existing, together with the methods of attaining coordination in the administration of our tax laws. We purpose to study the foreign method of handling this problem. So that when tax burdens shall be reduced there may be a withdrawal by one form of government or the other from the fields in which they do not properly belong.

Our function is to lessen the burden of taxation. In no sense are we seeking new taxes. We will contact the States in the Union, their governors, taxing authorities, and tax experts, to ascertain the tax facts and their views and suggestions in approaching the remedy. We will call upon and use the experts in the Treasury Department and will rely heavily on the Joint Committee on Internal Revenue Taxation, headed by Mr. L. H. Parker, chief of staff. In other words, we must first ascertain the facts; (2) reach a conclusion as to method; (3) wage the battle to effectuate this reform relief.

Several methods have already been suggested to relieve this confusion in taxes. However, we feel that a conclusion in this respect must be delayed until and after the study, investigation, and hearings are made. It is our intention to approach the matter impartially, unbiased, and with patriotic purpose. We will be happy to receive suggestions looking toward the end necessary to be retained.

ADDRESS OF HON. THOMAS R. AMLIE, OF WISCONSIN

Mr. SINCLAIR. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. AMLIE] may be permitted to extend his remarks in the RECORD by printing therein an address delivered by him on July 7, 1932, at Cooperstown, N. Dak., commemorating the fiftieth anniversary of the founding of Griggs County, in the State of North Dakota.

The SPEAKER. Is there objection?

There was no objection.

Mr. AMLIE. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address of myself, Representative in Congress from the first district of Wisconsin, delivered at Cooperstown, Griggs County, N. Dak., on July 7, 1932, at the celebration of the fiftieth anniversary of the settlement of Griggs County:

Old settlers, neighbors, and friends, when I accepted the invitation of your chairman to come here and speak several months ago it was with certain reservations. Those reservations were death, sickness nigh unto death, or Congress being in session. But, despite the fact that Congress is still in session, I felt that I should come here and be with you on this the fiftieth anniversary of the settlement of Griggs County and this part of North Dakota. My father was one of the original settlers here, and it was here that I was born, and it is with these surroundings that I have the most pleasant memories of early life.

But despite the pleasure that I feel in being able to be with you on this celebration of your fiftieth anniversary, I confess that it is a pleasure mixed with much sadness. When I left North Dakota in 1918 it was a prosperous State. The farmers were all doing well. The people that I knew best were comparatively well to do. There was about everything an atmosphere of genuine progress and great accomplishment. There was a confidence that North Dakota had only begun to come into its own, and that the Northwest was entering upon an era of untold prosperity and good fortune.

But as I come back after an absence of 14 years all of this has been completely changed. The little towns and villages that I knew as a boy are not the prosperous villages of 14 years ago. They are largely deserted and gone to ruin. The farmers have nearly all lost their farms. The people who were prosperous, the farmers and business men of 14 years ago, are in the main poverty stricken to-day. A great many of them have been forced through bankruptcy. The people who as a boy I used to regard in the same light that I now regard Rockefeller, Ford, or Mellon I now find dispossessed of their fortunes. In short, where the people of this State were comparatively well to do only a few years ago, they are now totally impoverished. I have learned

that no less than 47,000 of the citizens of North Dakota during the past winter have been actually dependent on the Red Cross for the bare necessities of life.

The thing which we have seen happen here has been without a parallel in the history of the country. I can well understand that those of you who have lived through this hardship during the past 12 years might well wish to have no mention made of it on this festive occasion. But it is this situation that I can not shake from my mind. In fact, it is the reason that led me to accept your invitation to come here to-day, for I feel that aside from reasons of sentiment it is not only your problem but my problem as well. It is the problem of the country as a whole.

The explanation of this problem is to be found in the fact that the Northwest has been a mere pawn in a larger political and economic war that has been waged for the past 100 years, but which now has apparently run its course.

To begin at the beginning, in so far as North Dakota is concerned, it is necessary to go back to the first Republican National Convention, held in Chicago, in 1860, the convention at which Lincoln was nominated. At that time the farmers of Illinois, Wisconsin, Indiana, and the Eastern States were anxious to secure free western land into which they might migrate. They were anxious for the passage of a homestead law whereby they might secure this land in return for moving west and making their homes upon it. But even in that day the eastern industrialists held the balance of power. They did not propose to give this land to the settlers without at the same time acquiring some benefit for themselves.

In the first place, the frontier was in competition with their industrial plants for labor. If a laboring man was not paid as much for his work in the factories as he could earn by going west and taking up a homestead and setting himself up as a farmer, he would naturally make a change. To make the frontier available to the laboring man and to be forced to compete with the frontier for labor was something that industrialists did not propose to do without adequate reward. They, therefore, demanded a protective-tariff policy for industry in exchange for their consent to the enactment of the homestead law. Not because they owned this western land but because they were able to dictate terms by reason of numerical superiority.

It will, therefore, be seen that the western land was really not given to the settlers as they supposed but that it was divided up between the settlers and the industrialists of the country. This was accomplished by an arrangement which compelled the farmers to sell their products in a world market and to buy everything that they might need in a protected home market. The homesteaders, therefore, found themselves taken in on a deal which they never fully understood. It was a deal whereby they did all the work and assumed all responsibility for the operation of their farms. The homesteaders were not owners. They were merely crop renters. They took part of the crop for raising it, and the other part they gave to the industrial East by virtue of their political agreement as embodied in the Republican platform of 1860.

At first this arrangement was not so onerous. The tariffs were not so high to start with. The fertility of the soil had not been mined and, besides, there was a large and profitable market for our agricultural products in the markets of Europe. Europe was well able to pay us for the products of our farms because we were owing Europe great sums of money. And be it said to the credit of the European nations of the nineteenth century, they fully understood that we could only pay our obligations to them by paying them in kind—by the exportation of American products to those creditor nations. The reason that we were then a debtor nation heavily indebted to the European nations, and particularly to England, was because of the fact that those nations had furnished us with a large part of our working capital.

As I have stated, it was necessary that we sell much more in Europe than we bought there, if we were to meet our foreign obligations; in short, that we maintain a favorable balance of trade.

But since the war all of this has been completely changed. What started out as a low protective tariff has become an exorbitantly high protective tariff. The Underwood tariff schedules of 1913, providing an average rate of 26.97 per cent, was raised to an ad valorem rate of 28.22 per cent under the Fordney-McCumber law, and this in turn was raised to approximately 45 per cent under the Smoot-Hawley law. During all of this time the farmer's European market has been becoming constantly weaker. As a result, therefore, he has been caught between the upper and the nether millstone.

The price that he has been receiving has been becoming progressively less and the price that he has had to pay because of this increase in tariff protection has been going steadily upward.

A tariff on imports was not so serious in an earlier day before the fertility of the soil had been depleted. But the fertility of this soil is now gone. You pioneers have spent a lifetime digging that fertility out of the soil and donating it to the industrial East.

As I have driven through the country the past two days I have been tremendously impressed with the great increase in foul and noxious weeds that has taken place during the last 16 years, a natural result of unprofitable farming conditions.

I have mentioned the fact that European nations are no longer able to pay for our agricultural products the prices that they paid in the years before the World War. There is a direct connection between this situation and our high protective tariff policy. When you pioneers came here this country was the great debtor nation of the world. We were owing for the investments of capital that had been made here by the citizens of foreign countries. It was through this capital that we secured our industrial development.

But that is now changed. We are no longer a debtor nation. We are now the great creditor nation of the world. We have invested abroad publicly and privately a sum of nearly $30,000,000,000. If foreign nations and their citizens were to pay merely the interest on this sum and keep their obligations alive, it would mean that they would have to sell at least a billion and a half dollars more of goods in the United States than they bought here. In other words, we can now afford to buy more than we sell.

But the mercantilists of this country believe that in spite of this fact it is possible to have a favorable balance of trade if we only raise the tariff walls high enough. The result of this is that foreign nations and their citizens are compelled to sell several times as much goods here as they otherwise would be compelled to sell, in order to pay their obligations to us.

The inevitable result is that through this high-tariff policy we are able to force the commodity prices of the world to unheard-of low levels. This is because they have contractual obligations here that they are going to try to meet if it is humanly possible to do so. In Congress these countries are criticized for dumping goods upon our shores. It is natural and proper that they should. Those countries will make every effort to meet their contractual obligations, because capitalism there as well as here is founded upon the sanctity of contract and the necessity of meeting such contractual obligations.

But these mercantilists overlook the fact that we are in competition with the world and that if we force world prices down we must of necessity force our own prices down. We must of necessity force the price of wheat, cotton, and other agricultural products, that are on an export basis, down to the world price levels. This is the thing that you farmers have felt for the last 12 years. Only a part of your high-protein wheat receives any protection under our tariff laws. Over 90 per cent of the total wheat crop of the United States receives no protection from the tariff whatsoever. The same thing is true to an even greater extent of cotton.

In 1926 Senator Oscar W. Underwood, who was perhaps the country's foremost authority on the tariff, declared that—

"Unless the excessive Fordney-McCumber rates are revised downward to reasonable competitive figures, the American people can have no right to expect European nations to pay their war debts. There must be revision of the rates downward or this country and the world will face distress and disaster. We can not go on lending money to European nations to permit them to buy our goods. We have reached the crest of the wave in those loans. There must be an end to them; and in place of a flow of American money to Europe in the form of loans there must be a circulation of goods and services between the United States and the European debtors. For purely selfish reasons the United States should be interested in the prosperity of Europe. We must exchange goods with the European nations if they are to get rid of their crushing money debts."

But the amazing feature about this sordid exploitation of one part of the country for the benefit of another has been the fact that the leaders in carrying out this policy of exploitation have been the Congressmen and Senators from the Northwest. The spectacle of these westerners vying with each other in carrying water for the Grand Old Party elephant and a high protective tariff will go down as one of the strange manifestations of the late nineteenth and early twentieth centuries. Quite likely anthropologists at some future date will seek to disinter the bones of some of these western representatives in the belief that an examination of their skulls might shed some light on this strange historic enigma. I am not talking about you people of North Dakota so much. At least you vindicated your common sense at the polls last week in the splendid vote that you gave to Senator NYE and Representative SINCLAIR. But I am talking about some of the other wheat States who keep sending to Washington representatives who represent the industrial East and betray their own States—States that have been doing this for 50 years and are still doing it.

I confess that this is a matter on which I feel very keenly. I have lived here in this county most of my life. I have been in close touch with this part of the country ever since I moved away. It was here that my father spent over 40 years digging the fertility out of the soil under an inhospitable clime for the benefit of an unappreciative industrial East.

And now that through this process of exploitation this part of the country has been stripped of all its wealth, now that the people have been reduced to abject poverty, now that conditions have become so bad that last winter 47,000 citizens of this great State were compelled to call upon the American Red Cross for the bare necessities of life, now that these things have come to pass and it becomes necessary to ask the Federal Government for aid for the people who are in dire distress, I have heard the scholarly JAMES M. BECK, of Pennsylvania, and CHARLES L. GIFFORD, of Massachusetts, ask with fine scorn—"What, tax the rich industrial States of the East in order to feed your paupers of the West! Let those States feed their own beggars."

I confess that when I heard expressed on the floors of Congress this attitude of the industrial East that I have been filled with a sense of degradation and shame. To think that you pioneers have spent 50 years digging the fertility out of this soil and donating it to the industrial East, and then in your hour of extremity to be met with this taunt.

But I am willing to let bygones be bygones. You came here 50 years ago empty handed. Out of this soil you dug a measure of competence. During the last 12 years of exploitation it has all

been taken away from you. Even the improvements that you have put up do not begin to equal in value the fertility that you have mined out of this soil, and that now is gone and gone forever. You are back where you started 50 years ago—empty handed.

If there is one thing that fills my heart with rage as I travel through the great Eastern States, it is to see erected in the places of honor monuments to the memory of some third or fourth rate Revolutionary hero. Those people believe that their greatness is due to the exploits of these so-called heroes. I confess that I should like to see them all smashed to smithereens or perhaps, in deference to local sentiment, wrapped up and buried out of sight; and in their places I should like to see erected monuments to the northwestern wheat farmers, to the southern cotton farmers, to the midwestern hog farmers, or to the independent manufacturers who have held their own in the markets of the world without any subsidy or special protection. It is to these men that America owes its greatness.

The real tragedy of the past three years has been the total inability of the people who are in the seats of power to understand this obvious and elementary fact. I will explain what I mean.

Since this depression began our national policy has been formulated upon the supposition that we could safely follow the same course in dealing with this depression that we have followed in dealing with the depressions of the past.

In a hearing before a subcommittee of the House, of which I am a member, Mr. Silas Strawn, president of the American Chamber of Commerce, said in reply to my questioning:

"We have had 17 major depressions during the past 120 years. We got out of those depressions all right, and we are going to get out of this depression if we only keep cool and keep our courage up."

This statement is a full and complete statement of the guiding philosophy of our present national policies. If conditions are the same in this depression as they were in past depressions, then this may be a safe course to follow. But if conditions have materially changed, then such a course is fraught with danger and destruction.

In my opinion the people of the industrial East who rule this country do not understand the full significance of the Northwest and the rôle that it has played in past periods of depression. In the panics of '73 and '93 it was the agricultural Northwest that pulled us out. During those periods the farmers were able to pay their debts and to accumulate a surplus with which to start buying. The agricultural Northwest also furnished an outlet for the men who were thrown out of employment by industry. These men could take up homesteads and start raising agricultural products to sell in the markets of Europe and thereby rehabilitate their purchasing power.

I have often heard my father tell about the Cleveland panic in the nineties, how he was compelled to sell wheat for 36 cents a bushel. This was the worst period that my father saw during his 40 years of farming here in Griggs County. But where he received 36 cents a bushel, last fall I received 29 cents a bushel for wheat raised on the old farm. Where he received 20 bushels to the acre I received only 5, because the fertility of the soil is gone. Where he paid 4 cents a bushel for threshing, it now costs more than twice that amount. Where he paid $15 for taxes, the taxes are now five times that amount. In short, the worst years that my father ever saw during the Cleveland panic were better times than I have ever seen on this old farm during the past 10 years.

But the people of the East do not realize all this. They think that we got out of past depressions by the intelligent management of the captains of finance and industry or by the intelligent management of the National Government in Washington. They do not realize that we pulled out of those depressions in spite of the ineptitude and incompetence of the industrial leaders of the East and in spite of the bungling of the affairs of state.

They do not realize that it was agriculture, particularly in the Northwest, that pulled us out of those depressions of the past. They do not realize that the old horse "agriculture" is not able to pull us out of this one, that the old horse is sick nigh unto death, and that if we sit and wait for agriculture to pull us out of this depression, as it has pulled us out of the depressions in the past, then we will merely wait for inevitable and irretrievable disaster. It is this thing that the industrial and political leaders of the country can not comprehend.

During the past two and a half years, President Hoover, Julius Klein, and Secretary of Commerce Lamont have been sitting and looking at pictures of black lines—black lines moving up and then moving down. They are graphs showing the trends of commodity prices during past depressions. They imagine that this depression is going to run the same course that 17 other depressions have run during the past 120 years. They can not understand that the natural corrective forces that were present in past depressions are no longer operative. The frontier is gone. Agriculture can no longer carry the load. Under the handicaps that have been placed upon it, agriculture can no longer carry itself. People are not finding jobs on the land. We now have 11,000,000 unemployed and the number is fast growing. Next winter there will be from twelve to fifteen million unemployed.

We have at last come to the point where we must recognize the fundamental and inherent weakness of the profit system. We must take the measures necessary to overcome these inherent weaknesses, or else these weaknesses may readily become the means of destroying our whole economic structure.

During the past 25 years we have found an escape from these threatening periods of depression through a number of industrial outlets—the building of roads, the building of our industrial machine, the automobile industry, foreign expansion, foreign loans, and the World War. But apparently an outlet for expansion along these lines is no longer available, and despite all of these things we are still proceeding on the theory that the system has within itself the cure for this situation, when such is obviously not the case. We are following a policy of laissez faire simply because such a policy has worked in the past, even though all the attendant circumstances were different in past periods of depression.

As time goes on it becomes increasingly obvious that following out a laissez faire policy to its logical conclusion can only lead to untold misery on the part of the people. In fact, there is strong reason to believe that the misery engendered by such a process may become so great that it will lead to an explosion.

Whether we like it or not we have been forced into the situation where we must meet these inherent weaknesses squarely and deal with them frankly. Nothing can save us except clear thinking and courageous action. And, unfortunately, neither seems likely of immediate attainment on the political horizon.

But regardless of what the future may hold in store it seems to me that the burden from now on will fall with increasing force upon the industrial sections of the country. Relatively the agricultural Northwest will feel this blow less than any other section of the country. You are far removed from it all. At least you will be assured of enough to eat. But the time will come again when we must start to rebuild. When we must proceed to follow out some definite and logical policy. When that time comes it seems to me that the agricultural Northwest will be in a position to demand sectional equality and justice. The fallacy of our present arrangement has been completely demonstrated.

Either we must go ahead on a policy of trade and commerce that will permit of no restrictions being placed in the way of trade or else we must isolate ourselves from the rest of the world and work out a self-contained national economy. We are to-day groping in a wilderness of confused ideas in so far as agriculture is concerned.

We are doing many things to encourage production and increase the surplus which must be sold in foreign markets, and at the same time we are following a tariff policy that is completely destroying our foreign markets. This becomes particularly ruinous when we bear in mind that in any crop having an exportable surplus it is the price that is paid for this exportable surplus that fixes the price paid for the whole crop in the absence of legislation that would apply the tariff backward to that portion of the whole crop consumed at home.

We are following out a line of thought that was sound at a time when we were a debtor nation, and when our tariff policy did not stand in the way of preventing some reasonable compensation to the farmers of the Northwest for their crops.

Now, however, we are following a policy that destroys purchasing power abroad, and at the same time we seek to encourage the production of crops which are on an export basis, the surplus of which must of necessity be sold abroad.

We spend money to eradicate the Japanese barberry, but in view of the fact that we are destroying our foreign markets we might better be spending money to plant a patch of Japanese barberry at the corner of every wheat field.

We are spending money to destroy the boll weevil, but in view of the fact that we are following a policy that destroys our foreign markets it would be more consistent if we spent money to place the boll weevil in every cotton field.

We are spending money to increase our production of corn and hogs, and at the same time we are following a policy that destroys our foreign markets for our surplus production of hogs. We would be more consistent if we spent money placing the corn borer in every cornfield.

But ridiculous as it would be to spend money for such purposes it would at least be consistent with our economic policy in so far as it affects trade and world commerce.

But I do not believe that anyone will ever seriously advocate policies such as these merely to keep our national economic policies consistent. I believe the time has come when we can and will follow out an agricultural policy consistent with our national economic life.

If we are to try to maintain prices in the United States high in terms of gold by means of tariff walls, then we must find a means of increasing the prices paid to the producers of cotton, wheat, tobacco, and hogs—crops which are normally on an export basis.

This could be readily accomplished by levying a tax upon that portion of the crop that is processed and used at home; this tax to be the equivalent of the general tariff protection given to the other industries and the sum raised by means of such an excise tax to be distributed to the various States and counties in proportion to the normal crops produced in such areas over a given period of time.

Such a plan could be administered locally in so far as the distribution of the proceeds of such an excise tax is concerned. It would not be open to the objection that it would increase the bureaucratic tendency of our National Government. At the same time, it would not be necessary to appropriate money out of the United States Treasury. And what is far more important, it would place no inducement upon the raising of an unexportable and unsalable surplus.

In my opinion, if this method were tried out with the three or four crops which are on an export basis and are receiving no protection from our protective tariff policy, it would result in lifting all of agriculture to a basis of equality with other industry.

But I am not going to go into the details of the mechanics of such a plan. I am only going to state that, in my opinion, it is perfectly possible to give to the agricultural sections of the country full equality with the industry of the land; either by taking away from all industry special privilege and protection of every kind, or if, on the other hand, we are determined to follow out a self-contained national economic policy, then to give to agriculture that is on an export basis the same protection that is afforded other industries by means of a protective tariff.

Despite the fact that the process of exploiting one part of the country for the benefit of another has run its natural course, and you people now find yourselves back where you started 50 years ago, I still have confidence in the future of the great Northwest. I believe that we will again start to build on a basis that will assure this part of the country equality with every other part of the country and that we are soon to enter upon a period of prosperity and good fortune such as the Northwest has never enjoyed at any time in the past.

THE MOUNTING COST OF GOVERNMENT—WHERE THE MONEY GOES—A BRIEF STUDY IN FEDERAL EXPENDITURES

Mr. FRENCH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FRENCH. Mr. Speaker, the people of the United States have become tax conscious. One of the direct effects of the depression has been to arouse thoughful America to call a halt upon mounting budgets and to checkmate the tendency that for 20 years has existed upon the part of local communities and groups and minority organizations to press upon Congress, upon State legislatures, and upon municipal units demands for greater and still greater expenditures of money.

For 20 years the people of the United States, individually and through their governmental agencies, have been expending money as though no day of reckoning were ahead. They have been incurring obligations as though they had discovered a type of bank upon which they could draw checks at will in almost any amount, and which, until a recent date, always had been honored. Suddenly the banker has turned upon them, and over his glasses has uttered that most ungracious reminder, "Pardon me, your account is overdrawn."

ACCOUNT IS OVERDRAWN

This is true of Nation, of State, of county, of city, and other municipalities. It is true of educational institutions, whether financed by public or by private endowments; it is true of many individuals and of business enterprises. Cities in some instances are deferring for weeks or months the payment of employees; many others have defaulted on principal or interest on bonded indebtedness. States are exceeding their budgets. The Federal Government was in the red at the end of the fiscal year which closed June 30, 1931, in the amount of $903,000,000. Upon June 30 last (1932) expenditures for the year just closed exceeded all national income by $2,885,000,000 (Treasury estimate, July 6, 1932).

The phenomenon of mounting expenditures does not belong to the Federal Government alone. In 1891 Federal, State, and county expenditures aggregated $1,233,000,000; in 1913 they aggregated $2,900,000,000; in 1922, $8,280,000,000; and in 1931, $13,000,000,000. Consider another factor; the total indebtedness of the United States in 1891 was $2,000,000,000; in 1913, $1,050,000,000; in 1922, $22,964,079,000; on April 30, 1932, $18,487,061,148.28.

The increase to which I have directed attention has relation in part to normal expanse of government, since population during 40 years has nearly doubled. Chiefly, however, so far as the Federal Government is concerned, it has been brought about by two factors—the burden of war which has left a national indebtedness of astounding proportions calling for annual appropriations toward reduction of principal and interest, and veteran obligations which call for enormous increase in governmental expenditures for veterans and their dependents.

DEMANDS FOR REDUCTION

Members of the Appropriations Committee are receiving most earnest demands for reduction of our annual Budgets. The demands are from the most responsible business men of the several States and they are extreme. One correspondent writes, "We are simply being taxed to death"; another one says, "Reduce the appropriations at least 25 per cent"; another one advises, "The only way to get expenses down is to cut them to bone; appropriations ought to be cut one-half." Still another writes, "Get your appropriations down; get them down to where they were before the World War."

Now, for a moment, let us undertake to translate these demands into money. Before the World War the expenses of our Federal Government were little more than $1,000,000,000 per year. For the fiscal year ending June 30, 1932, the expenses of Government were $5,006,000,000—Treasury estimates, July 6, 1932.

The first demand calls for a reduction of one-fourth; that would mean a reduction of $1,250,000,000. The second demand calls for a reduction of one-half; that would mean $2,503,000,000. The third demand calls for pre-war expenditures only; that would mean a four-fifths reduction, or a reduction of $4,000,000,000.

Before considering the elements that make up the appropriation bills for the National Government I have purposely directed your attention to certain factors that we must not overlook. Again, the years that I shall use in studying the growth of expenditures are 1891, when we appropriated a half-billion dollars to meet all Federal expenses for one year; 1913, when we may be said "to have arrived" because we required an annual expenditure of $1,000,000,000; and the years 1922 and 1931, as two typical years following the World War.

I have used two typical years prior to the World War and two following the war, in both cases endeavoring to select years that were normal, because I desire to talk about normal expenditures of Government and not expenditures that are abnormal.

There are those who endeavor to justify mounting expenditures upon the basis of asserted expanding values within the United States. They say that the value of properties of the people of the United States in 1931 is vastly beyond the value in 1891 or 1913. That is true; but in my judgment, any such justification is unsound, for apparent values do not always have relation to normal values; for instance, I am acquainted with a farm property that would have brought $8,000 in 1891, $12,000 in 1913, $32,000 in 1922, and would probably sell for $10,000 to-day. Other properties of industrial character have fluctuated as widely. Values are relative; the same may be said of earning capacity. Hence it is my judgment that the factor of population is a far better measuring stick than speculative factors in determining whether or not expanding cost of government may be justified or condemned.

As a rule, tables showing expenditures of government are arranged by departments, bureaus, and other specific agencies. Such tables are of value for certain purposes, and yet for the purpose of a comparison showing the mounting expenses of government they are misleading; they do not show in clear-cut fashion the purpose for which expenditures are made.

For instance, the War Department in 1931 was charged with total expenditures of $479,942,778. Yet of this amount more than one-fourth, or $134,288,921, was expended upon rivers and harbors and other objects of nonmilitary character. It would be unfair to ascribe such expenditures to military purposes.

Or, again, the Treasury Department is charged with money appropriated for public buildings. This function has no relation whatever to the work of the Treasury Department.

Either one of these items could be carried just as properly under the Department of the Interior. On the other hand, the Interior Department until quite recently was charged with pensions arising out of various wars, a purely military expenditure.

It has occurred to me that a better arrangement of expenditures could be made by following the plan worked out by the Bureau of the Budget and grouping expenditures about a few general headings that would indicate at once the purpose for which money is applied, regardless of the name of the department that carries the appropriations. With this thought I have considered expenditures under

three general headings: Civil, national defense, and war burdens.

Under "civil" I have grouped all the normal peace-time expenditures of government; under "national defense" I have included the expenses that are incident to maintaining the military and naval establishments of the United States, and under "war burdens" I have included the moneys appropriated for the casualties of war and for paying the debts incurred by reason of war.

The figures that I have used for the years 1922 and 1931 are from the Bureau of the Budget estimates with very slight rearrangement. The figures for 1891 and 1913 have been compiled in the same manner through the kind assistance and cooperation of officers of the Budget Bureau.

At this point I desire to insert a table that will show the expenditures of the Federal Government for the years indicated:

Summary of expenses of United States Government classified by Government functions

	1891 (population of United States 65,000,000)	1913 (population of United States 95,000,000)	1922 (population of United States 108,000,000)	1931 (population of United States 125,000,000)
Civil functions:				
General (Executive, Congress, Judiciary, departments, except Post Office)	$78,894,019	$161,232,850	$468,992,116	$648,540,096
Post Office	72,880,313	265,305,583	552,583,901	802,106,613
Public Works	17,764,876	98,579,132	168,817,180	371,660,543
Total civil	169,539,208	525,117,565	1,190,393,197	1,822,307,252
National defense:				
War Department, including aircraft	39,115,800	117,865,816	316,135,430	345,653,857
Navy Department, including aircraft	26,476,587	134,092,640	474,444,197	357,877,323
Total national defense	65,592,387	251,957,456	790,579,627	703,531,180
War burdens:				
Pensions, compensations, hospitals, etc.	124,415,951	177,071,799	738,299,311	1,021,559,957
Payment on public debt and interest	172,494,770	47,090,718	1,411,980,671	1,052,133,891
Total war burdens	296,910,721	224,162,517	2,150,279,982	2,073,693,848
Grand total	[1] 532,042,316	[2] 1,001,237,538	[3] 4,131,252,806	[4] 4,599,532,280

Tax refunds and trust funds are omitted as they are not true receipts or true expenditures.

[1] Omits tax refund, $24,206,862.
[2] Omits tax refund, $9,575,124.
[3] Omits tax refund, $87,970,023; trust funds, $85,706,053.34.
[4] Omits tax refund, etc., $90,833,508.59; trust funds, $123,286,430.47. Adjustment between cash expended and checks issued, $37,305,940.65.

A LOOK AT THE TABLE

In preparing the foregoing table I have omitted to use the year 1932. The reason for so doing is because the receipts and expenditures for the fiscal year ending June 30, 1932, are not normal and the factors that have entered into the expenditures for that year may never occur again and if they should occur they would need to be treated as abnormal expenditures.

While the national expenditure for 1932 was $5,006,590,305, the national income for the same year was $2,121,000,000 (excluding normal post-office receipts and disbursements) in contrast with an annual income that had been fairly steady from 1922 to 1931 and which had been approximately $4,250,000,000 per year. From the standpoint of income this factor is most disturbing. On the other hand, the Budget for 1932 included several major items that were abnormal. Moneys were appropriated for public-works programs that aggregated some $130,000,000 more than normal; the Reconstruction Finance Corporation called for $500,000,000; the deficiency in the Post Office Department was $202,876,340; the adjusted-service certificates under the bill that was passed last year over the President's veto called for $200,000,000; and subscription to stock in Federal land banks $125,000,000.

The four years, 1891, 1913, 1922, and 1931, that I have used are approximately normal years from the standpoint of our Government's income and expenditures for the periods of time to which they refer. You will recognize the importance of choosing normal years because the inquiry that I am making has to do with whether the given policies under which expenditures are incurred are sound or erroneous, whether or not they shall be modified, and if so, where and to what degree.

What I shall say can best be appreciated by frequent reference to the table. Notice, first, the grand totals representing the expenditures for the given years. It will appear that the expenditures of government have stepped up from $532,042,316 in 1891 to $4,599,532,280 in 1931.

Next notice the separate totals of civil items and observe how they have increased during this period. The civil expenses expanded from $169,539,208 in 1891 to $1,822,307,252 in 1931. The national-defense item increased from $65,592,387 (1891) to $703,531,180 (1931). During the same time the war burden expenditures increased from $296,910,721 (1891) to $2,073,693,848 (1931).

I now direct your attention to the changes that have occurred within the subdivisions of the general classifications.

THE CIVIL ACTIVITIES OF GOVERNMENT

Under civil functions are three broad headings: (a) General; (b) Post Office Department; and (c) public works.

As a matter of fact the two latter are part of the first, but I have kept their money totals separate because they are of such sizable character and pertain to such particular activities that it has seemed well that they be considered as distinct subheads.

GENERAL CIVIL

The general civil expenses include all money appropriated for the executive, legislative, and judicial branches of the Government service of civil character, exclusive of the Post Office Department and public works, that is, all money for general administration, the Congress, the courts, law enforcement, libraries and scientific purposes, education, Indian affairs, the Territories, the land offices, public-land matters, national forests, irrigation, collection of revenues, the Government's share in the District of Columbia, the payment of all employees, with the exception of those in the military service and in general the maintenance of the expenses of all bureaus and commissions of the Government. This item increased from $78,894,019 in 1891 to $648,540,096 in 1931.

The increase over a period of 40 years has been roughly $570,000,000. Of this, the Department of Agriculture for the promotion of its general activities and the guidance of agriculture has claimed $55,395,800. The Federal Farm Board, which is of recent origin, has claimed $190,540,000; the Shipping Board and activities looking to the promotion, regulation, and operation of marine shipping, $83,000,000; the Department of Commerce, $61,000,000; the Treasury Department, $168,000,000; the Department of Justice nearly $30,000,000; the Department of State, $14,000,000; Labor, $12,000,000; sundry activities, such as the Interstate Commerce, Federal Trade, and Civil Service Commissions, the Federal Board for Vocational Education, the District of Columbia, and others, some $60,000,000.

The Federal Farm Board and the Shipping Board are the only two agencies that are fairly new. The other outstanding activities have had years of service, and the very length of time of their existence seems to indicate the great faith of the public in their efficiency and the demand for their continuance in some form or other. Probably under this general heading, whatever economies of sizable proportions may be made must be by the cheese-paring method unless the two activities just mentioned shall permit of reductions, and unless again reductions shall run counter to well-defined public sentiment.

POST OFFICE DEPARTMENT

The Post Office Department has gone forward by leaps and bounds. From an expenditure of $72,880,313 in 1891 it has increased until there was required more than $802,000,000 to handle the work of this activity in 1931. Popular education has had much to do with this phenomenon. No longer four or five newspapers and a few magazines satisfy the people of a fair-sized community as was the case 40

years ago, but the demand for reading matter is so great that sacks full of papers and magazines are distributed in communities that are little more than country crossroads. The Parcel Post System, the Rural and City Free Delivery Services, the savings-funds accommodations, facilities for money orders, air mail expansion—all these have added to the total cost. It may be said that the institution is largely self-sustaining. In 1931, out of a total expenditure of more than $802,000,000, the receipts from postal business alone aggregated more than $666,000,000. The deficit for 1931, amounting to $145,725,910, was met by direct appropriations.

Of the larger activities connected with the Post Office Department, the newest one is the air mail service. This activity is running in the red. In 1931 the maintenance of air mail for the domestic service cost $17,693,410, while the revenues received were $6,210,344.86, leaving a net loss of $11,383,065.14. Foreign air mail service cost the United States in 1931 $6,564,858, while the returns from our foreign air mail aggregated $780,422, leaving a net loss of $5,784,435, or a combined net loss for 1931 for air mail service of $17,000,000. Whether the continuance of air mail service upon its present scale or its extension can be sustained by sound policy or is the result of effective propaganda by local communities, manufacturers of aircraft, contractors, and pilots should be the subject of intense study.

Again for carrying mail in American ships to foreign countries upon the basis of combined poundage, mileage, and speed of ships the Post Office Department incurred a loss of $18,911,474 in 1931. This represents the amount that was expended by the department over and above what the cost would have been had the mail been carried upon poundage basis.

A general survey should be made of the Post Office Department with the object of bringing income and outgo to a common plane.

PUBLIC WORKS

The third item is for public works of various types. Here the expenditure has increased from $17,764,876 in 1891 to $371,660,000 in 1931. For the latter year this total includes nearly $75,000,000 for rivers and harbors, nearly $68,000,000 for public buildings, more than $170,000,000 for highways, more than $38,000,000 for flood control, and about $20,000,000 for miscellaneous public works, such as reclamation, national parks, and so forth.

Public expenditure suggested by the public-works item is fostered very largely by local or private interests. This is not to say that the objects for which moneys are appropriated are unworthy. Unquestionably money expended for a large part of the river and harbor work has returned profits to great sections of the country through bringing about settlement and community development, through the reduction of transportation rates, though manifestly some of the projects in the past have required vast expenditures of money and have not justified the outlay. In some instances the projects were unsound; in other instances the projects were undertaken years ahead of the time that economic conditions would have justified their inauguration.

The public-buildings item is one of magnitude. In many places the importance of Federal business, the permanency of the institutions housed, the need for security of records, the location of the public activity from the standpoint of population served—all have combined to make desirable the construction of public buildings which could be justified from the economic standpoint when questions of rent, fire hazards, and similar factors are taken into account.

On the other hand, many public buildings have been constructed where there was no sound justification for outlay of money. Buildings have been erected where all needed Federal activity was being handled fairly satisfactorily and where the interest alone upon the money required for the erection of a public building is far greater than any rental requirements; in addition to this, the Government, upon the completion of a public building, is called upon to maintain the edifice, and it has frequently happened that the cost to the Federal Government has been from four to ten times as great through the construction of a public building as was required for rental of quarters entirely adequate for the accommodation of the public served, and where if the local community had been required to erect the public building through a bond issue or through the levying of a special tax it would not have been provided.

Moneys appropriated for highways are likewise appropriated in large part as the result of intensive campaigns upon the part of sections to be served, highway contractors, professional men who would be given employment, manufacturers of automobiles, and so forth.

Moneys expended for reclamation projects, whether upon the public domain or upon Indian lands, are small in comparison with the sum totals of moneys appropriated for public works; even so, the demand for expenditures has been motivated by dual factors—factors that were sound, resting upon economic reasons, and factors that were unsound, resting upon State or local pride, or the personal wishes and whims of individuals and communities.

GENERAL DISCUSSION

Two general factors determine the dimensions of all three of the headings that I have discussed; that is, general civil expenses, expenses for Post Office Department, and expenses for public works. These factors pertain to the scope of work and to personnel.

With the removal of activities or their curtailment expenses may be reduced. These are times when every activity of the Government ought to be called upon to prove its right to exist. Is the service needed? Has it outlived its usefulness? Could it be curtailed, or should the Government withdraw from the service and let it be carried on by private interests or by some other lesser division of government?

Matched against these interrogatories must be the questions: What would be the effect of discontinuance of the service? Would we lose more by its discontinuance than we would by carrying on? In a large way we must remember that if we are to reduce expenses of government we must reduce Government activities.

The second general factor is that of personnel. As a matter of policy the Government seeks to retain no greater personnel than may be adequate to handle the work involved. It appears, however, that many bureaus are overmanned; inertia and desire to be a "good fellow" creep in.

Heads of bureaus and divisions are not slow to urge employment of additional personnel when work expands, but on the other hand the Appropriations Committee is constantly compelled to force down personnel as work pinches out, because division heads are most reluctant to ask employees who have undertaken work even upon a temporary basis to withdraw from public service.

To some extent the compensation of administrative officers seems to be determined by the number of employees whose work they supervise. This factor should be eliminated. Its existence tends to encourage bureau or division heads to build up large personnel, though they would deny any personal self-interest in so doing.

To some extent economies in personnel can be had by better management; this, for the most part, is an administrative factor.

Again, we may consider whether or not economies may be found through reduction of compensation of personnel. In the first place, the entire expenditure of the Federal Government for personnel under the civil administration is $1,055,970,636.55 (January, 1932). A 10 per cent reduction would be $105,597,000. A 25 per cent reduction would be $263,990,000. When we recall that the total cost of government for 1931 was $4,599,532,280, it will be seen that a reduction of 10 per cent on personnel would mean a saving of only 2.3 per cent on government cost and a reduction of 25 per cent on personnel would mean a saving of about 5 per cent on total cost of government. Indeed, were the entire civilian personnel compensation roll wiped out and were all civilian employees to donate their services, the saving would be less than 23 per cent of the cost of government, as the remaining cost would be $3,540,000,000. But should the reduction be made?

It is the policy of the Government to shape the salaries of employees along the lines of salaries on the outside. The Government seeks neither to disturb conditions of the country by undermining salaries that prevail nor to create dissatisfaction by overpayment. Justice toward all employees under the Government demands that Federal employees be paid as high compensation as would be paid in civilian life, while on the other hand justice toward the tax-paying public demands that they be not overpaid. In this connection permanency of position, leave of absence, retirement pay, and other factors must be taken into account. The problem of compensation must be considered from the standpoint of justice, for, as I have indicated, no modification that reasonably could be made would affect in very material degree the cost of government.

NATIONAL DEFENSE

It will be seen by turning again to the chart that an enormous increase in Federal expenditures has been occasioned by the expanse of moneys appropriated for national defense. The jump has been from $65,592,387 in 1891 to $703,531,180 in 1931.

You will notice from the chart the astounding increase that has been made in war burdens since 1913.

May I observe that national defense and war burdens are discussed so commonly as one item under the heading "Military cost" that I desire to consider them together for just a moment.

The cost of national defense I have just indicated as over $700,000,000 for last year. This item and the cost of war burdens, including pensions, compensation, hospitalization, and caring for principal and interest upon the national debt make a grand total of $2,777,525,280 for 1931, in contrast with $476,119,973 in 1913, the year before the World War broke out in Europe.

Our grief, our horror at this astounding condition can not modify the facts.

> The moving finger writes; and having writ,
> Moves on: nor all your piety nor wit
> Shall lure it back to cancel half a line,
> Nor all your tears wash out a word of it.

In 1913 we paid but $47,090,718 upon the comparatively small national debt, together with interest that had fallen due. Had the United States not become involved in the World War, probably by this time there would be no national debt and no expenditure whatever on account of a debt burden that in 1931 cost the United States over $1,052,000,000.

In the matter of pensions, but for our involvement in the World War there would have been a slight increase over the costs of 1913, because those costs had not come to complete magnitude in the matter of the Spanish-American War veterans. Probably our Army and Navy costs would have increased somewhat, but I doubt if they would have been in figures in which they are written to-day.

It is altogether likely that the total expenditures for national defense and for war burdens in 1931, but for our involvement in the World War, would have been approximately $700,000,000 instead of $2,777,000,000.

I recognize that there are those who urge that had the items for maintenance of Army and Navy establishments been kept up to the point where they urge they should have been maintained prior to the World War, we should not have become involved. Any such statement is purely speculative. We might not have been drawn in; on the other hand, we might have become involved more seriously. The strength of France and Germany and Italy and Russia in their armies and navies, and Great Britain with her sea power, did not save these nations from involvement; the helplessness of China has not prevented wrack and misery of war to her. This argument is urged too strenuously by persons who have axes to grind, by munition and ship manufacturers and by officers who vision high command, to receive our credence without consideration.

So then had our Army and Navy been of larger magnitude in 1914 I do not know whether it would have modified European conditions and prevented the dreadful holocaust of the succeeding years. But, Mr. Speaker, I am absolutely certain that unbridled competition in military and naval establishments leads to international misunderstanding and is provocative of conditions that beget war. On the other hand, it is my firm conviction that had the nations of the world prior to 1914 seen their way clear to enter into agreements that would have prevented competition, that would have prevented rivalry, that would have set up means of determining around the conference table problems that were threatening discord among nations, the World War never would have occurred.

Again, to-day I am just as certain as I am that the sun rises and sets that we are on solid ground when we urge international understandings looking to the removal of competition in military and naval establishments among world nations.

The President of the United States has taken brilliant leadership in programs looking to team work among nations; and whether this year or next or in succeeding years world powers will unite upon formulæ by which through mutual agreement the specter of war may be removed, that day is coming, and I believe that economic pressure upon the rank and file of the populations of the world will hasten the day.

Now, may we turn to the problem of whether or not we may reduce the cost under the head of national defense?

In 1931 we appropriated for national defense $703,531,180. This is an increase from $251,957,456 in 1913, just before the war began in Europe, and it is an increase from the figures $65,592,387 that represent the expenditures in 1891. Of the amount appropriated in 1931, the Army claimed $349,460,176, excluding, of course, moneys expended by the War Department for nonmilitary purposes. The Navy, including the Marine Corps, claimed $354,071,004. Aircraft for both services, exclusive of personnel, was charged with $37,569,250. Naval construction (ships) was charged with $46,216,006. Buildings and other structures for both services were charged with $35,951,879, leaving the major amount of $583,794,044 for salaries of officers and men, subsistence, travel and general operation, and maintenance expenses.

The Army in 1931 had 13,038 commissioned and warrant officers and 118,730 enlisted men, exclusive of 6,500 Philippine Scouts; the Navy had 8,866 commissioned and warrant officers and 84,500 enlisted men; the Marine Corps, 1,186 commissioned and warrant officers and 18,000 enlisted men, not including the National Guard and reserve establishments of the several services.

There is no way that we can reduce markedly the cost of maintaining the Army and Navy of the United States unless we reduce the man power of both and unless we reduce the outstanding items of matériel. Insistent demand is made for the increase of both branches of our national defense. In part, these demands are made by devoted men and women who are discouraged with proposals for international understandings, who have faith in the altruism and unselfish motives of the people of the United States, and who believe that through the mailed fist the United States, regardless of the attitude of other nations, can be a factor for world peace.

Again, in part, these demands are made by selfish groups; by fabricators of ships, munitions, and other military needs; by centers where large pay rolls exist that have to do with fabrication; by officers who, in spite of their intense loyalty and devotion to their country, are blinded oftentimes, in my judgment, by their profession and who in their enthusiasm are led to urge greater and ever greater establishments; and by national reserve groups throughout the United States in both the Army and the Navy who see safety in the ever-expanding powers and personnel of their establishments.

There can be no justification for the broad charge that those who urge moderation in military and naval programs are motivated by any purpose other than the highest well-being of our country. A fine sense of economy is not inconsistent with highest patriotism.

What I have said with regard to reduction of compensation of civilian personnel applies also to personnel under the

heading "National defense." Civilian personnel employed in national-defense activities should be upon precise parity with civilian personnel employed elsewhere.

In the matter of compensation of officers and enlisted personnel a different feature is encountered. Officers are educated largely at the expense of the Government, and during their career they are given training and post-graduate courses somewhat analogous to post-graduate work of the civilian professional man. The civilian professional man pays for his post-graduate course, and if he be connected with an educational institution his pay frequently is reduced one-half or more during his sabbatical leave. The Army or naval officer not only continues to receive his full pay and allowances but his course itself is financed by the Federal Government.

Retirement pay is more generous by several hundred per cent than retirement pay in civil-service positions. Permanency of commission and the perquisites that go with officer rank in the Army and Navy and marine establishments are factors that must not be overlooked. Organized essentially for national defense, happily the officers of the defense service are on a peace-time basis of living at most times, and so will want to share whatever temporary or permanent reductions in compensation may be necessary for civilian employees.

Enlisted personnel have never been paid the equivalent of their earning capacity in civil life; on the other hand, the military and naval service for enlisted men offers inviting careers on account of the fact that there is constant opportunity for training in lines in which, under normal conditions, there is fine demand upon retirement. To the pay and to the opportunity for training to which I have referred must be added hospitalization, pensions, and care in soldiers' and sailors' homes, and after sufficient longevity, retirement pay. The pay of enlisted men is far greater actually and relatively than is the pay of enlisted men of foreign countries.

WAR BURDENS

The third great item of expense to the Federal Government is for war burdens. I am asking you to notice the astounding increase that has been made under this heading since 1913. Then we spent for pensions and in care of veterans $177,071,799; in 1931 we spent for the same purpose $1,021,559,957. In 1913 we spent on our national debt $47,090,718; in 1931 we spent on our national debt $1,052,133,891.

Omitting entirely consideration of the sacrifice of human lives, the sorrow, the loss to homes, the setback that has occurred to the moral and spiritual qualities of the human race, the transformation is appalling when measured in the terms of money. Chiefly this is the result of the World War.

Up to the present the World War has cost the people of the United States $41,000,000,000. It is estimated that the cost until the last survivors and their dependents may have passed away will be approximately $100,000,000,000.

In considering the cost of war burden, I have arranged the expenditures under two headings:

(a) Pensions, compensation, insurance, hospitalization; and

(b) Payments upon principal and interest on war debts.

It will be observed that expenditure for war burdens leaped from $224,162,517 in 1913 to $2,073,693,848 in 1931. In 1891 the item for pensions, hospitalization, and so forth, was $124,415,951. Practically all of this expenditure represents obligations growing out of the Civil War. This item had jumped to $1,021,559,957 by 1931, of which amount the sum of $234,127,073 represents Civil War, Spanish War, and other military claims, while $787,032,884 is directly chargeable to the casualties of all kinds of the World War.

As we look to the future, unquestionably the part of the item for Civil War and other responsibilities aside from the World War will decrease. The lines of the veterans of the Civil War are thinning fast; their widows and other dependents are drawing less from year to year. The responsibilities on account of the Spanish War will probably not increase materially, while responsibilities on account of veterans of Indian campaigns and other services will probably be less.

Obligations arising out of the World War afford a most serious responsibility that will carry on for many years. Representative WOODRUM, as he presented to the House justification for the appropriation for the Veterans' Bureau for 1933, upon April 6 last, pointed out that from the beginning of the Republic in 1790 the United States has paid to all veterans and dependents of all wars $14,003,444,577, that of this amount $8,773,142,008 was paid on account of military service other than that incurred in the World War, whereas the benefits to World War veterans, including compensation, hospitalization, and payment to their dependents, are represented by $5,230,302,569. Of this latter amount $600,000,000 has been paid for rehabilitation or for the purpose of putting men who were disabled into condition that would enable them to be self-supporting as individuals.

Of the $4,630,000,000 that the United States has expended for World War benefits approximately one-half has been dispersed in cash; the remainder represents expenses for administration, hospitalization, insurance, and for the building up of the adjusted-service certificate fund.

The second item of war burden is for payment upon the national debt of principal and interest, which in 1931 amounted to $1,052,133,891. Of this sum $611,559,704 represents interest and the balance, $440,574,187, represents the amount that was applied to the reduction of the debt itself.

Having in mind the traditional integrity of the people of the United States that will not permit our country to flinch from meeting an obligation, it is unthinkable that the debt and the interest will not be paid. The only possible way by which this enormous part of the burden can be disturbed would be by deferment of the amount due in full or in part. Such a course would add to the obligation ultimately, for it would increase the interest factor.

HOW REDUCE

Again I hark back to the demand that is made that we reduce the expenditures of Government. How shall we reduce? We must be specific. It will not do merely to say earnestly that we must reduce by 25 per cent or 50 per cent, or that we must go back to pre-war level of expenditures. That does not solve the problem. If we are to reduce, we must find a way.

The earnest business men of every city and community in the country, earnest citizens generally, civic groups of whatever name, who are urging reductions of national expenditures can aid the administration and the Congress. They can aid by recognizing that much of government is desirable but not essential. They can aid by being willing to temporize and forego some of the conveniences of government that they have enjoyed in the past, and by omitting to urge that these conveniences expand. Such procedure will mean sacrifice; it may mean less frequency of city or rural mail service; it may mean moderation in moneys expended upon National Guard and Naval Reserve; it may mean slowing down of highway and public-building programs; it may mean a more conservative course carried forward under so-called 50-50 appropriations; it may mean modification of programs for national defense; it may mean a restudy and a recasting of the burdens of war.

Sound business men must recognize that every dollar that is expended by the Federal Treasury comes from the pockets of the people just as surely and just as inevitably as do the taxes they are paying for town and city streets, county courthouses, local relief, or local highway programs; yet a strange phenomenon is constantly experienced by Members of Congress. Citizens in all States and in all communities demand material reduction of expenditures and in the same mail and sometimes in the same set of resolutions demand moneys for local projects. They seem to forget that if it is fair that Blankroads in the State of Kansas be granted a public building it is just as fitting that one be erected in Crosstown in the State of Florida.

During the present hectic session when Members of Congress have been trying to find ways to reduce, they have

been importuned by high-pressure minority groups that no cuts be made that will affect them and, indeed, some groups have urged that their positions be made more permanent, more attractive, more secure. My office files are filled with letters from all parts of the United States, inspired doubtless by those who have axes to grind, demanding that no cut be made that will affect some particular Federal activity that from a national point of view it has seemed could well be spared. I doubt not that hundreds of thousands of dollars have been spent during the present Congress in trying to arouse sentiment against every essential cut proposed by the Congress or recommended by the administration.

We can reduce, but to reduce we must look beyond our local projects. We must view the problem from the standpoint of the Nation. We can lessen the expenses of government, but we must sacrifice. It is one of the gravest fallacies that pervades our country that if the Government itself will only assume the responsibility of furnishing the money for a local project, or pay for it in part, the cost will not be felt. There is no hocus-pocus by which we can add to items, maintain the individual items at their level, or increase them, and reduce the total of local, State, or national budgets.

GEORGE ROGERS CLARK SESQUICENTENNIAL COMMISSION

The SPEAKER. The Chair makes the following appointment, which the Clerk will report.

The Clerk read as follows:

Pursuant to the provisions of the act approved May 23, 1928 (45 Stat. 723), as amended by the act approved February 28, 1931 (46 Stat. 1459), the Chair appoints the gentleman from Kentucky, Mr. GILBERT, to fill the vacancy on the George Rogers Clark Sesquicentennial Commission caused by the death of Hon. Albert H. Vestal.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 12 minutes p. m.) the House adjourned until to-morrow, Tuesday, July 12, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

630. A letter from the Secretary of War, transmitting a report dated July 9, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Ashland Harbor, Wis.; to the Committee on Rivers and Harbors.

631. A letter from the directors of the Reconstruction Finance Corporation, transmitting a report of the corporation covering its operations for the period from the organization of the corporation on February 2, 1932, to June 30, 1932, inclusive (S. Doc No. 135); to the Committee on Banking and Currency and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LUCE: A bill (H. R. 12941) to create a national park trust fund board, and for other purposes; to the Committee on the Public Lands.

By Mr. CORNING: A bill (H. R. 12942) to amend the national prohibition act, and for other purposes; to the Committee on the Judiciary.

By Mr. SANDERS of Texas: Joint resolution (H. J. Res. 467) to provide for the sale of internal-revenue stamps by postmasters of the United States; to the Committee on Ways and Means.

By Mr. WEST: Concurrent resolution (H. Con. Res. 36) to create a joint congressional committee, to be known as the joint committee on economy; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHMANN: A bill (H. R. 12943) for the relief of Harry E. Engle; to the Committee on Claims.

By Mr. BLACK: A bill (H. R. 12944) for the relief of Winifred Meagher; to the Committee on Claims.

By Mr. HOUSTON of Hawaii: A bill (H. R. 12945) for the relief of Sam Mana, owner of the schooner *Moi Wahine;* the members of the crew; and the Hawi Mill & Plantation Co. (Ltd.), owner of the cargo on board said schooner; to the Committee on Claims.

By Mr. PARSONS: Joint resolution (H. J. Res. 468) authorizing the President of the United States to present the distinguished-service medal to Frederick H. Morlan; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8521. By Mr. JOHNSON of Texas: Telegram of R. G. Williams, city manager of Bryan, Tex., favoring exempting patrons of municipally owned electric plants from electric-energy tax; to the Committee on Ways and Means.

8522. By Mr. MEAD: Petition of citizens and voters of the United States, favoring a redress of grievances; to the Committee on Economy.

8523. By the SPEAKER: Petition of Alice B. McCall, requesting Congress to consider her claim for compensation; to the Committee on Claims.

SENATE

TUESDAY, JULY 12, 1932

(Legislative day of Monday, July 11, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal of the legislative day of Monday, July 11.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Reed
Austin	Dale	Johnson	Robinson, Ark.
Bailey	Davis	Jones	Robinson, Ind.
Barbour	Dickinson	Kean	Schall
Bingham	Dill	Kendrick	Sheppard
Black	Fess	Keyes	Shipstead
Blaine	Fletcher	King	Shortridge
Borah	Frazier	La Follette	Smoot
Bratton	George	Lewis	Steiwer
Broussard	Glass	Long	Stephens
Bulkley	Glenn	McGill	Thomas, Idaho
Bulow	Goldsborough	McKellar	Townsend
Byrnes	Gore	McNary	Trammell
Capper	Hale	Metcalf	Tydings
Caraway	Harrison	Moses	Vandenberg
Cohen	Hastings	Norbeck	Wagner
Connally	Hatfield	Norris	Walcott
Coolidge	Hayden	Nye	Walsh, Mass.
Copeland	Hebert	Patterson	Watson
Costigan	Howell	Pittman	White

Mr. SHEPPARD. I wish to announce that the senior Senator from Kentucky [Mr. BARKLEY] is detained from the Senate because of a death in his family.

Mr. GLASS. My colleague, the senior Senator from Virginia [Mr. SWANSON] is necessarily detained from the Senate on official business, being in attendance upon the Geneva naval conference.

The PRESIDENT pro tempore. Eighty Senators having answered to their names, a quorum is present. The question is on agreeing to the motion to reconsider entered by the Senator from Wyoming [Mr. CAREY], called up by the Senator from Missouri [Mr. PATTERSON].

DEATH OF HENRY M. ROSE

Mr. VANDENBERG. Mr. President, with a sense of very deep personal loss and sorrow, I am announcing the death last evening of Mr. Henry M. Rose, of Michigan, the Assistant Secretary of the Senate. Mr. Rose became Chief Clerk of the Senate in 1900, and in 1905 was named as Assistant Secretary by special resolution of the Senate. He held this honorable position until the hour of his passing to his eternal reward. I believe he is the only Senate employee whose position has ever been made continuous by statute. This is the best possible and the most eloquent possible demonstration of the high place that Mr. Rose made for himself in the affection and respect and esteem of the Senate. For 30 years he has played his important rôle in the history of the Senate and the country. He was able, efficient, capable, and utterly dependable. He possessed both genius and character. He combined kindliness with dignity. He was ever a credit to himself, the Senate, and the Nation. He was a loyal American who dedicated himself to the practical patriotism of everlasting good citizenship.

Out of order, I ask unanimous consent to introduce the usual resolution for reference to the Committee to Audit and Control the Contingent Expenses of the Senate.

The resolution (S. Res. 272) was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1932, to Rena Rose, widow of Henry M. Rose, late the Assistant Secretary of the Senate, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. ROBINSON of Arkansas. Mr. President, we all learned with very great sorrow of the death of Mr. Rose. For many years he was an honored and efficient employee of the Senate. Throughout a long period he suffered illness. His patience and fortitude, displayed at all times during his affliction demonstrated remarkable force of character. We grieve at his departure.

DEFINITION OF INTOXICATING LIQUOR

Mr. BINGHAM. Mr. President, I ask unanimous consent to introduce a Senate resolution and I ask that it may be read. I do not think there will be any objection to its consideration and passage. I ask unanimous consent for its present consideration. May I say to the Senator in charge of the unfinished business that if it leads to any discussion I shall withdraw the request.

The PRESIDENT pro tempore. Without objection, the resolution will be received and read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 271), as follows:

Whereas there appears to be some doubt in the minds of certain Senators as to what constitutes intoxicating liquor within the meaning of the eighteenth amendment to the Constitution: Therefore be it

Resolved, That the Surgeon General of the United States Public Health Service is requested to make inquiry among the leading physicians and chemists in the United States as to the amount of alcohol a beverage may contain without being intoxicating, and to report to the Senate at the earliest practicable date the consensus of opinion with respect thereto.

Mr. ASHURST. Mr. President, it is obvious that the Senator from Connecticut [Mr. BINGHAM] is not a lawyer. With his many attainments, moral and mental, he labors under the disqualification of never having studied law, because he proposes to submit evidence after the case is closed. His would have been a timely and sensible move, a move that a trained lawyer would have made, whilst the amendment was pending.

Mr. President, the Senator from Connecticut has been attempting to do what he calls "test the sincerity of Democratic Senators." Never did he apply a true test. Let me tell him how to test the sincerity of Democratic Senators. Let him introduce a joint resolution proposing to amend the Constitution by abolishing the eighteenth amendment and let the roll be called. There will be no attempt on the part of Democratic Senators to avoid their platform.

The Senator from Connecticut, with a shrewdness that I have not heretofore observed, but with that left-handed cunning which always destroys the man who attempts to employ it, seemed to believe that by bringing before the Senate a measure that would not be constitutional he could thereby make what he is pleased to call a "test of the sincerity of Democratic Senators." But the Senator from Connecticut deceives no one. He did not of course attempt willfully to deceive anyone. It was only his left-handed cunning that caused him to think he could deceive somebody.

There is the test if the Senator wants one. Let him introduce a joint resolution proposing to repeal the eighteenth amendment, let the roll be called, and then after Democrats shall have voted he may talk about a test. But let him not wash his hands with invisible soap in imperceptible water and try to put us to a test by asking us to do an unconstitutional thing.

Mr. ROBINSON of Arkansas. Mr. President, I demand the regular order.

The PRESIDENT pro tempore. The regular order is the request of the Senator from Connecticut for unanimous consent for the present consideration of the resolution.

The PRESIDENT pro tempore. Is there objection?

Mr. SHEPPARD. I object.

The PRESIDENT pro tempore. Objection is made. The regular order is the question of agreeing to the motion to reconsider entered by the Senator from Wyoming [Mr. CAREY] and called up by the Senator from Missouri [Mr. PATTERSON]. On that question the Senator from Arizona is recognized.

Mr. ASHURST. Mr. President, there is no attempt here, and there will be no attempt on the part of anybody who claims to be a Democrat, to avoid a vote on the question of the repeal of the eighteenth amendment.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. ASHURST. I shall yield after I secure permission to have the clerk read an editorial from the Arizona Daily Star, one of the leading Democratic dailies of the Southwest, published at Tucson, Ariz. This able newspaper has not always supported me politically, but that does not constitute a reason why I should not in fairness designate it as one of the ablest of all the journals published in the United States. I ask that the editorial to which I have referred may be read at the desk, and then I shall yield to the Senator from Connecticut.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, the clerk will read the editorial.

The Chief Clerk read as follows:

[From the Arizona Daily Star, July 6, 1932]

THE DEMOCRATIC PLATFORM

The platform adopted by the Democratic Party at Chicago is one of the most remarkable and unusual political documents in American history. It is unusual and remarkable on account of its brevity. Never before in the history of presidential campaigns has any party adopted such a brief platform. Whereas this platform comprises fewer than 1,500 words, the usual party platform in a presidential campaign totals more than 10,000 words.

On account of its brevity, the Democratic platform is remarkably free from ambiguous language. The ordinary man in the street can understand its words, and can take the time to read such a short document. In this short space of words the platform takes positive action on every great issue before the country.

First of all it frankly states that the only hope for improving present conditions lies in a drastic change in economic and governmental policies. The platform promises to make these changes by a 25 per cent reduction in governmental expenditures, by the maintenance of the national credit by a budget based on accurate estimates of income, a sound currency at all hazards, and a competitive tariff for revenue with a fact-finding tariff commission free from Executive interference. An international economic conference would be maintained to restore international trade and facilitate the exchange of goods by working out a system of lower tariffs on a reciprocal basis.

The platform advocates shorter working hours in industry, advance planning of public works, unemployment and old-age insurance under State laws. It promises an adequate Army and Navy, strict and impartial enforcement of the antitrust laws to prevent monopoly and unfair trade practices, and the conser-

vation, development, and use of the Nation's water power in the public interest. It attacks the evil of the holding company in both public utilities, banking, and industry. It urges quicker relief to depositors of closed banks. Noticeably it promises the fullest measure of justice for all war veterans who have suffered disability or disease caused by or resulting from actual service in time of war.

In the matter of international relations the Democratic campaign document promises a policy of arbitration in the settlement of international disputes, no interference in the internal affairs of other nations, adherence to the World Court with pending reservations, and the pact of Paris (the Kellogg treaty) to be made effective by provisions for consultation and conference in case of threatened violation of treaties, and opposition to cancellation of the war debts.

On the prohibition plank favoring the repeal of the eighteenth amendment the Democratic Party took its boldest stand. It pledges the party to work for the repeal of the prohibition amendment and the modification of the Volstead Act, but promises Federal aid to those States that wish to be dry. This plank received overwhelming ratification in the convention. Every State in the Union represented at the convention save three joined in the demonstration of approval. This plank is a matter of such vital importance that room does not permit its discussion at this moment, but suffice it to say that there is in reality little difference between this plank and the Republican plank save that of honesty. The Democratic plank is an honest one; the Republican plank a subterfuge designed to win the votes of both drys and wets.

The entire Democratic platform is noteworthy for its honesty and for its clear and frank stand on every great issue. Of course, it is subject to criticism. It advocates some policies to which we are opposed, but as a whole the platform is one of the best ever adopted by any political party. It will be a vital force in winning to the Democratic standard millions of votes from that great mass of independent Americans who value honesty in politics above everything else.

We commend it to the voters of Tucson and Arizona.

Mr. ASHURST. I now yield to the Senator from Connecticut.

Mr. BINGHAM. Mr. President, I understood the Senator to say that no Democrat would oppose taking up the proposal to repeal the eighteenth amendment. That is what I understood the Senator to say.

Mr. ASHURST. Let the Senator bring forward his joint resolution.

Mr. BINGHAM. Very well, Mr. President. I then ask that there may be read at the desk Senate Joint Resolution 164, now lying upon the desk, and I shall ask unanimous consent that the unfinished business may be temporarily laid aside and that we may vote on the joint resolution in accordance with the invitation of the Senator from Arizona.

The PRESIDING OFFICER. Without objection, the clerk will read.

The Chief Clerk proceeded to read the joint resolution (S. J. Res. 164) proposing an amendment to the Constitution of the United States relating to the manufacture, sale, or transportation of intoxicating liquors, which is as follows:

Resolved, etc., That the following is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three-fourths of the several States, which conventions shall be composed in each State of delegates elected by a majority vote of the electors of the State:

"ARTICLE —

"Article XVIII of the amendments to this Constitution is hereby repealed. The power to regulate or to prohibit the manufacture, sale, or transportation of intoxicating liquors is reserved to the several States, except that no State may prohibit the transportation of intoxicating liquors in bond across its territory if such liquors are shipped in interstate commerce between points wholly outside the territorial limits of such State. The Congress shall have the power to regulate the sale or transportation of intoxicating liquors in interstate or foreign commerce in a manner not to abridge or deny the powers herein reserved to the several States."

Mr. ROBINSON of Arkansas. Mr. President, I inquire if the joint resolution is proposed as an amendment to the pending bill?

Mr. BINGHAM. In answer to the invitation of the Senator from Arizona, I said that I would ask unanimous consent that the pending bill may be temporarily laid aside in order that the joint resolution may be considered.

Mr. ROBINSON of Arkansas. Does the Senator in charge of the bill consent that the unfinished business may be temporarily laid aside in order to consider a joint resolution proposing to repeal the prohibition amendment?

Mr. WATSON. I do not. I have no objection to the consideration of the measure on its merits as a separate proposition.

Mr. ROBINSON of Arkansas. Neither have I, Mr. President.

Mr. WATSON. But if my friend will allow me to answer him, I have constantly opposed adding any amendment to the pending bill at any time, and I am opposing it now. If the joint resolution be proposed as an amendment, then I object to its consideration, and, if it be not proposed as an amendment, if it involves laying aside even temporarily the pending measure, I object to it.

Mr. ROBINSON of Arkansas. Of course, it can only be considered either as an amendment to the pending bill—and I apprehend that the Senator from Connecticut would not think it practicable to submit a constitutional amendment as part of a bill——

Mr. BINGHAM. Certainly not, Mr. President.

Mr. ROBINSON of Arkansas. Or as an independent proposition while a bill is under consideration.

We have spent a large part of this session discussing the question of prohibition. So far as I am concerned, when an opportune occasion arises I shall not object to the consideration of a proper amendment submitting the question of the repeal of the eighteenth amendment; but I suggest to the Senator in charge of the pending bill if he expects ever to bring the matter to a conclusion, it will be necessary to take steps to prevent the injection of such questions as that now presented by the Senator from Connecticut.

Everyone here with the slightest comprehension of the rules of the Senate realizes that this is an entirely independent proposition; that it can not be disposed of without somewhat prolonged debate; and that even though two Senators, one on each side of the Chamber, should themselves agree to waive the right of debate, others will not be precluded from discussing the subject to their entire satisfaction. So it is my suggestion that the Senate proceed in a more orderly manner; that it devote itself to the consideration of the issues before the Senate, and proceed to the consideration of other measures when there is opportunity to do so. That was exactly the meaning of the vote that was cast yesterday, referring to the beer amendment.

Mr. BORAH. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Idaho.

Mr. BORAH. I ask if there is pending before the Senate a unanimous-consent request?

The PRESIDING OFFICER. It has not been put. The joint resolution was being read for the information of the Senate.

Mr. ROBINSON of Arkansas. Mr. President, if the matter is permitted to take the course that is indicated by what has been transpiring here this morning, if the Senator in charge of the pending bill submits to the introduction of an entirely extraneous proposition——

Mr. WATSON. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Which he knows can not be disposed of while the home loan bank bill is under consideration, I shall move to proceed to the consideration of another measure.

Mr. WATSON. Mr. President, I do not know what more the Senator could expect me to say than I have said, that I am opposed to this proposition——

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from Indiana had chosen to do so he could have objected to the presentation by the Senator from Connecticut of the joint resolution proposing an amendment to the Constitution.

Mr. WATSON. Mr. President——

Mr. ROBINSON of Arkansas. The Senator from Indiana is perfectly familiar with the rules and procedure of the Senate. He realizes that it is not in order for a Senator, while a bill is under consideration, to present a proposed constitutional amendment or any other resolution relating to a subject matter entirely apart from the bill. If we are to pursue this course, if while the Senate is discussing a measure of importance entirely extraneous matters are to be

interjected, then I myself shall take some responsibility and attempt to force a conclusion of the issue before the Senate.

Mr. WATSON. Mr. President, we are all aware of the fact that for six days the pending bill has been buffeted about while we have discussed various phases of prohibition. The Senator from Connecticut this morning, within his rights, rose to offer a resolution. I did not know what it was. It was presented and read for the information of the Senate, and the reading had not been concluded before other Senators got the floor to say something about it. Of course, I expected to object to it, because he asked to lay aside the pending bill temporarily for the consideration of the joint resolution. I intend to vote for the proposition if it comes before the Senate in its own proper time on its own proper merits, but I am opposed to putting it as an amendment to this bill, and I am opposed to setting aside this bill temporarily for the purpose of considering it. I do not know what more I could say than that.

The PRESIDING OFFICER. The question before the Senate is the motion of the Senator from Missouri [Mr. PATTERSON] on behalf of the Senator from Wyoming [Mr. CAREY] to reconsider the vote by which the so-called Couzens amendment was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 1155. An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes;

S. 2958. An act to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia; and

S. 3792. An act to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District.

The message also announced that the House had passed the bill (S. 3400) to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia," with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed a bill (H. R. 7894) to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia, to prescribe penalties for the violation of the provisions of this act, and for other purposes, in which it requests the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 1155. An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes;

S. 2958. An act to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia;

S. 3792. An act to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District;

H. R. 2704. An act for the relief of Charles Lamkin;

H. R. 7293. An act authorizing the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway bridge across United States military reservation at the Springfield Armory, Mass.; and

H. J. Res. 361. Joint resolution to authorize the Surgeon General of the United States Public Health Service to make a survey as to the existing facilities for the protection of the public health in the care and treatment of leprous persons in the Territory of Hawaii, and for other purposes.

UNITED STATES ROANOKE COLONY COMMISSION

Pursuant to the concurrent resolution (H. Con. Res. 26) to establish a commission to be known as the United States Roanoke Colony Commission to report a plan and program for the celebration in 1934 of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America on Roanoke Island, N. C., the Vice President appointed the Senator from Arkansas [Mr. ROBINSON], the Senator from New Hampshire [Mr. MOSES], and the Senator from Missouri [Mr. HAWES] members of the commission on the part of the Senate.

PETITIONS

The VICE PRESIDENT laid before the Senate the petition of sundry citizens, former members of the American Expeditionary Force, now unemployed, signed by Royal W. Robertson, commander California division, and others of the States of California, Arizona, Texas, and Kentucky, praying for the passage of legislation for the immediate payment at face value of adjusted-compensation certificates (bonus), to be "granted solely to the needy unemployed, as certified by local official welfare or veterans' bureaus," etc., which was referred to the Committee on Finance.

He also laid before the Senate the petition of sundry citizens, being former service men of the United States, signed by Hugh L. Scott (Alabama) and others from the States of Illinois, Kansas, Oregon, and Texas, praying for the passage of legislation for the immediate payment at face value, without interest, of adjusted-compensation certificates (bonus), such payment to be financed by an expansion of the currency and the certificates to be deposited with the Secretary of the Treasury as collateral for greenbacks, which was referred to the Committee on Finance.

OBLIGATIONS OF CITIZENSHIP—MORAL CONDITIONS

Mr. GEORGE presented resolutions approved by the annual summer assembly of the South Georgia Conference, Methodist Young People's Organization, at Macon, Ga., which were referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

Whereas the Supreme Court of the United States has refused citizenship to Prof. Douglas Clyde Macintosh, of Yale University, on the ground that he was unwilling to subject his conscience to an act of Congress in the event of a war which he might at the time believe to be unjust and contrary to the will of God;

Therefore we, as citizens of the United States, refuse to acknowledge the obligation which the Supreme Court declares to be binding on all citizens, whether native born or naturalized. We can not accept an act of Congress as the final interpretation of the will of God. In our allegiance to our country we withhold nothing, not even our lives, but our consciences we can not give. They belong to God.

We therefore earnestly hope that Congress will amend the naturalization laws so as to unbind the consciences of American citizens, and to insure that no alien who is otherwise qualified and who is willing to be subject to the same obligations in all respects as a native-born citizen shall be refused citizenship.

Furthermore, we young people of the South Georgia Conference, Methodist Young People's Organization, deplore the effort of the liquor forces to exploit the youth of to-day by declaring them to be the most corrupt of all times. Our conviction is that their base motive is to attempt to sufficiently weaken the eighteenth amendment as to return the legalized traffic of liquor, one of the ancient curses of humanity. As a group of Christian youth, we want to go on record as condemning the corrupt motive of the liquor forces and as favoring the eighteenth amendment and all laws pursuant thereto.

Whereas the political revolutions of early American conditions demanded a "Light Horse" Harry, a Henry Lee, and a Patrick Henry, such leaders being recruited from the youth of that day, so in the moral revolution of to-day as manifested in the activities of the racketeers, kidnapers, and liquor propagandists, a graver condition has arisen that constitutes a ringing challenge for courage and moral stamina. The youth of our day must supply this moral leadership. Realizing that the youth of to-day must constructively deal with the great issues of their day, we challenge you to rise to the height of moral leadership demanded by these issues.

Respectfully submitted.

FINDINGS COMMITTEE,
SHANNON HOLLOWAY, *Chairman.*
MRS. FRANK GILMORE.
SARAH JONES.
ANNIE CLOWER.
ELIZABETH BURKE.
DOROTHY ROGERS.
NANCY MERRITT.
ALICE ABERNATHY.

Resolutions approved by annual summer assembly, South Georgia Conference, Methodist Young People's Organization, at Macon, Ga., June 17, 1932.

COMPARATIVE ELECTRIC RATES IN CALIFORNIA

Mr. NORRIS. Mr. President, some three or four years ago the public-utility section of the Commonwealth Club of California undertook the study of the comparative merits of public and private development and distribution of electricity. They appointed a committee, they employed experts of all kinds, and made a very thorough study of the subject, running over two or three years.

The report of that committee has just been made by its chairman, Mr. Louis Bartlett, former mayor of Berkeley, Calif. I ask unanimous consent to have printed in the RECORD a copy of the report.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

COMPARATIVE ELECTRIC RATES IN CALIFORNIA—REPORT OF THE COMMITTEE ON POWER RATES APPOINTED BY THE PUBLIC UTILITY SECTION OF THE COMMONWEALTH CLUB OF CALIFORNIA

By Louis Bartlett, chairman

This report covers a comparison of certain rates charged by municipalities owning their own electrical-distributing systems with the corresponding rates of the Pacific Gas & Electric Co., San Joaquin Light & Power Co., and the Southern California Edison Co., all in California. To these have been added corresponding rates charged in the publicly owned systems in Ottawa, Canada, and Tacoma and Seattle, in Washington. In these three systems the power is generated in whole or in part and transmitted by public agency; in Ottawa by the Ontario Hydro-Electric Commission, sometimes known as Hydro; in Seattle and Tacoma the generation and transmission is municipal.

It is usual to divide the cost of providing electrical energy into three parts—generation, transmission, and distribution. Sometimes power is generated and sold at the power plant; sometimes it is generated and transmitted to the area of use and there sold at wholesale to a distributing agency; sometimes all three processes of generation, transmission, and distribution are performed by the same agency.

It is important in a study of comparative rates to bear in mind the several costs involved in these operations.

A study of these relative costs was made in 1927 (Bulletin No. 20, State Department of Public Works) by Lester S. Ready, former chief engineer of the California Railroad Commission, who found that on the average these costs were in the following proportion:

	Cents
Cost per kilowatt-hour at delivery of hydroelectric power houses	0.374
Cost per kilowatt-hour at outlet of substations	0.836
Cost per kilowatt-hour for wholesale power	0.927
Cost per kilowatt-hour for retail power	1.568
Cost per kilowatt-hour for combined lighting and power	2.277
Cost per kilowatt-hour for general lighting	5.30

These costs have been somewhat lowered, but the ratios between them are still approximately correct.

It is evident, therefore, that a comparison of rates for power in the power house can be compared only with the cost at another power house; that the cost of power generated and transmitted for sale at wholesale can be compared only with power similarly generated and transmitted, and that the cost of power distributed to the ultimate consumer can only be compared with power similarly distributed.

The "over-all average selling price" of power means nothing. To illustrate: The Southern California Edison Co. supplies the Department of Water and Power of Los Angeles with about two-thirds of the power which the latter distributes, so that the sale price of the private company is the buying price of the city. The cost of distribution in the city must be added to the sale price of the Southern California Edison Co. in arriving at the cost of the power to the ultimate consumer. A statement that the average sale price of the power of the Southern California Edison Co. is less than the average sale price by the Bureau of Power and Light makes no useful comparison, and, in fact, is altogether misleading. The rates to be compared should be the rates to the ultimate consumer.

Almost all California cities that distribute power purchase it from other agencies. A few of them—Los Angeles, Pasadena, Palo Alto, Avalon, Turlock, and Modesto irrigation districts—generate a part of what they consume. San Francisco and Merced generate and sell to private companies for resale. On the other hand, the Pacific Gas & Electric Co. and the Southern California Edison Co. generate, transmit, sell a portion of their power for resale, and sell the rest to ultimate consumers.

It is, therefore, necessary in order to arrive at just conclusions, to compare costs to the ultimate consumer. Here we are at once faced with difficulties if we try to compare every rate. Rates are usually composed of two elements—a demand charge and an energy charge. For example, one's bill for domestic consumption may begin at 40 cents before the switch is turned on; to this is added an energy charge of so much per kilowatt-hour consumed. The demand charge is justified because the agency that supplies the power must bring its facilities into the place of use, must keep them in repair, and must have the energy available when wanted. The demand charge is intended to cover a return on that investment and the cost of upkeep—both substantially the same whether current is used or not.

The demand charge is not always the same. In some places it may be 40 cents and in other places 75 cents or $1 or higher for domestic consumption. It is much higher for other types of service, for instance, commercial lighting, street lighting, pumping, etc.

Besides a variable demand charge, the cost of current varies as different amounts are consumed. In some places the charge for current may begin at 5 cents per kilowatt-hour up to 50 kilowatt-hours, when the rate changes for another block of energy; and it may become gradually less for each successive block. There is no uniform point at which the rates change on all systems. It is evident that the various combinations of demand charge and energy charge for much or little power can produce an almost infinite variety of rates for any given quantity of power.

The complexity of the task set before this committee is therefore evident. It has been found impractical to make a comparison of all of the rate schedules used by the power companies and by cities. The committee has perforce been obliged to content itself with a comparison of rates under three main schedules in general use.

1. The combination domestic rate, covering the use of electricity for light, heat, and power in the homes up to a total use of 200 kilowatt-hours per month.

2. A comparison of commercial lighting rates up to 100 kilowatt-hours a month.

3. A comparison of power rates for 5, 10, and 20 horsepower loads.

These studies have been made by J. F. Byxbee, city engineer of Palo Alto. Too much commendation can not be given Mr. Byxbee for the care and patience with which he has carried on this valuable work. His results are shown graphically on the accompanying charts.

Chart No. 1. A comparison of domestic combination electric rates for the years 1930 and 1931, up to a total monthly consumption of 200 kilowatt-hours.

It is to be noted that the cities and irrigation districts shown on the graph fall into three classes—metropolitan areas, like Los Angeles; smaller communities, like Redding, Lodi, Roseville, and Riverside; and country areas, like the Turlock and Modesto irrigation districts. The California Railroad Commission allows somewhat higher rates in the smaller cities and rural areas than in the metropolitan area. The black line representing the Pacific Gas & Electric Co. rate D 1 represents the lowest rate of the Pacific Gas & Electric Co., applicable only in metropolitan territory, whereas the majority of the cities listed are in the category of smaller cities, to which a relatively higher rate applies. This chart therefore makes a somewhat more favorable showing for the Pacific Gas & Electric rates than is entirely fair to the smaller cities.

The rates of the Los Angeles Gas & Electric Co. are not shown on this chart, as they are identical with the city of Los Angeles, the railroad commission having fixed the rates of that company on a competitive basis with those of the city.

(NOTE.—A tabular reproduction of the data in this chart is found not feasible.)

Chart No. 2: The great majority of domestic consumers have monthly bills ranging from one to three dollars. Chart No. 2 shows the amount of power purchasable for these various sums in the year 1931 under domestic combination electric service schedule, and chart No. 3 shows the number of kilowatt-hours purchasable for $5, $8, and $16 under the same schedule.

It is noteworthy that all of these charts show that the great majority of cities sell power more cheaply under this schedule than the private companies.

(NOTE.—The data in tabular form follows:)

Domestic service costs, municipal plants and private systems, year of 1931

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR $1 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Ottawa	32
Tacoma	30
Burbank	21
Glendale	21
Los Angeles	21
Seattle	18
Healdsburg	17
Riverside	16
Palo Alto	15
Turlock	15
Alameda	14
Ukiah	14
Pacific Gas & Electric	13
Lodi	12
Modesto	12
Santa Clara	10
Pasadena (minimum)	$1.50
Azusa (minimum)	2.00
Roseville (minimum)	2.00
Redding (minimum)	2.40
Lompoc (minimum)	2.50
San Joaquin (minimum)	2.50
Southern California Edison Co. (minimum)	3.00
Colton (minimum)	4.00

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR $2 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Tacoma	130
Ottawa	128
Healdsburg	60
Burbank	48
Glendale	48
Los Angeles	48
Pasadena	47
Palo Alto	46
Seattle	44
Ukiah	43
Roseville	42
Lodi	40
Turlock	40
Alameda	39
Modesto	38
P. G. & E. Co	37
Riverside	37
Azusa	36
Santa Clara	30
Redding (minimum)	$2.40
Lompoc (minimum)	2.50
San Joaquin Light & Power Co. (minimum)	2.50
Southern California Edison Co. (minimum)	3.00
Colton (minimum)	4.00

TABLE SHOWING NUMBER OF KILOWATTT-HOURS RECEIVED FOR $3 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Tacoma	230
Ottawa	228
Healdsburg	110
Redding	92
Burbank	88
Glendale	88
Los Angeles	88
Palo Alto	86
Southern California Edison Co	83
Pasadena	80
Seattle	80
Turlock	80
San Joaquin	79
Modesto	78
Lodi	75
Roseville	75
Ukiah	71
Riverside	70
Alameda	68
P. G. & E. Co	66
Azusa	64
Santa Clara	59
Lompoc	50
Colton (minimum)	$4.00

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR $5 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Ottawa	428
Tacoma	325
Turlock	230
Lodi	200
Redding	200
Healdsburg	190
Seattle	180
Modesto	178
Colton	178
Pasadena	175
Burbank	168
Glendale	168
Los Angeles	168
Palo Alto	166
Roseville	150
Southern California Edison Co	150
Riverside	136
Alameda	128
Ukiah	128
P. G. & E. Co	123
Azusa	118
Santa Clara	116
Lompoc	107
San Joaquin Light & Power Co	104

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR $8 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Ottawa	728
Tacoma	625
Lodi	500
Redding	450
Seattle	420
Modesto	370
Palo Alto	363
Turlock	330
Pasadena	325
Healdsburg	320
Alameda	318
Burbank	315
Glendale	315
Los Angeles	315
Roseville	300
Southern California Edison Co	300
Colton	286
Riverside	277
P. G. & E. Co	260
Santa Clara	240
Azusa	233
Ukiah	228
San Joaquin Light & Power Co	228
Lompoc	215

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR $16 FROM THE UTILITY PLANTS LISTED HEREIN UNDER DOMESTIC COMBINATION ELECTRIC SERVICE

	Kilowatt-hours
Ottawa	1,528
Tacoma	1,425
Lodi	1,300
Seattle	1,220
Redding	1,117
Modesto	988
Palo Alto	897
Alameda	852
Lompoc	830
P. G. & E. Co	790
Santa Clara	777
Pasadena	770
Ukiah	767
San Joaquin Light & Power Co	761
Roseville	750
Turlock	730
Healdsburg	720
Burbank	716
Glendale	716
Los Angeles	716
Southern California Edison Co	700
Riverside	677
Colton	571
Azusa	566

Chart No. 4 shows a comparison of commercial lighting rates for 1930–31 up to a total monthly consumption of 100 kilowatt-hours, and Chart No. 5 shows the number of kilowatt-hours received for $5, $10, and $20, respectively, in the year 1931 for commercial lighting electric service.

(NOTE.—The data for Chart No. 5 follows:)

Commercial lighting rates, 1931

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR $5 FROM THE UTILITY PLANTS LISTED HEREIN UNDER COMMERCIAL LIGHTING ELECTRIC SERVICE

	Kilowatt-hours
Turlock	178
Ottawa	143
Tacoma	132
Ukiah	129
Seattle	125
Palo Alto	115
Burbank	113
Glendale	113
Lodi	113
Los Angeles	112
Pasadena	111
Redding	107
Modesto	104
P. G. & E. Co	102
Alameda	100
Colton	100
Riverside	100
Southern California Edison Co	100
Santa Clara	90
San Joaquin Light & Power Co	88
Roseville	83
Azusa	82
Lompoc	80
Healdsburg	77

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR $10 FROM THE UTILITY PLANTS LISTED HEREIN UNDER COMMERCIAL LIGHTING ELECTRIC SERVICE

	Kilowatt-hours
Ottawa	730
Turlock	400
Tacoma	375
Ukiah	272
Seattle	257
Lodi	250
Palo Alto	247
Redding	240
Roseville	240
Burbank	238
Glendale	238
Los Angeles	237
Modesto	234
Alameda	225

	Kilowatt-hours
Pasadena	225
P. G. & E. Co	216
Colton	200
Riverside	200
Southern California Edison Co	200
Santa Clara	195
San Joaquin Light & Power Co	186
Azusa	173
Healdsburg	172
Lompoc	169

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR $20 FROM THE UTILITY PLANTS LISTED HEREIN UNDER COMMERCIAL LIGHTING ELECTRIC SERVICE

	Kilowatt-hours
Ottowa	2,730
Tacoma	1,375
Turlock	844
Lodi	675
Roseville	640
Seattle	567
Ukiah	557
Redding	552
Palo Alto	542
Alameda	533
Modesto	512
Burbank	488
Glendale	488
Los Angeles	487
P. G. & E. Co	487
Pasadena	475
Santa Clara	437
San Joaquin Light & Power Co	434
Riverside	427
Healdsburg	415
Lompoc	408
Colton	400
Southern California Edison Co	400
Azusa	385

Chart No. 6: Shows the number of kilowatt-hours received for $15, $30, and $60, respectively, for power service.

Industrial power rates, 1931

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR $15 FROM THE UTILITY PLANTS LISTED HEREIN UNDER POWER SERVICE FOR A 5-HORSEPOWER LOAD

	Kilowatt-hours
Ottowa	3,288
Tacoma	2,211
Turlock	1,140
Redding	769
Ukiah	750
Lodi	708
Glendale	705
Los Angeles	700
Roseville	700
Healdsburg	625
Modesto	604
Colton	543
Palo Alto	537
Southern California Edison Co	523
Alameda	500
P. G. & E. Co	500
Pasadena	500
San Joaquin Light & Power Co	500
Santa Clara	488
Burbank	406
Lompoc	406
Seattle	375
Azusa	372
Riverside	-----

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR $30 FROM THE UTILITY PLANTS LISTED HEREIN UNDER POWER SERVICE FOR A 10-HORSEPOWER LOAD

	Kilowatt-hours
Ottowa	6,583
Tacoma	4,425
Glendale	2,680
Turlock	2,490
Redding	1,792
Ukiah	1,667
Lodi	1,636
Roseville	1,513
Palo Alto	1,450
Modesto	1,409
Azus	1,385
Colton	1,381
Southern California Edison Co	1,381
P. G. & E. Co	1,273
San Joaquin Light & Power Co	1,273
Alameda	1,272
Healdsburg	1,250
Pasadena	1,237
Santa Clara	1,167
Los Angeles	1,009
Burbank	1,003
Lompoc	955
Seattle	750
Riverside	-----

TABLE SHOWING NUMBER OF KILOWATT-HOURS RECEIVED FOR $60 FROM THE UTILITY PLANTS LISTED HEREIN UNDER POWER SERVICE FOR A 20-HORSEPOWER LOAD

	Kilowatt-hours
Ottowa	13,167
Tacoma	8,850
Turlock	5,240
Glendale	3,900
Roseville	3,800
Redding	3,582
Ukiah	3,333
Lodi	3,273
Pasadena	3,033
Seattle	3,000
Palo Alto	2,900
Modesto	2,818
Colton	2,762
Southern California Edison Co	2,762
Burbank	2,600
Los Angeles	2,600
Azusa	2,582
Alhambra	2,545
P. G. & E. Co	2,545
San Joaquin Light & Power Co	2,545
Healdsburg	2,500
Santa Clara	2,333
Lompoc	1,909
Riverside	-----

Chart No. 7. Gives in greater detail comparison of the rates of the town of Lodi with those of the P. G. & E.

(NOTE.—Not reproduced.)

Examination of these graphs shows that it is quite generally true that lower rates prevail under public ownership than with the regulated monopolies of the private companies.

But the question of rates is only one side of the picture. What of the financial results of the operations previously shown? Do municipal plants extending cheap service make money, break even, or do they call upon the city authorities to make contribution to the tax rate? These questions are answered by a computation made by Mr. Byxbee. Sheet 8 is a diagram showing gross revenue, total cost, and surplus earnings of electric plants on the Pacific coast.

Total cost includes the full cost of production, transmission, distribution, utilization, interest and depreciation, taxes, and miscellaneous. The tax item is computed as 10½ per cent of the gross receipts; that is to say, to the total cost in each municipality is added a bookkeeping item of 10½ per cent of the gross receipts, so that the diagram makes a fair comparison between public and private companies.

The records included in this diagram are for the year 1930, or for the fiscal year 1930–31. It is to be noted that none of the municipal plants has been operating without a substantial surplus after making the bookkeeping charge for taxes. The least surplus, that of Burbank, is of about 9½ per cent; the highest, that of Pasadena, is 35 per cent; four are over 32½ per cent; six are over 22 per cent; and all other municipal plants except Seattle and Burbank show over 17½ per cent. If we add to these surpluses the 10½ per cent bookkeeping charge for taxes, we get some idea of how profitable the electrical distributing business has been made by the cities that have adopted it.

Chart No. 8 shows the amount of taxes that would be paid by each municipal plant were it not tax-free. This amount in every case goes into the treasury of the city, together with the balance of the surpluses. The total surplus earnings, less taxes, of the 15 cities listed on chart 8, amount to $5,223,622.92. The corresponding taxes that would have been paid by private companies amount to $2,974,136.45. The total amount of both, namely $8,197,759.37 is turned into the treasury of the cities.

(NOTE.—The data of chart No. 8 in tabular form follows:)

Diagram showing gross revenue, total cost, taxes, and surplus earnings, and actual surplus of electric-utility plants on the Pacific coast

City	Gross revenue	Total cost to city or company	Bookkeeping tax entry to equal that paid by private companies	Surplus less bookkeeping tax entry	Actual surplus
Pasadena	$1,608,824.80	$867,073.62	$168,926.52	$572,824.66	$741,753.18
Redding	101,587.33	54,864.84	10,666.63	36,055.86	46,722.54
Anaheim	182,311.19	99,697.00	19,142.65	64,101.59	83,244.24
Glendale	1,082,216.41	597,408.68	118,682.68	371,175.05	489,857.73
Lodi	128,847.75	79,046.80	18,528.23	36,272.02	54,800.25
Healdsburg	52,993.83	33,771.84	5,564.37	13,657.62	19,221.99
Alameda	559,753.24	360,286.32	58,774.06	140,692.86	199,466.92
Riverside	574,381.77	370,747.43	60,810.11	143,324.23	204,134.34
Palo Alto	286,261.68	188,987.78	30,057.51	67,216.39	97,273.90
Roseville	90,784.88	61,468.65	9,532.42	19,783.81	29,316.23
Tacoma	2,221,086.88	1,530,023.39	232,164.18	448,899.36	681,063.54
Santa Clara	125,766.13	90,248.95	13,205.43	22,311.75	35,517.18
Los Angeles	15,451,917.85	11,107,628.06	1,622,451.29	2,721,839.40	4,344,290.69
P. G. & E. Co	43,049,647.17	32,566,080.83	[1] 4,520,213.93	5,963,352.41	
Seattle	5,539,914.65	4,406,365.72	580,746.07	543,802.86	1,124,548.93
Burbank	236,491.36	189,995.55	24,881.55	21,665.26	46,546.81

[1] Actual tax paid.

What becomes of these large sums. A large part is used for additions and betterments to the electric-light plants, thus obviating the necessity of issuing bonds as the private companies must do to extend their systems. In fact, most of the municipal systems have been largely built up out of profits. A table showing the value of California plants as of 1928 is found on page 42 of Public Ownership on Trial, by Frederick L. Bird and Frances M. Ryan. This table omits Los Angeles and Pasadena, which are separately treated in the book. It shows that the value of the systems is $4,692,043.56, against which there was a bonded indebtedness of less than one-sixth, namely, $719,135.71. In only one city—Riverside—was any contribution ever obtained from taxes, and that was a small amount, $6,330.70. On the other hand, contributions from electric profits have been made to the cities in very large amounts. The figures are not available for all the cities, but the total of contributions of the cities listed exceeded by far the bonded debt. In Los Angeles the value of the plant and equipment exceeded the liabilities by over $23,000,000. In Pasadena the city's equity in a plant of over $4,500,000 was more than $3,500,000. The last balance sheets of the bureau of light and power of Los Angeles and of the Pasadena municipal electric-light plants are annexed as sheet No. 7.

Most cities use a considerable part of their surplus from electric operation for the direct reduction of the tax rate or by applying it to permanent improvements which would otherwise have to be paid for by an added tax; thus, Alameda has built a health center, Lodi a city hall, Redding an airport, and has completed a street-paving program, while Palo Alto contributes annually about $50,000 to general tax reduction.

REMARKS BY LOUIS BARTLETT, CHAIRMAN, ON THE PRECEDING REPORT

Mr. Ready has suggested that it is more expensive to serve power in sparsely settled country districts than in crowded areas, and that the rates of the private companies in California may have been adjusted so that a part of the cost of serving the country is borne by the cities. This is offered as an explanation of the poor showing made by the private companies in the charts we have just seen.

We are able to test this theory in two country areas—the Turlock and Modesto irrigation districts, where there is public distribution of power. Ten years ago these districts were buying power from the Pacific Gas & Electric Co. and the San Joaquin Light & Power Co. The districts built competing distributing systems, cut their rates at once, and have cut them successively until they are now more than 40 per cent less than when the private companies were selling power in the same territory. Perhaps I should qualify the phrase "same territory." When the private company was selling power in the Modesto territory, it did not sell throughout the entire irrigation district. It had the city of Modesto, which the district now has, and a territory of about 3 miles around the city limits, which it would not extend without payment of the cost of line extensions. Since then anyone on any public road can get power from the Modesto irrigation district plant without paying for line extensions, and the district is completely served by distribution lines. The rates are 40 per cent or more lower than under the private companies. These new lines have been built out of profits, and besides that the Modesto irrigation district made a profit last year which enabled it to reduce the taxes for water by over 30 per cent. Perhaps other rural communities can do as well.

With relation to Mr. Uhl's figures, his comparison of rates made after adding 10.8 per cent to cover taxes to the actual rates paid does not mean a thing, for it is based upon two fallacies; first, that the taxpayer and the rate payer are the same persons, which manifestly is not true, as there are many more rate payers than taxpayers; second, the amount of the taxes paid by a taxpayer is determined by the value of his property, whereas the electric light bill has no relation to the value of his property. It is based on current consumed.

The true comparisons are the ones that I have given in my charts. That gives a comparison of rates. Chart No. 8 shows what surpluses have been earned at these rates. In all cases they greatly exceed the amount of taxes that would have been charged the private companies; and the big surpluses, as already pointed out, have been used by the cities for the purposes for which taxes would otherwise have been raised.

With reference to Mr. Uhl's comparison of rates for street-lighting service, let me read a telegram from Mr. E. F. Scattergood, chief engineer of the Los Angeles Bureau of Power and Light:

"Supplementing letter mailed yesterday. Power companies always cut street-lighting rates to head off public ownership and then get it back out of general consumers from ten to twenty fold."

This is exactly what is happening in San Francisco. Los Angeles consumers are saving twelve to fifteen times more in bills for general electric service than San Francisco people are saving in street lighting by comparison.

APPENDIX

STATISTICAL DATA ON MUNICIPALLY OWNED AND OPERATED ELECTRIC POWER PLANTS IN CALIFORNIA

Annexed is a number of informative and illustrative tables concerning municipal plants in California. The source is indicated in the notes.

1. General data on public light and power plants now in operation in California.
2. Population area and consumers.
3. Percentage of increase in consumers and output, 1925–26 and 1927–28.
4. Comparison of net revenue from distribution plants and general taxes.
5. Comparison of electric bills in various California localities.
6. Charges per service and miscellaneous data concerning some California plants—Burbank, Glendale, Los Angeles, Redding, Pasadena, Roseville, Riverside, Palo Alto.

(1) Public Ownership on Trial—Bird and Ryan, page 4.
(2) Public Ownership on Trial—Bird and Ryan, page 24.
(3) Public Ownership on Trial—Bird and Ryan, page 28.
(4) Public Ownership on Trial—Bird and Ryan, page 46.
(Through the courtesy of the New Republic, publishers.)
(5) Made by Los Angeles Department of Water and Power, March 22, 1932.
(6) What 100 Representative Cities Pay for Electric Light Power Under Municipal Ownership (1931), compiled and published by Burns-McDonnell-Smith Engineering Co.

TABLE 1.—*General data on public light and power plants now in operation in California*

Locality	Date of acquisition	Population (1928)	Original method, general current	Present method, general current	Date of change	Installed horsepower Dec. 31, 1928
Alameda	1887	38,344	Steam	Purchase	1919	
Anaheim	1894	13,958	do	do	1916	[1] 400
Colton	1896	8,500	Purchase	do		
Riverside	1896	31,484	Steam	do	1914	
Santa Clara	1896	5,984	do	do	1908	
Palo Alto	1898	12,521	do	Purchase, Diesel	1922–1928	1,750
Healdsburg	1899	2,785	Hydro	Purchase	1922	
Ukiah	1899	2,745	Steam	do	1907	
Azusa	1900	6,501	Purchase	do		
Biggs	1904	521	do	do		
Pasadena	1906	85,469	Steam	Steam, purchase		46,000
Gridley	1908	2,035	Purchase	Purchase		
Glendale	1909	83,500	do	do		
Lodi	1910	7,140	do	do		
Los Angeles	1910	1,300,000	Hydro	Hydro, purchase		167,700
Roseville	1910	7,500	Purchase	Purchase		
Burbank	1913	18,500	do	do		
San Francisco	1917	700,000	Hydro	Hydro		107,000
Avalon	1919	1,054	Steam	Diesel		
Redding	1921	4,356	Purchase	Purchase		
Banning	1922	2,311	do	do		
Lompoc	1923	2,500	do	do		
Turlock-Modes to irrigation district	1922	45,000	Hydro	Hydro		40,000
			Steam	Steam		1,500
Merced Irrigation District			Hydro	Hydro		42,000
						406,350

[1] Recent installation.

Purchased energy from 1896 to 1900; 716,700 kilowatt-hours generated in 1928.

TABLE 2.—*Population, area, and consumers*

Municipality	Population (1928)	Area served (square miles)	Number of consumers	Number of consumers per square mile
Alameda	38,344	20	10,560	528
Anaheim	13,958		4,052	
Azusa	6,501	2	1,502	751
Banning	2,311	6	780	130
Biggs	521		191	
Burbank	18,500	16	4,502	281
Colton	8,500		2,216	
Glendale	83,500	13	20,696	1,592
Gridley	2,035	2	625	312
Healdsburg	2,785		1,116	
Lodi	7,140	1.51	2,350	1,556
Lompoc	2,500	4	874	219
Palo Alto	12,521	3.17	4,228	1,334
Redding	4,356		1,346	
Riverside	31,484	44	11,727	266
Roseville	7,500		2,650	
Santa Clara	5,984	2.5	1,802	721
Ukiah	2,745	2	1,018	509

TABLE 3.—*Percentage of increase in consumers and output, 1925–26 and 1927–28*

Municipality	Increase in output	Increase in consumers
	Per cent	*Per cent*
Anaheim	37	14
Azusa	62	50
Alameda	10	5
Banning	48	
Burbank	43	25
Glendale	57	20
Healdsburg	18	17

TABLE 3.—*Percentage of increase in consumers and output, 1925–26 and 1927–28*—Continued

Municipality	Increase in output	Increase in consumers
	Per cent	*Per cent*
Lodi	12	2
Lompoc	61	21
Palo Alto	26	9
Redding	27	3
Riverside	35	25
Roseville	5	8
Santa Clara	16	10
Ukiah	19	11

TABLE 4.—*Comparison of revenue from distributing plants and general taxes*

Municipality	Net earnings of plant	Income from taxes
Alameda	$135,943.08	$631,209.49
Azusa	18,991.88	54,913.89
Banning	11,624.60	29,488.17
Biggs	1,345.32	12,392.54
Burbank	45,070.71	312,480.90
Glendale	432,064.04	1,100,501.30
Gridley	15,066.40	27,432.64
Healdsburg	16,727.22	44,995.06
Lodi	43,869.79	111,904.70
Lompoc	16,174.04	33,476.22
Palo Alto	62,242.45	194,098.03
Redding	42,412.72	49,657.22
Riverside	200,745.02	319,800.15
Roseville	31,789.14	53,038.01
Santa Clara	33,474.92	64,443.12
Ukiah	16,686.63	20,885.45
Total	1,132,237.96	3,060,716.94

TABLE 5.—*Department of water and power—Comparison of electric bills in various California localities*

	Southern California									San Joaquin Valley	Northern California			
	Los Angeles city		Los Angeles County				Riverside district		San Diego		San Francisco Bay district			
	Municipal	Los Angeles Gas & Electric Corporation	Pasadena (municipal)	Glendale (municipal)	Burbank (municipal)	Southern California Edison Co.	Riverside (municipal)	South Sierra Power Co.	San Diego Consolidated Gas & Electric Co.	San Joaquin Light & Power Corporation	Alameda (municipal)	Palo Alto (municipal)	Santa Clara (municipal)	Pacific Gas & Electric Co.
DOMESTIC														
40 kilowatt-hours: For average home using lighting only (including small appliances)	$1.81	$1.81	$1.80	$1.81	$1.81	$2.00	$2.10	$3.60	$2.58	$2.55	$2.10	$1.90	$2.35	$2.10
90 kilowatt-hours: For average home using electric refrigeration in addition to above	3.06	3.06	4.05	3.06	3.06	4.50	3.60	8.10	4.38	4.55	3.85	3.15	4.10	3.85
240 kilowatt-hours: For average home using lighting, electric refrigerator, and electric range	6.48	6.48	6.30	6.48	6.48	6.80	7.25	9.90	8.48	8.30	6.90	6.30	7.95	7.70
COMMERCIAL LIGHT														
500 kilowatt-hours: A small retail mercantile store	20.50	20.50	21.00	20.50	20.50	25.00	27.50	40.00	27.18	23.50	19.00	20.55	22.50	20.50
10,000 kilowatt-hours: A medium sized department store, theater, etc.	212.00	212.00	233.50	212.00	212.00	350.00	352.50	371.50	302.18	278.50	279.00	275.55	277.50	265.00
COMMERCIAL POWER														
1,500 kilowatt-hours: A market with 5-horsepower refrigerator	23.00	23.00	35.00	22.95	23.00	24.75	24.75	35.50	28.00	26.50	27.25	26.25	27.25	26.25
3,750 kilowatt-hours: Cabinet shop, machine shop, apartment house, etc., 75 horsepower connected; 67 horsepower or 50 kilowatts demand	76.55	76.55	74.25	74.18	76.55	86.80	86.80	134.43	94.30	97.65	93.90	90.55	93.90	90.55
68,000 kilowatt-hours: On combined light and power—power, 18,000 kilowatt-hours, 300 horsepower connected, 161 horsepower or 120 kilowatts demand; light, 50,000 kilowatt-hours; 200 kilowatts demand			[1]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	(50)
Simultaneous demand 300 kilowatts or 402.1 horsepower	1,034.00	1,034.00	780.00	1,175.07	1,169.80	1,213.68	1,866.50	2,024.25	1,635.13	1,617.60	1,403.90	1,590.50	1,602.40	1,399.95

[1] Consumer must furnish lighting transformers.

[2] No rate for combined light and power; power and light computed separately.

Utilities listed: Southern California Edison Co. (Ltd.), Los Angeles; Los Angeles Gas & Electric Corporation, Los Angeles; Southern Sierras Power Co., Riverside; San Diego Consolidated Gas & Electric Co., San Diego; San Joaquin Light & Power Corporation, Fresno; Pacific Gas & Electric Co., San Francisco.

TABLE 6

PASADENA, CALIF.

Population, city, 76,086; type of plant, steam turbines; capacity of plant, 30,675 kilowatts; maximum demand, 18,600 kilowatts; value of plant and system, $3,186,150; indebtedness on plant, $452,283; invested in bonds, $934,123; cash on hand, $600,000; plant in operation, 25 years; gross profit during that period, $7,308,260.

	Number of services	Kilowatt-hours	Revenue	Average rate
				Cents
Residence		13,473,591	$580,401	4.30
Commercial		13,744,520	426,619	3.10
Power		11,585,515	243,249	2.10
Total	30,696	38,803,626	1,250,269	3.22
Street lighting		3,570,403	107,112	3.00
Other city uses		8,880,931	106,272	1.20
Plant services and losses		8,851,274		
Total revenue		60,106,234	1,463,653	2.43
Operating expense			514,858	
Gross profit annually, 1930			948,795	

RATES

Residence and commercial: 4.5 cents first 200 kilowatt-hours; 4 cents next 300 kilowatt-hours; 3.5 cents next 500 kilowatt-hours; 3 cents next 1,000 kilowatt-hours; 2.5 cents next 1,000 kilowatt-hours; 2 cents next 10,000 kilowatt-hours; 1.5 cents balance; 50 cents minimum.

Cooking and heating: 4.5 cents first 30 kilowatt-hours; 3 cents next 50 kilowatt-hours; 2 cents next 300 kilowatt-hours; 1.5 cents balance; $1.50 minimum.

Off peak power: 1.5 cents first 10,000 kilowatt-hours; 1.05 cents next 40,000 kilowatt-hours; 0.96 cent next 50,000 kilowatt-hours; 0.9 cent balance; $1.50 per month minimum.

Power: 4 cents first 100 kilowatt-hours; 3 cents next 200 kilowatt-hours; 2.5 cents next 300 kilowatt-hours; 2 cents next 400 kilowatt-hours; 1.9 cents next 1,000 kilowatt-hours; 1.7 cents balance. Minimum: $1.50 first 2 horsepower; 0.55 cent additional horsepower.

ROSEVILLE, CALIF.

Population city, 6,425; type of plant, current purchased wholesale; value of plant and system, $130,000.

	Number of services	Kilowatt-hours	Revenue	Average rate
				Cents
Total	2,725		$86,567	
Street lighting			1,800	
Miscellaneous			2,437	
Total revenue		3,187,000	90,804	2.91
Operating expense			66,012	
Gross profit, 1930			24,792	

RATES

Residence: 6 cents first 100 kilowatt-hours, 3 cents next 100 kilowatt-hours, 2.5 cents balance. Minimum, 75 cents.

Commercial: 3 cents first 100 kilowatt-hours, 2 cents next 900 kilowatt-hours, 1.75 balance. Minimum, $1.50.

Power: 1½ cents per kilowatt-hour. Minimum, 50 cents per horsepower.

LOS ANGELES, CALIF.

(Competitive plant)

Population, city, 1,238,048; population served, 850,000; type of plant, hydroelectric and Diesel; capacity of plant, 96,605 kilowatts; maximum demand, plant peak, 88,000 kilowatts; system peak, 171,300 kilowatts; value of plant and system, $70,558,423.09; indebtedness on plant, $37,955,000; plant in operation, 14 years; gross profit, 14 years, $60,930,735.

	Number of services	Kilowatt-hours	Revenue	Average rate
				Cents
Residence	186,510	100,242,888	$3,972,843	3.97
Commercial	31,870	177,356,809	5,120,519	2.89
Power	12,420	317,795,128	4,139,296	1.31
Total	230,800	595,394,825	13,232,658	2.2
Street lighting	824	56,703,004	1,967,985	3.47
Plant services	183	7,832,698	90,833	1.16
Transmission and distribution losses		99,533,284		
Total revenue		759,463,811	15,368,416	2.02
Operating expense			7,656,026	
Gross profit for fiscal year			7,712,390	

RATES

Residence: 4.8 cents first 35 kilowatt-hours; 2.5 cents next 140 kilowatt-hours; 2 cents balance.

Commercial light: 4.5 cents first 100 kilowatt-hours; 4 cents next 400 kilowatt-hours; 3.5 cents next 500 kilowatt-hours; 3 cents next 1,000 kilowatt-hours; 1.8 cents next 38,000 kilowatt-hours.

General power energy: 4.3 cents first 100 kilowatt-hours; 3.5 cents next 400 kilowatt-hours; 2.3 cents next 1,000 kilowatt-hours; 1.7 cents next 1,500 kilowatt-hours; 1.3 cents next 3,000 kilowatt-hours; 1.1 cents next 14,000 kilowatt-hours; 1.03 cents next 30,000 kilowatt-hours; 0.96 cent next 50,000 kilowatt-hours; 0.87 cent balance.

REDDING, CALIF.

Population, city, 4,188; type of plant, purchase power; value of plant and system, $126,373.97; indebtedness on plant, $31,000 (outstanding bonds); plant in operation, 10 years; total net profit, 9.5 years, $369,728.11.

	Number of services	Kilowatt-hours	Revenue	Average rate
Residence and commercial lighting	1,189	1,713,699	$69,638	$0.0405
Heating only	37	176,472	3,487	.0197
Combination, cooking, lighting, etc.	117	529,898	9,439	.0178
Power	114	930,767	18,217	.0197
Residence lighting with small appliances	36	17,176	682	.0397
Total	1,493	3,368,012	101,463	.0301
Plant services and losses		405,988	335	
Total revenue		3,774,000	101,798	.0271
Operating expense			54,865	
Net profit, 1930-31			46,933	

RATES

Residence and commercial: 8 cents first 10 kilowatt-hours, 4.8 cents next 20 kilowatt-hours, 3.5 cents next 140 kilowatt-hours, 1.5 cents balance. Minimum, 80 cents per month.

Combination: 8 cents first 10 kilowatt-hours, 4.8 cents next 20 kilowatt-hours, 2 cents next 150 kilowatt-hours, 1.2 cents balance. Minimum charge, $2.40.

Large power, per horsepower: 1.44 cents first 50 kilowatt-hours, 0.8 cent next 50 kilowatt-hours, 0.72 cents next 150 kilowatt-hours, 0.48 cent balance. Minimum, 80 cents per horsepower.

Small power, per horsepower: 3.2 cents first 50 kilowatt-hours, 1.68 cents next 50 kilowatt-hours, 1.04 cents next 150 kilowatt-hours, 0.72 cent balance. Minimum, 80 cents per horsepower.

BURBANK, CALIF.

Population, city, 16,500; population served, 14,500; type of plant, purchased energy; capacity of plant, 6,000 kilowatts; ultimate, 12,000; maximum demand, 2,450 kilowatts; value of plant and system, $680,369.25; indebtedness on plant, $95,000; plant in operation, 18 years; gross profit, 11 years, $546,188.19.

	Number of services	Kilowatt-hours	Revenue	Average rate
				Cents
Residence	4,246	2,527,035	$113,376.16	4.48
Commercial	637	798,802	31,009.07	3.88
Power	162	4,033,921	60,324.80	1.49
Total	5,045	7,359,758	204,710.03	2.78
Street lighting, overhead and ornamental		760,797	30,688.04	4.03
Miscellaneous revenue			390.56	
Plant services and losses		649,600		
Total revenue		8,770,155	235,788.63	2.69
Operating expense			143,044.26	
Gross profit annually			92,744.37	

RATES

Residence: 4.8 cents first 35 kilowatt-hours; 2.5 cents next 140 kilowatt-hours; 2 cents balance. Minimum charge, 60 cents.

Commercial: 4.5 cents first 100 kilowatt-hours; 4 cents next 400 kilowatt-hours; 3.5 cents next 500 kilowatt-hours; 3 cents next 1,000 kilowatt-hours; 1.8 cents balance.

Power: 4.3 cents first 100 kilowatt-hours; 3.5 cents next 400 kilowatt-hours; 2.3 cents next 1,000 kilowatt-hours; 1.7 cents next 1,500 kilowatt-hours; 1.3 cents next 3,000 kilowatt-hours; 1.11 cents next 14,000 kilowatt-hours.

Street lighting: 5 cents per kilowatt-hour for ornamentals only.

PALO ALTO, CALIF.

Population, city, 13,800; population served, 14,250; type of plant, Diesel and purchased current; capacity of plant, 1,250 kilowatts; maximum demand, 3,650 kilowatts; value of plant and system, $367,021; indebtedness on plant, $261,745.

	Number of services	Kilowatt-hours	Revenue	Average rate
				Cents
Residence and commercial	3,522	3,618,062		
Heat	536	2,070,783		
Power	289	1,806,529		
Total	4,347	7,495,374	$240,705	3.21
Miscellaneous income			1,084	
Street lighting and other city department		1,804,890	29,896	1.65
Plant services and losses		1,386,736		
Total revenue		10,687,000	271,695	2.54
Operating expense			151,477	
Gross profit annually			120,218	

RATES

Residence and commercial: 4 cents first 200 kilowatt-hours; 3.4 cents next 800 kilowatt-hours; 2.6 cents next 2,000 kilowatt-hours; 2.2 cents next 12,000 kilowatt-hours; 1.8 cents balance. Service charge, 40 cents per month.

Combination: 4 cents first 30 kilowatt-hours; 2.5 cents next 140 kilowatt-hours; 1.5 cents balance. Service charge, 40 cents per month.

Small power: 3.7 cents first 50 kilowatt-hours; 2 cents next 50 kilowatt-hours; 1.1 cents next 150 kilowatt-hours; 0.87 cent balance.

Large power: 1.6 cents first 50 kilowatt-hours; 1 cent next 50 kilowatt-hours; 0.75 cent next 150 kilowatt-hours; 0.57 cent balance.

GLENDALE, CALIF.

Population, city, 64,509; population served, entire city; type of plant, energy purchased wholesale; capacity of plant, no generation; maximum demand, 10,000 kilowatts; value of plant and system, $2,436,819.85; indebtedness on plant, $56,500; plant in operation, 22 years.

	Number of services	Kilowatt-hours	Revenue	Average rate
Residence and commercial	22,504	20,124,078	$755,117.68	$0.0370
Power, including water department pumping	608	13,964,747	195,351.51	.0157
Total	23,112	34,088,825	950,469.19	.0264
Street lighting	1	2,253,387	60,000.00	.0266
Plant services and losses		2,377,663		
Miscellaneous revenue			71,747.22	
Total revenue	23,113	38,719,875	1,082,216.41	.02795
Operating expense			597,408.68	
Gross profit annually			484,807.73	

RATES

Residence and commercial: 4.5 cents first 100 kilowatt-hours, 4 cents next 400 kilowatt-hours, 3.5 cents next 500 kilowatt-hours, 3 cents next 1,000 kilowatt-hours, 1.7 cents balance. Minimum charge, 60 cents.

Small power, per horsepower: 4.1 cents first 30 kilowatt-hours, 3.4 cents next 30 kilowatt-hours, 1 cent balance.

Large power, per horsepower: 3 cents first 30 kilowatt-hours, 1.8 cents next 30 kilowatt-hours, 1 cent balance.

RIVERSIDE, CALIF.

Population, city, 29,696; type of plant, wholesale purchase; capacity of plant, 5,500 kilowatts; value of plant and system, $1,408,982; indebtedness on plant, $2,000; plant in operation, 35 years.

	Number of services	Kilowatt-hours	Revenue	Average rate
				Cents
Residence	8,828	6,961,448	$316,481	4.54
Commercial	1,163	1,000,000	45,452	4.54
Power	840	8,823,334	161,290	1.83
Total	10,831	16,784,782	523,233	3.12
Street lighting and losses		1,946,820	44,296	2.28
Plant services and losses		2,000,000	6,853	
Total revenue		20,731,602	574,382	2.77
Operating expense			370,747	
Gross profit annually			203,635	

RATES

Residence: 6 cents first 30 kilowatt-hours, 3 cents next 125 kilowatt-hours, 2 cents balance. Minimum, 50 cents per month.

Commercial: 5 cents first 250 kilowatt-hours, 4.5 cents next 750 kilowatt-hours, 4 cents next 1,000 kilowatt-hours, 3.5 cents next 3,000 kilowatt-hours, 3 cents next 3,000 kilowatt-hours, 2 cents balance. Minimum, 50 cents per month.

REPORTS OF THE FOREIGN RELATIONS COMMITTEE

Mr. BORAH, from the Committee on Foreign Relations, to which were referred the following bills and joint resolution, reported them severally without amendment and submitted reports thereon, as indicated:

S. 4553. An act for the relief of Elizabeth Millicent Trammell (Rept. No. 996);

S. 4767. An act for the relief of Mucia Alger (Rept. No. 997); and

S. J. Res. 195. Joint resolution granting permission to Hugh S. Cumming, Surgeon General of the United States Public Health Service; John D. Long, medical director United States Public Health Service; and Clifford R. Eskey, surgeon, United States Public Health Service, to accept and wear certain decorations bestowed upon them by the Governments of Ecuador, Chile, and Cuba.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, July 12, 1932, that committee presented to the President of the United States the following enrolled bills:

S. 1155. An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes;

S. 2958. An act to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia; and

S. 3792. An act to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District.

BILL INTRODUCED

Mr. GOLDSBOROUGH introduced a bill (S. 4970) to amend section 808 of Title VIII of the revenue act of 1926, as amended by section 443 of the revenue act of 1928, which was read twice by its title and referred to the Committee on Finance.

AMENDMENT OF THE REVENUE ACT OF 1932—TAX ON ELECTRICAL ENERGY

Mr. SHORTRIDGE introduced a bill (S. 4971) to amend section 616 of the revenue act of 1932, relating to the tax on electrical energy, which was read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 616 of the revenue act of 1932, as amended, is amended—

(1) By striking out, in subdivision (a), the words "and to be collected from the vendor."

(2) By striking out all of subdivision (b) and inserting in lieu thereof the following:

"(b) The tax imposed by this section shall be collected and paid in such manner as the commissioner, with the approval of the Secretary, shall by regulations prescribe, except that no obligation shall, by reason of this subdivision, be imposed upon any vendor in connection with the collection of any tax under this section. The provisions (including penalties) of section 1114 of the revenue act of 1926, of sections 3176 (as amended) and 3184 of the Revised Statutes, and of section 771 of this act, shall be applicable in respect of such tax, in lieu of the provisions of sections 619 to 629, inclusive, of this act."

(3) By adding at the end of subdivision (c) the following: "As used in this subdivision, the term 'political subdivision' includes any district created under the laws of a State or Territory for the purpose of constructing or operating a public utility."

SEC. 2. This act shall apply only to electrical energy furnished on or after the date of the enactment of this act.

A memorandum presented by Mr. SHORTRIDGE accompanying Senate bill 4971 was ordered to be printed in the RECORD, as follows:

MEMORANDUM STATEMENT ACCOMPANYING PROPOSED JOINT RESOLUTION BY SENATOR SHORTRIDGE TO AMEND SECTION 616 OF THE REVENUE ACT OF 1932 IN CERTAIN ADMINISTRATIVE PARTICULARS

The changes as suggested in the amendment of section 616 of the revenue act of 1932, relating to the tax on electrical energy, involve practically those of collection only, with no increase or decrease of revenue.

The change suggested in (1) by striking out in subdivision (a) the words "and to be collected by the vendor" is for the particular purposes of relieving the vendors from the collection of the

tax. This amendment is designed primarily to relieve States and municipal and political subdivisions of States from the obligation imposed on them by subdivision (a) of collecting the Federal revenue, which obligation would entail a heavy expenditure of public funds for additional machinery and for additional personnel to meet what should be solely a Federal expense, namely, the cost of collecting the Federal tax. From this point of view the burden at present laid on the States and political subdivisions is not only economically onerous but is politically unsound and we believe to be subject to serious constitutional objections.

The change suggested by (2) in striking out all of subdivision (b) and inserting in lieu thereof the amendment is for the purpose of eliminating such provisions as are not pertinent after making the change in subdivision (a). The matter set out in (b) is purely administrative, to allow the commissioner to specify the method for gathering the revenue without imposing an obligation on States or political subdivisions.

The additive change (3) is for the particular purpose of defining a political subdivision so as to remove any doubts as to the scope of the words "political subdivision."

AMENDMENT TO HOME LOAN BANK BILL

Mr. COUZENS submitted an amendment intended to be proposed by him to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, which was ordered to lie on the table and to be printed.

COAL MINING IN ALASKA—MOTION FOR RECONSIDERATION

Mr. HOWELL. Mr. President, I ask unanimous consent to enter a motion to reconsider the vote upon the bill (H. R. 12281) to encourage the mining of coal adjacent to the Alaska Railroad, in the Territory of Alaska, and for other purposes.

The PRESIDING OFFICER (Mr. FESS in the chair). That motion will be entered.

Mr. COPELAND. Mr. President, what is the bill, may I ask?

Mr. HOWELL. This is a bill that was passed by the House and the Senate authorizing the Secretary of the Interior to make such disposition as to keep two or more coal mines open in Alaska.

The PRESIDING OFFICER. Where is the bill now?

Mr. HOWELL. The bill has gone to the House; and I now move that the House be requested to return the bill to the Senate.

The PRESIDING OFFICER. That is a privileged motion and is in order.

Mr. WATSON. That is all right. I want that understood.

The PRESIDING OFFICER. The question is on the motion of the Senator from Nebraska that the House of Representatives be requested to return the bill to the Senate.

The motion was agreed to.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, submitting nominations, was communicated to the Senate by Mr. Latta, one of his secretaries.

HOUSE BILL PLACED ON THE CALENDAR

The bill (H. R. 7894) to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia, to prescribe penalties for the violation of the provisions of this act, and for other purposes, was read twice by its title and ordered to be placed on the calendar.

STATEMENT OF HON. DANIEL C. ROPER ON THE LIQUOR PLANK OF THE DEMOCRATIC PLATFORM

Mr. HULL. Mr. President, I ask leave to have published in the RECORD a statement by Hon. Daniel C. Roper, of Washington, D. C., on the liquor plank of the Democratic platform.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

We are in economic chaos, millions of people unemployed, discouraged, and hungry. We can not hope to deal constructively with social questions until this economic condition is relieved. We must first feed the people. The platform of the Democratic Party is clear and constructive on economic problems, and my long personal acquaintance with Roosevelt and GARNER convinces me that they have the wisdom, vision, and human interest to lead us out of our despair into that independence of thought and action which will restore the responsibility of citizenship needed to safeguard social conditions. I am, therefore, wholeheartedly for the Democratic ticket.

To many sincere drys the question raised in the Democratic plank by the words "we favor repeal of the eighteenth amendment" is one of conscience. The action taken reflected the views of the majority, but certainly no such action could deny full liberty of thought and conscience to the minority.

It is evident to me that the temperance cause can be best served in this campaign by minimizing the agitation of the prohibition question and by the drys devoting their energies to the election of United States Senators and Congressmen in accord with their views. The prohibition problem must be treated through the Congress in final analysis. It is the will of the people that must prevail, and this will must ultimately function through the Congress.

The cause of temperance has been injured in the past through political antagonisms. Great institutions like the churches and their various affiliates have been weakened because of the fact that they have in recent years been endeavoring to support a social cause through political machinery. What the temperance cause now needs is a return to those methods of education employed in bringing about national prohibition. This can be done by lining up organizations interested in the cause behind the principles of temperance without relating their activities to politics.

LAND ADJACENT TO BOLLING FIELD IN THE DISTRICT

Mr. REED. I submit a conference report on House bill 11732, relative to the matter of completing acquisition of land adjacent to Bolling Field in the District of Columbia.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, and 3, and agree to the same.

DAVID A. REED,
DUNCAN U. FLETCHER,
Managers on the part of the Senate.

LISTER HILL,
W. FRANK JAMES,
JAMES M. FITZPATRICK,
Managers on the part of the House.

Mr. REED. The House accepts all of the Senate amendments by this conference report. I move its adoption.

The report was agreed to.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

Mr. COPELAND. Mr. President, I urge Senators on this side of the aisle to vote to reconsider the Couzens substitute. I do so, however, in the fond hope and expectation that Senators on the other side of the aisle who profess to be in favor of this home loan bill will join us in a reconsideration of the Walcott amendment.

I repeat to-day what I said last night and have said before, that with the Walcott amendment added to the bill it is of no use to the building and loan associations and the other institutions giving long-time amortized mortgages in this country.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from Tennessee.

Mr. McKELLAR. I agree with the Senator that with the Walcott amendment on, the Couzens proposal is preferable, in my judgment, to the bill as it was amended in the Senate. Has the Senator any assurance, however, that the Walcott amendment will be withdrawn if the Couzens amendment is reconsidered and disapproved?

Mr. COPELAND. I wish I had the assurance that that would happen. I have been told privately by some Senators who voted under a misunderstanding of the purpose of the Walcott amendment that they will vote to reconsider it.

Mr. LONG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. LONG. I wonder if we could not reach a compromise on the Walcott amendment. I think we could arrange with the author of the Walcott amendment that he would consent to, say, a 10-year limitation; and within 10 years we would have plenty of time to see whether we wanted to continue this system or not. Perhaps that would accomplish what the Senator has in mind.

Mr. COPELAND. I would not be interested in that. The bill itself provides for a way to terminate the system at any time. The pending bill contains that provision, section 29. This bill is of interest to the building and loan associations and the other lenders of money on long-term mortgages. Its value lies in the fact that it proposes to set up a reservoir out of which funds can be drawn to carry on and enlarge the work of the associations, and particularly in this crisis to take care of those mortgages which are now threatened with foreclosure. To limit its operation by such a proposal would discourage and destroy its purpose.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Nebraska?

Mr. COPELAND. I do.

Mr. NORRIS. I am wondering why the Senator wants to reconsider the Walcott amendment when the motion upon which we must vote is one to reconsider the Couzens amendment?

Mr. COPELAND. The reason why I persist in it is because, so far as I am concerned, as I have said from the beginning, if the Walcott amendment is left in, the Couzens amendment is far preferable to the original bill with the Walcott amendment. I want to make clear that if we do reconsider the Couzens amendment and then fail to reconsider the Walcott amendment, if the Senator from Michigan himself does not do it, I am going to offer an amendment sufficiently like the Couzens amendment to be eligible under the rules. With the limitation of five years on the loans proposed it is of no value to the amortization of mortgages now outstanding.

Further, Mr. President, only yesterday there was held in New York a meeting of certain insurance companies who are seeking to kill this bill, and who will attempt to load it down with other amendments if we do succeed.

Mr. NORRIS. Mr. President, will my friend permit another observation?

Mr. COPELAND. I yield.

Mr. NORRIS. I can not understand why we should delay a vote on the Couzens amendment for the reasons given by the Senator. If it happens that the Couzens amendment is stricken out, and later on the amendment in which the Senator is so deeply interested should likewise be left in, as it is now, it would be in order for the Senator to make his motion and his argument then.

Mr. COPELAND. I have not made myself clear. I am saying what I am to urge some of my friends who voted for the Couzens amendment to vote now for reconsideration. I voted for the Couzens amendment, and I am going to change my vote; but I am doing it, and urging that others do it, in order that we may make a test of the sincerity of the men over here as to their attitude toward the legislation.

Mr. NORRIS. I should like to say to the Senator, if he will permit me, that I voted for the Couzens amendment. I am going to vote against reconsideration. I voted for the other amendment also, but I have listened to the argument of the Senator and others. I think I have a perfectly open mind. When the motion is made to reconsider that other amendment I want to consider it, and if I am convinced that the Senator is right, I am going to vote to reconsider it.

Mr. COPELAND. There is no more fair-minded man in the Senate than the Senator from Nebraska.

Mr. NORRIS. I do not understand why we should delay this vote for that reason.

Mr. WATSON. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Indiana?

Mr. COPELAND. I yield.

Mr. WATSON. I do not know how the Senator expects the Senate to vote on two motions to reconsider at the same time. Furthermore, he can not expect the present motion to reconsider to be withdrawn and the other offered first. This one is in order before the Senate and has been for two or three days. There is no reason why we should not vote on it, vote it up or vote it down, and end it.

I have said to the Senator personally and on the floor that I expected to join him in an effort to reconsider the Walcott amendment. That is all I can say to the Senator.

Mr. COPELAND. The Senator is very just, and I have no doubt he will carry out that undertaking. He has it in his hands to make this a first-class bill or to make it worth nothing to the people of our country.

Mr. WATSON. If it be in my hands to do it, it will be done; and nobody knows that better than my friend from New York.

Mr. DILL. Mr. President, I voted for the Walcott amendment. I voted for the Couzens amendment to limit this system to four banks. I think we might well try this out on a gradual process.

I recall Congress passed the Federal land bank bill with very similar provisions to this bill; and I saw, as we all have seen, the operation of that land bank bill—a lot of mortgages unloaded on these banks by those who had these lands that were of little value, and the banks took over literally millions of acres of land that were not worth what was loaned upon them. For my part, I want to go slowly before I plunge this Government into creating another system of banks that will take over a lot of bad mortgages, and that will involve such banks in taking over a lot of property in this country. I do not appreciate the attitude of the Senator that all of us who take the other view are against the home owners of this country.

That is what I fear will happen in this matter, Mr. President. I think the amendment of the Senator from Michigan is directly in point in this situation. It proposes to make available $400,000,000 to be loaned to these associations which are making loans to home owners all over America. For my part, I think we would advance the cause of this bill if we would keep the amendment as it is now on the bill, and let the measure go to conference, and see if the conferees can not work out a bill that will protect these banks against the worthless mortgages that it will be attempted to unload on them, and give the home owner some real benefit, rather than those who have made foolish loans.

Mr. ROBINSON of Arkansas. Mr. President, I voted against the Couzens substitute for the bill chiefly because I do not believe that as the Reconstruction Finance Corporation is set up it is well qualified to perform the service that this proposed legislation contemplates.

Up to date, no advance has been made to a building and loan association by the Reconstruction Finance Corporation for a period longer than six months. Under the existing law, all loans by the corporation are limited to a period of three years. The fact that the corporation merely makes emergency loans to financial institutions renders it, in my judgment, scarcely well qualified to conduct a scheme such as is planned by the home loan bank bill.

There are a great many reasons, in my judgment, that might be advanced why the plan of the bill is preferable to the plan of the Couzens substitute for the bill. For these and other reasons that I shall not now attempt to assign in detail, I expect to vote to reconsider the substitute.

Mr. COUZENS. Mr. President, there seems to be a misunderstanding with respect to the substitute which the Senate previously adopted. There is no provision in the substitute which prohibits the Reconstruction Finance Corporation from loaning money to any building and loan association or other agency which is a beneficiary under the act on any mortgage, no matter how long it may be. In other words, the Reconstruction Finance Corporation act already provides for 3-year loans.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. COUZENS. Certainly.

Mr. ROBINSON of Arkansas. Has the substitute as it was agreed to been printed?

Mr. COUZENS. Yes; it has been printed, and it has also been read into the RECORD. I have some copies, if the Senator desires one.

Mr. ROBINSON of Arkansas. I should like to have a copy. The copy at the clerk's desk is necessarily marked up.

Is this copy which the Senator has supplied me in the form in which the substitute was agreed to?

Mr. COUZENS. That is correct.

Mr. ROBINSON of Arkansas. I thank the Senator.

Mr. COUZENS. May I also point out to the Senator that the substitute which has already been accepted by the Senate is, of course, open to amendment if it does not suit any Senator?

Mr. ROBINSON of Arkansas. I understand it has already been agreed to.

Mr. COUZENS. Yes; but it is still open to amendment, because it was an amendment to the bill.

Mr. ROBINSON of Arkansas. It would have been subject to amendment before it was adopted, but I should think under the rule it would hardly be subject to amendment now. That, however, is not the point that I had in mind. I note, in addition to what has been stated in connection with the bill, that the loans are limited to 40 per cent of the value of the real estate with respect to which such mortgages are given.

Mr. COUZENS. That is true. There is no change in that provision of the substitute or amendment from the original bill as proposed by the Senator from Indiana.

Mr. ROBINSON of Arkansas. It follows the home loan bank bill proper?

Mr. COUZENS. That is true.

Mr. ROBINSON of Arkansas. And that would be about 28 per cent of the normal value, if the figures presented by the Senator from Indiana are accurate.

Mr. COUZENS. I think that is true. The Reconstruction Finance Corporation act, in section 4, says:

> The corporation shall have succession for a period of 10 years from the date of the enactment hereof, unless it is sooner dissolved by an act of Congress.

So there is no occasion to worry about the little home owner not having available the funds of the Reconstruction Finance Corporation.

In section 5 it is provided:

> Each such loan may be made for a period not exceeding three years, and the corporation may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. ROBINSON of Arkansas. That is a material provision and substantially impairs the value of the proposed act in the eyes of those who are sponsoring this legislation. Building and loan associations usually make loans for from 8 to 14 years, according to my recollection. Under this measure no loan could be made for a longer period than three years, subject to a possible extension for two years more. That is one of the points which I think will cause the measure to be regarded as not effective for the purposes of the statute.

Mr. COUZENS. Mr. President, may I point out to the Senator that there is no limitation on the length of the loans which the home-loan association may make? They put up security with the Reconstruction Finance Corporation, consisting of mortgages of any length. There is no limitation on the length of the mortgage.

Mr. ROBINSON of Arkansas. Would the Senator expect, if this provision becomes law, that the Reconstruction Finance Corporation would make loans to, say, building and loan associations, for a period ranging from 8 to 14 years?

Mr. COUZENS. No; that is not what I said. What I said was that when a building and loan association applies to the Reconstruction Finance Corporation for a loan there is no inhibition against the Reconstruction Finance Corporation lending money to the building and loan association for a 3-year period, secured by mortgages running for from 8 to 14 years.

Mr. ROBINSON of Arkansas. Certainly not.

Mr. COUZENS. Then why can not the building and loan association continue to make the loans for any length of time which in their discretion seems wise, and simply secure the Reconstruction Finance Corporation with a deposit of mortgages?

Mr. ROBINSON of Arkansas. They can, if they can get the credit; but if they extend credit for from 8 to 14 years, and can get credit for a period of only 3 to 5 years, they certainly could not rely upon this statute, or the resources behind it, to finance their operations.

Mr. COUZENS. They have always done it. Ever since the organization of building and loan associations they have been borrowing money from the financial institutions of the United States for periods of six months or a year, secured or unsecured, and when secured, secured by mortgages running any length of time.

Mr. ROBINSON of Arkansas. But that was in normal times, and not in an emergency period.

Mr. COUZENS. What I am trying to point out is that this is an emergency measure. I am assuming that we will be out of this emergency in three years. If we are out of it in three years, this temporary provision in my amendment would carry them over. Of course, if the Senator contends that we are going to be in this sort of condition indefinitely, the point is well taken.

I want to respond now to a statement made by the Senator from Indiana yesterday.

Mr. ROBINSON of Arkansas. The last remark of the Senator prompts me to say that I am not contending that we shall be in this condition indefinitely, but I wonder whether the Senator is contending that we will be out of this condition within three years. If he is, I concede the force of his argument. I do not wish to become a prophet of evil or a pessimist, but at the same time I do not regard the present period of depression as likely to terminate within a short time, and I think it is fruitless to legislate on the theory that it will.

Mr. COUZENS. Mr. President, I am not trying to predict. What I am trying to say is that any time when Congress is in session we can extend the existing law. I am not predicting whether we will be out of the depression in three years or not; I am not anticipating that we will be or I am not claiming that we will not be, but I do contend that if we go along temporarily financing the small homes we will be here next December, and from then on, and in succeeding sessions we can take such action as seems desirable.

What I am saying is that we are asked, because of the pressure of an emergency, to set up a permanent banking system for an emergency, a banking system which heretofore has never been needed.

The Senator from Indiana [Mr. WATSON] yesterday said that this amendment might interfere with the operations of the Reconstruction Finance Corporation in making loans which they are already making in the building and loan associations. There is not a thing in my substitute which in any manner would interfere with the loans already being made to the building and loan associations on any kind of collateral that is satisfactory to the corporation.

Mr. WATSON. Mr. President, will my friend yield to me?

Mr. COUZENS. I yield.

Mr. WATSON. The Senator misapprehended what I said, or I very inadequately conveyed my thought, which was that the amendment of the Senator confers no new power whatever on the Reconstruction Finance Corporation. It already has the authority to make loans to building and loan associations. Therefore, the Senator would give them no new power; he would confer no new authority on them. They can do that now, and are doing it.

Mr. COUZENS. Mr. President, the Senator misunderstands. What we are proposing to do is to give them new

directions. We do not necessarily have to expand their power or contract it. We are proposing to give them specific directions which they do not now have, and those directions are to set aside $400,000,000 to set up a home-loan division, to be specifically devoted to the care of the small-home owner. It would provide for new instructions which they do not now have.

Mr. WATSON. They have that authority now.

Mr. COUZENS. I am not talking about authority; I am saying they are given directions under this provision. We are giving them directions they do not have. We are telling them that we want them to set up a division to aid the small-home owner.

Mr. WATSON. Mr. President, will the Senator yield further?

Mr. COUZENS. I yield.

Mr. WATSON. Mr. Gardner, in charge of the building and loan division of the Reconstruction Finance Corporation, the man who has its actual operations in charge, appeared before the House committee. Mr. REILLY, who is the chairman of that committee, asked him:

> Then the Reconstruction Finance Corporation is not the proper set-up, as regards the length of time for loans that can be made, to accommodate and meet the demands and requirements of the building and loan associations?
>
> Mr. GARDNER. Absolutely not. My thought is this: In the event of the passage of the home loan bank bill, loans which the Reconstruction Finance Corporation has made to the building and loan associations should be picked up by the home-loan bank system, refinanced and reorganized on a long-term basis, suitable to the needs of these associations.

Mr. COUZENS. Mr. President, that is the very thing I am contending, that all of the points the Senator from Indiana is making come from administration appointees or employees. The Senator from Indiana would not expect that employees appointed by the President would come here and testify against a bill which the President wanted. He would not expect them to do that. He has quoted General Dawes and others, and I am not finding fault with their testimony, but obviously they would not come here and testify against a bill which the President himself wanted.

I am not finding any fault with the desires of the President to aid the small-home owner. I am just pointing out that with his multitude of duties, he has been carried away, and so have many others, with the word "home." No one is more interested in protecting the little-home owner than I am, but I want to submit that this bill goes much farther than that, and there is no limitation upon what the money may be used for after it has been secured by the home-loan bank.

Mr. President, even the proponents of this legislation point out that the money may be used for other purposes. I had a letter this morning or yesterday from a building and loan association of Missouri in which it was stated that many persons had invested their money in the stock of building and loan associations, that they were anxious to get the money out, that they wanted the home-loan bank established so that they could discount their mortgages, so that these investors in building and loan associations might secure their money. I am not finding any fault with the desire of these investors, or depositors, or both, in the building and loan associations desiring to get their money. That is a perfectly laudable desire. But that is not supposed to be the purpose of this bill. I want to point out that on the word "home," and the heart-felt desire of every Senator present to help the little home owner, we are carrying along a multitude of other beneficiaries not intended by the bill. If the purposes of this bill were generally understood, if the demands of those who are asking for it were generally understood, it would not be carried through the Senate on the mere statement that it is for the purpose of helping the little-home owner.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. COPELAND. Of course, what the Senator has in mind is the repayment of the investment.

Mr. COUZENS. Certainly. I am not finding any fault with that, but I do not want to be carried away with the word "home."

Mr. COPELAND. This is a fact, is it not, that in a little community like Ann Arbor, we will say, the success of the continued operation of the building and loan association in Ann Arbor depends upon investments made from time to time by the purchase of new series of stock in order that more loans may be made? Of course, the continued success of the building and loan movement is involved as much in keeping satisfied the investing members as in keeping satisfied the borrowing members.

I have a copy of a letter which the Senator referred to a moment ago, referring to the failure of a building and loan association in some Southern State to pay out at the end of eight years. Of course, there is not an iron-clad pledge when such stock is purchased that it will pay out in eight years. It will pay out when they have accumulated enough money to pay out, and that may be 10 years or 12 years, perhaps. My judgment is that the building and loan associations through a hundred years of history have demontrated that with regard to investing members—and they amount to about five to one borrowing member, 10,000,000 investing members to 2,000,000 borrowing members—it is just as important to the continued operation to have those investing members satisfied as it is to have the borrowing members satisfied. So even though some of the money should be used, as the Senator suggests, for taking care of the investing members, I would not think that was any different from taking care of the various banks which receive money from the Reconstruction Finance Corporation.

Mr. COUZENS. That is true, and they already have the same opportunities as the banks have to get the money to relieve their depositors. The Senator has pointed out the very thing I want to emphasize. There are 12,000,000 assumedly interested in building and loan associations. Ten million of them are not borrowers. Ten million have put their savings either on deposit, or in stock, and there are only 2,000,000 of the home owners.

The bill, therefore, will do five times as much good to the depositors as it will to the little home owners. I am not objecting to helping the depositors, but I do object to putting over this permanent system of banks based on the heartstrings of those who have great sympathy for the little home owners. The bill is not for the purpose claimed; that is to say, it is only one-fifth for that purpose and four-fifths for another purpose. Why not acknowledge it? Why try to put through a permanent system of banking on the theory that it is simply to help the small-home owners when four-fifths of the purpose of the bill is not that at all?

Mr. COPELAND. But when we make a loan to a bank through the Reconstruction Finance Corporation that is helpful to the promotion of the function of the bank. Furthermore, we have included in the bill more than the building and loan associations. We have savings banks and insurance companies and mortgage-loan companies and a number of other institutions, where there is not the same investing group to be considered as in connection with the cooperatives.

Mr. COUZENS. That is one of the vital objections to the bill as written.

Mr. COPELAND. It is an objection I have, too.

Mr. COUZENS. One of the main objections the building and loan associations have to the bill is that it does include every conceivable kind of mortgage company, bank, and savings association.

We have had some debate on a provision of the bill which I approved of and which was amended. I refer to section 5. It was amended on the motion of the Senator from New Mexico [Mr. BRATTON] with respect to the amount of charges that might be made by a beneficiary under the bill. I have a letter from a prominent Detroit realtor inclosing a letter from a prominent trust company. The letter which the realtor incloses from the trust company is one in which the trust company offers to renew a $2,000 mortgage.

Mr. COPELAND. Mr. President, may I interrupt the Senator to ask if it is section 5 to which he referred?

Mr. COUZENS. Yes; it is. The Senator from New Mexico offered an amendment which was adopted.

Mr. BRATTON. Yes; it was section 5.

Mr. COPELAND. That is correct—line 4, page 6.

Mr. COUZENS. The amendment which was proposed by the Senator from New Mexico is not in the printed copy of the bill I have.

Mr. COPELAND. I have the language here.

Mr. COUZENS. Will the Senator read it, please?

Mr. COPELAND. It read originally:

An actual net cost to the home owner in excess of the maximum legal rate of interest (regardless of any exemption from usury laws) in the State where such property is located.

As amended it reads:

An actual net cost to the home owner in excess of the maximum legal rate of interest and rates allowed for other charges permitted by contract (regardless of any exemption from usury laws) in the State where such property is located.

Mr. COUZENS. That amendment is wholly ineffective in protecting the borrower. Section 5, to which we have just been referring, was inserted in the House for the very purpose of protecting the borrower. It has now been so amended that it does not protect the borrower. I find nothing in the bill which would prevent companies doing just what is done in the case to which I was about to refer a moment ago, of a man who wants to renew or continue a mortgage of $2,000. This involves one of the little homes about which we have been talking. The trust company says, "We will renew the loan on a 6 per cent basis; but we want an appraisal fee of $3; title report, $7; recording fee, $1.25; photograph and survey, $5; and 3 per cent commission, $60." The man who wants to renew his loan for $2,000 is not only required to pay a 3 per cent commission for the privilege of renewing it, but he is compelled to pay $60 as a commission to the lender. What protection is there if the trust company comes to the Reconstruction Finance Corporation or to the home-loan bank system and asks for money to help the little home owner? How is the little home owner going to be protected from paying this 3 per cent commission? There is nothing in the laws of Michigan which would prevent the trust company from charging the 3 per cent commission, so that even though the substitute which I propose may be reconsidered, the bill as amended by no means is complete and in proper shape for passage.

I have here another communication which among other things says, referring to the home loan bank bill:

It seems highly desirable that funds available by this act, intended ostensibly to aid home owners, should not be available for relending by member associations at exorbitant rates. It would seem quite contrary to the claims of the general intent of the act to furnish funds to member associations at, say, 5½ to 6 per cent, in order that the home owner be charged the rate he must at present pay in many cases.

There are existing outside of the jurisdiction of the District of Columbia many lending associations which charge an interest rate, with premium added, averaging 8.1 per cent. While they are doing this the stockholders of those institutions are getting 7 per cent. It is proposed to set up a new system of banking with the avowed purpose, of course, of making a profit. It would not be expected that they should operate without a profit. The associations which are going to profit from the home-loan banks are organizations that are already receiving 7 per cent. In other words, the small-home owner is already borrowing from an association that makes 7 per cent profit. Of course it has to be paid by the little-home owner. It is proposed now to impose upon that structure a new structure that will have to earn a dividend also.

There is on the outskirts of the District of Columbia an institution which charges, with premium, 8.4 per cent, and the stockholders receive 8 per cent. It is now proposed to impose upon that association another system which will have to earn dividends or it can not exist. Then there is another association which, with interest and premium, charges 9 per cent to the borrower and which pays 6 per cent on its stock. There is to be imposed upon that organization, which already charges the little-home owner 9 per cent, another system of banks which will be still more burdensome on the little-home owner, because under this system there is no plan for operation direct with the little-home owner except when and if he is unable to secure money from the banks or associations who are to be the beneficiaries under the terms of the bill.

I should state in connection with the rates upon which I have been commenting that it is alleged and stated that these are not the rates charged by the building and loan associations in Washington or the District of Columbia, and I do not want to give the wrong impression that the associations in the District of Columbia are charging any such rates.

It has been suggested, and I think it is a very wise suggestion, that no borrower should be required to pay more than 1½ per cent above the rate at which the bonds of the home-loan bank, if salable, are sold on the market. In other words, if, as stated by the proponents of the bill, they would be able to sell the bonds at, say 4½ per cent, it should not be permissible for any building and loan association or other beneficiary under the bill to charge more than 6 per cent. But, Mr. President, every single attempt that is made to limit the charge which the building and loan associations may make or which the banks or trust companies may make, is objected to and opposed. It is proposed that all the beneficiaries under the bill may continue to make the same profit and receive the same income that they have heretofore made, and yet there is to be pyramided on top of the money that they have heretofore made the maintenance of a new system of banking, namely, the home-loan banks.

I do not think it is necessary to go into a discussion of the outcome of the organization of the Federal farm-land banks or the joint-stock land banks, but I do not think it will do any harm to point out that the organization of those banks has been the means of encouraging unreasonable borrowing. It has also been shown quite conclusively that the Federal land banks and the joint-stock land banks have not by any means been a howling success. Some of them are in the hands of receivers. Some of them have suspended the payment of interest on their bonds. Others have suspended the making of loans.

I have been unable to find, Mr. President, where the market is for all the securities that are proposed to be issued under the home loan bank bill. The Federal farm-land banks are unable to sell their present securities at anywhere near par; the joint-stock land banks are unable to sell their securities; and yet the Senator from Indiana stated the other day that the success of the proposed home-loan banks was based on the hope that $1,800,000,000 of securities of the home-loan banks would be sold.

Mr. President, it is absurd, under existing conditions or under any conditions that we are able to visualize, to contend that $1,800,000,000 worth of bonds of the home-loan banks, not guaranteed by the Government, can be sold to the American public.

Not only that, Mr. President, but there has already been advanced to the Reconstruction Finance Corporation by the Federal Treasury over three-fourths of a billion dollars borrowed from the people of the United States. Why? Because the Reconstruction Finance Corporation have not dared to attempt to sell their debentures or bonds in competition with Government bonds, even though the Reconstruction Finance Corporation bonds are guaranteed by the Government.

Mr. KING. Mr. President, will the Senator from Michigan yield to me?

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Michigan yield to the Senator from Utah?

Mr. COUZENS. I yield.

Mr. KING. In view of the fact that the appropriation made was only $500,000,000, I was wondering where the

Reconstruction Corporation obtained the residue of money with which to make the loans, aggregating, as the Senator said, practically a billion dollars, unless they did sell debentures?

Mr. COUZENS. The Treasury Department has been taking them; they have not offered anything on the market. There have been no offerings from any source of the securities of the Reconstruction Finance Corporation.

Mr. KING. That is to say, the Treasury has been taking their securities instead of the public taking them?

Mr. COUZENS. Yes; outside the $500,000,000, which the Government subscribed in the form of stock, additional money has been advanced by the Treasury Department on debentures or securities of the Reconstruction Finance Corporation.

Mr. KING. One other question, if the Senator will pardon me.

Mr. COUZENS. Yes.

Mr. KING. As I understand, under the terms of the pending bill as it was originally introduced, the capital stock was to be $125,000,000, which was to be supplied by the Federal Government. Upon that slender or narrow basis do the proponents of this measure suggest that they will be able to float $1,800,000,000 of bonds or securities of the proposed home-loan banks?

Mr. COUZENS. That was the contention of the able financier from Indiana. The able financier from Indiana contended that, on a basis of $125,000,000 and whatever other contributions they could get from private agencies which are beneficiaries under the proposed act, the home-loan banks could sell $1,800,000,000 worth of their bonds, and he said it would be necessary to sell that many in order to make a success of the home-loan bank system.

Mr. President, from the debate that has taken place and from the manner in which the bill came from the Banking and Currency Committee of the Senate, it seems to be indicated that there was a unanimous opinion in its support on the part of the committees of both the House and the Senate. Of course, that is not correct, although it is correct that no minority views were filed by the Senate Committee on Banking and Currency. There are, however, some very strong minority views expressed by members of the House committee. I want to read a portion of those minority views as they appear on page 13 of the report submitted to the House of Representatives by Mr. REILLY, of the Banking and Currency Committee. It will be remembered that the Senator from Indiana submitted this report as his own report; in other words, the Senator said in the beginning of the consideration of the pending measure that we might accept the House report on the bill as his report.

Mr. STEVENSON, on page 13, gives numerous reasons for his opposition to the bill. I am not going to read the first reason because it is rather technical as to the territory covered.

The second reason I draw specifically to the attention of the Senator from New York, whose particular interest seems to be in the building and loan associations. In his minority views Mr. STEVENSON says:

> Second. I am opposed to the feature of the bill which authorizes State banks, trust companies, or other banking organizations to be embraced in this bill.

Therefore, Mr. President, it can not properly be said, as has repeatedly been said, that this bill is for the purpose of aiding building and loan associations and their small-home-owner customers.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from New York?

Mr. COUZENS. I yield.

Mr. COPELAND. I hope before we get through that we may amend that feature of the bill so as to make it a building and loan association bill.

Mr. COUZENS. Continuing to quote from the views of the minority:

> The finance reconstruction act and the Glass-Steagall bill were designed to relieve that class of institution, and I am opposed to encouraging commercial banks or institutions who receive demand deposits to embark on a venture in which they must make long-time loans on real estate in order to be eligible. Furthermore, it opens the door of the Treasury of the United States to the banks and trust companies, who will probably monopolize the available funds to the exclusion of the building and loan associations, which are the logical method of approach for relief by the home owner. I am also of the opinion that the relief, even though these institutions directly to the home owner, will be negligible, if banks are allowed to be in this institution.
>
> We undertook early in the present session of Congress to facilitate the making of loans to farmers under the farm loan act, and to stop foreclosures by the land banks by providing $125,000,000 capital to the land banks, and yet we find that in the last six months up to March 31 of this year that the number of loans to farmers had decreased about 4,000 in number, and $24,000,000 in money due from the farmers, and there was $3,102,288 more worth of farms owned by said banks at the end of the same period.

Mr. President, it is quite clear that the $125,000,000 we appropriated for the Federal land banks is not being used for the purpose for which we appropriated it, namely, making loans to farmers. I reiterate that there is not a word in this bill, nor any provision in the bill, requiring one single cent of Federal money to be passed on to the little-home owner; and from our recent experience in connection with the advance of $125,000,000 of Government money to the Federal land banks it is quite reasonable to expect that the same thing will happen with respect to the home-loan banks. In other words, since we have advanced the money to the Federal land banks actual loans have been contracted, showing that the recipients of the $125,000,000 have been using it to pay the interest on their bonds and dividends rather than passing it on. There is not a word in this bill which would prevent any bank or trust company or any building and loan association from accepting the benefits of the money put up by the Government to organize the proposed home-loan banks and using it to liquefy themselves.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. COPELAND. That is exactly the feeling I have had about the measure, that if commercial banks and other banks not primarily engaged in loaning money for homes on mortgages had the benefit of rediscount in the home-loan banks they would avail themselves of the privileges, as the Senator has said, for the purpose of adding to their liquidity. As the Senator said the other day, instead of being able to boast that they were 80 per cent liquid, they would be able to boast that they were 95 per cent liquid, which, to my mind, is not a very worthy boast on the part of a banking institution. That, however, is a difficulty which comes from including in the class of borrowing institutions those banking establishments which are not primarily organized to lend for home loans. I agree with what the Senator says about that.

Mr. COUZENS. Continuing to quote from the views of the minority filed by Mr. STEVENSON, of the House committee, he says:

> This means that instead of the farmers getting the benefits of the $125,000,000, the bondholders and bankers dealing with the farm-loan banks have absolutely absorbed the one hundred and twenty-five millions, and 4,000 farmers have been closed out in one way or another.

Mr. President, with that example staring us in the face in the case of the recent appropriation of $125,000,000 for the benefit of the farmers, what may we expect in this instance? Where has that $125,000,000 gone? It has gone to the benefit of bondholders and bankers who have been dealing in farm loans, and that is just what is going to repeat itself under this bill. We are going to set up permanently another system of banks. What for? To relieve these associations from their frozen assets. What will they do when they get the money? They are going to use it the same as the Federal land banks have done, for the benefit of the bondholders and the bankers dealing in this sort of loans, while at the same time since we have been in session 4,000 farmers have been closed out.

Mr. President, there is not a word in this bill, there is not a provision in this bill that will prevent doing the very same thing; namely, securing a Federal appropriation to help out the banks and the institutions that loan money to

home owners, while at the same time they are foreclosing mortgages on the homes that we are supposed to protect. This bill does not do it.

Continuing to quote:

If the banks and trust companies are allowed to come into this institution and dominate it, it simply means that the $125,000,000 proposed to be put up in these institutions by the Government will be absorbed in taking over the frozen real-estate loans of the banks and trust companies and building and loan associations that have themselves loaned injudiciously.

The bill contains no provisions whereby a home owner or a prospective home owner can directly borrow from these institutions, although that question was propounded to the committee during the consideration, and no gesture was made by those formulating the bill to make such provision. Hence, I assert that the bill as enacted in the present form will merely be for the betterment of the position of banks, trust companies, and widely extended building and loan associations, with negligible benefits to the home owner whose welfare was so solicitously proclaimed in behalf of this bill.

Mr. FRAZIER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Michigan yield for that purpose?

Mr. COUZENS. I yield for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Robinson, Ind.
Austin	Davis	Kean	Schall
Bailey	Dickinson	Kendrick	Sheppard
Barbour	Dill	Keyes	Shipstead
Bingham	Fess	King	Shortridge
Black	Fletcher	La Follette	Smoot
Blaine	Frazier	Lewis	Steiwer
Borah	George	Logan	Stephens
Bratton	Glass	Long	Thomas, Idaho
Broussard	Glenn	McGill	Townsend
Bulkley	Goldsborough	McKellar	Trammell
Bulow	Gore	McNary	Tydings
Byrnes	Hale	Metcalf	Vandenberg
Capper	Harrison	Moses	Wagner
Caraway	Hastings	Norbeck	Walcott
Cohen	Hatfield	Norris	Walsh, Mass.
Connally	Hayden	Nye	Watson
Coolidge	Hebert	Patterson	White
Copeland	Howell	Pittman	
Costigan	Hull	Reed	
Couzens	Johnson	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-one Senators have answered to their names. A quorum is present.

Mr. COUZENS. Mr. President, I send to the desk an amendment, which I ask to have printed and lie on the desk, which I will bring up later, with respect to this bill.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. COUZENS. I continue to read the objections filed in the minority report in the House to the pending home loan bank bill.

On page 14 of the views of the minority I find that the third objection advanced by Mr. STEVENSON was the following:

Third. My next objection to this trouble referred to—of diverting the resources where provided to other than home-building projects—is found in section 9, subdivision 2, paragraph (i), page 24, of the bill.

If the Senate will turn to page 24 of the bill, to which the minority report refers, and look at subdivision (2), paragraph (i), they will find the following:

(i) Each Federal home-loan bank shall at all times have an amount equal to the sums paid in on outstanding capital subscriptions of its members, plus an amount equal to the current deposits received from its members and from nonmember borrowers, invested in (1) obligations of the United States, (2) deposits in banks or trust companies, (3) advances with maturity not greater than one year made to members or nonmember borrowers upon such terms and conditions as the board may prescribe.

I will not take up the time of the Senate to continue reading the whole paragraph, because I am going to read what the minority report says in that connection:

That paragraph provides that all capital stock and deposits paid in by members and nonmember borrowers shall be invested in (1) obligations of the United States, (2) deposits in banks and trust companies, (3) advances with maturity not greater than one year made to members or nonmember borrowers upon such terms and conditions as the board may prescribe, and (4) advances with maturity not greater than one year made to members or nonmember borrowers the amount of whose creditor liabilities (not including advances from the Federal home-loan bank) does not exceed 5 per cent of such members' or nonmember borrowers' net assets, which advances may be made without the security of home mortgages or other security, upon such terms and conditions as the board may prescribe.

It will be noted that this kind of loan absorbs all of the capital stock and deposits provided to be paid in by members and nonmember borrowers. It is to be invested either with or without security, or deposited in banks or trust companies, or invested in the obligations of the United States. That means, if I understand it, that the directors are turned loose to put that money in the banks and trust companies indefinitely, and that so far from providing a fund for home builders, if they loan it they can loan it without security of home mortgages or other security. Of course, a home mortgage contemplates borrowing from them for more than a year, and this provision, therefore, takes away all the capital, except such as is furnished by the United States, for temporary loans to banks, for purchase of United States bonds, or loans without security to members and nonmember borrowers, and they can loan to members and nonmember borrowers, who have borrowed to the limit of their assets from the Federal home-loan banks, without security, because the liabilities which are counted to make up the 5 per cent of their net assets do not embrace advances made by the home-loan bank.

I consider this a very serious defect in the bill, and I endeavored to exclude it in committee, but unsuccessfully.

While I am on that point, Mr. President, I want to say that if the Senate reconsiders the vote by which the so-called Couzens substitute was agreed to and we go back to the original bill, I will propose an amendment to have this paragraph excluded from the bill. The minority report continues:

I am unalterably opposed to creating any more institutions that are to sell securities which are tax exempt. Section 12 of the bill provides for exemption from all Federal or State taxation, except surtaxes, estate, inheritance, and gift taxes. This is one of the things that have been indulged which must be stopped, and the way to stop it is to kill or amend every bill of that kind that comes before Congress. We are even now confronted by the need to raise revenue and handicapped in that matter by the fact that the Government is being embarrassed with every device that can be found for hiding the property of the citizens from the taxing power. We inveigh against it and then go on providing new tax-exempt securities and providing new shelters in which to hide from the imposition of taxes, so that citizens do not all bear their share of the burden.

Mr. President, I want to emphasize to the Senate that all during the debate on the revenue act of 1932 wails of complaint went up against increasing the surtax rate. Protest was vigorously made that it would not catch those citizens who had their money invested in tax-exempt securities. That was one of the main arguments as to why it was useless and unfair to raise the surtax rates. Now, in spite of the general condemnation of the Federal Government's, the States', and the municipalities' issuing tax-exempt securities so that persons may invest in them and avoid taxation, it is now proposed that we set up another agency that is supposed to issue $1,800,000,000 more of tax-exempt securities.

Mr. President, just what is the sincerity of all this protest against the issuance of tax-exempt securities when it is deliberately proposed that we pass a bill which would authorize, according to the statements of the Senator from Indiana, the issuance of $1,800,000,000 more of tax-exempt securities?

I read further from the minority report:

This same bill was, in effect, submitted to former Secretary Mellon on May 21, 1921; and Mr. Mellon, in writing to the Hon. George P. McLean, chairman of the Senate Committee on Banking and Currency, made this statement:

It is not very often I quote the great Secretary of the Treasury as my authority, but it seems as though in this case we are absolutely in accord. He said:

The institutions proposed to be established under the bill would not be banks and should not properly be called banks. And it would be undesirable even to a limited extent to introduce their bonds, secured by land mortgages, into the Federal reserve system. The proposal to designate the Federal home-loan bonds as instrumentalities of the Government of the United States and to confer upon them full exemption from Federal, State, and local taxation is also fundamentally objectionable from the point of view of the Treasury. It would amount to an indirect Government subsidy in a most dangerous form. For the reasons indicated in my letter of April 30 to the chairman of the Committee on Ways and Means, I

am opposed to the further creation of tax-exempt securities, and believe that prompt steps should be taken, by constitutional amendment where necessary, to control or prohibit future issues.

Mr. President, the Senate and the House have debated for hours the question of tax-exempt securities. It is well known that during the war the first Liberty loan bonds were made wholly tax exempt. The issues afterwards authorized were only partially exempt from taxation. Condemnation has been made of the fact that the States and the municipalities and all of their political subdivisions are continuing to build up a great amount of tax-exempt securities, which, it is alleged, defeat in part, at least, the Government revenue from surtaxes. Yet under the pending bill it is proposed that we set up another organization which may issue unlimited amounts of tax-exempt securities.

It is contended that this is all necessary for the little-home owner, and I repeat what I have often said before, that there is not a word in this bill which would assure the little-home owner that he would get one single cent of benefit from the enactment of this legislation.

I continue to quote from the minority report, which was concurred in by four of the members of the Banking and Currency Committee of the House:

If large and long-term bond issues are made with tax exemption to the limit and bought by the public, when constitutional action such as Mr. Mellon suggests is taken to prevent the issuance of such securities, these outstanding bonds could not be affected and for many years would still remain as a shield to those who desired to avoid taxation, and while it is urged that it is necessary to bring that condition about by constitutional amendment, the only way to bring it about is to stop the sale of such bonds now, wherever we can, and demonstrate to the country that we mean to abolish the habit.

I have formerly, myself, been doubtful of the wisdom of such constitutional amendment, but the history of the last few years has compelled me to the conclusion that such an amendment should be adopted, but why adopt it after the country has been saturated with tax-exempt securities which can not be affected by such constitutional amendment, which would tend, if applied to such securities, to divest vested right?

I interject at this point, Mr. President, that any attempt constitutionally to prohibit the further issuance of tax-exempt securities would of course greatly enhance, to the extent of millions of dollars, the value of the tax-exempt securities which are already out. I continue to quote:

For these reasons I am forced to confess that I am not able to support the bill, however much I desire to aid the humble citizen who wants to build a home, and regret that this bill is not so drawn as to accomplish that most laudable purpose unless radically amended in the particulars indicated.

On page 16 of the House report, which was adopted by the Senator from Indiana as his report, there appear the minority views of Mr. CLYDE WILLIAMS, in which he said:

This particular legislation seems to have originated with the President and his conference on home building and home ownership. The Department of Commerce and Doctor Gries have taken charge of the bill. I am informed that Doctor Gries has office space in the Commerce Building but has no official connection with the department. A large number of questionnaires were sent out by the Commerce Department, accompanied by a statement of the President, but without copy of the bill, and, I understand, without the knowledge of the author of the bill. The questionnaire in effect asked the institutions if additional money and credit in their community were desirable and would be helpful. A great deal of stress is placed upon the fact that a majority of them answered "Yes." This questionnaire was prepared, I am informed, at the expense of much time by the clerks in the Commerce Department. The question very properly arises: Why this extreme interest in this measure by this department? I have never known of the Commerce Department being consulted about a banking measure before. A system of banks is to be established, involving a line of real-estate credit for the entire country, and the Commerce Department is called in to pass on it and to ascertain the public sentiment. Legislation of a similar nature to this was introduced in the Sixty-sixth and Sixty-seventh Congresses, and the Secretary of the Treasury, Mr. GLASS, in the first case, and Mr. Mellon, in the last, both reported against the measure. This may account for the fact that no representative of the Treasury Department or the Federal Reserve Board has been called during all the time the extensive hearings have been held on this bill. It does seem strange that none of the financial agencies or authorities of the Government have been heard on a bill that seeks to establish a system of home-loan banks; but, on the other hand, the Commerce Department has had the only say, so far as the hearings show.

Mr. President, is not that a rather unusual circumstance? Does it not indicate quite clearly that the Commerce Department interest was primarily in commerce and not in protecting the little-home owner who was about to lose his home by the foreclosure of a mortgage? It would be logical to contend that the financial agencies of the Government would be consulted as to the wisdom and merits of the bill, but that does not appear in the hearings in the House to have been done.

Mr. WILLIAMS continues, under the caption, "Who are for the bill," on page 16 of the minority views, as follows:

It makes no difference who are for a measure or against it, if there is a national necessity for it and the measure is sound, and its scope within the proper governmental activity, then it should be enacted.

At that point I desire to point out that I do not remember a time during a session of Congress where there has been such a stream of propaganda against complying with the demand of minorities. There is not a Member of the House nor of this body who has not protested vigorously against our surrendering to the demands of a minority. I submit, Mr. President, that the merits of a bill should not rest upon who proposes it or who opposes it. I submit that the question naturally should be, Is the passage of the bill in the public interest or is it just based upon the demands of a minority who are demanding the legislation for a special private interest? I submit that the record shows, both in the House and in the Senate, that there is no public demand for the bill. The record will further show that the demand that does exist comes from a special group which would benefit by the enactment of the measure.

Continuing to read from the minority views:

But the question of who are for a measure often determines its necessity and throws some light on the motives behind its chief proponents. What institutions would be especially interested in this bill?

1. Building and loan associations.
2. Real-estate boards.
3. Savings banks.
4. Commercial banks and trust companies.
5. Insurance companies.
6. Mortgage bankers.

That covers the field in a general way.

The United States Building and Loan League at its convention in Philadelphia last August discussed various proposals along the line suggested in this bill and then voted to lay them all on the table, and several of the States have passed resolutions against the proposal.

Yet it is contended by some of the proponents of the measure, particularly the senior Senator from New York [Mr. COPELAND], that the building and loan associations of America desire the passage of the bill. That is not the fact; but it is the fact that the building and loan associations of his own State are not in favor of the enactment of the legislation.

Mr. President, this is not a local issue. I have no special interest in the defeat or passage of the bill, except that I am trying to prevent an incubus being placed upon the workers of America that will continue indefinitely to be a burden upon them. There is no possible way to aid the workers on the farm, to aid the workers in the mines, to aid the workers in the factories by continually pyramiding one financial agency upon another.

Everyone knows that all of the enormous and even the little financial institutions have to be supported by the workers. Merely to observe the marble halls and the marble staircases of the Federal reserve banks and of many of the National and State banks must be shocking to the workers in the mines and the factories and on the farms, because it reminds them that they are supporting those institutions. There is no other means of support for them. There is no way of supporting those great mansions, those great halls for business, except by the sweat of the workers. So, Mr. President, why pyramid great financial institutions upon great financial institutions which can only be supported by the groups of workers to whom I have referred? No Senator dare rise on the floor to defend such a proposal or to deny that assertion. No human being can successfully deny

that all of us here can only be supported by the work performed on the farms and in the mines and in the factories, so why do we now seriously consider erecting another incubus upon those already in existence?

I continue to quote, under the head of Federal Land Banks, from page 17 of the minority views. It is there shown that on March 31, 1932, there were in existence 405,481 loans amounting to $1,150,293,499, while on September 30, 1931, there were 409,476 loans in an aggregate of $1,174,295,621; that on September 30, 1931, there was real estate owned of the value of $28,274,601, while on March 31, 1932, the real estate owned was $31,376,889. The table from which I have quoted these figures shows that even under the press of the depression, which is the power behind the drive to enact this bill, the agencies organized for the purpose of helping the farmer are doing just the reverse thing, to wit, decreasing the number of farm loans. I quote further:

> There were 3,995 fewer loans March 31, 1932, than on September 30, 1931, or six months; $24,002,122 less money loaned to farmers March 31, 1932, than September 30, 1931, or six months; $3,102,288 more owned in real estate March 31, 1932, than September 30, 1931, or six months.

What does that mean? It illustrates that the Federal farm-land banks—and the same statement would be also applicable to the home-loan banks—protect their own interests. What have they done? They came to the Federal Government and got $125,000,000 more and used it, of course, to protect their own interests, because it is clearly shown that there are nearly 4,000 less farmers benefiting under the act than there were six months before they got the additional money, and that there had been required to be taken over $3,000,000 more of farms.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Florida?

Mr. COUZENS. I yield.

Mr. FLETCHER. I infer from the report submitted yesterday that the Reconstruction Finance Corporation has advanced but about $30,000,000 of the $125,000,000 thus far. It looks as though they have not done much of anything with the additional money.

Mr. COUZENS. I have their report here also, but I was of the opinion that more of it had been loaned out.

Mr. FLETCHER. The report says that the Corporation "also has allocated $85,000,000 to the Secretary of Agriculture in accordance with the provisions of section 5 of the Reconstruction Finance Corporation act, and has agreed to make loans to the several Federal land banks up to an aggregate amount of $30,000,000." I can not understand why they have not agreed to lend the $125,000,000.

Mr. COUZENS. It may be the applications have not been made. I have no information as to that.

Continuing to read from the minority report:

> The National Association of Real Estate Boards at its meeting in Baltimore last summer refused to indorse any plan for Federal home-loan banks; real-estate boards are not eligible for membership in the proposed banks, but are interested in home building and financing, and many of them have gone on record against the bill: St. Paul, Kansas City, Denver, Chicago, and others.
>
> The savings banks have recorded opposition to the proposed legislation.
>
> The American Bankers' Association, through its interim committee and its executive council at White Sulphur Springs, has entered its opposition to the measure. All the leading life insurance companies are against it, and the mortgage bankers of the country are united in their opposition to the bill.

Mr. President, the Senator from Connecticut [Mr. WALCOTT] comes from a great insurance State, and it was undoubtedly because of the need of the insurance companies for some protection that the Senator from Connecticut submitted his amendment to limit the operations of the home-loan banks to five years. The lending privileges are limited to 5 years and they are required to liquidate within 15 years. The Senate adopted that amendment—why? Because it was perfectly obvious that there was need only for a temporary agency to carry over the distress period. All during the history of the Nation, all during the times of the greatest number of immigrants coming into our country, all during the times of the greatest growth in population there has been adequate money for home financing.

It is not money for home financing that the small home owner wants. What he wants is a stability of income. When we have so organized our capitalistic system that we can assure a better distribution of the income of the Nation we shall not be required or called upon to build up more credit and financial institutions and still more credit and financial institutions. No one can successfully deny that a national income of anywhere from seventy to ninety billion dollars is quite adequate to provide for all the people of the United States. The trouble is our inability to find a majority opinion on ways and means to secure a distribution of the national income so that the workers may be assured of a respectable living.

I continue to quote from the views of the minority.

> This record is given to show that there is no unanimity of indorsement of the plan by any of the great institutions that are eligible for membership. There may be found some advocates for the measure among all the classes, and there is certainly considerable well-organized activity for the plan among some of the building and loan associations.

I desire to quote from the minority views under the caption "Is there a great national need for the system?" I may interject at this point that my whole opposition to this bill, the reason that I have consumed so much time and have gone into the matter so thoroughly, is because I doubted seriously that there was "a great national need for the system." After listening for hours and hours to the hearings, I became convinced that there was not "a great national need for the system." I recognized the strong appeal the word "home" has; I recognize that I am tackling a rather unpopular job and that I will not get much support, because it appears on the surface and to those who do not think about the basis of the proposal that it may be unwise and unpolitic to attempt to defeat legislation supposed to be for the benefit of the little home owner. Reading further from the views of the minority:

> No one will deny that it is desirable for all who can to own a home. There is a great appeal in this measure. There is, no doubt, needs for additional funds among certain home-loan institutions of the country. This system will help some of the institutions, but the help to home owners will be negligible. The system of the Federal home-loan bank is modeled somewhat after the Federal land-bank plan. If there is a real, genuine need for a separate line of real estate credit as distinguished from commercial credit, then why not establish one system instead of several; one for farm lands, one for homes, one for apartments, and still another for the factory or business house?

Mr. President, that really hits the nail on the head. It raises the question, are we going continually to be setting up financial agencies to take care of every special interest that appeals to us? We started the ball rolling when we established the Federal land banks. No one claims that they have been a howling success. Now, we propose to set up a Federal home-loan bank system. I predict, Mr. President, that in a very short while there will be a demand to set up a system for apartment-house ownership. I submit, Mr. President, that if we adopt a special banking system and set up 12 home-loan banks, there is not any justifiable reason why we should not respond to a demand from the individual who has a home in an apartment house to support and finance apartment-house enterprises. Then, Mr. President, having complied and responded to the demand for land banks, for home banks, for apartment-house banks, we shall be called upon to respond to a banking system for factories, shops, and department and other stores. I am unable to see any reason why we should deny to one minority group the same privileges and rights that we grant to another minority group; and that is just what we are doing every time we start out to set up a new system. The views of the minority continue:

> It can hardly be said that the Federal land-bank system of this country has been a howling success. The entire system with all its governmental subsidy is carrying but 12 per cent of the farm loans of the country.

Mr. President, are we going to set up another extensive system like the Federal land-bank system to carry less than 12 per cent of the home loans of America? I hope not.

Continuing with the quotation:

When depression came, when hard times were upon us, when the value of farm products dropped, when interest and tax payments became due, when the farmer was in real distress and needed an extension of time and further credit, what did our land banks do? Did they extend the time of payment, did they lend a helping hand to the farmer? No. They found their own securities selling in some cases for almost nothing and found themselves on the verge of bankruptcy and ruin, and instead of being in a position or in a condition to help the farmer for whose benefit they had been organized, they come scurrying to shelter and begging and pleading with the Government to save them and their system from wreck.

Mr. President, that is exactly what they have done; that is exactly what is going to happen in this case. Why, after all this past experience, do we deliberately walk into the same sort of thing by another system of banks?

Continuing to quote:

And so in a time of great national need, instead of being a benefit and of assistance, they became as a millstone around the neck of the Government, and this Congress was compelled to come to their aid and give them an additional $125,000,000 to save them from bankruptcy.

Mr. President, what happened after they got it? We have saved the banks from bankruptcy but we have not saved the farmers from bankruptcy. Yet the great urge when we organized the Federal land banks was the farmer; it was said that we must do something for the farmer. Now we have the urge, and the only motive power behind this bill is the urge, of what is supposed to be the benefit of the small home owner. Mr. President, history will repeat itself. The same thing will happen to the proposed Federal home-loan bank system that has happened to the Federal land-bank system. Just why do we go into this thing in view of our past experience and endeavor to establish a system which, in effect, will be of no benefit to the home owner and will be, in fact, misleading as to what he may expect from it?

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from California?

Mr. COUZENS. I yield.

Mr. SHORTRIDGE. I ask unanimous consent to introduce, out of order, a bill and request that a brief accompanying statement explanatory of the bill may be printed in the RECORD.

The VICE PRESIDENT. Without objection——

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. COUZENS. I yield.

Mr. LONG. I want to ask the Senator to withhold the transaction of any business, if he will do so.

Mr. SHORTRIDGE. It will not delay matters at all.

Mr. LONG. I understand that; but it will make possible another call for a quorum, whereas if no business is transacted that can not be done.

Mr. COUZENS. May I suggest to the Senator that I did not yield for that purpose, and there has already been business transacted, so I now suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ind.
Austin	Dale	Jones	Schall
Bailey	Davis	Kean	Sheppard
Barbour	Dickinson	Kendrick	Shipstead
Bingham	Dill	Keyes	Shortridge
Black	Fess	King	Smoot
Blaine	Fletcher	La Follette	Steiwer
Borah	Frazier	Lewis	Stephens
Bratton	George	Long	Thomas, Idaho
Brookhart	Glass	McGill	Townsend
Broussard	Glenn	McKellar	Trammell
Bulkley	Goldsborough	McNary	Tydings
Bulow	Gore	Metcalf	Vandenberg
Byrnes	Hale	Moses	Wagner
Capper	Harrison	Norbeck	Walcott
Caraway	Hastings	Norris	Walsh, Mass.
Cohen	Hatfield	Nye	Watson
Connally	Hayden	Patterson	White
Coolidge	Hebert	Pittman	
Copeland	Howell	Reed	
Costigan	Hull	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-one Senators have answered to their names. A quorum is present.

Mr. COUZENS. Mr. President, for some unaccountable reason the Senator from New York [Mr. COPELAND] seems to think that this is a filibuster.

I want to say that this is in no sense a filibuster. He gave me a warning a while ago that a 1-man filibuster could not succeed. I am not trying to filibuster. I have not said one word that was not strictly relevant to this subject. Neither have I said anything or read anything that has heretofore been said on the floor of the Senate.

I am unalterably opposed to reconsideration of the provision previously adopted by the Senate. If, however, that should be accomplished, as I understand it will, by the Senator from Indiana—he has been threatening me right along that he had the votes—there will be plenty of amendments, because in no sense has the bill been perfected.

Mr. WATSON. Mr. President, the Senator will admit that he is against the bill?

Mr. COUZENS. Oh, I have repeatedly said—I have been saying it all the time the Senator was out at lunch—that I am against the bill.

Mr. WATSON. And the Senator will admit that he wants to do everything he can to kill it?

Mr. COUZENS. Certainly; because I think it is a very bad thing for the Federal Government to undertake.

Mr. WATSON. I do not know whether we have the votes to reconsider it or not.

Mr. COUZENS. Oh, yes; the Senator does.

Mr. WATSON. I think we have; but is not the Senator willing that the vote should be taken and that the majority may have its way on the proposition?

Mr. COUZENS. Certainly. That is the point I tried to make when I got up, because there seemed to be a feeling around that I was against a vote. I am not against a vote.

Mr. WATSON. Why does not the Senator let us vote, then?

Mr. COUZENS. Because the Senate has not all the facts yet.

Mr. WATSON. Oh!

Mr. COUZENS. When the Senate gets all the facts, and I am satisfied it has had all the facts, I certainly shall not object, as I never have objected, to the majority rule.

Mr. WATSON. About how long does my good friend think it will take him to elucidate the bill properly and array the facts before the Senate?

Mr. COUZENS. I am not quite sure. Now I want to make a parliamentary inquiry. I understood that we had an agreement to take up the emergency relief bill at the convening of the Senate.

Mr. WATSON. No; we did not. This bill is the unfinished business.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COUZENS. On the calendar of to-day there is the following note:

SPECIAL ORDER

Ordered, by unanimous consent, That the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, be made a special order immediately after convening of the Senate July 12, 1932. [July 11, 1932.]

The parliamentary inquiry is, when that is applicable. The question again arises about the meaning of the word "immediately."

The PRESIDING OFFICER. Under the rule, a special order gives way for the unfinished business. The unfinished business takes precedence.

Mr. COUZENS. Then this special order does not mean anything?

Mr. ROBINSON of Arkansas. Oh, yes. The relief bill follows the home loan bank bill.

The PRESIDING OFFICER. That is correct.

Mr. COUZENS. Then it does not mean what it says—that the emergency relief bill will come up immediately after convening of the Senate.

Mr. ROBINSON of Arkansas. No; it does not say that.

Mr. BINGHAM. Oh, yes.

Mr. ROBINSON of Arkansas. No; it does not say that. It was made a special order for that time.

Mr. WATSON. That is right.

Mr. ROBINSON of Arkansas. That does not mean that the special order always comes up at the time for which it is set.

Mr. WATSON. That is right.

Mr. ROBINSON of Arkansas. Because, under the precedents, when a bill is made a special order it takes a place behind the unfinished business. That is the result of legal decisions affecting the rules.

Mr. WATSON. That is correct.

Mr. COUZENS. I still contend, then, that the language does not mean what it says.

The PRESIDING OFFICER. The Senator from Michigan has asked a very pertinent question, and the Chair will read the rule:

RULE X

Any subject may, by a vote of two-thirds of the Senators present, be made a special order; and when the time so fixed for its consideration arrives the Presiding Officer shall lay it before the Senate, unless there be unfinished business of the preceding day, and if it is not finally disposed of on that day it shall take its place on the Calendar of Special Orders in the order of time at which it was made special, unless it shall become by adjournment the unfinished business.

Mr. COUZENS. Then, Mr. President, this special order is based on a rule, and not the language of the order itself?

The PRESIDING OFFICER. The rule governs.

Mr. COUZENS. I am not disputing the rule or the ruling of the Chair; but I want to say that the language means nothing except as it is based on the rule.

Mr. ROBINSON of Arkansas. No; the Senator is entirely wrong about that. He is entirely right in the assumption that the special order gives place to the unfinished business.

Mr. WATSON. The special order, I will say to the Senator from Michigan, must be considered with reference to the rule.

Mr. COUZENS. I am not disputing that. What I am saying is that the special order as printed here, without relation to the rules, means nothing.

Mr. WATSON. Mr. President, I very ardently trust that my friend will not ask the Senator from Connecticut [Mr. BINGHAM] for an interpretation of the word "immediately."

Mr. COUZENS. I am not asking the Senator from Connecticut. I was asking the Senator from Indiana, our great leader——

Mr. WATSON. I thank the Senator.

Mr. COUZENS (continuing). If this language means nothing except as it is interpreted by a rule.

Mr. WATSON. That is right.

Mr. COUZENS. I want to say, then, that I was rather dumb. I did not know that the language did not mean what it said; that it means only what the rule implies it to mean.

Now, Mr. President, we are going to discuss some more of the angles of the Federal home loan bank bill, because I still am of the opinion that the Senators do not know what the opposition to this bill is, nor the basis for it; nor do the Senators know what has happened to the Federal land-bank system, or they would not be in sympathy with starting another system which will be just as much of a failure for the homeowner as the Federal land-bank system has been for the farmer.

I have just read, while nearly every Senator was out at his lunch, a detailed statement of what has happened to the Federal land-bank system. Not only that, but I pointed out that the $125,000,000 that we appropriated within the last few months has not gone for the benefit of the farmer. Everyone knows that a financial institution is first interested in itself. It first must protect its bonds, its stockholders, before it considers the welfare even of its customers; and, as I have already read from the minority report filed in the House, I am sure that if the RECORD is read the Senate will be convinced that there is no justification for setting up another such system.

When the quorum was called I was reading from the minority report, on page 17, as follows:

The entire system with all its governmental subsidy—

That is, referring to the Federal land-bank system—

The entire system with all its governmental subsidy is carrying but 12 per cent of the farm loans of the country. When depression came, when hard times were upon us, when the value of farm products dropped, when interest and tax payments became due, when the farmer was in real distress and needed an extension of time and further credit, what did our land banks do?

They did just exactly what the home-loan banks would do now, and forever afterwards if we had other depressions.

Did they extend the time of payment; did they lend a helping hand to the farmer? No. They found their own securities selling in some cases for almost nothing and found themselves on the verge of bankruptcy and ruin, and instead of being in a position or in a condition to help the farmer for whose benefits they had been organized, they come scurrying to shelter and begging and pleading with the Government to save them and their system from wreck. And so, in a time of great national need, instead of being a benefit and of assistance, they became as a millstone around the neck of the Government and this Congress was compelled to come to their aid and give them an additional $125,000,000 to save them from bankruptcy.

In the light of that experience, why should there be set up still another system of real-estate credit at the expense of the Government? If there must be a Federal mortgage-loan plan to furnish real-estate credit, why not put it into one system and upon a sound, financial basis? In these days when there is an urgent demand for a consolidation of boards and bureaus, a real necessity for a combination and coordination of related activities, why should there be established another national system of banks?

Just simply pyramiding the incubus which has to be supported by the man who works on the farm, in the mine, and in the factory. There is no general, urgent, national need for home-loan banks; and, as I said before, we have been condemned by the press and by industry for responding to the demands of minorities.

I submit that this is simply a demand of a very small minority, and we are responding to that demand, first, because the bill contains the attractive name "home," and secondly, it is indorsed by the President of the United States and backed with all the force of his political organization. The pending bill would not get anywhere if it were not for the support and backing of the President of the United States and his political organization.

I continue to quote:

There is no general, urgent, national need for Federal home-loan banks. This measure was first heralded as a great business reviver. That it would encourage home building and furnish a market for building materials and employment for workmen. The President said, among other things, that its purpose was "to assist in the revival of home construction in many parts of the country and with its resultant increase of employment." Again he said, "A considerable part of our unemployment is due to stagnation in residential construction."

As I have said, there is not a word in this bill, not a sentence, not a provision, that the money which is to be put up by the Federal Government is ever going to get to the home owner. There is not a single provision that a dollar will be loaned to a man who desires to build a home. Yet the President said, when he indorsed this bill, that it was to provide employment.

Mr. President, if that is the purpose of the bill, why do we not say that every dollar that is advanced by the Federal home-loan banks must go for one of two purposes, either to relieve the little-home owner who is already in distress, or to provide a home for a man who is able to advance 50 per cent of the money? The latter would give employment, and the former would relieve the home owner from having his home mortgage foreclosed.

The pending bill, Mr. President, is a deceptive bill. The bill was heralded in all the press notices as a home loan bank bill. It is nothing of the kind. It is a bill to relieve the financial agencies which are overloaded with home mortgages.

Mr. President, I do not want to mislead. I admit that some of the money that is to be provided under this bill might get to the home owner, there might be some financial institution which would carry a home mortgage as a result of its ability to get money from this source; but if that

is the only thing that is holding it back, I submit that my substitute would take care of that. That is the reason why I was not willing to rise here and protest the passage of the home loan bank bill, and, at the same time, offer no relief in any form to the little-home owner who was about to have the mortgage on his home foreclosed.

I venture to say that if the situation is taken care of temporarily by the Reconstruction Finance Corporation through a division incorporated therein that will pay special attention to the little-home owner, long before the Congress repeals the Reconstruction Finance Corporation act we will find that there are adequate facilities for taking care of the mortgages on the little homes.

I continue to quote from the report:

The author of the bill, the gentleman from Massachusetts, Mr. LUCE, is quoted as saying in December, 1931: "The speedy enactment of this legislation is of the utmost importance, not only to the manufacturers of building supplies but, of far greater importance, to those thousands upon thousands of artisans in the building field now out of employment." The questionnaire which the Commerce Department sent out, with all its suggestion and appeal, could not get a majority of the institutions that answered to say there was a need for home construction or remodeling even if credit was furnished. It developed in the hearings what everybody but a very limited few already knew, that there was very generally an overbuilt condition in the country. So the excuse for this legislation had to shift to other grounds.

Mr. President, that is absolutely true. When the President had his home conference here in Washington, it was primarily called for the very laudable purpose of encouraging home building. It is a very laudable undertaking to use every possible means to encourage a man to get his home. No one wants to stand in the way of anyone getting a home who has the desire or ability to maintain a home. So when the conference was called for the purpose of encouraging the building of more homes, for the purpose of enabling people to get homes, nothing was said in the call of the conference to the effect that it was for relieving the home owner who was in debt. That was not a part of the agenda of the conference. One may read the minutes and the hearings of that conference and the decisions and the conclusions of the conference and he will find nothing in it with respect to what is now proposed to be accomplished by the enactment of this legislation.

Mr. President, when they found that the country was overbuilt, due to the great construction period of 1924, 1925, 1926, 1927, and 1928; when they found that there was no more need for homes, with the curtailment of immigration, with the generally depressed condition, with the fact that many families were doubling up, that there was a surplus of homes in view of these things, and no need for new construction, what then happened? They switched their ground and said, "Oh, we must have the banks just the same, but we must now put it on the ground that they are for the purpose of preventing foreclosures of mortgages on the poor man's home." So the excuse for this legislation had to be shifted to other grounds. I quote further:

Then it was said this measure would be of immediate help to the home owner. It was not for the purpose of encouraging new home building, but to help refinance the home with a mortgage on it; enable the man who by reason of misfortune or of losing his job was unable to pay the taxes, interest, or installment due on his property; that there was no mortgage money in the country; that homes were being sold under mortgage foreclosure and that there was no way to save these home owners but through this measure.

It now develops that this is primarily a bill to help investors, stock owners, or certificate holders in building and loan associations rather than to help the borrower, the home owner who has borrowed from the association. There are 10,000,000 investors or stockholders in building and loan associations where there are 2,000,000 borrowers.

Mr. President, does anybody contend that a bank, a trust company, a building and loan association, or any other beneficiary under this bill, will not foreclose a mortgage it owns if, in its judgment, the property will not pay out? There is not a financial agency that will not foreclose a mortgage if in its judgment it should not be done before there is a further depreciation. It is not going to be restrained from foreclosing a mortgage which it thinks ought to be foreclosed because it is able to get money from some governmental agency. I quote further:

Mr. Bodfish, executive manager of the United States Building and Loan League, the gentleman who perhaps has more to do with writing and rewriting, amending and reamending this bill than anyone else, he who has stayed on the job day and night for a long time said (pp. 87 and 88, Senate hearings):

"Senator WATSON. Of all the borrowers of the country, how many have defaulted?

"Mr. BODFISH. I do not know.

"Senator WATSON. Is there any considerable number?

"Mr. BODFISH. We have not had a great number in our building and loan associations. It has been one of the things that has helped the associations through this depression period. Home owners seem to make these monthly repayments with surprising regularity and tenacity. I think it is a splendid vindication of the long-term amortized home-mortgage loan principle or plan.

"Senator WATSON. I do not see then the necessity for the passage of this bill to aid building and loan associations, if you are running right along. A man will pay these loans and his life insurance to the exclusion of everything else, will he not?

"Mr. BODFISH. True; but, Senator, we have a large number of people who saved their money in our associations and saved it for a rainy day; due to lack of confidence they want their money at the present time.

"Senator WATSON. That is, the investors, not the borrowers?

"Mr. BODFISH. The investors, not the borrowers.

"Senator WATSON. Yes.

"Mr. BODFISH. Building and loan borrowers are not suffering, in my judgment."

That was the testimony before the subcommittee of the Committee on Banking and Currency of which the Senator from Indiana was chairman. As I said, there is not a bit of evidence anywhere on either side of Congress which shows any need for the establishment of the home-loan bank system.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. COUZENS. I yield.

Mr. LONG. I merely desire to call the Senator's attention to the hour in order that some of us may know what disposition to make of ourselves. Is there to be a hearing before the Interstate Commerce Committee at 2 o'clock as scheduled?

Mr. COUZENS. I may say to the Senator that the Interstate Commerce Committee meeting at 2 o'clock is to be an executive session to vote for or against the confirmation of Mr. Garsaud.

Mr. LONG. I have witnesses here, and I thought they were going to be heard.

Mr. COUZENS. There are no further witnesses to be heard after our decision of yesterday, because the Senator was not ready.

Mr. LONG. While I am asking the Senator this question on the floor of the Senate, yet as I understood it he did not have a quorum of the committee yesterday; and the Senator could hardly have taken such action without a quorum, could he?

Mr. COUZENS. We did not take action yesterday; we took testimony.

Mr. LONG. The Senator would have had to have the whole committee there to transact business of that kind. I have brought Mr. Russell here, and we have managed to prepare to present quite a little testimony, and I was sincerely hoping that the Senator would not shut out the hearing of witnesses.

Mr. COUZENS. We are going to have an executive session to vote to report out the nomination either favorably or unfavorably.

Mr. LONG. I would be permitted to appear before the committee and move to reopen the matter and let these men be heard, would I not?

Mr. COUZENS. Certainly.

Mr. LONG. I have my witnesses here. Is it the intention of the Senator from Michigan to be at the meeting which is scheduled for this hour, or what shall I do?

Mr. COUZENS. I think perhaps I can get the Senator from Washington [Mr. DILL], who is now present in the Chamber and who is one of the members of the committee,

to preside, because it is necessary for me to remain in the Chamber.

Mr. LONG. It is time to have the committee meeting, and I want to know what is the best thing to do.

Mr. COUZENS. I think the best thing the Senator can do is to wait. The Senator has been doing a lot of that lately. We all have to wait a lot in the Senate.

Mr. President, continuing, there is the testimony. I have just read the testimony of the most vigorous proponent of the bill, testifying that it is the investors and not the home owners or the borrowers who are requesting the passage of the bill. Why try to fool the country or to fool ourselves? Why does the Senator from Indiana [Mr. WATSON] try to fool himself into believing that this is a bill for the small-home owner? The bill would not have gotten out of the committee except for two outstanding matters, one that we incorporated the word "home" and the second that it had the force of the administration and its organization back of it. It does not make any difference to me who is for or against the legislation. The point is that there is no demonstrated need for these banks, and I object to the enactment of legislation based on misleading statements, which will create a new incubus upon the workers of the country and which can not under any circumstances be of any benefit to them.

I continue to quote from page 9 of the minority views:

> Mr. Stickle, engaged in building and loan business (p. 72) said: "In our State we have 1,561 associations, and perhaps 15 per cent of them are finding difficulty in the matter of meeting these shareholders to whom we taught systematic thrift; and then when the rainy day comes, due to depression conditions, we do not have the funds for them, a very important part of our business."

That is the testimony before the committee. I do not want to be placed in the position of not being interested in the little shareholders or the depositors, but I submit that the bill should not go through the Senate on any misunderstanding or misconception of what it is intended to accomplish. It is not under any circumstances intended to accomplish the purpose that the proponents state.

Mr. BINGHAM. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Connecticut?

Mr. COUZENS. I yield.

Mr. BINGHAM. There is a slight amendment that ought to be offered as a proviso at the end of section 1 of the bill in its present form if we are to be fair to the Territories. The Senator will realize that the Territory of Hawaii contributes a very large amount of taxes and ought to have equal benefits with the States. I have spoken to the Senator about it privately, and he has no objection to the amendment being offered. Will the Senator yield to me to ask unanimous consent that at the end of section 1 of the bill, in its present form, there be inserted the words: "*Provided*, That as used in this section and in section 5 of the Reconstruction Finance Corporation act the term 'State' shall include the Territories."

Mr. COUZENS. May I suggest that the Senator introduce it and let it lie on the table so that after we vote on the matter of reconsideration he can bring it up?

Mr. BINGHAM. I was asking unanimous consent that this might be adopted as a part of the bill in its present form.

Mr. COUZENS. That is, in the form of the substitute?

Mr. BINGHAM. Yes. If the motion to reconsider prevails this would go out. The original bill contains such a proviso, but the Senator's substitute does not contain it, and I was fearful that I might not be here at the proper moment, and hence I am asking unanimous consent to consider the amendment out of order.

Mr. COUZENS. I have no objection.

Mr. BINGHAM. I ask unanimous consent that the bill in its present form may be amended by adding at the end of section 1 the amendment which I send to the desk.

The PRESIDING OFFICER. To what bill does the Senator refer?

Mr. BINGHAM. The home loan bank bill in its present form, the form which contains the amendment offered by the Senator from Michigan to sections 1 to 27, inclusive, being the bill which is actually under consideration. A motion is pending to reconsider the vote by which that substitute was adopted. Pending that reconsideration I desire to perfect the bill in the form in which the Senator from Michigan had it adopted. I am asking unanimous consent that the amendment may be adopted to the bill in its present form before the motion for reconsideration is put.

The PRESIDING OFFICER. Does the Senator from Michigan yield for that purpose?

Mr. COUZENS. I do.

The PRESIDING OFFICER. The Senator yields the floor then.

Mr. COUZENS. It does not matter. I suggest the absence of a quorum in view of the question before the Senate.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ind.
Austin	Dale	Jones	Schall
Bailey	Davis	Kean	Sheppard
Barbour	Dickinson	Kendrick	Shipstead
Bingham	Dill	Keyes	Shortridge
Black	Fess	King	Smoot
Blaine	Fletcher	La Follette	Steiwer
Borah	Frazier	Lewis	Stephens
Bratton	George	Long	Thomas, Idaho
Brookhart	Glass	McGill	Townsend
Broussard	Glenn	McKellar	Trammell
Bulkley	Goldsborough	McNary	Tydings
Bulow	Gore	Metcalf	Vandenberg
Byrnes	Hale	Moses	Wagner
Capper	Harrison	Norbeck	Walcott
Caraway	Hastings	Norris	Walsh, Mass.
Cohen	Hatfield	Nye	Watson
Connally	Hayden	Patterson	White
Coolidge	Hebert	Pittman	
Copeland	Howell	Reed	
Costigan	Hull	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-one Senators have answered to their names. A quorum is present. The Senator from Connecticut asks unanimous consent to offer an amendment. The Chair would state that the amendment goes to a part of the bill that has been stricken out. The vote by which it was stricken out would have to be reconsidered before the amendment could be considered.

Mr. BINGHAM. No, Mr. President; it is intended to apply to the Couzens amendment, to add at the end of section 1 the proviso which I have sent to the desk. May I say for the information of the Senate that in the original home-loan bank bill, as reported out of the committee, I believe—and if I am wrong, I shall be glad to have the Senator from Indiana [Mr. WATSON] correct me—the Territories were taken care of on the same basis as the States; but in the substitute offered by the Senator from Michigan, which was just adopted, and which is now the bill which is before us, the Territories were left out. This corrects that omission. That is all the amendment seeks to do.

The PRESIDING OFFICER. It will require unanimous consent to present the amendment at this time.

Mr. MOSES. A point of order, Mr. President.

The PRESIDING OFFICER. If the Senator will allow the Chair to make a statement, the question before the Senate is the motion to reconsider the vote whereby the amendment of the Senator from Michigan [Mr. COUZENS] was adopted, and while that motion is pending the amendment of the Senator from Connecticut is out of order.

Mr. BINGHAM. I realize it is out of order, but I asked unanimous consent to offer the amendment.

Mr. WATSON. Mr. President, what is the pending question before the Senate?

The PRESIDING OFFICER. The question is on the motion to reconsider the vote whereby the amendment of the Senator from Michigan [Mr. COUZENS] in the nature of a substitute was adopted, pending which the Senator from Connecticut asks unanimous consent to present an amendment.

Mr. DILL. I object.

The PRESIDING OFFICER. Objection is made.

Mr. WATSON. I ask for the yeas and nays on the motion to reconsider.

Mr. JOHNSON. Just a minute, Mr. President. I do not see the Senator from Michigan present and in fairness to him I will occupy some time upon the bill, if necessary, solely in order that he may come in. It is as a matter of good sportsmanship and fairness that I shall do that.

Mr. WATSON. I think the Senator from California is entirely right about that. I would not seek to have a vote in the absence of the Senator from Michigan.

Mr. BINGHAM. Mr. President, may I say, if the Senator from California will permit me, that I interrupted the Senator from Michigan, who was not through with his speech, in the hope that this little amendment might be adopted, not expecting that there would be any objection to it.

THE LAUSANNE CONFERENCE—FOREIGN INDEBTEDNESS TO THE UNITED STATES

Mr. JOHNSON. Mr. President, speaking strictly to the bill that is now before us, I wish to offer a few observations upon the debts due from foreign countries to the United States of America. This morning I read in the New York Times that the developments in relation to the war debts were as follows:

LONDON.—Chancellor of the Exchequer Chamberlain, responding to an attack on the agreement by Winston Churchill, said representatives of the United States had been consulted by Britain at Lausanne settlement.

BERLIN.—Germany announced officially that she had nothing to do with the secret "gentlemen's agreement" at Lausanne and refused to be drawn into any combination against the United States.

WASHINGTON.—Reaction in Congress to the secret accord indicated that no move to reduce war debts or to extend the moratorium on them would meet with favor. Secretary Stimson declared the United States was in no way consulted in the "gentlemen's agreement."

PARIS.—French opinion was uneasy over the reaction here, but Premier Herriot feels he carried out the understanding reached in the Laval-Hoover conversations in Washington.

I digress long enough after the recitation of this résumé concerning debts to say there is not any American of whom I know who is familiar with the understanding between the United States or the President of the United States and Premier Laval and the agreement that was made during that historic visit of the French representative. There may be individuals who know all about it, but the American people know nothing about it. The one thing that I resent is not the fact that there was any understanding between the representative of France and the President of the United States; that was their right so far as understandings could go legally between these two; but I do resent that there should have been, if there was, any understanding at all between these two representatives of two great nations and that the American people should have been kept in absolute ignorance of any such understanding.

I refer to what has transpired now because a representative of the British Government—a responsible representative of the British Government—has in the Parliament of Britain expressed himself—and so far as the dispatches show expressed himself in no uncertain tones—and while, of course, I accept the denial of the State Department of the United States, because, after all, it is my State Department as well as the State Department of the United States, nevertheless I am somewhat concerned, and, sir, I am somewhat troubled, when a responsible representative of the British Government rises in the British Parliament and says that upon the "gentlemen's agreement," or upon any agreement concerning that which is foremost in the minds of the American people, so sorely oppressed and overburdened today, our representatives were consulted, and, officially, that is exactly what Mr. Chamberlain told the British Parliament last night.

I read from the special cable to the New York Times of to-day under the heading "Reveals Talks with Americans":

A bitter attack—

Says this article—

on the Lausanne settlement by Winston Churchill in the House of Commons to-night brought a statement from Chancellor of the Exchequer Neville Chamberlain that reassuring talks had been held between British and United States representatives during the recent conference.

I repeat, sir, that even with the peculiar views that are mine, nationalistic in character, if you please to call them so, even chauvinistic, if thus you desire to characterize them, I accept what my Secretary of State and the Secretary of State of the United States says; but I can not, sir, forego a bit of comment when this gentleman, representing the British Government, says something wholly at variance with what the Secretary of State of the United States has stated to the public of our country.

Mr. Churchill—

The article proceeds—

Anticipating to-morrow's big debate, said he believed the reports of "gentleman's agreement" and "semi-secret" agreements among the European powers, otherwise there would have been official contradiction, and said:

"If the settlement at Lausanne was conditioned upon a settlement of our debt to the United States and its ratification was to be delayed until then, all this Lausanne pact has dropped to a far lower plane. We can not say Europe is saved, but only Europe is saved subject to ratification, and I can not feel any solid benefit has been obtained."

Mr. Chamberlain retorted that Mr. Churchill had done no service to Britain in trying to undermine confidence in the Lausanne result and suggesting that Britain had made embarrassing relations with her own creditors elsewhere.

Then quoting:

"After all, we have been in touch at Lausanne not only with European representatives but had an opportunity for conversations with representatives of the United States," he said, "and I would ask the House to believe in this rather delicate situation. We have no reason to think the course we have taken is one which is going to lead to any of those unfortunate results Mr. Churchill anticipates."

"Rather delicate negotiations," says Mr. Chamberlain, after he relates that conversations had been held with various Americans upon the subject of debt. "Rather delicate negotiations!"

I can not believe, of course, in the teeth of the denial of the Secretary of State of the United States that there have been either delicate or other negotiations, for it is incredible, Mr. President, if upon a subject of this sort any accredited representatives of the United States have held conversations abroad with representatives of Great Britain and other European powers in debt to us that the fact would be concealed, hidden from all the American people and naught told to the American people concerning it, just as it is incredible, sir, that there was any understanding with Mr. Laval when he was here, relating to the debts due us.

It was denied publicly by the representatives of the United States Government. That denial is absolute so far as we are concerned; and I can not understand, sir, the peculiar propensity of gentlemen who represent governments abroad for repeatedly asserting, as they do, that there have been understandings, negotiations, consultations, conferences, conversations, and even "delicate negotiations" with representatives of the United States relating to this all-important subject of the debts.

Mr. President, this question of debts is one that is going to plague us in the days to come. Just as we loosed the peculiar virus in 1931 in the moratorium, which then we adopted, we set in motion the first thing that recognized the relationship existing between reparations and the debts due to us from foreign countries. When we took the initiative before the world in a moratorium as we did a year ago last month, we can not complain if the nations of Europe and of the rest of the world either misunderstand wittingly or misrepresent unwittingly just what has transpired and just exactly what our position is.

I do not speak, of course, either for the Government of the United States or the Senate of the United States or the Foreign Relations Committee of the Senate of the United States or for any group or for any particular set of individuals; but, fortunately, sir, I can yet speak for one man who dares speak whenever he desires to speak, and for that individual I have no hesitancy in saying that when last June a year ago we first began to deal with the moratorium we were touching the fire that ultimately was bound to consume us so far as our taxpayers be concerned and so far

as the debts due to us might be concerned. I am one of those who then said that it was the beginning of the end; and in a statement that I made on the very day when this attempt was made to induce the Congress of the United States to indulge in a moratorium, given out in the city of San Francisco on June 24, 1931, which, Mr. President, you will pardon me for saying, was prophetic in character and which foretold the situation that ultimately was to come to us in regard to those debts.

At that time I spoke concerning the plan then attempted to be foisted upon the American people, and, while I do not wish to read it all to the Senate, I should like to read a paragraph of the remarks I then made in regard to the moratorium and to have printed in the RECORD the entire statement. The paragraph which I desire to read is as follows:

A moratorium for one year, just a brief period, is planned. In reality, it is the beginning of the cancellation of the debts due to the United States from European nations, debts due not alone for moneys advanced during the war but for moneys loaned European nations after the war for rehabilitation

We buy from the European nations, it is claimed, forbearance for Germany, but what we are actually doing is to safeguard loans and investments of our international bankers.

The PRESIDING OFFICER. Without objection, the statement will be printed in the RECORD.

The statement referred to is as follows:

[From the San Francisco Examiner June 24, 1931]

Generally speaking, I am sympathetic with moratoriums, international, national, or individual. How marvelous it would be if our banks would say to our own people who are in the red, "We grant you a moratorium and we do it, in the language of the President, 'As wise creditors in our own interests and as good neighbors.'"

I wonder if we could not with beautiful language, soft and sweet, induce American financiers to take this attitude toward Americans.

STAMPEDE DEPLORED

The American people are asked immediately to consent to, and the Congress by wire, to legislate a moratorium for Europe from solemn agreements settling Europe's debts to the United States. Perhaps this should be done; but Americans are entitled to know exactly the situation and the Congress hardly fulfills its functions when stampeded without full knowledge into a telegraphic "yes."

What is proposed?

The President says, "The American Government proposes the postponement during one year of all payments on intergovernmental debts, reparations and relief debts, both principal and interest, of course not including obligations of governments held by private parties."

Why, of course.

While we could not compel great bankers holding obligations of Germany and other governments to postpone their principal, and refrain from collecting their high rates of interest, we might in suppliant fashion suggest it.

The administration papers in San Francisco state "American financiers, with more than $1,000,000,000 of investments in Germany acquired chiefly since 1924, have been increasingly alarmed at the trend of affairs in Germany."

Ostensibly the moratorium is to aid Germany, but the beneficiaries who profit most will be the American financiers with more than a billion dollars at stake.

A moratorium for one year, just a brief period, is planned. In reality, it is the beginning of the cancellation of the debts due to the United States from European nations, debts due not alone for moneys advanced during the war but for moneys loaned European nations after the war for rehabilitation.

We buy from the European nations, it is claimed, forbearance for Germany, but what we are actually doing is to safeguard loans and investments of our international bankers.

Anyone with the slightest knowledge of the propaganda of the last year for the cancellation of foreign debts, knows this moratorium means cancellation. When the President's offer was cabled to Europe, the Geneva press, the home of the League of Nations, predicted the payment of the debts, once suspended, probably never would be resumed. This, indeed, is the accepted foreign view.

The Scripps-Howard newspapers accurately state the fact in their leading editorial approving the moratorium when they say to the American people they need not take seriously Mr. Hoover's statement, "I do not approve, in any remote sense, the cancellation of the debts due to us." And this powerful string of newspapers points out that the debts will probably be canceled.

We may take it that this is the fact and it is quite paradoxical to advocate a moratorium and then assert that we are opposed to cancellation.

WITHOUT FACTS

I repeat, perhaps this moratorium should be granted, while we stand helpless to aid our own. If Germany faces utter economic ruin, we would all like to help without injustice to our own; but we would like to be certain the aid we extend helps those intended to be helped.

We are absolutely without the facts upon which to base a considered judgment. The moratorium is shouted by the international press and all the "yes" men of the country as the greatest event since the World War, of "stupendous" and "unparalleled" character.

Every internationalist is engaged in bludgeoning the rest of our people into acquiescence. This country is still a republic governed presumably by the representatives of the people; and if confronting us now is a question of "unparalleled importance" the "most stupendous event since the World War," the representatives of the peoples should be called together to act upon it, with full knowledge of every detail concerning it; and beyond that, the American people are entitled to know every fact and circumstance which induced the action of the administration.

AN ADDED BURDEN

Here's a policy which places an added burden in these terrible times of two hundred millions or more upon an already overburdened American people; and which may possibly, indeed, probably, deprive them in the future of many billions of dollars to which they are justly entitled.

Such a policy, after long preparation, is sprung upon them overnight. It is sought to sweep them off their feet to immediate acquiescence and their representatives are expected from the far corners of the country at once to agree. Let the Congress meet and turn on the light.

Mr. JOHNSON. Now, sir, we have reached the place where every nation on the face of the earth is expecting that there will be ultimate cancellation. We have reached it because we began, with our moratorium initiated by the President of the United States himself, upon that road that has led us into the wilderness where now we are, and where possibly we never will be able to collect that which is due to us.

Firmly some of us have stood from that day to this, refusing absolutely to adopt a scheme of cancellation, and, more than that, refusing absolutely to adopt any plan of revision; for, Mr. President, it is useless for a man to say with all the vigor that he has, "I oppose cancellation of the debts due us from foreign countries," because by the simple process of revision, of again considering the capacity of debtors to pay, you are going to do, if you embark upon that course, just exactly what they expect you to do when they speak of cancellation.

I will not dwell, for I have done it in the past, upon what this means to the American taxpayer. I will not repeat what I repeated many times upon this floor, that the $250,000,000 we forgave last December and a year ago last June meant $250,000,000 added to that deficit in the United States Treasury that we were compelled to make up by the taxes that we have levied now upon our people, already overburdened and already with backs nearly broken by taxation. I will not dwell upon the fact that the $270,000,000 about to become due, of course, will be met with another moratorium, and $270,000,000 put again upon the backs of our taxpayers, a burden that this Congress ought not to put there under any circumstances. And when you add the two sums together, you get one-half the amount for which we spent the days and days and nights in that celebrated occupation of "balancing the Budget"—practically one-half the amount required by us to be raised from American taxation, American taxation such as peace time never has known before.

I cry out against one thing at this time more than all else: That is, secrecy in this Government, secrecy in relation to that which concerns every man and every taxpayer in all this land. That secrecy ought not to be tolerated. If secrecy exists, there ought to be a perfectly firm declaration concerning the attitude of the Government of the United States, not only to-day, but in the future; and it is nonsense to tell me, sir, that the Government of the United States as now constituted never had any thought of either cancellation or revision when in the presidential message that was sent to us last December not only did we speak of revision in accordance with the ability of our debtors to pay but in that message as well the President asked the re-creation of the debt commission in order that it might deal with a subject that long years ago we thought had been foreclosed.

So what was in the minds of those who are temporarily in power in this Government is perfectly obvious from the

words that they have uttered and the official messages that they have sent to the Congress of the United States. They said, "We will talk about the capacity of our debtors to pay. We will re-create," said the President in his message—he asked us even to do it—"the debt commission" to deal with a subject that had already been dealt with, and dealt with with a generosity that no people on earth had ever before extended to other peoples who constituted their debtors.

And so, sir, it is time that there should be some kind of warning spoken in this Chamber and in this Government by those who believe that, after all, this Government belongs to just one people, the American people; who believe that, after all, burdens that belong to Europe should not be put upon the backs of Americans; and, who after all, insist that whenever the time arises that a choice is to be made as to where a debt shall be put that is justly due, and the choice must be made between the collection of that debt and breaking our own people, we will stand for our people, and for a brief period, at least, be just Americans in this land.

Mr. KING. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Utah?

Mr. JOHNSON. I yield.

Mr. KING. In view of the suggestion made by the Senator and the intimation that possibly another moratorium might be granted by the United States or by the Executive to our European debtors, I ask the Senator whether there is any constitutional warrant for the President to grant a moratorium.

Mr. JOHNSON. Oh, of course there is no constitutional warrant; but the Senator will remember the ease with which the Constitution was avoided a year ago when by the scare heads all over this land, the telegrams that were sent to the Members of the Congress, when it was asserted that there was destruction in the path of this Government, and we were about to be ruined if we did not grant a moratorium upon these debts; and then if he will recall all the events that transpired, may he remember, too, how very futile the whole action was.

Mr. KING. Of course, it seems to me obvious, may I say, that there is no constitutional warrant; but I was wondering if there had been any intimation by the State Department that we would be called upon to grant another moratorium so far as the debts due the United States are concerned.

Mr. JOHNSON. I really can not speak for the State Department; but, Mr. President, I do not need to be hit over the head with a brick to know that my head has been injured; and when I see so clearly what is transpiring I have not any doubt at all what will happen.

Let me say in frankness to the Senator that I do not think anything will be said about it to-day or to-morrow; but on the 9th day of November next we will hear so much about it that it will din into our ears with a crashing symphony that will be utterly irresistible.

Mr. BORAH. Mr. President, I shall occupy only a moment.

An interesting debate took place in the House of Commons in England yesterday which is partially reported in the press of the United States. The able Senator from California [Mr. JOHNSON] has read excerpts from that debate. I desire to reread a paragraph or two.

Mr. Churchill assailed the Government on account of the proceedings at Lausanne, and, among other things, said:

> If the settlement at Lausanne was conditioned upon a settlement of our debt to the United States, and its ratification was to be delayed until then, all this Lausanne pact has dropped to a far lower plane. We can not say Europe is saved, but only Europe is saved subject to ratification, and I can not feel any solid benefit has been obtained.

In reply to this Mr. Chamberlain, speaking for the Government, said:

> After all, we have been in touch at Lausanne not only with European representatives but had an opportunity for conversations with representatives of the United States, and I would ask the House to believe in this rather delicate situation. We have no reason to think the course we have taken is one which is going to lead to any of those unfortunate results Mr. Churchill anticipates.

Mr. President, after reading this in the morning paper I had a conversation with the Secretary of State, and after the conversation with the Secretary I asked if I was permitted to state publicly the substance of that conversation. He said I was at liberty to do so.

I desire to state, therefore, that the Secretary stated to me explicitly that there had never been any conversation on the part of this Government with the representatives of foreign governments touching the terms of the settlement at Lausanne; that we were not consulted about and in no way advised with reference to what is called the gentlemen's agreement. He stated that the position of the Government had been, throughout the negotiations which had been going on between the governments in Europe, that our Government regarded and has always regarded the debts and the question of reparations as separate propositions; that we neither by communication nor through representatives who are now in Europe representing this Government at other conferences, had anything whatever to say or do with reference to the reparations settlement, and in no wise is this Government bound by any supposed gentlemen's agreement, either expressly or impliedly.

I think, Mr. President, that is the substance of the conversation; but I desire to say and put in the RECORD, that it may be in the record from this time on, that our Government rejects the implication that there was any conversation or communication whatever between this Government and any other government or governments relative to the terms of the settlement at Lausanne or the supposed gentlemen's agreement. I believe this to be the clear purport of the statement of the Secretary of State.

Mr. KING. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. KING. The Senator will recall—I think I state it accurately—the statement attributed to the President when Mr. Laval was here, or just before his departure, to the effect that if the gold standard was to be preserved Mr. Laval, speaking for France, must return to France, and that the European nations who were our debtors and who had other debts must arrange their own controversies and their own settlements, and then the matter would be taken up again by the United States. I may not state it accurately, but that is my recollection of the statement that was given to the press.

Assuming that that statement, as I understand it, was correct, would not that be an invitation to the European nations to agree upon a settlement of their debts among themselves, and an intimation that after that was effected the United States would be in position to deal with them, and perhaps to modify materially the obligations which were due from those nations to the United States?

Mr. BORAH. Mr. President, I am not speaking in any respect whatever with reference to conversations which may have taken place between the President and ex-Premier Laval. I do not know what conversations took place between them. I only desired to state the conversation I had with the Secretary of State this morning with reference to this particular transaction, or the proceedings which have been going on at Lausanne.

Mr. JOHNSON. Mr. President, I am extremely grateful to the Senator from Idaho. I am more than grateful that our Government has expressed itself and has stated as frankly and as fully as he has stated it just exactly what our Government's intention is. I am delighted to hear from the Senator from Idaho, the distinguished chairman of the Committee on Foreign Relations, that our Government considers unrelated the reparations and the debts.

I can not remove from my memory, however, what was said last year upon the subject by the President of the United States, and it is utterly impossible, with the head that God gave me that is upon my shoulders—I hope for some other purpose than for mere ornament—for me not to remember that during that period the President of the United States, asking for a moratorium, which of itself

linked debts and reparations, then in a message to the Congress of the United States in so many words spoke of the ability of our debtors to pay and of the fact that considerations should subsequently be had in that regard. Nor can I forget, sir, that in that very message, too, at its conclusion, the President of the United States asked that the debt commission should be re-created to deal with that very subject.

So while I welcome what the Government of the United States has just said to us and welcome that it should have been said to us in the manner in which it was said and through the gentleman who represents us upon the Foreign Relations Committee and holds such an enviable place in this body, while I welcome what he said and am delighted and gratified with it I still remember and I still can not forget.

Mr. McKELLAR. Mr. President, it seems to me that on such an important matter as transferring $11,000,000,000 of debts from European taxpayers to American taxpayers we ought to know the exact facts. The President of the United States, it seems, is the only person who can give us those facts.

Several days ago I offered a resolution calling on the President for the facts. At that time we did not have them, and my resolution was more or less general. I think we ought to pass that resolution and have the President notify the Senate and the country just what the facts concerning this matter are.

Mr. REED. Mr. President, will the Senator yield?

Mr. McKELLAR. In just one moment. We have all kinds of reports coming in, that the Assistant Secretary of State said this, and the Secretary of State said that, and the statements are denied the next day. But there are certain facts which have not been denied by anybody. What are those facts? One is that two representatives of this Government, Mr. Hugh Gibson and Mr. Norman Davis, sent to Geneva to a disarmament conference, were in touch concerning reparations with the Lausanne negotiators during the time negotiations were going on at or near Geneva, or between Geneva and Lausanne. There can be no other construction put upon those facts than that those gentlemen were sent there by somebody—inferentially that they were sent there by the President of the United States or under his authority.

If those two gentlemen did take part in those negotiations, they were representing the United States, because neither of them would have thought of doing so unless he had been sent there. It may be that the Secretary of State does not know anything about it, I do not know; but the President does know, and the people of the United States are entitled to know as to what has been going on over there.

There is Prime Minister Herriot, who testified that he had been in negotiations with these representatives. There is Mr. Chamberlain, holding a high place in the British Government, who testified on the floor of the House of Commons that he had been in negotiation with representatives of the United States. It is right and proper under those circumstances that the only man who has knowledge of the facts should give those facts to the country. That man is the President of the United States.

I now yield to the Senator from Pennsylvania.

Mr. REED. Mr. President, how could anything be more specific, more clear, more downright, than the message brought to us by the Senator from Idaho directly from the Secretary of State this morning? Of course, if there were negotiations or conversations, the Secretary of State would know about them. He is the channel through which all communications pass to our representatives abroad.

Mr. McKELLAR. Mr. President, the answer to that is that they have not answered the questions I desire to submit to the President of the United States. Mr. Stimson has not denied that there was an understanding there was to be a reduction of our debts, if there was a reduction of reparations.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. McKELLAR. I will yield in a moment.

I want to modify my resolution, Senate Resolution 266, which I offered a day or two ago, and I will read it so modified, so that it may go into the RECORD and that Senators may know what it provides. The resolution as I have modified it is as follows:

Whereas it is stated in Associated Press and other dispatches appearing in responsible newspapers that the United States Government has expressed to foreign nations indebted to it a willingness to consider further reductions in the indebtedness of said nations in view of the recent Lausanne reparations proposal; and

Whereas the Congress of the United States (which alone has power to modify the debt settlements heretofore made) has officially declared by House Joint Resolution 147 its unwillingness to cancel or further to reduce the indebtedness of said nations: Therefore be it

Resolved, That the President of the United States is requested to inform the Senate whether there is any foundation for the statements made in said dispatches concerning the United States' participation in said reparations negotiations, and especially if he directed our representatives, Gibson and Davis, or any other representatives, to take part in said reparations negotiations, and if they actually did so; if they made an express or an implied agreement to submit to the Congress the question of a cancellation or reduction of the debts of the United States; the nature and the extent of the negotiations about United States debt settlements since the passage of House Joint Resolution 147; if they, and if the President, had knowledge of the secret "gentleman's agreement" before it was published, and if so, by what authority any representative of the United States has taken such action in view of the existence of House Joint Resolution 147.

Mr. President, I ask unanimous consent that I may amend Senate Resolution 266 to read as I have read it.

The PRESIDING OFFICER. The Senator has that right.

Mr. McKELLAR. Mr. President, if the Senator from Idaho desires, I will yield to him now.

Mr. BORAH. Mr. President, I only desire to say that our representatives at Geneva were referred to in the conversation this morning, and I asked whether they had had anything to do with this settlement at Lausanne. I was assured by the Secretary of State that they were not authorized to and did not discuss this subject.

Mr. McKELLAR. Were they there?

Mr. BORAH. I have understood they may have talked with Mr. MacDonald with reference to disarmament.

Mr. McKELLAR. Mr. MacDonald went back as a conquering hero to England for what he had accomplished by the cancellation of reparations, so the newspapers stated, and Mr. MacDonald, as I recall what the newspapers stated, said that he had consulted the American representatives, Mr. Davis and Mr. Gibson. Mr. Herriot stated the same thing. Mr. Chamberlain stated the same thing. Now, as I understand, the Secretary of State admits that they were there at that particular time, when they had been sent to Geneva for another purpose.

Mr. BORAH. Mr. President, I do not say that the Secretary of State admits that they were there at that particular time. I had understood that they did consult with the represenatives of the English Government with reference to disarmament, but I was assured that they never at any time discussed the reparations question, nor were they authorized to do so.

Mr. McKELLAR. The debt question and the move for disarmament dovetail. As everybody knows, that is one of the schemes to get those debts canceled. There is no intelligent man who does not know what arguments are going to be used. I do not know when the negotiations began, and we ought to know when they began, or if they began, and all about them. A part of the scheme is, first, to get the reductions made, then some vague, indefinite promise of some kind or another about reducing armaments, and then America will fall in line, and, as the result of a paper reduction in arms, and of the reparations matter, we will forgive them their debts, all made after the war was over for the purpose of reconstructing their several countries. In other words, they have had the pleasure of fighting their wars, and now they want to make America pay for them, pay all the cost and expense of them. They want to turn $11,000,000,000 of debts over to America to be paid, and that is what is going to be done unless we take timely action; and, it seems

to me, that in fairness to everybody, in justice to the President, in justice to the Secretary of State, in justice to these gentlemen who have been dealing with them, this resolution, or a resolution like it, ought to pass this body, and let the President state what the facts are and what is proposed to be done.

Surely, when we are confronted with as important a matter as this, with $11,000,000,000 at stake, when we at this very session are putting an additional $1,100,000,000 burden upon our people in taxes, it does seem to me that it is as little as the administration can do to take the American people into the confidence of the administration, and let us have the facts as they are.

Mr. President, without further ado, I am going to ask unanimous consent at this time—I imagine it will not take a moment—for the immediate consideration and passage of the resolution I have introduced.

Mr. REED. Mr. President, reserving the right to object, I want to say a word.

The Congress of the United States has passed an act declaring the fixed policy to be against cancellation or further reduction of the foreign debt. The President has signed that measure. We have just now from the lips of the Senator from Idaho a flat denial that any conversations have taken place with foreign representatives looking toward any such reduction or cancellation.

Mr. President, I feel as strongly as does the Senator from Tennessee in opposition to any further reductions or cancellations of these debts; but the surest way to bring them about, in my view, is to keep on talking about them. Unfortunately, we have too many American citizens——

Mr. McKELLAR. Mr. President——

Mr. REED. I do not yield for a moment.

Mr. McKELLAR. Will not the Senator yield in my own time? I yielded to the Senator.

Mr. REED. No; the Senator has not yielded at all. He has asked for unanimous consent, and I hold the floor in my own right.

Mr. McKELLAR. I do not think the Senator has a right to take me off the floor under the circumstances.

The PRESIDING OFFICER. The Chair thought the Senator had yielded.

Mr. McKELLAR. No; I have not yielded the floor. I have been on my feet all the time. I yielded to the Senator.

Mr. REED. How can a request for unanimous consent be put with the Senator holding the floor? Are we only to be permitted to object by his courtesy?

The PRESIDING OFFICER. The Senator from Pennsylvania has the floor.

Mr. REED. Mr. President, the surest way to bring about a reduction or cancellation of these debts is to keep talking about them. Let us take it as a settled and accepted fact that the United States expects to be paid the fragment of the debts that was left after the last debt settlement. We do no good service to the United States when we talk, as so many of our New York friends have talked, about the necessity of canceling these debts.

Everybody knows that with a small fraction of what is being spent on wasteful armament in Europe these debts can be satisfied. I think we had better sit quietly, rest on the position we have already taken, which is clear beyond the possibility of mistake of understanding by anyone, and expect our debtors to meet their engagements, as I believe they will do. Therefore, I object to the present consideration of the resolution.

The VICE PRESIDENT. Objection is made.

Mr. McKELLAR. Mr. President, in view of the remarks——

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Idaho?

Mr. McKELLAR. I yield.

Mr. BORAH. Has the resolution been referred?

Mr. McKELLAR. No; it has not been referred. It is on the table now.

Mr. BORAH. There will be a meeting of the committee to-morrow morning if the Senator wants to refer it.

Mr. McKELLAR. I shall be glad to do it. I ask that the resolution be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. It will be so referred.

Mr. McKELLAR. Mr. President, just a word further.

In view of what the Secretary of State has to say I want to quote from a well-known correspondent here in this city, Mr. Frederic William Wile. He is certainly on the very closest terms with the administration. Many of us believe that he speaks for the administration. He seems to speak with authority. Here is what he said in the Washington Star:

> There is unrestrained appreciation in Hoover administration circles of the generosity of France in assenting to Germany's demand that the reparations slate should be cleaned once for all. When the then premier of France, M. Pierre Laval, left Washington last October, he carried with him a pledge from President Hoover and Secretary Stimson that the administration would do its utmost to persuade Congress to reconsider war debts, if Europe settled the reparations problem. * * *

See how it dovetails in before this storm arose. This was Sunday. This was before the facts had leaked out. It was even before the New York Herald Tribune had printed the "gentlemen's agreement." It is rather remarkable that it was printed in no other paper last Sunday except that one, so far as I saw.

See how it works out. Our representatives are there and it is not denied that they were there during the time of the negotiations, and afterwards here comes this very remarkable agreement on reparations. It apparently met with very wide approval, but the next day an enterprising newspaper man published the agreement, which was that instead of forgiving one another, they were turning the whole burden over to the United States and that it was done apparently with our consent and approval.

Mr. Wile said further:

> But conditions have now ensued which justify the French and our other European debtors in expecting the United States to make good on the assurances given M. Laval. * * * It is certain that nothing will be done until after the presidential election in November.

How familiar that sounds. It will be remembered that last year Mr. Hoover made the moratorium agreement and the Congress was called upon to make good his assurance to the European debtors. We knew nothing about it, but we did have to make it good and we did make it good. I did not vote for the moratorium, but a majority did, and Mr. Hoover's assurances were made good. How natural the plan works up to this date. Next fall, as Mr. Wile says in a subsequent part of his article, after the elections are over the President will have a free hand and then it will be necessary for Congress to make his word good. Listen to this, and I am quoting from Mr. Wile's article:

> Undoubtedly the President desired to pave the way to this projected action when he asked Congress last winter to reestablish the World War debt commission for the purpose of reviewing matters in the light of existing conditions. Whether he is reelected or defeated in November, Mr. Hoover will be vastly more of a free agent in both domestic and foreign affairs than he is a candidate for a second term in the Presidency. He can afford to strike out boldly in any direction he pleases. No one at this early date is authorized to quote the President's views, but men qualified to know them are confident that he plans to move along lines that will electrify the world, just as his origination of the 1931 moratorium on intergovernmental debt payments did.

See how it follows! He is going to electrify the world—with what? By putting on the overburdened backs of the American people this $11,000,000,000 of debt. Of course it will electrify the rest of the world!

Mr. GORE. And electrocute the people of the United States.

Mr. McKELLAR. Yes; as the Senator from Oklahoma says, it will electrocute the United States. It may not exactly electrocute, but it puts an enormous burden of taxation upon our people that ought not to be put there. It seems to me we should know the facts and that the American people should know the facts. We ought not to be called on in the future to uphold and defend some secret agreement that is being made by the President or State Department. We know there have been some sort of nego-

tiations going on over there. Our representatives—Mr. Gibson and Mr. Davis—would not have been at that particular place at that particular moment, away from where they were sent, halfway between Geneva and Lausanne in secret meeting—a mysterious meeting at deep midnight—unless there had been some reason for their being there, and we know it. We ought to see to it that the American public, who will have to pay the bill, know it, too.

I digress long enough to say that there was unrestrained joy among the international bankers when this news came. The first article that was published was that, now that Germany had escaped from her debts by the United States assuming them, she was going to pay in part at least the debts due the American international bankers and they were going to get some return for the money which they had spent in private transactions in Germany and in other parts of the world.

Mr. President, I want to say that we will get the facts about these matters pretty soon. The Secretary of State is talking, the Assistant Secretary of State is talking, and the foreign ambassadors are talking. I quote from this morning's Washington Herald:

Mr. Chamberlain, defending the Lausanne negotiations against the violent denunciations of former Chancellor Winston Churchill, who deplored the united European front against America, implied that official Washington knew every move being made at the Lausanne parley. He declared:

"We were in touch at Lausanne not only with European repre-representatives, but we have the opportunity for conversations with representatives of the United States."

Is it possible for us to believe that this great British minister, Mr. Chamberlain, would get up on the floor of Parliament, in the House of Commons, and utter a falsehood? It is almost inconceivable. I hope he is mistaken, but it is almost inconceivable that a member of the British cabinet, speaking in the House of Commons, would make a statement like that unless he knew it were true. He went on to say:

I will ask the House to believe that in this rare, delicate situation the Government had no reason to think the course it had taken was one which would lead to any unfortunate results which have been anticipated.

Let me quote further from this article in this morning's Washington Herald under the title "Two Conferences," as follows:

The American representatives referred to by Chamberlain were United States Ambassador to Belgium, Hugh Gibson, and Norman Davis, of the American delegation to the disarmament conference. Gibson conferred not only with MacDonald but once with Premier Herriot, of France, in a mysterious midnight meeting halfway between Geneva and Lausanne.

Listen to this—and I am wondering whether the Secretary of State had anything to say about this:

In a mysterious midnight meeting halfway between Geneva and Lausanne.

It is not very far from Geneva to Lausanne. The representatives at Geneva could have gone over to Lausanne. The representatives at Lausanne could have gone over to Geneva. There is no natural halfway place. Why was a secret midnight meeting held half way between the two cities?

Discounting Washington dispatches that the Hoover administration is maintaining an attitude against debt revision, it was pointed out that MacDonald, while at Lausanne, said publicly that negotiations for war-debt reduction were being carried on with Washington.

Are we to suppose that the chancellor of the exchequer of Great Britain and the prime minister of France are falsifying about this thing? I can not believe it. They had no reason to utter falsehoods.

Mr. Churchill, who seems to have brought the whole matter to a focus in Parliament, had this to say:

If the settlement of Lausanne is conditional on the settlement of our debts with the United States, and if ratification is to be delayed until then, the whole Lausanne act has dropped to a far lower plane and has shrunken altogether in its scale and importance.

If, at the same time, anyone supposes we are going to get back to the Young plan in Germany, he really deserves medical attention.

I digress long enough to say that I will not go that far, but I will say that it is inconceivable to me how anyone, in view of the undisputed facts concerning statements from the administration, concerning a reduction or cancellation of our foreign debts, which statements have been published in the newspapers for days, unanswered, can say that there is not something in this Government's connection with these negotiations, some way, somehow, in some manner, and somewhere. I repeat the statement of Mr. Churchill:

If, at the same time, anyone supposes that we are going to get back to the Young plan in Germany, he really deserves medical attention. I thought we had forgiven Germany; apparently we want to find out first if we are to be forgiven our debts.

Here is what they have done. They entered into a secret alliance, a secret compact, made apparently at midnight, to forgive each other their debts provided that America would take them over. That is the whole game. If it is not that, what else could it be? Knowing France as we do know France, knowing how France has stood out for reparations from the very beginning, is it conceivable, unless she had some sort of understanding with our Government, that she could ever have made any such agreement as that?

Then Mr. Churchill went on to say:

No more unfortunate approach toward debt cancellation could have been made than the procedure adopted at Lausanne. All I can say is that it will make it more difficult to obtain British debt revision, inflicting an injury on ourselves which will cost us dear.

Mr. Churchill is exactly right. Whoever planned the reparations and debt settlement agreement certainly made a great mistake. The same paper—that is, the Herald of this morning—quotes Premier Herriot as follows:

It is laid down that in the event of a satisfactory settlement not being obtained from the United States, we remain as we were. We have all of us taken that pledge.

It will thus be seen, Mr. President, that a secret agreement has been made. The Secretary of State apparently is not informed about the matter, but I believe that there has been an agreement not only among the European nations, but with representatives of the American Nation. Mr. Stimson does not say that our representatives were not present at the midnight meeting. They had no business to make such an agreement; they have not been appointed for that purpose. Mr. Davis was sent to Geneva to participate in a disarmament conference and Mr. Gibson was there for the same purpose.

Of course, Mr. President, no one is simple enough to believe that this arrangement would have been made by those two gentlemen who are attending the disarmament conference at Geneva, or that they would have attended a midnight conference half way between Lausanne and Geneva, without having been sent there. In my judgment, it was Mr. Hoover who brought about this agreement, if he did not initiate it. Neither Mr. Gibson nor Mr. Davis would have dreamed of attending these conferences or of being privy to the secret agreement that was made unless they had been specifically instructed so to do. Evidently those two gentlemen were simply carrying out instructions from Washington. The nature of those instructions should be made public.

Further evidence of the fact that Washington was not only consulted but approved the proposal to transfer these debts from Europe to America is shown in the approval of the White House and the State Department authorities. When the reparation agreement was first made known all the newspapers carried the statement that the reparations agreement was fully approved by the White House, and great rejoicing was there. There can be no doubt, Mr. President, that America was a part of this "gentlemen's agreement," though apparently our representatives did not sign it. The Senate and the country ought to know the entire particulars; and I am going to ask the committee tomorrow to report favorably the resolution which I have submitted.

At this time, Mr. President, I want to conclude what I have to say by asking unanimous consent to have printed in the RECORD an editorial from the Washington Post of to-

day, Tuesday, July 12, under the title of "Trickery at Lausanne." I will read only the first sentence from the editorial in the Washington Post, which is one of the most active, earnest, and vigorous supporters of the administration. Listen to this:

The much-advertised gesture of renunciation and forgiveness of Germany by the Lausanne negotiators is now found to be a fraud.

A fraud! What constitutes it a fraud?

Mr. President, I ask unanimous consent to print in the RECORD the remainder of the editorial as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Washington Post, July 12, 1932]

Premier Herriot, of France, declaring that France has heard with emotion the story of the sufferings of Germany, and trying to make it appear that France had concurred in forgiving Germany for the sake of world peace and good will among men, now turns up at Paris with a secret agreement in his pocket, in which it is stipulated that the Lausanne agreement shall have no force unless the United States first cancels the war debts.

Prime Minister MacDonald is credited with authorship of the brilliant piece of chicanery which is now setting nations by the ears, and which doubtless will cause the downfall of Herriot. Mr. MacDonald is reported to have said that he was willing to proceed with the cancellation of reparations, trusting to America to make a corresponding cancellation, but that France and Belgium would not trust America. Those Governments insisted that the United States must first cancel the debts before they would ratify the agreement with Germany.

"If the United States finds the Lausanne agreement good," said M. Herriot upon returning to Paris, "and if a satisfactory arrangement concerning debts can be reached, the Lausanne agreement on reparations will be ratified and will come into full effect. If that is not the case, everything is reserved." In an interview M Herriot said: "Everything is now subordinated to an agreement with America."

This action will put an end to Herriot's régime. It is contrary to the spirit of the Hoover-Laval statement, which prefigured a settlement by Europe of its problems before opening the question of debts owed by European nations to America.

The refusal of the United States to cancel the debts will become painfully apparent to France. There is no reason why the debt of France should be reduced, since she is able to pay. When the determination of the United States is thoroughly understood in France an outburst against Herriot will inevitably occur, because he has signed a document which releases Germany and acknowledges that France is not warranted in demanding large reparations. He will lay stress upon the fact that this arrangement will not become effective until the United States cancels the debt owed by France, but nevertheless he has given away much of France's case against Germany. The Young agreement can not be made effective again.

The effect upon Americans of the secret attempt to force this Government's hand is unfortunate. Another stealthy and utterly selfish agreement aimed at the United States has been exposed, and it is wrapped in hypocritical expressions of solicitude for Germany and world welfare. Prime Minister MacDonald loses in public respect for his part in this shady transaction, while Premier Herriot merely invites his own downfall by his double-dealing.

Chancellor von Papen will be fortunate if he does not lose his official head. He is now in the position of having been a dupe of Great Britain and France. He glorified the Lausanne agreement as an accomplished fact whereby Germany would be relieved of reparations and inferentially of the charge of war guilt. Now Germany discovers that everything done at Lausanne is subject to a secret "gentleman's agreement," aimed at forcing the hand of the United States. Germany gets no concessions unless the United States first permits France, a perfectly solvent debtor, to evade payment of her debt. When the German people grasp the full force of the trick that has been played upon Von Papen they are likely to dismiss him as entirely too guileless to cope with the hard-boiled "gentlemen" who have double-crossed Germany and are trying to double-cross the United States.

So international relations go from bad to worse, thanks to the marplots whose work at Lausanne and Geneva reveal that certain governments are trying to evade honest debts while devoting immense tax revenues to excessive armaments. Public opinion in the United States is shocked and disgusted with the revelations. The determination to make solvent debtors pay their debts is shared by all parties in this country.

Mr. McKELLAR. What constitutes it a fraud is that it was secretly done; it is that our representatives in some way, somehow, knew about it, and it is that though it was an agreement among themselves, it was virtually an attempt to take $11,000,000,000 of burden off the backs of European taxpayers and put it on the backs of American taxpayers.

Mr. President, I protest as earnestly as I know how against any such action, and I hope when the Senate comes to examine into the matter it will adopt the resolution I have submitted, so that the true facts may be given the American people.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Wyoming [Mr. CAREY] to reconsider the vote whereby the amendment of the Senator from Michigan [Mr. COUZENS] was adopted.

Mr. JOHNSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ind.
Austin	Dale	Jones	Schall
Bailey	Davis	Kean	Sheppard
Barbour	Dickinson	Kendrick	Shipstead
Bingham	Dill	Keyes	Shortridge
Black	Fess	King	Smoot
Blaine	Fletcher	La Follette	Steiwer
Borah	Frazier	Lewis	Stephens
Bratton	George	Long	Thomas, Idaho
Brookhart	Glass	McGill	Townsend
Broussard	Glenn	McKellar	Trammell
Bulkley	Goldsborough	McNary	Tydings
Bulow	Gore	Metcalf	Vandenberg
Byrnes	Hale	Moses	Wagner
Capper	Harrison	Norbeck	Walcott
Caraway	Hastings	Norris	Walsh, Mass.
Cohen	Hatfield	Nye	Watson
Connally	Hayden	Patterson	White
Coolidge	Hebert	Pittman	
Copeland	Howell	Reed	
Costigan	Hull	Robinson, Ark.	

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present. The question is on the motion to reconsider the vote whereby the amendment of the Senator from Michigan [Mr. COUZENS] was adopted.

Mr. COUZENS. Mr. President, I understand the Senate is very anxious to vote, and I am not desirous of delaying it, although I am frank to say that not nearly all the testimoney in opposition to this bill has been submitted. I will delay the Senate for only a short while to point out some of the matters which seem to me have not as yet been made of record.

I understand, of course, that probably there will not be very many, if any, votes changed, but in view of the position I have taken, it seems to me necessary and desirable that the record be complete as to the reasons for the opposition I have to the enactment of the proposed legislation and for my belief that the temporary provision afforded by my substitute would take care of the needs of home owners who are now in distress.

I continue to read briefly from page 19 of the minority views filed in the House of Representatives on the bill:

Mr. E. J. Adams, associated with Federal Trade Commission (on p. 200 of the Senate committee hearings), says:

"I must, in all fairness, say that it does not in any respect comply with the recommendations of the President, and I doubt if he has ever read it. There is not a dollar's worth of relief or help in this bill for the home owner."

Mr. Best, president of the Building and Loan League (p. 285), said—

And Mr. Best has been very active in promoting the passage of this bill—

"Practically speaking, less than two-tenths of 1 per cent of the shareholders' dollars in building and loan associations have been lost during the present economic crisis, although the demands for withdrawals have been very, very heavy during the last year. Funds are needed to pay those people desiring their money. Many are timid or frightened, and it is only a minority that have a real need."

These very frank statements from the high officials of building and loan associations clearly show that the primary purpose to be accomplished by the organization of these banks is to obtain funds with which to pay their investors and certificate and stock holders. It is very desirable for every investor who has his money in an unprofitable business to get his money out. But why should the Government help the building and loan investor, the stock or share holder in building and loans any more than any other investor or stockholder?

The reasons why building and loan associations as well as banks are in an unliquid, and in many cases an unsound condition to-day, are due to a number of things:

1. Loans were made on inflated land values and on too narrow a margin.

2. Many home owners when credit was easy, were induced to borrow and to build beyond their means.

3. Shareholders were led to invest their money on the promise of certain and large dividends.

4. In periods of prosperity when money was plentiful, large dividends were paid, and no reserve was built up.

5. Excessive rates of interest were charged. The hearings show that the actual rate of interest charged by building and loan associations in 30 States ranged from over 7 to 14 per cent; in many cases an extreme hardship upon the borrower for the benefit of the investor.

These conditions can not now be cured by the establishment of Federal home loan banks. There is money available for conservative, sound mortgage business, and there is no real national need for this system.

Without taking up further time of the Senate in reading, I ask unanimous consent to make the balance of the minority views of Mr. WILLIAMS a part of my remarks.

The VICE PRESIDENT. Without objection, that order will be made.

The matter referred to is as follows:

W. H. Wood, president of the American Trust Co., Charlotte, N. C. (p. 121) says:

"I do not think the percentage of foreclosures would be as high as in a great many other places, because our building and loan associations are very successful and very conservatively managed, which has held up the situation."

Wilson W. Mills, chairman of the board, First Wayne National Bank of Detroit (p. 215) says:

"I do not know that the supply of money from banks and building and loan associations and from insurance companies, at least in the Middle West, has been very much curtailed as compared with what it has been in the past, to promote building, and for any mortgages on homes or other mortgages."

John Warren, director United States Building and Loan League for New Jersey, which organization has assets of $1,211,000,000 (p. 259) says:

"Withdrawals in our State, Senator, up until very recently, have been a problem of a comparatively few associations."

John F. Scott, president Minnesota Building and Loan Association, St. Paul (p. 266), says:

"Their present condition, so far as the payments on their home loans is concerned, is better than it was a year ago. The associations in Minnesota and the Northwest need no relief legislation, but if they did, this measure would not afford it."

A. C. Hunt, Black Hills Building and Loan Association, Rapid City, S. Dak. (p. 344), says:

"Senator WATSON. What is their general condition?

"Mr. HUNT. Generally good."

C. W. Thompson, president Aetna Building and Loan, Topeka, Kans. (p. 400), says:

"We could borrow money. Conditions in Kansas are such that building and loan associations can borrow money temporarily.

"Senator WATSON. Borrow it from whom?

"Mr. THOMPSON. The banks."

John S. Hill, banker, Durham, N. C. (p. 50):

"Senator WATSON. It appears to me that you have a pretty sound institution, Mr. Hill. You do not need any help.

"Mr. HILL. No, sir."

Harry E. Karr, Baltimore, representing Maryland League of Building Associations (p. 54) says:

"At the present time, because of the slowing up of general business and real estate and that sort of thing, there has not been much request at our banks to advance funds to building associations. Most of them have been able to carry on themselves."

Theophilus White, president Continental Mortgage Co., Baltimore (p. 135):

"Senator BULKLEY. You do not think it would be of value as a permanent organization?

"Mr. WHITE. I do not think it is necessary to have the Government permanently in the real-estate financing business."

Hiram S. Cody, president Mortgage Bankers Association, Chicago (p. 138):

"Senator WATSON. How are your home mortgages outside?

"Mr. CODY. They are good.

"Senator WATSON. They are all right?

"Mr. CODY. Yes, sir; in good shape.

"Senator WATSON. Do you see any necessity for the passage of this bill?

"Mr. CODY. No, sir.

"Senator WATSON. None at all?

"Mr. CODY. No, sir.

"Senator WATSON. You are satisfied with the existing conditions?

"Mr. CODY. Yes, sir."

Henry R. Robins, Commonwealth Title Co., Philadelphia, Pa. (p. 149):

"Mr. ROBINS. Generally, I think the whole scheme is inadvisable. It is more in the nature of an idealistic dream than a thing that can be put into operation, in my opinion.

"Senator WATSON. Why?

"Mr. ROBINS. In the first place, I don't think there is any need of such a structure in the United States. The fault has not been lack of money. It has been the size of the mortgages. There has been too much loaned by the various mortgage institutions generally on mortgages. That is what has been the cause of this foreclosure storm that has hit the country, and not the lack of money.

"Senator WATSON. What is the capitalization of your institution?

"Mr. ROBINS. Two million capital and three million surplus."

Again (p. 150):

"Mr. ROBINS. For any legitimate mortgage of the proper value there is plenty of money.

"Senator WATSON. But where there are from twelve to twenty thousand foreclosures in a year, how are you going to help those fellows?

"Mr. ROBINS. I can not see how you can help a man who is borrowing more than the security that he puts up."

John Hall, president of the St. Louis Building and Loan Association, and member of the legislative committee of the United States Building and Loan League (p. 220, House hearings), says:

"The borrowing of a building and loan association, gentlemen, should be an incidental part of its business. It should get its own funds, generally speaking, from the sale of its stock. There are certain seasonable times, times like this, when it could readily borrow money for various purposes, but it should be incidental to its main purposes. The associations in Missouri are now borrowing from banks where they need it, and the banks are lending it promptly"

Ann E. Rae, of Niagara Falls, N. Y., former president of United States Building and Loan League, in writing of the Federal home loan bank bill, after stating that she was convinced that "nothing but harm will come from it," says:

"Lastly, legislation that will, or is intended, to have such a far-reaching effect as the creation of these banks would, should not be enacted into law without the most searching scrutiny and examination of the facts in the case; first, to determine whether the banks are needed; second, to determine how they should be operated; and, third, but not last by any means, to determine what good they will do."

Senator Charles O'Connor Hennessy, of New York, and former president of the United States Building and Loan League, says:

"Building and loan associations who are in temporary difficulties in certain States and who are told that this proposed Federal system will let them out of their troubles are deceiving themselves, or are being deceived, as a reflective study of the bill might show."

R. Graeme Smith, Connecticut General Life Insurance Co., Hartford, Conn. (p. 279), says:

"I think we will all agree that there is no way for any banking system to assist a man who is not able to meet his interest payments and taxes. Certainly no home-loan bank system can put money in his pocket to pay these items. Certainly no cooperative or governmental agency can take over his loan if he can not pay them. How is this proposed system to give relief?"

William Rindsfoos, president of the Brunson Bank & Trust Co., Columbus, Ohio (p. 330), says:

"There is nothing in the bill requiring the carrying of a cash reserve. By that I mean the building and loan can go in under this bill and borrow its head off and not carry 25 cents in the bank; and if you get another crisis like this, what are you going to do? That is the trouble to-day; they did not carry any reserves, except a few. The ones that did are not in trouble. Some had a big cash reserve, but 99 per cent did not, and that is why they are in trouble."

Hiram S. Cody in his testimony quoted from Elements of the Modern Building and Loan Associations, by Clark and Chase, which is approved by United States Building and Loan League, as follows (p. 350):

"The organizers of an association are interested first of all in securing a sufficient dividend rate upon their own shares to make the investment profitable to themselves and to other investors. Therefore, they attempt to fix an interest rate as high as the traffic will bear, knowing that the borrower can see his way out of debt through the amortization principle in spite of the excessive rate.

"Unscrupulous directors have at times taken advantage of borrowers by keeping the monthly payment low, while requiring an excessive number of payments, thus accomplishing the same thing as charging a higher rate in the first place. Charging too high a rate in the past has obliged some associations to liquidate their assets and go out of business, because the high rate was boycotted by borrowers and the money of the savings members could not be invested according to plan.

"The average building and loan secretary has not taken the trouble to sit down with the borrower and figure out the total cost of a loan. It has been the custom to tell the borrower the rate of interest and to refer to the premium and such other costs as may be imposed as unimportant details. The average borrower from a building and loan association is making the only big loan of his life, and misleading or incomplete statements may make it possible to exact an exorbitant total price for the loan."

Continuing, on page 354, Mr. Cody says:

"Just a word about the 12,000,000 building and loan members, which include 10,000,000 depositors and 2,000,000 borrowers. Also their $8,000,000,000 of assets, constantly mentioned in these hearings. Impressive totals, it is true, but if our Mortgage Bankers Association of 300 or 400 actual members, including banks, trust companies, and mutual life insurance companies, counted its membership and its assets by exactly the same process as the building

and loan associations count theirs, the total would be over 50,000,000 members and our assets would exceed $14,000,000,000. Yet we seek no special consideration because of these striking totals."

In the Senate hearings, page 666:

"Senator BULKLEY. No; that is not what I am talking about; I am talking about how we are going into the business that the life insurance companies are doing and consciously accept the lower class of risks and get away with it?

"Secretary LAMONT. I do not know; I can not speak from any statistical background, but I think the general history of real-estate home mortgages has been on the whole very satisfactory. The building and loan associations have out some $9,000,000,000 worth of loans, and their losses have been so insignificant that, taking it as a whole, they have been successful and prosperous."

There has been a wide difference of opinions as to the amount of home-mortgage loans in the entire country. Doctor Gries, in his testimony before the Senate committee, on page 669 of the hearings, gives his estimate from $25,000,000,000 to $43,000,000,000. Of this amount the building and loan associations are carrying about $8,000,000,000, or perhaps about one-fourth.

Since the hearings closed, Mr. Bodfish, executive manager of the United States Building and Loan League, is reported by the New York Times as saying:

"Evidence of a gradual return of confidence among savings investors throughout the country is reported for the United States Building and Loan League through Morton Bodfish, its managing director. He says investors in building and loan associations increased by 10,527 in February, a figure which exceeds by more than 30 per cent the average monthly gain of 7,897 during the boom year of 1929. New accounts opened were 143,055, the league estimates, while 132,528 accounts were closed. Mr. Bodfish calls the February gain a distinct improvement and says it is significant in that it shows people turning naturally to the home-financing investment field again.

In view of the fact that representatives of insurance companies, real estate boards, banks, and even building and loan associations from one end of the country to the other have expressed the opinion that a system of home-loan banks was not needed, it is not difficult to reach the conclusion that there is no such urgent, widespread demand for them as to justify their establishment on a national scale at the expense of the Government. If there is an immediate need, the Reconstruction Finance Corporation was organized for the very purpose of furnishing credit to the very institutions mentioned in this act.

The Reconstruction Finance Corporation provides for loans to banks, insurance companies, and building and loan associations. That measure became a law in January of this year. Is it possible that almost before the machinery for the operation of that corporation is set up, and before it has had an opportunity to see what it can do, that another nation-wide permanent banking system will be set up for the use and benefit of the insurance companies, the banks, and the building and loan associations of the country?

The Glass-Steagall bill was passed for the purpose of loosening up credit and making it easier for the banks and financial institutions to borrow money. That law has not had time to show what it can do. Still it is now proposed to spend $125,000,000 on a bank plan in behalf of banks, insurance companies, and building and loan associations. The fact is that the Reconstruction Finance Corporation has made many loans and in large sums to the very institutions this measure is designed to help. Loans are being made every day and emergencies, which may have existed, are being met.

The Reconstruction Finance Corporation from the 2d day of February, which was the first day of its operation, up to April 19, approved loans as follows:

To building and loan associations	$17,326,748
To insurance companies	11,952,000
To banks and trust companies	243,248,769

IF THERE IS A NATIONAL NEED LET THE MORTGAGE LOAN INSTITUTIONS ORGANIZE TO MEET THE NEED

The Nolan-Calder bills sought to establish building and loan banks to the stock of which each association could subscribe. If there is a national need for these banks, why not let the member institutions subscribe for the necessary stock. The proposal in this bill is to set up a system of Federal home-loan banks with the money of the United States for the benefit of certain banking and financial institutions. It is purely institutional. The proposed banks will deal with financial and mortgage-loan institutions. They do not loan to individuals. The Government is put squarely into the banking business in full partnership with financial institutions of the country, except that most of the capital may be furnished by the Government and the profits to be derived therefrom shall be shared by the member institutions. This is something new in Government financing and a dangerous precedent. The Government is to be the principal stockholder in a banking system with building and loan associations, banks, and insurance companies holding the balance of the stock and receiving the benefits and the profits.

STATES CAN TAKE CARE OF NEEDS

The needs are more or less local. The demand for mortgage money is much greater in certain localities than others. There are few building and loan associations in some States. A great many in other States. Practically half of the building and loan association business is done in three States, Ohio, Pennsylvania, and New Jersey. In normal times through all the years building and loan associations have had all the loans they wanted from the banks, and in many parts of the country that is still true. Local banks, insurance companies, building and loan associations, and mortgage bankers in ordinary times have taken care of real-estate loans. Upon a return to normal times they can do so again, even if they are not able to successfully and efficiently cope with the present situation. The conditions being different in each State, why not let the States provide a mortgage-loan system.

New York has a State land bank called the Savings & Loan Bank of New York, which functions well, and has for a number of years.

Massachusetts by acts of March 2, 1932, created the Mutual Savings Central Fund (Inc.) and the Cooperative Central Bank. These are central banks, the capital of which is obtained from the reserves and deposits in the savings and cooperative banks of that State, which are similar to building and loan associations. The funds in the central banks thus established are loaned to the savings banks or cooperative banks of the State, just as is proposed by this bill. Here are State institutions just set up under State law and with capital provided by the State banks which serve all the emergency needs of the cooperative banks of that State. A similar proposition is pending in New Jersey. If New York, Massachusetts, and possibly New Jersey can provide State central banks to relieve the situation, why not the rest of the States?

What is known as the guaranty stock plan is principally in use in California, Oregon, and Colorado. Clark and Chase in their book heretofore mentioned say:

"Building and loan associations have been so uniformly successful that no guaranty stock association has ever failed to make payments on all kinds of shares."

They further say:

"Even in periods of depression the earnings have not dropped low enough to bother the guaranteeing shareholders."

Kansas has what is known as the permanent or contingent reserve stock plan, the purpose of which is to act as a reserve. Clark and Chase say of these institutions in Kansas:

"All contracts so far as known have been fully met and the dividends on all classes of stock have been liquidated."

If these States can provide a safe and liquid system of building and loan associations even in periods of depression, Ohio and Pennsylvania and other States might do the same.

The real estate laws in all the States are more or less different. Homestead and dower interest vary. The form of mortgage and acknowledgment and the effect of recording the mortgage may differ. The time and manner of filing mechanics' liens are not the same. Methods of foreclosure and rights of redemption are at variance. The amount which member institutions can borrow in different States under the laws thereof, as well as the amount of collateral which may be put up and the purposes for which the money may be borrowed are different. There is a wide difference as to negotiable or assignable paper and reserves that must be carried. With all these differences, variations, and conflicts in the State laws, it will be difficult if not impossible to establish a workable national system and bring together in one group strictly legal mortgage assets to furnish the foundation for a nation-wide bond issue.

WHAT STATES CAN COME IN ON AN EQUALITY?

In how many States will the law permit building and loan associations and banks to subscribe and pay for stock in the Federal home-loan banks if this bill becomes a law? This question has been often asked but never answered. It may be stated generally that banks and building and loan associations can not purchase stock in other corporations. To be sure the laws of the States may be changed if the legislature sees fit to do so. How many would come in until the law is changed and take the chance on going out at the end of 42 months, it is impossible to tell.

Mr. Hall, a member of the legislative committee of the United States Building and Loan League filed with the subcommittee a statement giving the law of most of the States as received by him from the secretaries of building and loan associations in the different States.

From this report it appears the member institutions in 9 States are eligible to become members of the Federal home-loan banks and enjoy the full benefits; that institutions in 22 States are not eligible to enjoy the benefits of membership; 5 States are in doubt and 12 States did not report. This statement shows that in the following States building and loan associations will be prohibited from participating in the full privileges of the Federal home-loan banks until the laws are amended:

In Maine and Nebraska they (building and loan associations) can not borrow money for any purpose. In Missouri, Illinois, Oklahoma, Florida, Iowa, and Pennsylvania, the mortgages of the building and loan associations are nonnegotiable and can not be pledged as security for loans. In Vermont, the mortgages are negotiable, but the State law does not permit their pledge or assignment as collateral security. In Indiana the mortgages may be assigned with the approval of the circuit court. In Alabama securities may be pledged as collateral for borrowed money, but the money can be used only to pay off shares and certificates presented for withdrawal, and can not be used for the benefit of the borrower. In North Dakota the law permits the assignment of mortgages as security for borrowed money but the collateral must not exceed one and one-half times more than the amount borrowed, less than the amount required in this bill. Kansas permits building and loan associations to borrow but does not permit them to borrow for the purpose of making loans to members unless the

loan is obtained from some other building and loan association. A decided difference of legal opinion exists as to several provisions of the Massachusetts law and an effort has been made to clarify the situation by new legislation. However, the new central State banks have been established in this State as heretofore pointed out. In Idaho, while the mortgages are negotiable, the law prohibits borrowing for any purpose. In Montana the associations can borrow money but can not pledge mortgages without consent of banking department, and then only in the event the margin of security pledged shall not exceed 25 per cent of the funds borrowed, which is less than this bill provides for.

In California the borrowing capacity of the associations is limited to 5 per cent of their total assets, and the unpaid balance of the mortgages pledged shall not exceed 150 per cent of the amount borrowed. In New Jersey there is no specific provision allowing or prohibiting assignment of mortgages, and a great difference of opinion exists among lawyers on this point. In Minnesota associations have no power to assign mortgages as security, and the attorney general and banking department are of the opinion that the associations can not use their mortgages as collateral to borrow money. In Georgia there is no law to prohibit associations from pledging mortgages, but the practice has been to hold them in the offices of the various associations. In Arkansas the law is uncertain, and an amendment is to be presented to the legislature. In Washington all mortgages of the associations are placed in trust with the State department for the benefit of members and can not be pledged to borrow money. In North Carolina the practice is to borrow on unsecured note without collateral and opinion is that laws must be amended. In Michigan the law is uncertain and may have to be amended. In Colorado the practice is to pledge mortgages as collateral security, but this only gives the pledge a prior lien for repayment on the proceeds of such collateral when collected in the usual way but does not permit the sale of such collateral.

A letter from the executive secretary of the Wisconsin Building and Loan League, written since the hearings closed, states that "Building and loan mortgages in Wisconsin are secured by nonnegotiable bonds and mortgages," and further states: "So far, we are not interested in the Federal home-loan bank, because we believe our associations have borrowed too much money already."

In addition to the above States, Maryland and South Carolina can not come in under the general provisions of the law, for the reason that their building and loan associations are not subject to State inspection. There is a provision that permits them to come in for a period of 42 months in order to give the legislature a chance to change the law in regard to inspection. There is also a provision by which members who can not pledge mortgages as collateral may obtain advances with maturity not greater than one year from the capital stock of the bank but not from the proceeds from the sale of bonds. These provisions are efforts in a measure to satisfy conditions in certain States in order to secure support for the bill. These widespread differences and the conflicting and confusing provisions of the State laws emphasize the difficulty if not the impossibility of establishing a national system of home-loan banks. The various States may change their laws to permit the various institutions to enjoy full membership in this system if it is established. Some of these changes are not mere matters of form. They involve fundamental local policies and principles. That the mortgages of building and loan associations shall not be pledged as collateral for borrowed money is regarded by many as the greatest safeguard thrown around the institutions. Whatever the States may think of their policy, this measure says to them, "You must fit into the mold made for you in Washington if you get any benefits from this law."

Respectfully submitted.

CLYDE WILLIAMS.

The VICE PRESIDENT. The question is on the motion of the Senator from Wyoming [Mr. CAREY] to reconsider the vote whereby the amendment, in the nature of a substitute, offered by the Senator from Michigan [Mr. COUZENS] was adopted.

Mr. COUZENS. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if he were present he would vote as I shall vote. I vote "yea."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I am informed that he would vote as I desire to vote. I therefore feel free to vote, and vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the Senator from Nevada [Mr. ODDIE], and will vote. I vote "yea."

I desire to announce that if the Senator from Nevada [Mr. ODDIE] were present he also would vote "yea."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING] upon this and other matters relating to this bill. Not knowing how he would vote, I withhold my vote.

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. If he were present, he would vote "nay"; and if I were at liberty to vote, I should vote "yea." I withhold my vote.

Mr. METCALF (when his name was called). I have a pair with the Senator from Maryland [Mr. TYDINGS]. I understand that if he were present he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. SCHALL (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. I understand that he is otherwise specially paired on this question, which leaves me at liberty to vote. I vote "yea."

Mr. SHIPSTEAD (when his name was called). I am paired with the junior Senator from Kentucky [Mr. LOGAN], who, if present, I understand would vote "yea." I therefore withhold my vote.

Mr. SHORTRIDGE (when his name was called). I have a general pair with the senior Senator from Montana [Mr. WALSH]. I am not advised as to how he would vote if present. If I were at liberty to vote, I should vote "yea."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. I transfer that pair to the junior Senator from New Hampshire [Mr. KEYES], and will vote. I vote "yea."

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. SMITH]. I understand that on this question he and the senior Senator from Colorado [Mr. WATERMAN] have made a special pair, which leaves me free to vote. I therefore vote "yea."

The roll call was concluded.

Mr. BULKLEY. I have a general pair with the junior Senator from Wyoming [Mr. CAREY], who is absent. Obviously, if he were present, he would vote as I intend to vote, and I therefore am free to vote. I vote "yea."

Mr. DICKINSON (after having voted in the affirmative). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. I understand that the senior Senator from North Carolina [Mr. MORRISON], if present, would vote as I have already voted. I therefore transfer my pair to the senior Senator from North Carolina, and will permit my vote to stand.

Mr. COSTIGAN. The Senator from West Virginia [Mr. NEELY] is unavoidably absent. He has a special pair on this subject with the Senator from Oklahoma [Mr. THOMAS]. If present, the Senator from West Virginia would vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from Alabama [Mr. BANKHEAD]; and

The Senator from Massachusetts [Mr. COOLIDGE] with the Senator from Missouri [Mr. HAWES].

Mr. SHEPPARD. I desire to announce that the Senator from Illinois [Mr. LEWIS] is detained on official business.

The result was announced—yeas 47, nays 23, as follows:

YEAS—47

Ashurst	Fess	Kendrick	Smoot
Austin	Glenn	Long	Steiwer
Bailey	Goldsborough	McGill	Thomas, Idaho
Barbour	Hale	McKellar	Townsend
Brookhart	Hastings	Moses	Trammell
Broussard	Hatfield	Norbeck	Vandenberg
Bulkley	Hayden	Patterson	Wagner
Capper	Hebert	Reed	Walcott
Connally	Hull	Robinson, Ark.	Walsh, Mass.
Copeland	Johnson	Robinson, Ind.	Watson
Davis	Jones	Schall	White
Dickinson	Kean	Sheppard	

NAYS—23

Bingham	Byrnes	Fletcher	La Follette
Black	Caraway	Frazier	Norris
Blaine	Cohen	George	Nye
Borah	Costigan	Glass	Pittman
Bratton	Couzens	Gore	Stephens
Bulow	Dill	Howell	

NOT VOTING—26

Bankhead	Hawes	Morrison	Thomas, Okla.
Barkley	Keyes	Neely	Tydings
Carey	King	Oddie	Walsh, Mont.
Coolidge	Lewis	Shipstead	Waterman
Cutting	Logan	Shortridge	Wheeler
Dale	McNary	Smith	
Harrison	Metcalf	Swanson	

So the motion to reconsider was agreed to.

The VICE PRESIDENT. The question now is upon the amendment of the Senator from Michigan [Mr. COUZENS] in the nature of a substitute.

The amendment in the nature of a substitute was rejected.

The VICE PRESIDENT. The bill is open to amendment.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 1260. An act for the relief of James E. Fraser;

H. R. 2010. An act for the relief of Malcom Allen;

H. R. 2650. An act for the relief of George H. Holman;

H. R. 3460. An act for the relief of Caughman-Kaminer Co.;

H. R. 3467. An act for the relief of David C. Jeffcoat;

H. R. 4160. An act for the relief of Raymond D. Woods;

H. R. 5211. An act for the relief of the heirs of Samuel B. Inman;

H. R. 5276. An act for the relief of Hilda Barnard;

H. R. 5513. An act to permit the United States to be made a party defendant in certain cases;

H. R. 7309. An act for the relief of Frank R. Scott;

H. R. 7499. An act to amend Act No. 3 of the Isthmian Canal Commission relating to the suppression of lotteries in the Canal Zone, enacted August 22, 1904;

H. R. 9590. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929; and

H. R. 12251. An act to provide for the conveyance of the Portage Entry Lighthouse Reservation and buildings to the State of Michigan for public-park purposes.

PLUMBING AND GAS FITTING IN THE DISTRICT

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 3400) to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia," which were, on page 2, line 10, to strike out "$25" and insert "$10," and on the same page, line 11, to strike out "$50" and insert "$25."

Mr. CAPPER. Mr. President, I move that the Senate concur in the amendments made in the House.

Mr. TRAMMELL. Mr. President, I did not quite understand this measure.

Mr. CAPPER. Mr. President, the amendment would reduce the annual license fee in the District of Columbia for plumbers and steam fitters from $25 and $50, as provided in the Senate, to $10 and $25, as provided in the House.

Mr. TRAMMELL. Mr. President, I think that is a very happy amendment to the bill. I was very much startled and disgusted to read in the press recently that the Commissioners of the District of Columbia had succeeded in getting through Congress a bill which provided for an increase in the license fees in the District of Columbia on taxicabs from $9 to $25. There has been more or less of a war on in the District of Columbia for some time between the taxi monopoly and the independent taxis, those who have brought about the reduced rates, and it seemed that the monopoly has had exhibited toward it a friendly attitude on the part of the District Commissioners, and in this particular legislation authorizing the increase from $9 to $25 per taxicab, they had the increased assistance of Congress.

I think it is high time that the committees, or whoever is in charge of the District of Columbia legislation, should maintain an attitude of preserving the rights of the public generally of the District of Columbia and not assist in the promotion of the monopolistic tendency on the part of taxicab companies in this city, which want a monopoly.

I am very glad to see that this amendment provides for a reduction. I thought the legislation when it passed the Senate was absurd, to increase the license tax, as it was proposed to increase it, and this is much better. I am very sorry that there ever slipped through Congress any bill authorizing an increase from $9 to $25 upon taxicabs. It is a movement which can not result to the benefit of anyone except the monopoly. It is also a movement which will be conducive toward more unemployment. I have a great feeling of sympathy for the hundreds of men in the city of Washington who are driving taxicabs and making only a bare existence. They are energetic, they are patriotic, they want to make an honest living, and they are operating their taxis in order to do that, even though most of them are making a small earning of $1.50 to $2 a day. Yet the District of Columbia comes along and Congress assists them in increasing their license tax from $9 per annum to $25 per annum. I really think Congress ought to repeal any such provision.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate a message from the President of the United States, submitting sundry nominations of postmasters, which was referred to the Committee on Post Offices and Post Roads.

HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The VICE PRESIDENT. The pending question is on the motion of the Senator from Georgia [Mr. GEORGE] to reconsider the vote by which the amendment offered by the junior Senator from Connecticut [Mr. WALCOTT] was agreed to.

Mr. GEORGE. Mr. President, I have moved that the Senate reconsider the vote whereby it agreed to the amendment offered by the Senator from Connecticut [Mr. WALCOTT]. That was an amendment to strike out the language in section 25 of the bill as originally presented and insert new language, the effect being to limit to five years the life of the home-loan-bank system which is to be set up under this measure.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Georgia.

On a division, the motion was agreed to, and the vote was reconsidered.

The VICE PRESIDENT. The question now is upon agreeing to the amendment offered by the junior Senator from Connecticut [Mr. WALCOTT].

The amendment was rejected.

Mr. PATTERSON. Mr. President, at the request of the junior Senator from Wyoming [Mr. CAREY], who is necessarily absent, I desire to submit an amendment, which I send to the desk and ask to have read.

The VICE PRESIDENT. The amendment will be reported.

The CHIEF CLERK. The Senator from Missouri [Mr. PATTERSON] moves on behalf of the Senator from Wyoming [Mr. CAREY], on page 4, line 10, at the end of the line, to insert the words "mortgage guarantee company," and on page 5, line 14, at the end of the line, to insert the words "or mortgage guarantee company," so as to read:

CAPITAL OF FEDERAL HOME-LOAN BANKS AND SUBSCRIPTIONS THERETO

SEC. 4. (a) Any building and loan association, savings and loan association, cooperative bank, homestead association, insurance company, savings bank, trust company, mortgage-guaranty company, State bank, or other banking organization, shall be eligible to become a member of, or a nonmember borrower of, a Federal home-loan bank if such institution (1) is duly organized under the laws of any State or of the United States; (2) is subject to inspection and regulation under the banking laws, or under similar laws, of the State or of the United States; and (3) makes such

home-mortgage loans as in the judgment of the board are long-term loans (and in the case of a savings bank, trust company, State bank, or other banking organization, if in the judgment of the board its time deposits, as defined in section 19 of the Federal reserve act, warrant its making such loans). No institution shall be eligible to become a member of or a nonmember borrower of a Federal home-loan bank if in the judgment of the board its financial condition is such that advances may not safely be made to such institution or the character of its management or its home-financing policy is inconsistent with sound and economical home financing or with the purposes of this act.

(b) An institution eligible to become a member or a nonmember borrower under this section may become a member only of, or secure advances from, the Federal home-loan bank of the district in which is located the institution's principal place of business, or of the bank of a district adjoining such district, if demanded by convenience, and then only with the approval of the board.

(c) Notwithstanding the provisions of clause (2) of subsection (a) of this section requiring inspection and regulation under the law as a condition with respect to eligibility for membership, any building and loan association or mortgage-guaranty company which would be eligible to become a member of a Federal home-loan bank except for the fact that it is not subject to inspection and regulation under the banking laws or similar laws of the State in which such association is organized shall, upon subjecting itself to such inspection and regulation as the board shall prescribe, be eligible to become a member.

The VICE PRESIDENT. Is there objection to considering the two amendments together? The Chair hears none, and the question is on agreeing to the amendments.

On a division, the amendments were agreed to.

Mr. COUZENS. Mr. President, this morning I sent to the desk an amendment which I would like to have reported.

The VICE PRESIDENT. The amendment is in the Secretary's office, and will be sent for.

Mr. COUZENS. In the meantime I will offer another amendment, while that is being sent for.

I move that subsection (i), running from line 9, page 24, to line 7, on page 25, be eliminated from the bill.

The reason for the motion is that it will be observed from reading this section that the money is not to be used for the small-home owner. The ostensible purpose of this bill has so influenced the Senate that Senators have lost their judgment about what is to be the real outcome of the bill. This section provides as follows:

(i) Each Federal home-loan bank shall at all times have an amount, equal to the sums paid in on outstanding capital subscriptions of its members, plus an amount, equal to the current deposits received from its members and from nonmember borrowers, invested in (1) obligations of the United States, (2) deposits in banks or trust companies, (3) advances with maturity not greater than one year made to members or nonmember borrowers, upon such terms and conditions as the board may prescribe, and (4) advances with maturity not greater than one year made to members or nonmember borrowers the amount of whose creditor liabilities (not including advances from the Federal home-loan bank) does not exceed 5 per cent of such member's or nonmember borrower's net assets, which advances may be made without the security of home mortgages or other security, upon such terms and conditions as the board may prescribe: *Provided, however*——

The VICE PRESIDENT. The Chair might announce that the proviso was stricken out upon motion of the Senator from New York.

Mr. COUZENS. I have not a reprint of the bill before me. The language I have read ought to come out of the bill, if we are to do what we are really pretending to do, namely, conserve all the money possible for the benefit of the home owner. In other words, instead of requiring the subscriptions to capital and the moneys deposited in the banks to be used for home owners, under this provision of the measure it may be invested in Government bonds, it may be deposited in banks or trust companies, it may be loaned to building and loan associations, without any requirement that the money be used for the benefit of the small-home owner.

I do not desire to take up the time of the Senate. I believe my position is perfectly plain, and that that section of the bill ought to be eliminated.

Mr. HEBERT. Mr. President, it appears to me that this provision of the bill is a most salutary one. It is intended to provide for the protection of those who invest their funds in these home-loan banks.

Mr. COUZENS. Of course, that is perfectly true. That is what I am telling Senators, that instead of being proposed for the benefit of the home owner, it is inserted to provide safety for the investor.

Mr. HEBERT. I disagree absolutely with the attitude of the Senator on this point, because the money that is to be loaned to mortgagors is to come from the sale of bonds which the home-loan banks are to issue, and those bonds must be protected by funds held intact at all times by the home-loan banks.

If these banks are to operate efficiently and effectively, they must have funds very much in excess of the figure named here. The $400,000,000 which the Senator proposes to provide out of the Reconstruction Finance Corporation would be far from sufficient to meet the needs. It has been estimated that a sum nearer $2,000,000,000 will be required ultimately to meet the needs of the borrowers in this country, and most assuredly if these banks are going to offer these securities to the investing public, they should be safeguarded, and this provision would safeguard them.

Mr. COUZENS obtained the floor.

Mr. WATSON. Mr. President, if the Senator will yield, does the Senator move to strike out that whole section?

Mr. COUZENS. Yes; beginning with line 9 and running down to line 25, on page 24. I understand that the proviso which follows has already been eliminated.

Mr. WATSON. Yes; that is out now.

Mr. COUZENS. Mr. President, the Senator from Rhode Island admits that the home loans that are to be made under this bill are not adequate security for the bonds that are to be issued. In other words, he admits that the marketing of these bonds will be difficult unless there is a reserve outside of the mortgages themselves.

It seems to me that admission is a clear indication of what many of us fear, that they are going to unload all of the junk possible on these home-loan banks, and they are so fearful that is going to happen that they are afraid to issue their securities based on the mortgages to support the bonds or debentures they will sell. Therefore, Mr. President, the Senator from Rhode Island admitting that the mortgages will not be security for the debentures, admitting that they will be so insecure that the public will not buy them unless all of the capital stock, all of the deposits, and all of the other assets, as provided in section (i) are maintained as additional security for the mortgages, they can not sell their securities.

That is just the kind of admission that I desired to have from the proponents of the bill. They themselves by this confession admit that the securities on which the home-loan banks are going to lend their money are not sufficient to justify anybody's purchasing the bonds, and therefore they demand all this additional security.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from New York?

Mr. COUZENS. I yield.

Mr. COPELAND. I am surprised at the Senator that he would seek to undermine the value of the bonds and the security of the banks. I would think that he would want to make certain that this is a solvent and going concern and that all stock issued is perfectly secure and safe and the bonds equally safe.

Mr. COUZENS. I have contended all along that there will be no market for the bonds.

Mr. COPELAND. Would it not help to have a market?

Mr. COUZENS. This will not help. This will not help to sell the bonds, because it will fluctuate. No one knows what this is going to amount to. It is but a "come-on" statement that the seller uses to get the investors to buy the securities.

Mr. President, it is admitted, and it has been alleged and practically confirmed by the Senator from Rhode Island, that the building and loan associations propose to unload all of their excessive loans on the home-loan bank, and therefore the public will not be able to rely upon the securities issued with them as a basis without possibly adding all of the other assets which are enumerated in section 1.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment was rejected.

The VICE PRESIDENT. The bill is still open to amendment.

Mr. COUZENS. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 5, line 21, before the period, insert the following: "*Provided*, That this section shall not apply after two years from the enactment of this act."

Mr. COUZENS. Mr. President, it will be observed that paragraph (c) of section 4 provides that notwithstanding the provisions of clause 2 of subsection (a), which provides that the beneficiaries under the act must have a State examination or Federal examination by bank examiners, notwithstanding the beneficiaries under the bill are supposed to have and it is provided that they shall have duly authorized examinations, it is now proposed that notwithstanding such provisions requiring inspection and regulation under the law as condition precedent to eligibility for membership, that—

> Any building and loan association which would become eligible to become a member of a Federal home-loan bank except for the fact that it is not subject to inspection and regulation under the banking laws or similar laws of the State in which such association is organized shall, upon subjecting itself to such inspection and regulation as the board shall prescribe, be eligible to become a member.

In the provisions of clause 2, every precaution is taken to prohibit these associations becoming members unless they are under some regulation of State or Federal Government. But it is now proposed that any sort of agency, whether it be regulated by State or Federal Government, is permitted to become a member of a home-loan bank on mere regulations of a bureau or board in Washington. I am not trying to eliminate some of those who may for the time being be unable to get into the banks under the provisions heretofore referred to, so I have offered the amendment in order that the agencies may not become members of the home-loan bank except for a period of two years, and thereafter they must come under Federal or State jurisdiction.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from New York?

Mr. COUZENS. I yield.

Mr. COPELAND. I have no objection to this going to conference, but I want to point out that in Maryland there is no such provision for inspection. The Maryland witnesses brought out the fact that there had not been a loss in the building and loan association in all the years they have operated over there, while there have been many losses in the banks. Personally, I can see no objection to its going to conference and being considered there.

Mr. HEBERT. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Rhode Island?

Mr. COUZENS. I yield.

Mr. HEBERT. Supplementing the statement made just now by the Senator from New York, I am informed that there are some 1,100 building and loan associations in the State of Maryland. They have never had any supervision there, and yet they have been eminently successful. I am informed that a very small number have failed. I do not recollect the exact proportion, but I think it is much less than 1 per cent of all those that are doing business in that State.

Mr. COUZENS. That is not the issue. I am not trying to legislate for one State. One of the things I object to here is that every time we attempt to legislate nationally, every time we try to legislate for the Nation, the representatives of some State get up and want an exception because the legislature of their own State has not taken interest enough in the subject matter so that they may come within the requirements of the bill about to be enacted.

Mr. HEBERT. It is to be observed, too, that even where there is State supervision these institutions may be excluded from membership by the board. There is a very stringent condition fixed on page 4 of the bill, beginning in line 22, to which I invite the attention of the Senator. It reads:

> No institution shall be eligible to become a member of, or a nonmember borrower of, a Federal home-loan bank if, in the judgment of the board, its financial condition is such that advances may not safely be made to such institution or the character of its management or its home-financing policy is inconsistent with sound and economical home financing, or with the purposes of this act.

It would not mean that mere supervision by State officials would guarantee that the institutions in any given State would be admissible if in the judgment of the board it was not considered safe to admit them as borrowers or as borrowing members or nonborrowing members. Ultimately it always comes down to the judgment of the board.

Mr. COUZENS. That is quite correct. I had read that provision. I think it is highly desirable, but it leaves to a board the right to take in any sort of agency it may want to as a nonborrowing member or as a borrowing member, only upon the written regulations of a board. The agencies are not required to comply with any State or Federal law so far as the laws applied to financial institutions are concerned.

We have tried to provide in the first part of section 4 that all of the beneficiaries under the bill must comply with the banking or financial laws of their States and subject themselves to examination. It is perfectly desirable, I think, to have the provision to which the Senator from Rhode Island referred as an additional safeguard; but after that additional safeguard, then we exempt those agencies or financial institutions which the board is willing to exempt and which are excluded from examination by National or State law.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Florida?

Mr. COUZENS. I yield.

Mr. FLETCHER. I gather that the Senator's idea is that if there are building and loan associations which are not now under the inspection and examination of States because of the absence of State laws, this would give time for the States to provide for examination of such associations, and that they could then qualify.

Mr. COUZENS. That is quite correct. That is the reason why I offered the provision that subsection (c) should not apply after a 2-year period.

Mr. FLETCHER. That would give a chance to the States to enact laws that would provide for their examination and let them come in under the provisions of the bill.

Mr. COUZENS. That is entirely true, and I see no reason why the States themselves should not take an interest in their own building and loan associations and have due examination made of them.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Michigan.

The amendment was rejected.

The VICE PRESIDENT. Are there any further amendments? If not, the question is, Shall the amendments be engrossed and the bill be read a third time?

Mr. BLAINE. Mr. President, the Senator from Michigan [Mr. COUZENS] characterized the home loan bank bill earlier in the debate as a "monstrosity." That monstrosity still remains, but in a more ugly form. The title of the bill should be changed to read "A bill to create another Federal commission, to provide jobs for bank presidents and cashiers, and for a Christmas present to the national banks."

It is proposed by the provisions of the bill to set up a board consisting of five members here in Washington, each with an annual salary of $10,000, with a retinue of lawyers, clerks, specialists, economists, to supervise four so-called home-loan banks, one for each member of the commission and one additional commissioner thrown in for good measure.

Mr. KING. Bad measure!

Mr. BLAINE. Yes; for bad measure.

Mr. COUZENS. Mr. President, may I suggest to the Senator that an amendment was accepted reducing the membership of the board to three.

Mr. BLAINE. I accept the correction. The board is to be composed of three members. I withdraw my remarks respecting "bad measure" and "good measure." There are to be three members of the board here in Washington to supervise four of these so-called home-loan banks. There is not a dollar in the bill for the home owners. The building and loan associations and certain banking and financial organizations may borrow money from the home-loan banks in connection with loans they have already made to home owners. That only means that the home owner will have to pay additional overhead charges. The home owner will have to pay added interest, the salary of the bank president, cashier, and assistants, rent and other expenses incurred by the home-loan banks. Of course, the home owners will have to pay those additional charges. Who else is there to pay them?

I have pointed out one of the monstrosities in the bill. The other monstrosity—and I think that is a good name to call it—is the amendment offered by the Senator from Idaho [Mr. BORAH] which permits national banks to issue circulating currency to the extent of nearly $1,000,000,000, for which the Government—and that, of course, means the taxpayers—will have to pay as high as 3⅜ per cent per annum to the national banks for the purpose of letting the national banks issue money which the Government guarantees.

That means that the taxpayers will pay $33,800,000 a year if the national banks avail themselves of the privilege extended to them in case they use the 3⅜ per cent Government bonds as the basis for the circulation.

The Government is already paying, in round numbers, $13,000,000 to the national banks on money they have issued, but which is guaranteed by the Government under Government bonds. That means that the taxpayers of this country will be paying, in round numbers, to the national banks $46,000,000 annually as interest on Government bonds which the banks use as the basis for the issuing of currency—currency in effect guaranteed by the Government. Translated into practical effect, that means that the Government is paying a trifle more than $46,000,000 a year on its own money after that money is issued by the national banks.

There is no assurance that the currency that will be issued by the national banks will ever reach the general public. There is no provision in the bill and no guarantee that any of the additional currency will be used to purchase services or labor, material or commodities. We have every assurance that such currency will never reach the people, and for the following reasons: Of the $5,400,000,000 of circulating medium now available for general circulation, there is in active circulation only $2,500,000,000, according to the testimony given by a representative of the Federal reserve system before a committee of the House not long since. I repeat, there is only $2,500,000,000 active money in circulation and $2,900,000,000 of existing circulating medium is inactive and is not in circulation. Since that $2,900,000,000 does not find itself in the channels of circulation, how is the additional billion of circulating medium authorized by this bill, ever expected to find its way into the channels of circulation?

It must be perfectly obvious that the additional billion dollars will not percolate into the pockets of the public, since there is now available $2,900,000,000 of circulating medium which has not percolated through to the public.

We all know that banks are not advancing money to industry, transportation, or to agriculture. All three of those undertakings are unprofitable. They do not promise certainty of return of income. It is obvious that the national banks will either hoard the additional billion dollars provided for, or invest the same in Government bonds, or the $1,000,000,000 will go into the stock markets and speculation as loans to brokers—loans more profitable than loans to agriculture, industry, or transportation.

I can not support a bill once a monstrosity and now a double monstrosity.

The VICE PRESIDENT. The question is, shall the amendments be engrossed and the bill read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is on the passage of the bill.

Mr. BLAINE. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Howell	Reed
Austin	Couzens	Johnson	Robinson, Ark.
Bailey	Dale	Jones	Robinson, Ind.
Barbour	Davis	Kean	Schall
Bingham	Dickinson	Kendrick	Sheppard
Black	Dill	Keyes	Shipstead
Blaine	Fess	King	Shortridge
Borah	Fletcher	La Follette	Smoot
Bratton	Frazier	Lewis	Steiwer
Brookhart	George	Long	Stephens
Broussard	Glass	McGill	Thomas, Idaho
Bulkley	Glenn	McKellar	Townsend
Bulow	Goldsborough	McNary	Trammell
Byrnes	Gore	Metcalf	Tydings
Capper	Hale	Moses	Vandenberg
Caraway	Harrison	Norbeck	Wagner
Cohen	Hastings	Norris	Walcott
Connally	Hatfield	Nye	Walsh, Mass.
Coolidge	Hayden	Patterson	Watson
Copeland	Hebert	Pittman	White

The VICE PRESIDENT. Eighty Senators having answered to their names, a quorum is present. The bill having been read a third time, the question is on its passage.

The bill was passed.

Mr. NORBECK. I ask unanimous consent that the bill (S. 4940) to provide temporary aid to agriculture for the relief of the existing national economic emergency may be made the unfinished business at this time.

The VICE PRESIDENT. There is a special order now pending.

Mr. ROBINSON of Arkansas. I suggest that the Senate proceed with the consideration of the special order.

The VICE PRESIDENT. That would have to be done under the rules unless unanimous consent were given to proceed with some other measure.

Mr. NORBECK. Is a motion in order to make the farm bill the unfinished business?

The VICE PRESIDENT. Not until the other bill is laid before the Senate. The Chair lays before the Senate a bill the title of which will be stated.

The CHIEF CLERK. A bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment.

The VICE PRESIDENT. The pending amendment is that offered by the Senator from Connecticut [Mr. BINGHAM].

Mr. BINGHAM. Mr. President, I desire to withdraw the pending amendment. I understand that a substitute for the entire bill is to be offered by the Senator from New York, and I understand that in the Senator's bill there is the road feature, which is included in the pending bill. When the proper time comes I shall offer the amendment to that measure, but I do not desire to delay the consideration of the proposed substitute. Therefore, I ask that the pending amendment may be withdrawn.

The VICE PRESIDENT. The Senator from Connecticut withdraws his amendment.

Mr. NORBECK. Mr. President, I thought we had reached an understanding by which we could secure a vote on the farm bill in time so that it might be considered by the House. I plead with the Senate to give us a chance to do that. I do not think it will involve prolonged discussion, but, Mr. President, we all realize that this is the only chance to secure the consideration of the farm bill, unless it should be offered as a rider to the relief bill, to which certain objection would be made.

I am anxious as is anyone to have the relief measure passed; I worked on it just as long as anyone else; I am

anxious to adjourn and get away; but I do not feel that the Congress can adjourn without giving a little more serious consideration to the important question of agriculture which is so far-reaching in its effect. I, therefore, desire to make the motion that the farm bill be taken up and be made the unfinished business.

Mr. ROBINSON of Arkansas. Mr. President, the relief bill is by order of the Senate the unfinished business at this time. I do not know whether or not the Chair has laid it before the Senate.

The VICE PRESIDENT. The Chair has laid the bill before the Senate.

Mr. ROBINSON of Arkansas. Then it is the unfinished business. The motion of the Senator from South Dakota would displace the unfinished business. I hope he will not make the motion; but, if he shall make it, I will ask that the Senate vote it down because the House is waiting for the relief bill; the House is becoming impatient; and I think we ought to proceed at once with the measure.

Mr. NORBECK. Mr. President, there is all the more reason why it is necessary to get a vote early on the farm bill, if it is going to be given serious consideration by the House, and I must insist that a vote be taken on the motion.

The VICE PRESIDENT. The motion is not debatable under Rule X. The clerk will state the title of the bill which is the subject of the motion of the Senator from South Dakota.

The CHIEF CLERK. The Senator from South Dakota moves that the Senate proceed to the consideration of Order of Business No. 1060, Senate bill 4940, to provide temporary aid to agriculture for the relief of the existing national economic emergency.

The VICE PRESIDENT. The question is on the motion of the Senator from South Dakota.

The motion was rejected.

Mr. NORBECK. Mr. President, I desire to state at this time that that leaves me no recourse except to offer the bill as an amendment to the emergency relief bill, which I will do when we reach the point where that can be done.

The VICE PRESIDENT. May the Chair ask the Senator from South Dakota whether it was his intention to ask that the Senate insist upon its amendments to the home loan bill?

Mr. NORBECK. Yes, Mr. President. I desire at this time to move that the Senate insist on its amendments, that a conference with the House be requested, and that conferees on the part of the Senate be appointed.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COUZENS. Is it permissible to know the names of the prospective conferees before the motion is voted upon?

The VICE PRESIDENT. No; that is not permissible.

Mr. COUZENS. Before the question is put on the motion I should like to know, if possible, who will be the conferees. The Chair informs me, however, that it is not permissible to name the conferees in advance.

Mr. NORBECK. The usual parliamentary procedure will be followed in this matter. It is not an unusual thing. I have no hesitation in saying that the conferees will be the Senator from Florida [Mr. FLETCHER] on the Democratic side and the Senator from Indiana [Mr. WATSON] and the chairman of the committee on the Republican side.

Mr. COUZENS. I will withdraw, although I know that the majority of the committee are opposed to the position of the Senate.

The VICE PRESIDENT. The question is on the motion of the Senator from South Dakota.

The motion was agreed to; and the Vice President appointed Mr. NORBECK, Mr. WATSON, and Mr. FLETCHER conferees on the part of the Senate.

On motion of Mr. WATSON, the bill (S. 2959) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, was ordered to be indefinitely postponed.

EMERGENCY UNEMPLOYMENT RELIEF

The VICE PRESIDENT. Under the special order, the Chair lays before the Senate the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment.

Mr. WAGNER. Mr. President, I offer as an amendment to the pending bill, in the nature of a substitute, the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The Chief Clerk proceeded to read the amendment, which was to strike out all after the enacting clause and to insert in lieu thereof the following:

That this act may be cited as the "Emergency relief and construction act of 1932."

TITLE I—RELIEF OF DESTITUTION

SECTION 1. (a) The Reconstruction Finance Corporation is authorized and empowered to make available out of the funds of the corporation the sum of $300,000,000, under the terms and conditions hereinafter set forth, to the several States and Territories, to be used in furnishing relief and work relief to needy and distressed people and in relieving the hardship resulting from unemployment, but not more than 15 per cent of such sum shall be available to any one State or Territory. Such sum of $300,000,000 shall until the expiration of two years after the date of enactment of this act, be available for payment to the governors of the several States and Territories for the purposes of this section, upon application therefor by them in accordance with subsection (c), and upon approval of such applications by the corporation.

(b) All amounts paid under this section shall bear interest at the rate of 3 per cent per annum, and, except in the case of Puerto Rico and the Territory of Alaska, shall be reimbursed to the corporation, with interest thereon at the rate of 3 per cent per annum, by making annual deductions, beginning with the fiscal year 1935, from regular apportionments made from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads of an amount equal to one-fifth of the share which such State or Territory would be entitled to receive under such apportionment except for the provisions of this section, or of an amount equal to one-fifth of the amounts so paid to the governor of such State or Territory pursuant to this section and all accrued interest thereon to the date of such deduction, whichever is the lesser, until the sum of such deductions equals the total amounts paid under this section and all accrued interest thereon. Whenever any such deduction is made, the Secretary of the Treasury shall immediately pay to the corporation an amount equal to the amount so deducted. If any State or Territory shall, within two years after the date of enactment of this act, enter into an agreement with the corporation for the repayment to the corporation of the amounts paid under this section to the governor of such State or Territory, with interest thereon as herein provided, in such installments and upon such terms as may be agreed upon, then the deduction under this subsection shall not be made unless such State or Territory shall be in default in the performance of the terms of such agreement. In the case of a default by the State or Territory in any such agreement, the agreement shall thereupon be terminated, and reimbursement of the unpaid balance of the amount covered by such agreement shall be made by making annual deductions in the manner above provided (beginning with the fiscal year next following such default) from regular apportionments made to such State or Territory from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads. Before any amount is paid under this section to the Governor of Puerto Rico or of the Territory of Alaska, Puerto Rico or the Territory of Alaska shall enter into an agreement with the corporation for the repayment of such amount, with interest thereon as herein provided, in such installments and upon such terms and conditions as may be agreed upon.

(c) The governor of any State or Territory may from time to time make application for funds under this section, and in each application so made shall certify the necessity for such funds and that the resources of the State or Territory, including moneys then available and which can be made available by the State or Territory, its political subdivisions, and private contributions, are inadequate to meet its relief needs. All amounts paid to the governor of a State or Territory under this section shall be administered by the governor, or under his direction, and upon his responsibility. The governor shall file with the corporation and with the auditor of the State or Territory (or, if there is no auditor, then with the official exercising comparable authority) a statement of the disbursements made by him under this section.

(d) Nothing in this section shall be construed to authorize the corporation to deny an otherwise acceptable application under this section because of constitutional or other legal inhibitions or because the State or Territory has borrowed to the full extent authorized by law. Whenever an application under this section is approved by the corporation in whole or in part, the amount approved shall be immediately paid to the governor of the State or Territory upon delivery by him to the corporation of a receipt therefor stating that the payment is accepted subject to the terms of this section.

(e) Any portion of the amount approved by the corporation for payment to the governor of a State or Territory shall, at his re-

quest, and with the approval of the corporation, be paid to any municipality or political subdivision of such State or Territory if (1) the governor makes as to such municipality or political subdivision a like certificate as provided in subsection (c) as to the State or Territory, and (2) such municipality or political subdivision enters into an agreement with the corporation for the repayment to the corporation of the amount so paid, with interest at the rate of 3 per cent per annum, at such times, and upon such other terms and conditions, as may be agreed upon between the corporation and such municipality or political subdivision. The amount paid to any municipality or political subdivision under this subsection shall not be included in any amounts reimbursable to the corporation under subsection (b) of this section.

(f) As used in this section the term "Territory" means Alaska, Hawaii, and Puerto Rico.

TITLE II—LOANS BY RECONSTRUCTION FINANCE CORPORATION

SEC. 201. (a) The Reconstruction Finance Corporation is authorized and empowered—

(1) To make loans to, or contracts with, States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public corporations, boards and commissions, and public municipal instrumentalities of one or more States, to aid in financing projects authorized under Federal, State, or municipal law which are self-liquidating in character, such loans or contracts to be made through the purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided*, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this paragraph, from purchasing securities having a maturity of more than 10 years;

(2) To make loans to corporations formed wholly for the purpose of providing housing for families of low income, or for reconstruction of slum areas, which are regulated by State or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operation, to aid in financing projects undertaken by such corporations which are self-liquidating in character;

(3) To make loans to private corporations to aid in carrying out the construction, replacement, or improvement of bridges, tunnels, docks, viaducts, waterworks, canals, including industrial water-supply systems, and markets, devoted to public use and which are self-liquidating in character;

(4) To make loans to private limited-dividend corporations to aid in financing projects for the protection and development of forests and other renewable natural resources, which are regulated by a State or political subdivision of a State and are self-liquidating in character; and

(5) To make loans to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law enacted before the date of enactment of the emergency relief and construction act of 1932; and the Reconstruction Finance Corporation is further authorized and empowered to purchase bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge irrespective of the dates of maturity of such bonds.

For the purposes of this subsection a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges, or by such other means as may be prescribed by the statutes which provide for the project. All loans and contracts made by the Reconstruction Finance Corporation in respect of projects of the character specified in paragraphs (1) to (5) of this subsection shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive, administrative, and supervisory positions) so far as practicable, no individual directly employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection with any such project preference shall be given, where they are qualified, to ex-service men with dependents. The provisions of this subsection shall apply with respect to projects in Puerto Rico and the Territories to the same extent as in the case of projects in the several States, and as used in this subsection the term "States" includes Puerto Rico and the Territories.

(b) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures under this section together with a statement showing the names of the borrowers to whom loans and advances were made, and the amount and rate of interest involved in each case.

(c) In order that the surpluses of agricultural products may not have a depressing effect upon current prices of such products, the corporation is authorized and directed to make loans, in such amounts as may in its judgment be necessary, for the purpose of financing sales of such surpluses in the markets of foreign countries in which such sales can not be financed in the normal course of commerce; but no such sales shall be financed by the corporation if, in its judgment, such sales will affect adversely the world markets for such products.

(d) The Reconstruction Finance Corporation is further authorized to create in any of the 12 Federal land-bank districts where it may deem the same to be desirable a regional agricultural-credit corporation with a paid-up capital of not less than $3,000,000, to be subscribed for by the Reconstruction Finance Corporation and paid for out of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture under section 2 of the Reconstruction Finance Corporation act. Such corporations shall be managed by officers and agents to be appointed by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe. Such corporations are hereby authorized and empowered to make loans or advances to farmers and stockmen, the proceeds of which are to be used for an agricultural purpose (including crop production), or for the raising, breeding, fattening, or marketing of livestock, to charge such rates of interest or discount thereon as in their judgment are fair and equitable, subject to the approval of the Reconstruction Finance Corporation, and to rediscount with the Reconstruction Finance Corporation and the various Federal reserve banks and Federal intermediate-credit banks any paper that they acquire which is eligible for such purpose. All expenses incurred in connection with the operation of such corporations shall be supervised and paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe.

(e) All loans made under this section, and all contracts of the character described in paragraph (1) of subsection (a), shall be fully and adequately secured. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans shall be made on such terms and conditions, not inconsistent with this act, as the corporation may prescribe, and may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise in such form and in such amount and at such interest or discount rates as the corporation may approve: *Provided*, That no loans or advances (except loans under subsection (c)) shall be made upon foreign securities or foreign acceptances as collateral.

(f) Each such loan may be made for a period not exceeding three years, and the corporation may, from time to time, extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally: *Provided*, That loans or contracts of the character described in subsection (a) may be made for a period not exceeding 10 years: *Provided further*, That loans or contracts of the character described in paragraph (1) or (5) of subsection (a) may be made for a period exceeding 10 years when it is the judgment of the board of directors of the corporation that it is necessary to purchase securities as provided in such paragraphs and that it is not practicable to require the reimbursement of the corporation, within 10 years, through the repurchase or payment of such securities, or in any other manner.

(g) The corporation may make loans under this section at any time prior to January 23, 1934.

(h) No fee or commission shall be paid by any applicant for a loan under the provisions of this section in connection with any such application or any loan made or to be made under this section, and the agreement to pay or payment of any such fee or commission shall be unlawful.

(i) No loan under this section shall be made to a railroad or to a receiver of a railroad except on the approval of the Interstate Commerce Commission. Any railroad may obligate itself in such form as shall be prescribed and otherwise comply with requirements of the Interstate Commerce Commission and the corporation with respect to the deposit or assignment of security hereunder, without the authorization or approval of any authority, State or Federal, and without compliance with any requirement, State or Federal, as to notification, other than such as may be imposed by the Interstate Commerce Commission and the corporation under the provisions of this section.

SEC. 202. The last sentence of the second paragraph of section 5 of the Reconstruction Finance Corporation act is amended by striking out "5" and inserting "2⅝" in lieu thereof.

SEC. 203. The second sentence of the third paragraph of section 5 of the Reconstruction Finance Corporation act is hereby repealed.

SEC. 204. Section 8 of the Reconstruction Finance Corporation act is amended to read as follows:

"SEC. 8. In order to enable the corporation to carry out the provisions of this act and the emergency relief and construction act of 1932, the Treasury Department, the Federal Farm Loan Board, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation, in confidence, such reports, records, or other information as they may have available relating to the condition of applicants with respect to whom the corporation has had or contemplates having transactions under either of such acts, or relating to individuals, associations, partnerships, corporations, or other obligors whose obligations are offered to or held by the corporation as security for loans under either of such acts, and to make, through their examiners or other employees for the confidential use of the cor-

poration, examinations of applicants for loans. Every applicant for a loan under either of such acts shall, as a condition precedent thereto, consent to such examination as the corporation may require for the purposes of either of such acts and that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor."

SEC. 205. (a) The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation act to have outstanding at any one time is increased to an aggregate of six and three-fifths times its subscribed capital stock.

(b) The first proviso of section 2 of the Reconstruction Finance Corporation act is amended by inserting after "as set out in section 9" the following: "(as in force prior to the enactment of the emergency relief and construction act of 1932)," but the Secretary of Agriculture is directed to continue making loans to farmers under the provisions of such section 2.

SEC. 206. The Reconstruction Finance Corporation is authorized and empowered to make loans under the Reconstruction Finance Corporation act to financial institutions, corporations, railroads, and other classes of borrowers specified in section 5 of such act, organized under the laws of Alaska, Hawaii, and Puerto Rico. As used in this title and in section 15 of the Reconstruction Finance Corporation act the term "State" includes Alaska, Hawaii, and Puerto Rico.

SEC. 207. No loan or advance shall be approved under this section or under the Reconstruction Finance Corporation act, directly or indirectly, to any financial institution any officer or director of which is a member of the board of directors of the Reconstruction Finance Corporation or has been such a member within the 12 months preceding the approval of the loan or advance.

SEC. 208. Section 9 of the Reconstruction Finance Corporation act is hereby amended by adding at the end thereof the following:

"The Secretary of the Treasury, at the request of the Reconstruction Finance Corporation, is authorized to market for the corporation its notes, debentures, bonds, and other such obligations, using therefor all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States. The proceeds of the obligations of the corporation so marketed shall be deposited in the same manner as proceeds derived from the sale of obligations of the United States, and the amount thereof shall be credited to the corporation on the books of the Treasury."

SEC. 209. Section 13 of the Federal reserve act, as amended, is further amended by adding after the second paragraph thereof the following new paragraph:

"In unusual and exigent circumstances, the Federal Reserve Board, by the affirmative vote of not less than five members, may authorize any Federal reserve bank, during such periods as the said board may determine, at rates established in accordance with the provisions of section 14, subdivision (d), of this act, to discount for any individual or corporation, notes drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this act when such notes, drafts, and bills of exchange are indorsed and otherwise secured to the satisfaction of the Federal reserve bank: *Provided*, That before discounting any such note, draft, or bill of exchange for an individual or corporation the Federal reserve bank shall obtain evidence that such individual or corporation is unable to secure adequate credit accommodations from other banking institutions. All such discounts for individuals or corporations shall be subject to such limitations, restrictions, and regulations as the Federal Reserve Board may prescribe. No note, draft, or bill of exchange discounted under the provisions of this paragraph shall be eligible as collateral security for Federal reserve notes."

TITLE III—PUBLIC WORKS

SEC. 301. (a) For the purpose of providing for emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $322,224,000, which shall be allocated as follows:

(1) For expenditure in emergency construction on the Federal-aid highway system, $120,000,000. Such sum shall be apportioned by the Secretary of Agriculture to the several States by the method provided in section 21 of the Federal highway act, as amended and supplemented (U. S. C., title 23, sec. 21). The amounts apportioned to the States shall be available as a temporary advance of funds to meet the provisions of such act as to State funds. The amount apportioned to any State under this paragraph may be used to match the regular annual Federal-aid apportionments made to such State (including the one for the fiscal year ending June 30, 1933), and when so used such amount shall be available for expenditure in paying the share of such State in the cost of Federal-aid projects. No amounts apportioned under this paragraph shall be advanced except for work on the Federal-aid highway system performed before July 1, 1933: *Provided*, That the amounts so advanced shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1938, by making annual deductions from regular apportionments made from future authorizations for carrying out the provisions of such act, as amended and supplemented: *Provided further*, That all contracts involving the expenditure of such amounts shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *And provided further*, That in the expenditure of such amounts, the limitations in the Federal highway act, as amended and supplemented, upon highway construction, reconstruction, and bridges within municipalities and upon payments per mile which may be made from Federal funds, shall not apply. As used in this paragraph, the term "State" includes the Territory of Hawaii. The term "highway," as defined in the Federal highway act, approved November 9, 1921, as amended and supplemented, for the purposes of this paragraph only, shall be deemed to include such main State parkways as may be designated by the State and approved by the Secretary of Agriculture as part of the Federal-aid highway system.

(2) For expenditure in emergency construction during the fiscal year ending June 30, 1933, $16,000,000, as follows: (A) For the construction and improvement of national-forest highways, $5,000,000; (B) for the construction and maintenance of roads, trails, bridges, fire lanes, etc., including the same objects specified in the paragraph commencing with the words "Improvement of the national forests" under the heading "National Forest Administration" in the agricultural appropriation act for the fiscal year ending June 30, 1932, approved February 23, 1931 (46 Stat. 1242), $5,000,000; (C) for the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, including areas to be established as national parks authorized under the act of May 22, 1926 (U. S. C., Supp. V, title 16, secs. 403 to 403c), and under the act of May 25, 1926 (U. S. C., Supp. V, title 16, secs. 404 to 404c), and national park and monument approach roads authorized by the act of January 31, 1931 (46 Stat. 1053), as amended, or any one section of such roads of not less than 8 miles, which crosses lands wholly or to the extent of 90 per cent owned by the Government of the United States, $3,000,000; (D) for construction and improvement of Indian reservation roads under the provisions of the act approved May 26, 1928 (U. S. C., Supp. V, title 25, sec. 318a), $1,000,000; and (E) for the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of section 3 of the Federal highway act, as amended and supplemented (U. S. C., Supp. V, title 23, secs. 3 and 3a), $2,000,000. The Secretary of Agriculture and the Secretary of the Interior, respectively, are authorized to make rules and regulations for carrying out the foregoing provisions of this section with a view to providing the maximum employment of local labor consistent with reasonable economy of construction.

(3) For the prosecution of river and harbor projects heretofore authorized, $30,000,000.

(4) For the prosecution of flood-control projects heretofore authorized, $15,500,000.

(5) For the continuation of construction of the Hoover Dam and incidental works, as authorized by the Boulder Canyon project act, approved December 21, 1928 (U. S. C., Supp. V, title 43, ch. 12A), $10,000,000.

(6) For expenditure by the Department of Commerce for air-navigation facilities, including equipment, $500,000.

(7) For constructing or purchasing and equipping lighthouse tenders and light vessels for the Lighthouse Service as may be specifically approved by the Secretary of Commerce, $950,000, and for establishing and improving aids to navigation and other works as may be specifically approved by the Secretary of Commerce, $2,860,000.

(8) For the engineering work of the Coast and Geodetic Survey, Department of Commerce, heretofore authorized, $1,250,000.

(9) For the construction of projects included in the report of the Federal Employment Stabilization Board, laid before the Senate January 25, 1932, which have heretofore been authorized or which do not require specific authorization, under the Bureau of Yards and Docks, Navy Department, $10,000,000, of which not to exceed $300,000 shall be available for the employment of classified personal services in the Bureau of Yards and Docks and in the field service to be engaged upon such work and to be in addition to employees otherwise provided for.

(10) For emergency construction of public building projects outside the District of Columbia (including the acquisition, where necessary, by purchase, condemnation, or otherwise, of sites and additional land for such buildings, the demolition of old buildings where necessary, and the construction, remodeling, or extension of buildings), such projects to be selected by the Secretary of the Treasury and the Postmaster General from the public building projects specified in House Document No. 788, Seventy-first Congress, third session, $100,000,000. Such projects shall be carried out within the limits of cost specified in such document (except as modified by law), and in selecting such projects preference shall be given to places where Government facilities are housed in rented buildings under leases which will expire on or before July 1, 1934, or which may be terminated on or prior to that date by the Government.

(11) For the construction and installation at military posts of such buildings and utilities and appurtenances thereto as may be necessary, $15,164,000, as follows:

Albrook Field, Canal Zone: Quartermaster maintenance building, $20,000; post exchange, theater, and gymnasium, completion of, $42,000.

Barksdale Field, La.: Noncommissioned officers' quarters, $252,000; officers' quarters, $309,000; barracks, $474,000; hospital,

completion of, $225,000; garage, completion of, $30,000; quartermaster warehouse, completion of, $15,000.

William Beaumont General Hospital, Tex.: Noncommissioned officers' quarters, $7,000; warehouse, $15,000.

Fort Benning, Ga.: Barracks, $650,000.

Fort Bliss, Tex.: Noncommissioned officers' quarters, $50,000; officers' quarters, $150,000.

Bolling Field, D. C.: Noncommissioned officers' quarters, $54,000; dispensary, completion of, $30,000; post exchange, theater, and gymnasium, completion of, $45,000; officers' mess, $50,000; enlargement of central heating plant to provide for quarters area, $95,000.

Fort Bragg, N. C.: Barracks, completion of, $40,000; noncommissioned officers' quarters, $160,000.

Carlisle Barracks, Pa.: Heating plant, $200,000.

Chanute Field, Ill.: Noncommissioned officers' quarters, $137,000; central heating plant for technical and quarters area, $200,000.

Camp Devens, Mass.: Roads and sidewalks, $75,000; service club, $30,000; post exchange and gymnasium, $50,000.

Fort Douglas, Utah: Noncommissioned officers' quarters, $15,000.

Dryden, Tex.: Barracks, $20,000.

Duncan Field, Tex.: Quartermaster warehouse, $40,000; quartermaster maintenance building, $20,000; garage, $40,000; fire and guard house, $25,000.

Fort Du Pont, Del.: Noncommissioned officers' quarters, $60,000.

Edgewood Arsenal, Md.: Noncommissioned officers' quarters, $70,000.

Fitzsimons General Hospital, Colo.: Gymnasium, recreation, and social hall, $150,000.

Hamilton Field, Calif.: Officers' quarters, $215,000; noncommissioned officers' quarters, $120,000.

Fort Hamilton, N. Y.: Noncommissioned officers' quarters, $100,000.

Fort Benjamin Harrison, Ind.: Noncommissioned officers' quarters, $120,000.

Hensley Field, Tex.: Noncommissioned officers' quarters, $8,000; officers' quarters, $30,000; roads, utilities, and improvement of flying field, $25,000; replacement of pumping plant, $3,000; sewage-disposal plant, $3,000.

Holabird quartermaster depot, Md.: Hospital, $120,000.

Fort Sam Houston, Tex.: Noncommissioned officers' quarters, $150,000; officers' quarters, $350,000.

Fort Howard, Md.: Hospital, $150,000.

Fort Hoyle, Md.: Noncommissioned officers' quarters, $70,000.

Fort Humphries, Va.: Officers' quarters, $150,000.

Fort Huachuca, Ariz.: Post exchange, gymnasium, and service club, $100,000.

Fort Jay, N. Y.: Noncommissioned officers' quarters, $130,000; barracks, completion of, $70,000; officers' quarters, $125,000; nurses' quarters, completion of, $35,000.

Jefferson Barracks, Mo.: Noncommissioned officers' quarters, $65,000; additions to kitchens and mess halls, $55,000.

Camp Knox, Ky.: Hospital, $200,000.

Langley Field, Va.: Central heating plant for quarters area, $60,000; quartermaster maintenance building, $20,000; fire house, $20,000; barracks, medical detachment, $30,000; garage, completion of, $15,000; magazine, completion of, $10,000.

Fort Lawton, Wash.: Noncommissioned officers' quarters, $30,000.

Fort Leavenworth, Kans.: Nurses' quarters, $60,000.

Letterman General Hospital, Calif.: Two wards, $150,000.

Fort Lewis, Wash.: Barracks, completion of, $30,000; water main, $30,000; noncommissioned officers' quarters, $75,000; officers' quarters, $65,000.

Fort Logan, Colo.: Noncommissioned officers' quarters, $53,000.

Fort McClellan, Ala.: Headquarters, $50,000; recreation hall, $35,000; gymnasium, $45,000.

Fort McPherson, Ga.: Nurses' quarters, $70,000; contagious ward for hospital, $70,000.

Maxwell Field, Ala.: Officers' quarters, $940,000; officers' mess, $55,000.

March Field, Calif.: Barracks for medical detachment, $25,000; contagious ward for hospital, $12,000; bakery, $15,000; laundry, $60,000; enlisted men's service club, $50,000; officers' mess, $50,000; theater, $40,000.

Fort Mason, Calif.: Officers' quarters, $110,000.

Fort Meade, S. Dak.: Riding hall, $25,000.

Fort George G. Meade, Md.: Noncommissioned officers' quarters, $150,000; officers' quarters, $50,000.

Mitchel Field, N. Y.: Noncommissioned officers' quarters, $118,000; bakery, $15,000; incinerator, $10,000; enlisted men's service club, $50,000; theater, $40,000; sewage-disposal plant, $40,000; fence, $31,000; quartermaster gasoline storage, $3,000; magazine, $15,000; officers' mess, $50,000; coal storage and handling system, $70,000; roads, walks, and surface-drainage system, $86,000.

Fort Monmouth, N. J.: Addition to hospital, $75,000; noncommissioned officers' quarters, $170,000; band barracks, $35,000.

Fort Myer, Va.: Barracks, $100,000.

Fort Oglethorpe, Ga.: Noncommissioned officers' quarters, $120,000.

Fort Ontario, N. Y.: Noncommissioned officers' quarters, $50,000.

Plattsburg Barracks, N. Y.: Additions to barracks, $25,000; barracks, $255,000.

Pope Field, N. C., for the Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

Post Field, Okla., for Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

Presidio of San Francisco, Calif.: Noncommissioned officers' quarters, $60,000; addition to headquarters, $50,000.

Randolph Field, Tex.: Barracks, completion of, $56,000; gymnasium, completion of, $70,000; roads and utilities, $243,000; completion of chapel and school, $50,000.

Raritan Arsenal, N. J.: Noncommissioned officers' quarters, $75,000.

Walter Reed General Hospital, D. C.: Noncommissioned officers' quarters, $120,000; addition to nurses' quarters, $300,000.

Rock Island Arsenal, Ill.: Noncommissioned officers' quarters, $15,000.

Rockwell Field, Calif.: Noncommissioned officers' quarters, $234,000; officers' quarters, $266,000.

Fort Winfield Scott, Calif.: Noncommissioned officers' quarters, $140,000.

Selfridge Field, Mich.: Gymnasium and theater, $80,000; garage, $40,000; quartermaster maintenance building, $20,000; post exchange, $45,000; officers' mess, $60,000; enlisted men's service club, $50,000; bakery, $15,000; roads and utilities, $75,000.

Fort Sill, Okla.: Barracks, $875,000; noncommissioned officers' quarters, $72,000; officers' quarters, $75,000; gun sheds, $48,000; stables, $30,000; vehicle shed, $10,000.

Fort Snelling, Minn.: Quartermaster warehouse, $65,000; barracks, medical detachment, $40,000.

Fort Totten, N. Y.: Noncommissioned officers' quarters, $30,000.

Fort Wadsworth, N. Y.: Officers' quarters, $75,000.

Fort Francis E. Warren, Wyo.: Noncommissioned officers' quarters, $120,000.

West Point, N. Y.: For addition to hospital, $250,000; barracks for service detachment, $250,000.

Fort George Wright, Wash.: Noncommissioned officers' quarters, $60,000.

(b) No part of the sum appropriated by this section, except the amount for expenditure under paragraph (1) or (2) of subsection (a), shall be expended if the Secretary of the Treasury certifies to the President that the amount necessary for such expenditure is not available and can not be obtained upon reasonable terms.

SEC. 302. No money shall be available for expenditure under this title in connection with a project in the District of Columbia, except as provided in section 301 (a) (11).

SEC. 303. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921, as amended and supplemented (U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance herewith."

SEC. 304. After the date of the enactment of this act, in the acquisition of any land or site for the purposes of section 301 (a) (10):

(1) The period of solicitation of proposals by public advertisement shall be 10 days in lieu of 20 days;

(2) In any case in which such site or land is to be acquired by condemnation, the provisions of section 355 of the Revised Statutes, as amended, shall not apply; and

(3) Notwithstanding the provisions of section 1 of the act entitled "An act to expedite the construction of public buildings and works outside of the District of Columbia by enabling possession and title of sites to be taken in advance of final judgment in proceedings for the acquisition thereof under the power of eminent domain," approved February 26, 1931 (U. S. C., Supp. V, title 40, sec. 258a), in any case in which any land or any interest therein is to be acquired by condemnation, the Secretary of the Treasury, through the Attorney General, may, prior to the institution of condemnation proceedings, file with the clerk of the district court of the district in which such land is located a declaration of taking, containing the matters required by such section to be included in a declaration of taking. The declaration of taking shall be accompanied by the deposit with such clerk, to the use of the parties who may be found to be entitled thereto, of the amount of the estimated compensation stated in the declaration. As soon as practicable after the filing of such declaration of taking, the Secretary of the Treasury shall cause to be posted in a prominent place upon the land a notice reciting (A) that the land or the interest therein is taken by the United States for public use, (B) that a declaration of taking in respect of such land or interest therein has been filed with the clerk of the court of the district, and (C) that there has been deposited with such clerk, to the use of the parties who may be found to be entitled thereto, the estimated just compensation for the land or interest therein taken. The Secretary of the Treasury shall give written notice similar to the posted notice, by personal service in the case of actual occupants of the premises or, if with reasonable diligence such personal service can not be made, he shall send such notice by registered mail directed to the premises, and he shall send notice by registered mail directed to their last known address in the case of all parties who the secretary ascertains have or may have an interest in such land, and he may give such additional notice by newspaper publication or otherwise as he deems necessary. Upon posting notice on the land, title to the land or interest therein shall vest in the United States, and the

right to just compensation therefor shall vest in the parties entitled thereto. The Secretary of the Treasury shall cause notice to be personally served upon, or if with reasonable diligence such service can not be made, to be sent by registered mail to actual occupants of the premises, setting a time (not earlier than 20 days after the service or sending of such notice) at which such parties shall surrender possession, and at the end of such time the right to possession shall vest in the United States. The Secretary of the Treasury may designate any person to serve any notice under the preceding provisions of this subsection and such person shall have power to enter upon such land for the purpose of posting notice or to make personal service of notice. If any such party fails or refuses so to surrender possession, upon summary petition for an order to surrender possession filed in such district court by or on behalf of the Secretary of the Treasury, the court may, by writ of assistance or other process, order the surrender of possession. A petition in condemnation shall be filed in such district court as soon after the filing of the declaration of taking as practicable. In any such condemnation proceeding no further declaration of taking shall be required, and the provisions of section 1 of such act of February 26, 1931, authorizing the court to fix the time when parties in possession shall be required to surrender possession, shall not apply. If such petition for condemnation is not filed within a reasonable time after the filing of such declaration of taking, any person entitled to just compensation in respect of the property so taken shall be entitled to sue the United States in the court in which such declaration of taking was filed. The procedure in such suit shall be the same as in suits against the United States founded upon contract, except that such suit may be heard even if the amount of the claim is greater than $10,000 and except that the procedure for the ascertainment of the amount of just compensation shall be the same as such procedure in condemnation proceedings. If the petition for condemnation is filed prior to the time the commissioners in condemnation, jurors, or other persons charged with the duty of valuing the property are empaneled, such suit shall be dismissed, except that such suit and the condemnation proceedings may, in the discretion of the court, and under rules prescribed by it, be consolidated to such extent as the court may deem practicable. In any suit authorized to be brought under this subsection or in any condemnation proceeding involving land acquired in accordance with this subsection, the court shall enter judgment against the United States in favor of the parties entitled for the sum or sums awarded as just compensation, respectively, for the land or interest therein taken for the use of the United States, and such judgment shall be paid out of the sums deposited with the court, and such additional sums as may be awarded shall be paid in the same manner as sums awarded in judgments in cases in which the United States has consented to be sued. The provisions of such act of February 26, 1931, except as modified by this subsection, shall apply to all such suits or condemnation proceedings. The provisions of this subsection shall not be construed to be in substitution for, but shall be supplemental to, any method of acquiring land or interests therein provided in existing law.

SEC. 305. In the construction of post offices and of buildings for post offices and other offices provided for in section 301 (a) (10), the Secretary of the Treasury, with the cooperation of the Postmaster General, may use such standard plans (heretofore or hereafter prepared) as may be most adaptable to the particular building to be constructed.

SEC. 306. All contracts let for construction projects pursuant to this title shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive, administrative, and supervisory positions), so far as practicable, no individual directly employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection with any such project, preference shall be given, where they are qualified, to ex-service men with dependents.

SEC. 307. For each fiscal year beginning with the fiscal year 1934 there is authorized to be appropriated, for the purposes of the sinking fund provided in section 6 of the Victory Liberty loan act, as amended, in addition to amount otherwise appropriated, an amount equal to 2½ per cent of the aggregate amount of the expenditures made, out of appropriations made or authorized in this title, on or after the date of the enactment of this act and on or before the last day of the fiscal year for which the appropriation is made.

During the reading,

The VICE PRESIDENT. The Chair is advised that this amendment was read just the other day.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the Senator from New York be permitted to make a statement about the amendment and that may obviate the necessity for a second reading.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. WAGNER. Mr. President, in order to save time in the consideration of this amendment, I may say to the Senate that this amendment which I offer in the nature of a substitute is, in all respects, except the matters to which I will refer in a minute, identical with the bill already passed by the Senate as a part of the conference report which was here on Saturday.

I will briefly point out the differences.

The bill eliminates the provision which was in the bill coming out of the conference providing for private loans to individuals, to which the President in his veto message to the House objected. That feature has been eliminated.

Title I of the bill remains as it was passed.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. WAGNER. Yes.

Mr. COUZENS. I wish the Senator would state that at that time there seemed to be in the public mind two objections, not only to loaning to private individuals but to loaning to private corporations. May I ask if that provision authorizing loans to private corporations is out of the bill?

Mr. WAGNER. The word "persons," as defined in that bill, included private corporations and quasi-public corporations, so that that is all out. It is all eliminated. Loans to private corporations are out, except a provision which we had in the original bill which permitted loans to private corporations that were engaged in projects for the public use; and those projects were enumerated in the bill—viaducts, tunnels, docks, bridges, and waterworks.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Washington?

Mr. WAGNER. I do.

Mr. DILL. We had some discussion and made some amendments in the Senate by which public utilities were not included.

Mr. WAGNER. Yes. That has been eliminated. That was eliminated at the time the bill which came out of conference was passed.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Texas?

Mr. WAGNER. Yes.

Mr. CONNALLY. How much money would be available under Title II for loans by the Reconstruction Finance Corporation to these various States and subdivisions and self-liquidating corporations?

Mr. WAGNER. I might say that the authorization of the Reconstruction Finance Corporation to make loans has been increased from $2,000,000,000 to $3,300,000,000.

Mr. CONNALLY. Will all of that be available to make loans under Title II?

Mr. WAGNER. It is in one lump authorization, which includes all of the purposes for which the Reconstruction Finance Corporation may make loans.

Mr. CONNALLY. In other words, there is no limit on how much the corporation may loan for projects of this character under Title II?

Mr. WAGNER. No.

Mr. CONNALLY. I thank the Senator.

Mr. WAGNER. There is a proposal by the committee of an amendment to the Reconstruction Finance Corporation act which is as follows; this is new:

No loan or advance shall be approved under this section or under the Reconstruction Finance Corporation act, directly or indirectly, to any financial institution any officer or director of which is a member of the board of directors of the Reconstruction Finance Corporation or has been such a member within the 12 months preceding the approval of the loan or advance.

That is to apply to all future loans. That was inserted by the Banking and Currency Committee this morning. I accepted the amendment, and it will go in on page 15, section 207.

Unless I have omitted something, I think those are all the changes that were made in the bill as originally passed.

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Connecticut?

Mr. WAGNER. Yes.

Mr. BINGHAM. In the bill as originally passed, section 302 authorized an appropriation, not exceeding $7,436,000, for the construction and installation at military posts and

airports and landing fields of various technical buildings, and so forth. I do not find any of those items in this bill. Does the Senator object to the inclusion of them?

Mr. WAGNER. I may say to the Senator that those items were mere authorizations; and since this bill is to provide employment, we decided to eliminate any authorizations for appropriations, which, of course, would not provide any immediate employment.

Mr. BINGHAM. It was my understanding that originally a good many of these military-post construction items had come under the head merely of authorizations. I will ask the Senator from Pennsylvania whether I am correct in that.

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield for that purpose?

Mr. WAGNER. Yes; I yield.

Mr. REED. Yes, Mr. President; but as agreed to by both Houses in the former bill they were authorizations for expenditures, and those have been included in the amendment of the Senator from New York. I neglected to change the second section, and it remained merely an authorization, which I understand is the reason why the Senator cut those items out of this bill. I am sorry. I should like to see them included.

Mr. WAGNER. The Senator agrees that they can not provide any immediate employment, because there is no provision made for an appropriation.

Mr. REED. No.

Mr. WAGNER. It is merely an authorization.

Mr. REED. Quite so. If they remain an authorization, there is no sense in putting them in this bill; but I was wondering if the Senator would accept an amendment authorizing the addition of those items to the Army items already in this bill, although I must confess that it is done without previous authorization.

Mr. WAGNER. I would not care to accept an amendment of that kind at this late time.

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield further to the Senator from Connecticut?

Mr. WAGNER. Yes.

Mr. BINGHAM. Is it not true that many of the items that are included were in the original bill, before it was finally amended, merely in the form of authorizations? Was not that changed, at the suggestion of the Senator from Pennsylvania, to make them direct appropriations for this construction?

Mr. REED. Yes, Mr. President.

Mr. BINGHAM. In view of the fact that they were originally authorizations and were changed at the suggestion of the Senator from Pennsylvania to be appropriations and that they are now included again as appropriations, there would seem to be no technical objection to changing the other part, section 302, which the Senator from Pennsylvania says he neglected to notice was merely an authorization, or he would have asked that it be changed at that time.

Mr. WAGNER. Those in charge of this bill originally made no change of the amendment proposed by the Senator from Pennsylvania. We accepted it as he proposed it on the floor of the Senate; and there was a provision there for an appropriation for certain projects, and for authorizations for other projects. We accepted in this bill the appropriation, because that included projects in which the expenditures could be made at once and men could be employed; and this bill ought not to have included in it any authorization. It does not conform to the object of the bill; and I shall resist any efforts to put any proposed authorizations in this bill.

Mr. BINGHAM. I was not asking that the Senator put in any authorizations. I was asking if he could not include that $7,000,000 as an appropriation for the purpose of providing employment and at the same time continuing the military construction.

Mr. FESS and Mr. LEWIS addressed the Chair.

The VICE PRESIDENT. Does the Senator from New York yield; and if so, to whom?

Mr. WAGNER. I yield first to the Senator from Ohio.

Mr. FESS. On page 6, line 9, in which the Reconstruction Finance Corporation is authorized and empowered—

To make loans to or contracts with States, municipalities, and political subdivisions of States—

It is also authorized and empowered to make loans to—

Public agencies of States, of municipalities—

And so forth.

Mr. WAGNER. That is a public corporation, in effect. In some States, instead of calling it a public corporation, the statute itself calls it a public agency; and it was in order to cover that particular type of agencies that we used these words. It is an agency owned completely by either a State or a subdivision of a State.

Mr. FESS. I had an inquiry as to whether it would not be wise, where loans are made to a public agency either of a municipality or of a State, to have the guaranty of the State or the municipality, rather than leaving the security simply to the public agency.

Mr. WAGNER. I do not think that would be feasible. The agency being an agency created by the State, the credit of the State would be behind that particular agency.

Mr. FESS. That was the only point. There would be no difficulty in repayment where it was a municipality or a State, but when we say "public agency of a State" that might be temporary, and might raise the question of adequate security.

Mr. WAGNER. I really think this is sufficient.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. WAGNER. I yield.

Mr. LEWIS. May I take the liberty of asking the able Senator from New York a question? In view of the fact that the provisions as to lending to States, cities, and municipalities have been brought to the attention of this body by myself from time to time in advocacy of a loan to Chicago and her school board for necessities, may I ask the Senator if he feels there has been any change in the provision just as the bill had it before, such as would prevent loans to municipalities if the self-liquidating security proffered were, in the opinion of the board, sufficient?

Mr. WAGNER. As to self-liquidating projects, of course, a municipality may borrow from the Reconstruction Finance Corporation. But, in addition, let me tell the Senator that his appeal did finally take effect, because under Title I the Reconstruction Finance Corporation may lend to municipalities moneys for the relief of the destitute and the needy in the municipality.

Mr. ROBINSON of Arkansas. When the municipality is designated by the governor to receive it.

Mr. WAGNER. Designated by the governor of the State, and the municipality gives its security.

Mr. LEWIS. There is a provision which allows loans to corporations such as our drainage board, as we call it, to illustrate what I mean, in the construction, replacement, or improvement of tunnels, docks, or viaducts. I conferred with the President, and it is with his consent I am permitted to relate the conversation, there being no particular privacy in it, that the construction ordered by the Supreme Court of the United States for the necessity of drainage, so that we may avoid excess uses of the lake at Chicago, should come under the definition of viaducts and waterworks. That would be, therefore, provided and a loan could be had under section 3, page 7. Am I right?

Mr. WAGNER. Yes.

Mr. LEWIS. I appreciate the kindness of the Senator.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. WAGNER. I yield.

Mr. KING. Does the Senator interpret the bill to mean that loans might be made to municipalities to install or expand their electric-light plants?

Mr. WAGNER. If it is established that a plant is a self-liquidating project, the Reconstruction Finance Corporation may lend to the municipality for the purpose of constructing such a project. The test is that the project itself must be self-liquidating, self-supporting.

Mr. KING. The presumption is that all of the activities of the municipalities of the character I have indicated, pub-

lic utilities, would be self-liquidating. I was wondering whether under this bill cities could borrow large sums for the purpose of installing electric-light plants, gas works, and all that sort of thing.

Mr. WAGNER. Yes; they may make application; and if the Reconstruction Finance Corporation is satisfied that a plant is a self-liquidating project, they may advance money for its construction.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. PITTMAN. I think the distinction possibly is this—and I will ask the Senator from New York if it is not true—that if the electric-light plant's new construction depended entirely on what we might call its assets or profits at the end of the year, or its power to sell bonds, or its credit, it would not come within this measure. If, however, they could so arrange their receipts from rates, their revenues coming in monthly, and put them in an amortization fund, that would be termed undoubtedly self-liquidating, not depending on credits or profits.

Mr. WAGNER. Of course, it is the rates charged which would liquidate the debt.

Mr. BORAH. Mr. President, I would like to ask the Senator his construction of the meaning of section (d) on page 4, which provides:

(d) Nothing in this section shall be construed to authorize the corporation to deny an otherwise acceptable application under this section because of constitutional or other legal inhibitions or because the State or Territory has borrowed to the full extent authorized by law. Whenever an application under this section is approved by the corporation in whole or in part, the amount approved shall be immediately paid to the governor or the State or Territory upon delivery by him to the corporation of a receipt therefor stating that the payment is accepted subject to the terms of this section.

Mr. WAGNER. I suppose the purpose of that was to notify the Reconstruction Finance Corporation that a prohibition in a State constitution would not prevent it from making an advance to the State.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. ROBINSON of Arkansas. Subdivision (d) has relation only to the fund for the relief of destitution, and the object of it is to make certain that no State suffering from extreme necessity shall be denied the opportunity to obtain funds for the relief of its citizens because of any constitutional provisions or statutory limitations of the character described in the section, the idea being that the Reconstruction Finance Corporation may make the advance with the understanding that it shall be deducted, as provided in another section of the bill, from future allotments for Federal aid, which, of course, will be within the control of the Congress.

Mr. BORAH. In other words, we waive the constitutional limitations under which the States may be laboring?

Mr. ROBINSON of Arkansas. Yes.

Mr. WAGNER. Really in the act it is called a payment to the States. The States may transform that into a loan by agreement under another provision of Title I. If it is not transformed into a loan, then the Federal Government itself liquidates the payment by deducting it from future appropriations for Federal aid to State highways.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. COUZENS. If it is a fact, however, that the governor of a State has no authority to accept the money under those conditions, there would be no way of enforcing the agreement.

Mr. WAGNER. I think he has the authority to accept a payment advanced by the Federal Government for this purpose.

Mr. ROBINSON of Arkansas. Mr. President, certainly there will be a way of enforcing the agreement. All the Federal Government would be required to do would be to withhold allotments for future Federal aid to the amount so advanced.

Mr. WAGNER. I think the Senator misunderstood me. The agreement to which I had reference was the agreement the governor of a State might make under the laws of the State—that is, in a case where a State may borrow money. In those cases the State borrows the money as it does from any individual. In cases where there is a prohibition, then the State receives a payment from the Federal Government to feed the needy and the destitute; and if there is no provision made subsequently, within the following two years, for repayment by the changing of the laws of the State, then the Federal Government liquidates the payment by reducing by one-fifth the appropriation each year of Federal aid to State highways until the entire advance is paid.

Mr. COUZENS. Mr. President, I think I fully understand the Senator.

Mr. WAGNER. I know the Senator does.

Mr. COUZENS. But I still insist that if anybody contests the legality of the governor's having accepted the advances, then there is no way to prove that he had a legal right to borrow the money or accept the advance.

Mr. WAGNER. I think this provision is perfectly valid, and if it were tested in a court, would be upheld. But I believe it is unthinkable that anybody would test a provision where money is paid to feed the hungry or advance money to the needy or unsheltered.

Mr. ROBINSON of Arkansas. Mr. President, the only test that could be made of a practical character would be the power and right of the Federal Government to deduct Federal-aid sums, as provided in the bill; and that being within the control of the Government, that being a Federal measure, it could be very easily enforced. The test to which the Senator refers might result in a holding that the governor had no power to borrow. Assuming that such a decision might be reached, that would not estop the Federal Government from making the deductions provided for in the bill, and thus reimbursing itself on account of such deductions.

Mr. WAGNER. I think we are talking about an academic question, anyway. I do not think it will ever arise in the case of money distributed for the purpose of feeding people.

Mr. LA FOLLETTE. Mr. President, it is my understanding that this section was incorporated for the purpose of estopping the directors of the corporation from setting up any constitutional provisions which might prevail in a particular State as a valid reason for denying a payment or advance.

Mr. WAGNER. That is exactly what the measure says.

Mr. BORAH. But, Mr. President, I was misled by the word "authorized." It provides, "Nothing in this section shall be construed to authorize the corporation to deny," and so forth. I should think the language should be, "Nothing shall be construed to permit the corporation," and so forth.

Mr. WAGNER. If "permit" is a better word, it might be changed.

Mr. BORAH. That is what misled me. Whatever the Senator thinks best is all right with me.

Mr. DILL. Mr. President, this being a substitute, if any amendment is to be made to it, it would have to be offered before the substitute is adopted.

I want to call attention to this fact: That the Reconstruction Finance Corporation act provides for loans to banks, savings banks, trust companies, and a series of other organizations, and then it provides that loans may be made on the assets of a bank that is closed. I think it was the thought of most of us when the bill was passed that that would include a savings bank; but the officials of the Reconstruction Finance Corporation have ruled that since it does not use the words "savings bank," it applies only to the assets of a regular bank that is closed.

There are some savings banks which have been closed which have very large assets, and they have appealed to the Reconstruction Finance Corporation for assistance. While the officials have found the assets entirely sufficient to justify the loans asked for, under the ruling of which I have spoken they have refused to make the loans.

I wanted to ask the Senator whether he thought it would be seriously objectionable to insert an amendment changing

section 5 of the Reconstruction Finance Corporation act by inserting the words "savings bank" along with the word "bank," so that the Reconstruction Finance Corporation could lend on the assets of a savings bank that is closed as well as on the assets of a regular bank.

Mr. WAGNER. It is not really within the province of this legislation. Is the Senator sure it would not cause a veto?

Mr. DILL. I can not see how it would, for the reason that we are increasing the amount of money available to enable the Reconstruction Finance Corporation to make loans, and I can not see why it would be objectionable to allow them to lend on the assets of a closed savings bank any more than they now have the right to lend on the assets of a closed bank.

Mr. WAGNER. I do not, either. I quite agree with the Senator that the construction of the officials is quite a strict construction of the act.

Mr. DILL. It is unnecessarily strict.

Mr. President, I should like to offer the amendment. At the end of page 16, or at the proper place in the bill, if that be not the proper place, I propose to amend the first paragraph of section 5 of the Reconstruction Finance Corporation act by inserting, after the word "bank," the words "savings bank." We shall have to reprint the entire paragraph in order to do that.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Washington to the amendment.

The amendment to the amendment was agreed to, as follows:

On page 16, after line 24, insert a new section, as follows:

"SEC. 211. The first paragraph of section 5 of the Reconstruction Finance Corporation act is hereby amended to read as follows:

"'SEC. 5. To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products the corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, mortgage loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, livestock credit corporation, organized under the laws of any State or of the United States, including loans secured by the assets of any bank or savings bank that is closed or in process of liquidation, to aid in the reorganization or liquidation of such banks, upon application of the receiver or liquidating agent of such bank, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same: *Provided*, That not more than $200,000,000 shall be used for the relief of banks that are closed or in the process of liquidation.'"

Mr. WAGNER. Mr. President, I think I have pointed out the differences between the bill as passed and the proposed measure, and I have nothing further to say at this time.

Mr. BYRNES. Mr. President, I desire to offer the following amendment.

The VICE PRESIDENT. Let the amendment be read for the information of the Senate.

The CHIEF CLERK. The Senator from South Carolina offers the following amendment:

On page 9, line 21, insert the following at the end of the paragraph: "*Provided, however*, That no such loan shall be made to finance the sale in the markets of foreign countries of cotton owned by the Federal Farm Board or the Cotton Stabilization Corporation."

Mr. BYRNES. Mr. President, in explanation let me say that the language of the amendment was contained in the House bill as it was originally passed by the House. In conference the language was eliminated from the bill. I am satisfied that so far as the cotton States are concerned the Representatives upon this floor would agree to the adoption of the amendment. The language of the House bill in addition to cotton provided for wheat. I have eliminated wheat because I do not profess to know the situation as to wheat and have no desire to interfere with that subject.

As to cotton, as a result of the passage by Congress of the joint resolution giving to the Red Cross 500,000 bales of cotton, the cotton industry will be confronted within the next two or three months with this situation: In addition to the crop of this year as it comes upon the market, there will be marketed in this country 500,000 bales of the cotton held by the Cotton Stabilization Corporation. If, in addition to that, loans should be made by the Reconstruction Finance Corporation to foreign manufacturers to purchase cotton, one can readily see that the effect of the dumping on the market of so large a portion of the cotton now held by the Cotton Stabilization Corporation would further depress the price of cotton.

Mr. DILL. Why does not the Senator move to strike out the entire paragraph?

Mr. BYRNES. I will say frankly to the Senator that I do not profess to know the situation so far as wheat is concerned. I ask to have the amendment adopted. Then if the Senator wants to move to strike out the entire paragraph his amendment would be in order and the Senate could vote upon it.

Mr. DILL. It seems to me we could accomplish the Senator's purpose by making the motion first.

Mr. BYRNES. That might not be agreed to; and if it was not agreed to, I would want to have the provision as to cotton in the bill.

Mr. BLACK. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. BYRNES. I yield.

Mr. BLACK. I am not sure, if the Senator's amendment should be adopted, that the other amendment would be in order.

Mr. BYRNES. I will say that the parliamentarian advised me that it would be in order.

Mr. BLACK. It is my intention to move to strike out section 3 entirely.

Mr. BYRNES. I have no objection to that motion being made at the proper time.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from South Carolina.

The amendment was agreed to.

Mr. NORBECK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORBECK. At what time will it be proper for me to offer the farm relief bill as an amendment in the form of Title II to the pending measure?

The VICE PRESIDENT. It should be offered before the amendment of the Senator from New York [Mr. WAGNER] is acted upon.

Mr. NORBECK. Is it proper for me to offer it at this time?

The VICE PRESIDENT. It is.

Mr. NORBECK. I offer it now as an amendment to the pending amendment to be known as Title II.

The VICE PRESIDENT. Let it be read for the information of the Senate.

The Chief Clerk read as follows:

TITLE II—EXISTENCE OF EMERGENCY

SEC. 2. It is hereby declared—

(a) That this title is an emergency relief measure pending such period as there can be placed in full beneficial operation permanent agricultural relief legislation heretofore or hereafter enacted, and to that end this title shall cease to be in effect one year from the date of its approval.

(b) That the depression in prices for that portion of our agricultural commodities produced for domestic consumption and the effect of unsettled world conditions upon foreign markets for that portion of our agricultural commodities produced for consumption abroad and the inequalities between the prices for agricultural and other commodities have given rise in the basic industry of agriculture to conditions that have affected transactions in agricultural commodities with a national public interest, that have burdened and obstructed the normal currents of commerce in such commodities, and that render imperative the enactment of this title for the relief of the present national economic emergency in agriculture, industry, transportation, employment, and finance.

(c) That the provisions of this title are made applicable solely with respect to cotton, wheat, and hogs by reason of the controlling effect of those commodities upon prices for all agricultural commodities.

DISTRIBUTION OF COMMODITY BENEFITS

SEC. 3. (a) The Secretary of Agriculture shall within 15 days after the approval of this act estimate as nearly as practicable and proclaim the percentage of the domestic production of wheat and cotton for the year 1932 and of the domestic production of

hogs sold or to be sold during such year that in the judgment of the Secretary will be needed for domestic consumption. Such percentage is hereinafter referred to as the domestic consumption percentage for the commodity and shall be based on statistics of the Department of Agriculture as to the average domestic consumption for the commodity for the five preceding years.

(b) Each producer of cotton, wheat, or hogs shall be entitled, subject to the conditions of this title, to have issued to him promptly an adjustment certificate covering the domestic consumption percentage of each lot of the commodity of his own production which, after the fifteenth day following the date of approval of this title, is marketed by him. For the purposes of this act, cotton, wheat, and hogs shall be deemed to be marketed when sold or otherwise disposed of by the producer for processing or resale.

(c) The face amount of any adjustment certificate, per unit of the commodity covered thereby, shall be an amount equal to the adjustment charge (specified in sec. 4) upon a like unit of the commodity, less a pro rata share of administrative expenses as estimated by the Secretary of Agriculture.

(d) The Secretary of Agriculture shall designate officers, employees, or agents of the Department of Agriculture (or with the approval of the President, of any other department or independent establishment) for the issuance of adjustment certificates. Such certificates shall be issued upon application by the producer and proof satisfactory to the Secretary that the producer is entitled thereto. The action of the Secretary or any designated officer, employee, or agent in issuing and fixing the amount of any adjustment certificate shall not be subject to review by any other officer of the Government.

(e) Title to any adjustment certificate shall be transferable by delivery. Any adjustment certificate when presented by the bearer at any time after 30 days and not more than 1 year from the date of issuance shall be redeemable at its face value, in legal tender, from moneys in the domestic adjustment fund hereinafter established for the commodity covered by the certificate. Adjustment certificates shall be accepted for redemption at the United States Treasury and at such fiscal agencies of the United States as the Secretary of the Treasury shall designate.

(f) Nothing in this act shall be construed as affecting or controlling in any way the freedom of any producer to produce and sell as much as he wishes of any commodity.

ADJUSTMENT CHARGES

SEC. 4. (a) On and after the day following the date of the approval of this act there shall be levied, assessed, collected, and paid upon the first domestic processing of any cotton, wheat, or hogs (whether imported or of domestic production), a charge to be paid by the processor and to be known as an adjustment charge. Such adjustment charges shall be as follows: 43 cents a bushel for wheat, 5 cents a pound for cotton, and 2 cents a pound for hogs.

(b) In order to protect processors of cotton against disadvantages in competition, on and after the day following the approval of this act there shall be levied, assessed, collected, and paid upon the first domestic processing of silk or rayon an adjustment charge of 5 cents a pound, to be paid by the processor.

(c) No such charge shall be paid on any quantity of the commodity processed by the producer thereof for consumption by his own family, employees, or household.

(d) Upon the exportation of any product with respect to the processing of which an adjustment charge has been paid, the exporter thereof shall be entitled, at the time of exportation, to a refund of the amount of such charge. The Secretary of the Treasury shall establish conversion factors for use in determining the amount of refund, shall prepare forms for filing claims for such refunds, and shall certify to the Treasurer of the United States claims for refund which have been approved for payment out of the appropriate domestic adjustment fund.

(e) Upon the giving of satisfactory bond for the faithful observance of the provisions of this section and of such regulations as may be prescribed hereunder, any person shall be entitled to process any agricultural commodity for export without the payment of the adjustment charge. The Secretary of the Treasury shall prescribe the necessary regulations for such processing in bond or in such other manner as may be necessary to carry out the provisions of this section.

(f) The adjustment charges on each commodity shall be collected by the Bureau of Internal Revenue, under the direction of the Secretary of the Treasury. Such charges shall be paid into the Treasury of the United States, and placed to the credit of a special revolving fund for the commodity which is hereby established, to be known as the domestic adjustment fund for the commodity; except that the adjustment charge on silk or rayon shall be placed to the credit of the adjustment fund for cotton. The moneys in each such fund are hereby appropriated for the purposes of this act.

(g) All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the revenue act of 1926 shall, in so far as applicable and not inconsistent with this act, be applicable in respect of the charges imposed by this section.

ADMINISTRATION OF DOMESTIC ADJUSTMENT FUNDS

SEC. 5. (a) The Secretary of Agriculture is authorized to expend from each commodity domestic adjustment fund, for the payment of administrative expenses under this act with respect to the commodity, not to exceed 2½ per cent of the receipts from the adjustment charges on the commodity.

(b) The Secretary of Agriculture is authorized to transfer to other agencies of the Federal Government, subject to the limitation provided in subsection (a) with respect to the amounts available for the payment of administrative expenses, such sums from the domestic adjustment fund for any commodity as are required to pay the additional expenses incurred by such agencies in the administration of this act with respect to such commodity.

(c) Notwithstanding the limitation of section 2 (a) on the period of duration of this act, section 4 of this act (relating to adjustment charges) shall continue in effect with respect to any commodity for such additional period as the Secretary of the Treasury may by proclamation fix in order to make available receipts from adjustment charges with respect to the commodity sufficient to redeem all adjustment certificates issued with respect to the commodity.

(d) Notwithstanding the limitations of section 2 (a) on the period of duration of this act, this act shall be held to be in effect thereafter for the collection of adjustment payments on any lot of the commodity sold or otherwise disposed of by the producer during such period, for the collection of duties incurred prior to the expiration of section 4, for the payment of expenses incurred in the administration of this act, and for winding up in any other respect the operations under this act.

(e) The Secretary of the Treasury shall make advances to any domestic adjustment fund of such moneys in the Treasury not otherwise appropriated as may be necessary to redeem adjustment certificates and pay administrative expenses pending receipt of sufficient adjustment charges therefor, and shall repay such advances from the fund to the Treasury from time to time.

(f) Adjustment certificates issued under authority of this act shall be obligations of the United States within the definition in section 147 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909, as amended.

(g) Any person who shall make any false statement for the purpose of fraudulently procuring, or shall attempt in any manner fraudulently to procure, the issuance or redemption of any adjustment certificate, whether for the benefit of such person or any other person, shall be fined not more than $2,000 or imprisoned not more than one year, or both.

MISCELLANEOUS

SEC. 6. (a) As used in this title—

(1) In the case of wheat, the term "processing" means the milling or other processing (except cleaning and drying) of wheat for market.

(2) In the case of cotton, silk, and rayon, the term "processing" means the spinning, milling, or manufacturing (other than ginning) of cotton, silk, or rayon.

(3) In the case of hogs, the term "processing" means the slaughter of hogs for market.

(4) The term "cotton" means cotton of any tenderable grade under the United States cotton futures act.

(5) The term "wheat" means wheat not below United States grade No. 3 as prescribed by the Secretary of Agriculture under the United States grain standards act.

(b) The Secretary of the Treasury and the Secretary of Agriculture are directed to make, publish, and distribute without cost, such regulations as may be necessary to the efficient administration of the functions vested in them, respectively, by this act including regulations by the Secretary of Agriculture as to the proof which the secretary will deem satisfactory as a basis for issuing adjustment certificates.

(c) If any provision of section 4 is held invalid and any producers are thereby prevented from redeeming in whole or in part the adjustment certificates provided by this act, the Secretary of the Treasury is directed to pay into the domestic adjustment funds, from any moneys in the Treasury not otherwise appropriated, sums sufficient to provide for the redemption of adjustment certificates and for administrative expenses, as estimated by the Secretary of Agriculture.

Mr. NORRIS. Mr. President, I wonder if it is not possible to reach an agreement by which we can take up the bill now offered as an amendment by the Senator from South Dakota and dispose of it in some way before we adjourn? It is very hazardous to attempt to attach it to the pending bill as an amendment. I say that as a friend of the Senator's bill. I have voted in favor of taking it up and I would so vote now, no matter what it might displace, because it seems to me perfectly apparent that the Congress before it adjourns ought to give to the Senator from South Dakota an opportunity to have the bill acted upon by the Senate. I realize very fully, however, the objections that can be made to it as an amendment to the pending bill.

I want to submit a unanimous-consent request.

The VICE PRESIDENT. The Senator will state the unanimous consent request.

Mr. NORRIS. I ask unanimous consent that immediately upon the disposition of the pending unfinished business the Senate proceed to consider the bill (S. 4940) to provide temporary aid to agriculture for the relief of the existing

national economic emergency. If agreed to, that would have the effect of getting the bill before the Senate in the same position exactly as though it were taken up on motion. It would give it no superior rights, but it would give it the right that the bill would possess if it were taken up on motion, and it would mean that it could be withdrawn as an amendment to the pending bill and that the discussion which would take place on it will be avoided.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I hope the request of the Senator from Nebraska will be agreed to. I am sure it would be a mistake to incorporate this farm bill in the unemployment relief bill. I am sure that it is a fair suggestion that the Senator from South Dakota be given an opportunity to have his bill considered, and I hope there will be no objection to the request.

The VICE PRESIDENT. Is there objection?

Mr. NORBECK. Mr. President, just briefly I wish to say that the whole difficulty is that a prolonged debate will put the bill in the last hours of the session, and, the House being anxious to get away, if agreed to, the request might result in getting some action in the Senate and no action in the House.

Mr. NORRIS. Mr. President, let me say to my friend from South Dakota that the House, I think, will be able to act under a suspension of its rules, so that expeditious action could be had on the bill if it should go to the other House, even though it might be late in the session.

I should like to say further that, to my mind, the Senator from South Dakota will gain if the request be agreed to because extended debate would take place if the bill were considered as an amendment to the pending bill for reasons which would not exist if the bill stood upon its own merits.

Mr. NORBECK. Mr. President, in our anxiety to push the relief bill along we have attached it as a rider to a House bill, so that it does not have to go to a committee there or here. It will have the right of way. I would have no objection to the proposal if we could also secure an agreement to limit debate so that the House might be assured when we would take a vote on the bill. Would the Senator from Nebraska be willing to include such a proposal in his request for unanimous consent?

Mr. NORRIS. I would be very glad to do so, but I am satisfied that would bring an objection at this time. I can see how Senators who are not familiar with the bill would refuse to enter into an agreement to limit debate until there had been some discussion and they had had an opportunity to make further investigation.

The Senator, however, can make a request of that kind just as soon as the bill shall be taken up, or, more properly, after the bill has been debated for a little while and it is better understood.

Mr. NORBECK. I yield to the request of the Senator from Nebraska. It seems to be the opinion and the feeling of Senators that that would be a better procedure, and I do not want to be arbitrary in this matter. I have simply been seeking to get a vote on the question, to get an expression of opinion.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nebraska?

Mr. BINGHAM. Mr. President, I wish to ask the Senator from Nebraska a question. Does the Senator think that the bill will lead to considerable debate when it shall be taken up?

Mr. NORRIS. I can not tell, though I should rather think not. The bill will have to be explained, of course; and Senators will have to understand its nature. The measure, however, is not so complicated as, for instance, was the McNary-Haugen bill or other similar bills. I do not think the bill will lead to any long debate.

Mr. BINGHAM. The Senator knows that I am extremely anxious to get action on the Senate Joint Resolution 164, which is on the table; and that I have tried to secure action on a motion to take it from the table and to have it considered. It was my intention to make that motion as soon as we got through with the discussion of the relief bill, which I did not desire to interfere with in any way. Now the Senator from Nebraska is asking unanimous consent that we may take up something else, which would make it impossible to get up Senate Joint Resolution 164. I was about to ask the Senator the same question that the Senator from South Dakota asked him, if he would not couple with his request some request for a limitation of debate after a reasonable time?

Mr. NORRIS. I would be very glad to do so; so far as I am personally concerned, I have no objection to a reasonable limitation upon debate. However, I am informed that such a request would meet with objection at this time, though it might not do so later. I can see the point in the suggestion, I will say to the Senator. There are many Senators here who have not read the bill, who are not familiar with it, and we ought to debate it for a little while, as we usually do, until Senators shall understand it. Then I should not think there will be any objection to a limitation of debate.

Mr. BINGHAM. I suppose if, after we debated the bill for a while, it appeared the debate was going to last for some time, the Senator would not object to my making a motion to take up some other measure?

Mr. NORRIS. The Senator from Connecticut would have that right. I do not know whether or not I should object, but it would depend upon what I thought the conditions were at the time.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nebraska [Mr. NORRIS]? The Chair hears none, and it is agreed to. The Senator from South Dakota withdraws his amendment.

Mr. BLACK. Mr. President, I offer an amendment to the bill to strike out paragraph (c) found on page 9.

The VICE PRESIDENT. Let the amendment be reported.

The CHIEF CLERK. On page 9, it is proposed to strike out from line 12 to line 21, both inclusive, as follows:

(c) In order that the surpluses of agricultural products may not have a depressing effect upon current prices of such products, the corporation is authorized and directed to make loans, in such amounts as may in its judgment be necessary, for the purpose of financing sales of such surpluses in the markets of foreign countries in which such sales can not be financed in the normal course of commerce; but no such sales shall be financed by the corporation if, in its judgment, such sales will affect adversely the world markets for such products.

Mr. BLACK. Mr. President, it will be necessary, I assume, to move to strike out the paragraph as amended.

The VICE PRESIDENT. If it was amended; yes.

Mr. BLACK. I can explain in one or two moments the purpose of the amendment.

This paragraph provides an unlimited appropriation, except as the amount is limited by the assets of the Reconstruction Finance Corporation, for the purpose of selling agricultural products abroad on credit. In other words, it provides for the sale of agricultural products abroad, the money to be supplied by the Reconstruction Finance Corporation to pay for those products. It would, in my judgment, make impossible the sale of agricultural products for cash. As a matter of fact, I was told by a man to-day that he had a telegram from abroad canceling his contract which had been made unless he agreed to extend the same kind of credit that would be extended by the Government in the sale of its cotton. I do not see any reason why if we are going to sell agricultural products abroad on credit they should not be sold to our own people on credit. Why should we sell them to China with the very faint hope that we have of ever securing payment? Why should we sell them on credit to other countries and disturb our cash purchasers? We are depending largely in the agricultural sections on our customers abroad. If we begin to sell to some on credit, I assume we would have to sell to all on credit.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from New York?

Mr. BLACK. I yield.

Mr. COPELAND. I assume the Senator is seeking to do for all other farm products—wheat, corn, and hogs—what the Senator from South Carolina has proposed in regard to cotton and to omit all of them from this provision that is included in the bill. That is the purpose of the amendment, is it?

Mr. BLACK. The Senator is correct.

Mr. COPELAND. I think the Senator is entirely right, and I am glad he has offered the amendment.

Mr. BLACK. Mr. President, it is not my intention to discuss this question further. The provision gives vast power at a very critical time to the Reconstruction Corporation. It is a power which could be utilized for the advantage of one party and for the disadvantage of another.

Mr. FLETCHER. Mr. President——

Mr. BLACK. I yield.

Mr. FLETCHER. I think it ought to be recognized that it is important to the agricultural interests where we have a surplus to export to provide markets for the disposition of that surplus. We can not sell for cash in foreign countries, but very likely we can sell on time, on terms, and the longer the time the better. Banks can not handle such papers because they want 30, 60, and 90 days; that is one of their requirements; but we can authorize the Reconstruction Finance Corporation to handle such paper based upon six months' credit. The purchaser, the mill owner, over yonder, for instance, in Europe wants time enough to get the raw material converted into cloth and to dispose of the cloth. Then he is ready to pay his bill. It is the same way with the spinner and the miller in foreign countries. We had better give them time enough so that they may convert their raw materials into finished products and put them on the market; then they can pay for the raw material.

It seems to me, from the standpoint of agriculture, that we should open up these markets and make them available by extending credit. That paper is perfectly good; it could be marketed in such form as to make it perfectly good. I think it is a mistake to add anything that would really restrict our export trade. We want to dispose of the surplus in foreign countries, and to do that we must be able to finance on comparatively long time, say, four or five or six months. This will enable us to handle that situation; otherwise we can not dispose of the surplus, because the foreign purchasers have not the cash to pay for it and we will be unable to handle it. The markets of all the world can be opened up if sufficient time is given, and the paper can be secured in a satisfactory way to enable a safe business to be done and to give ample time. I think this is one of the most important provisions of the bill.

Mr. PITTMAN. Mr. President, I merely wish to call the attention of the Senate to the fact that we are very anxious that the House of Representatives concur in the amendment of the Senate, because if they do not concur and the bill goes to conference there will probably be quite a long delay in connection with this measure. For that reason I should think, as this provision was in the conference report, that we voted for it in the original bill, and was substantially in the House bill and was left in the conference report, that unless it is a matter of extreme importance we should not debate it and strike it out or make any other amendments to this bill.

Mr. NORBECK. Mr. President, I do not know how important it is, but I want to say that this is the only provision in this bill that even aims to be very helpful to agriculture. In its original form it included cotton, but the Senators from cotton States got together and agreed to have cotton eliminated. We agreed to it. Now I wish they would leave the northern products alone.

Mr. DILL. Mr. President, will the Senator yield?

Mr. NORBECK. Yes.

Mr. DILL. This provision may very easily become destructive of the market for wheat as well as to make a market for wheat. At the present time, if the Farm Board had the credit and the authority to sell the wheat which they have to China, they would absolutely destroy our market for western wheat this year on the Pacific Coast. I think myself that if the Farm Board are to have this power we ought to give it to them specifically, and not through the Reconstruction Finance Corporation.

Mr. NORBECK. There is an extra check on it here. I do not know that they will get any money under this bill. That is what is worrying me, but I am sure it is the only thing in the bill that gives any hope to agriculture.

The PRESIDING OFFICER (Mr. FESS in the chair). The question is on the motion of the Senator from Alabama to strike out subsection (c). [Putting the question.] The Chair is unable to decide.

Mr. BLACK. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. DICKINSON (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. Not knowing how he would vote on this question, I withhold my vote.

Mr. JONES (when his name was called). Again announcing my pair and its transfer as before, I vote "nay."

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote.

Mr. SCHALL (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. Not knowing how he would vote, I withhold my vote. If I were at liberty to vote, I should vote "nay."

Mr. SHORTRIDGE (when his name was called). Again announcing my general pair with the senior Senator from Montana [Mr. WALSH], and not knowing his views, I, of course, may not vote. If at liberty to do so, I should vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WATSON (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH]. I transfer that pair to the Senator from Nevada [Mr. ODDIE], and will vote. I vote "nay."

The roll call was concluded.

Mr. McNARY. I find that I can transfer my pair to the senior Senator from Colorado [Mr. WATERMAN]. I do so, and vote "nay."

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote.

Mr. DALE. Respecting my pair with the junior Senator from Alabama [Mr. BANKHEAD], I have to withhold my vote.

Mr. BULKLEY. I have a general pair with the junior Senator from Wyoming [Mr. CAREY]. I transfer that pair to the Senator from Massachusetts [Mr. COOLIDGE], and will vote. I vote "yea."

Mr. GLENN. I have a pair with the junior Senator from Louisiana [Mr. LONG], and refrain from voting.

Mr. DAVIS. I am informed that my pair would vote in the same way that I desire to vote. Therefore I am at liberty to vote, and vote "nay."

Mr. KING (after having voted in the affirmative). I have a pair with the junior Senator from New Mexico [Mr. CUTTING]. I transfer that pair to the junior Senator from South Dakota [Mr. BULOW], and will permit my vote to stand.

Mr. HOWELL. I have a general pair with the Senator from West Virginia [Mr. NEELY]. Not knowing how he would vote on this question, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. SHEPPARD. The Senator from Arkansas [Mrs. CARAWAY], the Senator from Tennessee [Mr. HULL], the Sen-

ator from South Dakota [Mr. BULOW], and the Senator from Louisiana [Mr. LONG] are detained on official business. I desire to further announce a general pair between the senior Senator from Nebraska [Mr. NORRIS] and the junior Senator from Tennessee [Mr. HULL].

The result was announced—yeas 17, nays 44, as follows:

YEAS—17

Ashurst	Copeland	King	Wagner
Black	Dill	McGill	Walsh, Mass.
Bratton	George	McKellar	
Bulkley	Glass	Patterson	
Cohen	Gore	Stephens	

NAYS—44

Austin	Fess	Kendrick	Robinson, Ind.
Barbour	Fletcher	Keyes	Sheppard
Bingham	Frazier	La Follette	Shipstead
Blaine	Goldsborough	Lewis	Smoot
Borah	Hale	McNary	Steiwer
Brookhart	Hastings	Moses	Townsend
Byrnes	Hayden	Norbeck	Trammell
Capper	Hebert	Nye	Vandenberg
Connally	Johnson	Pittman	Walcott
Couzens	Jones	Reed	Watson
Davis	Kean	Robinson, Ark.	White

NOT VOTING—35

Bailey	Cutting	Logan	Smith
Bankhead	Dale	Long	Swanson
Barkley	Dickinson	Metcalf	Thomas, Idaho
Broussard	Glenn	Morrison	Thomas, Okla.
Bulow	Harrison	Neely	Tydings
Caraway	Hatfield	Norris	Walsh, Mont.
Carey	Hawes	Oddie	Waterman
Coolidge	Howell	Schall	Wheeler
Costigan	Hull	Shortridge	

So Mr. BLACK'S amendment to the amendment was rejected.

Mr. GLASS. Mr. President, by direction of the Committee on Banking and Currency, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 15, after line 10, it is proposed to insert a new section, as follows:

SEC. 208. (a) The first sentence of section 3 of the Reconstruction Finance Corporation act is amended effective at the expiration of 10 days after the date of enactment of this act to read as follows: "The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury (or in his absence, the Under Secretary of the Treasury), who shall be a member ex officio, and six other persons appointed by the President of the United States, by and with the advice and consent of the Senate."

(b) Nothing in this section shall be construed to affect in any manner the terms of office of the appointed members of the board of directors of the Reconstruction Finance Corporation, nor to require their reappointment.

Mr. GLASS. Mr. President, briefly the explanation of this amendment is that it develops that two members of this board—to wit, the Governor of the Federal Reserve Board and the Farm Loan Commissioner, Mr. Bestor—are unable to give their time and attention to the business of the Reconstruction Finance Corporation. One of these gentlemen was admonished by his friends at the very beginning that if he should successfully discharge the duties already devolved upon him in the position which he then held he would have all that any man, even of his superior capacity, could attend to. The other ex officio member, while not occupying such an important position or one that requires such constant thought and consideration, is pretty much in the same position. In short, one of these gentlemen has been worked so constantly, night and day, that his health has become jeopardized; and this draft of an amendment to the bill which I have presented by direction of the Banking and Currency Committee of the Senate was sent up by the President of the United States, and has his full approval.

While I consented to offer the amendment by direction of the committee, I reserved the right to say that it is my own judgment that the numerical membership of the Reconstruction Finance Corporation board should not be increased. In my view, it is just another job for another man with another salary for the taxpayers to pay, together with the necessarily increased expense of the position itself in the employment of further clerical force of various sorts. Nevertheless, I present the amendment, as directed by the Banking and Currency Committee, for the consideration of the Senate.

Mr. WAGNER. Mr. President, I may say that the amendment is perfectly acceptable to me, and I think to the other members of the committee.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Virginia a question?

Mr. GLASS. I yield.

Mr. VANDENBERG. I find nothing in the text of the amendment referring, for example, to the partisan division in the membership. Is that covered elsewhere in the act?

Mr. GLASS. That remains in the act as it is now, and I understand that the President has given assurance that the additional member will be a Democrat.

Mr. ROBINSON of Arkansas. Mr. President, as I recall the provision in the law, it is that not more than four members of the Reconstruction Finance Corporation board of directors shall belong to any one political party.

I must supplement the statement made by the Senator from Virginia. No information has come to me disclosing the necessity for an increase in the membership of this board of directors, and I wish it distinctly understood that, so far as I am concerned, I am not prompted to accept this amendment on the theory that there will be another Democrat added to the board.

Mr. GLASS. That does not interest me at all.

Mr. ROBINSON of Arkansas. I move to modify the amendment so as to limit the number of members of the board to 6; to strike out "7" and insert in lieu thereof "6."

Mr. THOMAS of Idaho. Mr. President, would that in any way affect the provision that no more than one member shall be appointed from any one Federal-reserve district?

Mr. ROBINSON of Arkansas. No; it would not. The only effect would be to eliminate two ex officio members who say they are overworked.

Mr. VANDENBERG. Mr. President, may I inquire of the Senator from Virginia whether there was any discussion regarding the advisability of changing the requirement that not more than one member should come from any one Federal-reserve district?

Mr. GLASS. There was no discussion of that matter at all in the committee, and I assume that the law remains as it is.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment, to strike out "seven" and to insert "six."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. BINGHAM. Mr. President, I now desire to offer the amendment regarding the matter about which I previously spoke to the Senator from New York, which I send to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. The Senator from Connecticut offers the following amendment, on page 29, after line 8, to insert the following:

Albrook Field, Canal Zone: Technical buildings and installations, completion of, $293,000; gasoline-storage system, completion of, $25,000.

Barksdale Field, La.: Hangars, $350,000; headquarters and operations buildings, completion of, $89,200; gasoline-storage system, completion of, $20,000; paved aprons, $100,000.

Fort Benning, Ga.: Hangar, combination, $88,000; gasoline-storage system, $10,000; improvement of landing field and building area, $25,000; heating plant, $20,000; paved aprons, $20,000.

Benton Field, Alameda, Calif.: Completion of shops, including assembly and test hangars, dope storage, heating and engine test block, $605,500; depot warehouse, $500,000; administration building, $80,000; railroad spur, $8,000; quartermaster warehouse, maintenance and salvage building, $35,000; garage, $48,000; fire and guard house, $30,000; pier, $125,000; paint, oil, and dope storage and oil reclamation, $35,000; gasoline-storage system, $20,000; paved aprons, $80,000.

Fort Bliss, Tex.: Operations building, $10,000.

Bolling Field, D. C.: Paved aprons, completion of, $22,800; heating plant for technical area, completion of, $78,000; field shops, completion of, $6,000; improvement of landing field and building area, $615,000.

Chanute Field, Ill.: Hangars, $170,000; paved aprons, $30,000; improvement of landing field and technical area, $15,000; enlargement of central heating plant and steam lines, $185,000.

Dryden, Tex.: Paved aprons and hangar floor, $15,000.

Duncan Field, Tex.: Depot administration building, $60,000; gasoline-storage system, completion of, $15,000.

Hatbox Field, Muskogee, Okla.: Roofing and sidewalls for hangar, and paved aprons, $15,000.

Hamilton Field, Calif.: Headquarters and operations building, to complete, $35,000; improvement of a landing field and building area, $120,000.

Langley Field, Va.: Remodeling two hangars into shops, and for ceilings in and additions to hangars, $91,000; gasoline-storage system, completion of, $21,000; bomb storage, $19,000; improvement of landing field and building area, $25,000; machine-gun range, $6,000.

Luke Field, Hawaiian Department: Air depot, plane overhaul and assembly, $200,000.

March Field, Calif.: Gasoline-storage system, completion of, $10,000; aircraft-bomb storage, $5,000.

Maxwell Field, Ala.: Squadron officers' school and/or additions to school building, $150,000; gasoline-storage system, $10,200; improvement of landing field, $100,000; camera obscura, $4,000; bomb storage, $13,000; machine-gun and bombing range, $6,000.

Mitchel Field, N. Y.: Improvement of landing field, $80,000; gasoline-storage system, completion of, $5,000; bomb storage, $13,000; machine-gun range, $2,000.

Panama Canal Zone: Improvement of emergency landing fields at Gamboa Reach and Camp Gaillard, $20,000.

Patterson Field, Ohio: Hangars, headquarters and operations, and heating plant, completion of, $251,300; improvement of landing field and building area, $5,000; gasoline-storage system, completion of, $10,000.

Pope Field, N. C.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000; paint, oil, and dope storage, $5,000.

Post Field, Okla.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000.

Randolph Field, Tex.: Engine-test stands and building, $40,000; oil storage, $15,000; gasoline-storage system, completion of, $10,000; aerial target range, $20,000.

Rockwell Field, Calif.: Hangars, $576,000; Air Corps warehouse, $80,000; operations building, $20,000; remodeling a permanent building for radio, parachute, and armament building, $20,000; administration building, $80,000; photographic building, $36,000; paint, oil, and dope storage, $15,000; gasoline-storage system, $30,000; paved aprons, $95,000; central heating plants, $100,000; improvement of landing field and technical building area, $100,000; camera obscura, $5,000; bomb storage, $15,000.

Schoen Field, Ind.: Grading landing field, $5,000.

Scott Field, Ill.: Hangar, $90,000; headquarters and operations buildings, $80,000; barracks, $271,000; radio building, $10,000; photo building, $36,000; gas plant and chemical storage, $50,000; central heating plants, $145,000; gasoline-storage system, $10,000; paved aprons, $40,000; improvement of landing field and building area, $50,000; machine-gun butts, $3,000.

Selfridge Field, Mich.: Gasoline-storage system, completion of, $10,000.

Wheeler Field, Hawaiian Department: Gasoline-storage system, completion of, $31,000; paved aprons, $38,000.

Mr. WAGNER. Mr. President, these are the items which were in the bill when it passed the Senate as authorizations?

Mr. BINGHAM. I have made no change.

Mr. WAGNER. I am informed that the President of the United States approves the amendment which has been offerred, and under those circumstances I make no objection to it.

Mr. McKELLAR. Mr. President, does not the Senator understand that this is in part at least a "pork-barrel" amendment? It sounds to me like an immense "pork-barrel" amendment.

Mr. BINGHAM. Mr. President, the Senator voted for it before, I believe, although I did not.

Mr. McKELLAR. The Senator did what?

Mr. BINGHAM. It was in the bill as it passed the Senate.

Mr. McKELLAR. I voted against the bill as it passed.

Mr. BINGHAM. Then the Senator and I voted the same way; but it was in the bill as it passed the Senate before as an authorization, and since there was an omission due to the fact that it was overlooked, section 302 being merely an authorization, and the other items which are in the bill for military posts having been appropriated for in the bill, and since the Senate passed the authorizations, it seems to me that it would be well at this time to increase the amount for useful purpose, and increase the amount which could be used for unemployment, by these various items which have been approved by the committee and by the Senate.

Do I understand from the Senator from New York, if I may have his attention, that he has no objection to the amendment?

Mr. WAGNER. Under the circumstances mentioned, I have no objection.

Mr. TRAMMELL. Mr. President, I propose to offer an amendment to the amendment. I desire to add an item for hangars and housing for planes at the landing field at the Pensacola, Fla., air station, $500,000.

Mr. President, if we are to make this a regular "pork-barrel" proposition for Army posts and for naval air stations scattered throughout the country, then I think all stations should be dealt with justly and fairly. At Pensacola we have one of the major air stations of the country, and the improvements which are proposed are very badly needed there. I have not checked up on the various items for Army posts and for various naval activities in different sections, but I am confident that a close scrutiny of those various items would show that many of them are the height of extravagance and a waste of public funds.

We have throughout this session been talking about economy, trying to trim off here and there, a little everywhere, and the people of the country are getting tired of the excessive taxation. Yet in this bill the Senator from Connecticut proposes to extend the policy inaugurated as to Army posts, to naval stations, and air stations, dealing with the most lavish hand of extravagance, and the public is going to have the freight to pay.

I am familiar with this project at Pensacola, Fla., and I am sure that it is as worthy an enterprise as the Government can contribute to. It is for that reason that I offer this amendment, proposing that $500,000 be appropriated for hangars and housing for planes at the landing field at the naval air station at Pensacola, Fla. That is the substance of the amendment.

Of course, if we are not going to treat the entire situation fairly, then I am going to make a motion to strike out all of the items for Army posts and for naval air stations and for navy yards that are written into this bill.

Mr. BINGHAM. Mr. President, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BINGHAM. Would the Chair hold that this bill is in the nature of an appropriation bill, and, therefore, that an item might not be added to it that had not been reported from a committee, or authorized by the Senate?

The VICE PRESIDENT. The Chair has not made any ruling of any kind. The question has never been asked. This is not an appropriation bill.

Mr. BINGHAM. Mr. President, the items which I have offered, and which the Senator from Florida has denominated as "pork-barrel" items, I do not think can fairly be so considered. Certainly my object in offering them was not to benefit my own State in any degree, which is generally considered to be the brand of something that might be labeled "pork." There does not happen to be a single item among the Army posts or the aviation stations which I have just offered as an amendment which concerns the State of Connecticut.

Mr. WATSON. Mr. President, what is to hinder anybody from offering a "pork-barrel" amendment to this?

Mr. BINGHAM. I was about to make a point of order against the amendment of the Senator from Florida because the item which he has offered has not been considered by a committee or authorized by the Senate. The items which I have offered have all passed the Senate in the form of an authorization.

I make a point of order against the amendment offered by the Senator from Florida.

The VICE PRESIDENT. The point of order would not lie against the amendment on a bill of this kind. The point of order applies only to a general appropriation bill.

Mr. BLAINE. Mr. President, may I inquire of the Senator from Connecticut the total amount involved in the amendment?

Mr. BINGHAM. A little over $7,000,000. The total amount allotted for public works is $322,000,000 of which in the bill something over $15,000,000 has been allotted for the construction and installation at military posts of buildings and utilities. This would add to that sum $7,456,000, making it necessary to change the total in the bill on page 22, if this amendment is agreed to, so that the total of $15,000,000 would be increased to something over $22,000,000.

Mr. BLAINE. May I inquire of the Senator whether or not an appropriation would not have to be made for this purpose?

Mr. BINGHAM. Title III is actually an appropriation bill. The only reason why I made the point of order in relation to the amendment offered by the Senator from Florida was the fact that Title III is virtually an appropriation bill, and if we started offering amendments to it to cover everything in which we were interested in our own particular States, it is quite obvious there would never be an end to it. However, the point of order has been overruled, and therefore the amendment of the Senator from Florida is in order.

Mr. SMOOT. Mr. President, I was very sorry indeed that we could not make a point of order against the amendment offered by the Senator from Connecticut. I do not think that is the proper way to consider legislation, within a few moments of adjournment, without any discussion at all, particularly when it proposes to carry $7,000,000. The appropriation bills have all been passed. Some of the items proposed have been rejected by the Appropriations Committee and also by the Senate itself. I can only express the hope that it will not be agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the Senator from Connecticut.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Connecticut.

The amendment was rejected.

Mr. VANDENBERG. Mr. President, may I have the attention of the Senator from New York [Mr. WAGNER]? I want to ask for an interpretation. I am asking about the language on page 5, line 12, describing certificates which must be made before a municipality qualifies for a loan. The language is that the certificates must be like unto the certificate provided in subsection (c). I am inquiring of the Senator whether that means that the certificate must indicate that the municipality has exhausted its resources or that the State has exhausted the State resources eligible for aid to the municipality.

Mr. WAGNER. It means that the municipality has exhausted its resources and has no available method of securing any further resources.

Mr. VANDENBERG. That was my understanding of the language. If the language stands then as indicated, it is the governor who certifies as to the municipal condition?

Mr. WAGNER. Yes.

Mr. VANDENBERG. I am asking the Senator whether he does not think it would be wise also to require a municipal certification along with the governor's certificate so the authority is definitely pinned to the municipality?

Mr. WAGNER. The governor undoubtedly will require such a certification to be made to him. The Federal Government can not deal with the mayor of every municipality throughout the country, so we are proposing to deal with the governor alone.

Mr. VANDENBERG. I have no objection to that, but I am asking the Senator whether or not the practice which he now says he assumes would be followed might not wisely be required in the following language, making the requirement read as follows:

> A like certificate as provided in subsection (c) as to the State or Territory, together with a like certificate from the chief executive officer of such municipality or political subdivision.

Mr. WAGNER. The difficulty is, I think, that we are going to add more red tape to the procedure, which we want to make as simple as possible so as to make the availability of the fund as expeditious as possible.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Arkansas?

Mr. VANDENBERG. I yield.

Mr. ROBINSON of Arkansas. It is not conceivable that the governor of the State would certify that the municipality was without funds and unable to secure the same if the mayor took a contrary view of it.

Mr. VANDENBERG. As the Senator knows, in many of the larger cities there is continual controversy as to whether the city is or is not at the end of its resources. It seems to me that the executive officer of the city should be the one who is required to take the initial responsibility in dealing with the governor, not only for our sake but for the governor's sake and for the ultimate sake of pinning the responsibility. What would be the objection to requiring the governor, when sending in a municipal certification, to accompany it with a direct certificate from the city?

Mr. ROBINSON of Arkansas. I would not have the slightest objection to that, provided the relationship of the corporation was with the governor and not with the mayor.

Mr. VANDENBERG. That is my view likewise.

Mr. WAGNER. That simply means that the Reconstruction Finance Corporation must insure that the governor is certifying the truth because his statement is to be corroborated by a certificate from the mayor of the city. I think it is entirely unnecessary.

Mr. VANDENBERG. I think the Senator misinterprets my thought. It is not a question of integrity. It is a question of judgment. In many cities there is a decided difference of opinion as to whether or not the city has exhausted its own resources. There are groups which insist that a city ought to go farther without seeking outside aid.

Mr. WAGNER. We are making the governor the judge of all that, and that ought to be sufficient. He certainly will not certify until after he has made investigation of the condition of the particular municipality and whether or not there are other sources from which they can get funds to help the needy in a particular municipality. I do not see much point to the proposal. It is too insignificant.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Illinois?

Mr. VANDENBERG. I yield.

Mr. LEWIS. Having so frequently demonstrated my interest in the particular phase to which the Senator from Michigan addresses himself and after hearing his observations, I should like to ask my friend, since his view, I take it, is to make assurance that the city seeking relief from the Government is really presenting the facts that disclose the need for relief through the officials of the city, would not the mere fact of the application being made by the mayor and officials itself be sufficient certificate of the governor's faith, honesty, and appropriateness?

Mr. VANDENBERG. I find nothing in the bill that requires the request to come from the mayor or official spokesman of the city.

Mr. LEWIS. Does our eminent friend from Michigan assume there is any other way by which a governor would recognize a community without recognizing its officials as one of the agencies of the State?

Mr. VANDENBERG. Yes. I am thinking of a situation in which there might be unemployment-relief organizations which might be considered to have a prior right of consultation in a situation of this kind.

Mr. LEWIS. I think I catch quickly the point. The Senator seeks to avoid, first, a conflict; second, requests from unreliable sources which might be yielded to, and to prevent the clash of that same expression coming from officials of the city.

Mr. VANDENBERG. That is my sole purpose.

Mr. WAGNER. The funds are not to be advanced to a municipality unless the municipality gives security to the

Reconstruction Finance Corporation, so certainly no irresponsible body in any municipality can make a request effective.

Mr. LEWIS. That is the way it affected me.

Mr. WAGNER. In line 21, page 15, it is provided:

(2) Such municipality or political subdivision enters into an agreement with the corporation for the repayment to the corporation of the amount so paid, with interest at the rate of 3 per cent per annum.

Mr. VANDENBERG. The Senator thinks it would be inadvisable to require an additional certificate?

Mr. WAGNER. I think so. I think we are adding to the red tape, which we want to avoid.

Mr. VANDENBERG. I have no desire to press the matter if the Senator thinks the situation is cared for.

Mr. WAGNER. I think it is, although I am not vigorous in my opposition to the suggestion of the Senator.

Mr. VANDENBERG. If the Senator has no serious objection, I should like to move to amend, after the word "territory," in line 14, page 5, by adding the following language:

together with a like certificate from the chief executive officer of such municipality or political subdivision.

Mr. WAGNER. I do think it adds to the red tape. By saying I did not vigorously object I wanted simply to be polite.

Mr. VANDENBERG. I thank the Senator for his courtesy.

Mr. GORE. Mr. President, it seems to me this is a case where we might be a little generous with red tape. Some of these cities will receive millions of dollars under the bill. To require the signature of the mayor ought not to be an overdraft either on his time or his services. There is one town in Connecticut—Watertown, I believe—which has developed a system of dealing with the depression and unemployment. It imposes a tax or contribution on the wages and income of its citizens ranging from 1 to 3 per cent. It administers the fund to the unemployed. But no one receives a dollar without rendering services in return. I understand the system has worked admirably. I think it ought to be adopted here. The pending question deals with the $300,000,000 being appropriated for dole or alms or charity.

Mr. President, it would require every bale of cotton raised in the United States this year to pay this single appropriation of $300,000,000. The present estimated wheat crop at farm prices will pay about two-thirds of this generous appropriation. It seems to me that the signature of the mayor might well be required. Of course, ink is a little high, red ink in particular; there has been an overdraft upon the supply of red ink; but it does seem to me that where we are dispensing $300,000,000 of public funds it really is not asking too much to require that the mayor affix his signature to the requisition before the stricken taxpayers of the country are called upon to honor the draft. Nobody seems to remember the taxpayer.

Mr. GLASS. He is the "forgotten man."

Mr. GORE. Yes; he is the "forgotten man."

Mr. President, the practice of bleeding a patient in case of illness is an ancient practice. It began centuries before the birth of Christ and has been practiced down to our own time. In my childhood I saw it practiced. It has been applied in many ages; it has been applied to many diseases, has been applied to many patients, has been applied by many physicians; but I believe that in all the history of therapeutics, in all the history of the art of healing, this Congress is the first practitioner that has ever resorted to bleeding in a case of pernicious anemia. [Laughter.]

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Michigan.

The amendment was agreed to.

Mr. HAYDEN. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 20, line 20, after the figures "$15,500,000," insert the following:

Provided, That of said sum $272,000 shall be available for expenditure on flood-control emergency construction on works at Nogales, Ariz., as provided in Senate Document No. 44, Seventy-second Congress, first session.

Mr. HAYDEN. Mr. President, I offer the amendment here because all the annual appropriation bills have passed, including the last deficiency bill. The proposal is to carry out a recommendation made by the American commissioner on the United States-Mexican Boundary Commission. The city of Nogales is divided at the international line by a street. About one-half of a total population of 20,000 live in Mexico and the remainder in the United States. A complete flood-control project would require considerable work in Mexico, but I have eliminated from the amendment all construction on the Mexican side of the line so that it would only apply to emergency work on the American side of the line. There have been a number of very serious floods in Nogales. In 1930 five people were drowned. Only last Friday there occurred the largest flood ever known. Earnest appeals have been made to me that an appropriation for emergency construction be obtained at this session of Congress. I must use this bill as the only vehicle whereby it may be obtained.

Mr. PITTMAN. Mr. President, I am very much in sympathy with the proposal of the Senator from Arizona, but all through the bill we have refused to designate particular works not heretofore authorized. It is totally impossible to accomplish the object of the bill if we make any exceptions. If we ever expect to have the bill passed we can not include unauthorized items. Therefore I shall have to oppose the Senator's amendment, much as I dislike to do so.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arizona to the amendment.

The amendment to the amendment was rejected.

Mr. HAYDEN. I ask leave to include in the RECORD as a part of my remarks certain telegrams on the subject covered by the amendment offered by me.

There being no objection, the telegrams were ordered printed in the RECORD, as follows:

NOGALES, ARIZ., *July 9, 1932.*

Senator CARL HAYDEN,
Capitol Building, Washington:

One and sixty-three one-hundredths inches rain fell, starting 5 to-day, flooding twin cities of Nogales. Unable estimate damage as yet; conservative place at seventy-five thousand. Flood season just starting and overcast skies indicate continued storms. Main streets ran 3 feet deep for two hours; Joffroy warehouse, one of largest, completely demolished; railroad tank car turned over in rush of waters. If no more rain to-night, will require days to clear débris. Large section of recently installed fence on line demolished. People of city fearful lest further damage and loss of life will occur. Please advise Senator ASHURST and Congressman DOUGLAS we are all hopeful that flood-control measure may be put through this session.

H. R. SISK,
President Chamber of Commerce.
H. J. KARNS, *Mayor.*

NOGALES, ARIZ., *July 11, 1932.*

Hon. CARL HAYDEN,
Capitol Building, Washington:

American Red Cross has completed survey damage in Nogales, Ariz., result flood. They advise 66 homes flooded, 206 persons involved, relief required probably over $5,000. This figure does not include damage to business houses, Government property, or expense in removing débris. Understand representative of boundary commission has made survey to-day; his report now in State Department. Suggest you obtain copy of same, which we feel sure will show immediate need for action. Volume of flood waters estimated to be higher than any time previous. Damage kept to a minimum through energetic action of American citizens and fact that flood occurred during daytime.

H. R. SISK,
President Chamber of Commerce.
H. J. KARNS, *Mayor.*

NOGALES, ARIZ., *July 11, 1932.*

Senator CARL HAYDEN:

Flood of Friday, the 8th, left deposits of débris through entire city of Nogales, Ariz. We consider this condition particularly in-

sanitary and unhealthful and constituting a serious health menace, likely to cause pestilence. We fully realize that no one but Federal Government has power to act on this situation, and urge you do everything possible looking to immediate action before Congress adjourns. Let us not measure economy with disease and death.

SANTA CRUZ COUNTY MEDICAL SOCIETY,
E. C. HOUSE, *President.*
C. S. SMITH, *Secretary.*
A. L. GUSTETTER,
City and County Health Officer.

NOGALES, ARIZ., *July 9, 1932.*

Hon. CARL HAYDEN,
United States Senate, Washington, D. C.:

Terrific floods Nogales to-day, resulting great property damage. Our company supplying gas and electricity, vital part of community existence. We have suffered severe loss at power plant and throughout distribution system. Flood control in accordance plans sponsored by yourself immediately and urgently necessary prevent further loss life and property. Please do everything in your power to secure definite action and appropriation this session.

W. H. GROVER,
Manager Public Utilities Consolidated Corporation.

Mr. GLASS. Mr. President, I move an amendment, on page 19, in line 17, after the word "Interior," to insert "military parks under the jurisdiction of the War Department." I understand the Senator from New York does not object to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Virginia.

Mr. NORBECK. Mr. President, I do not think there is any real difference between the purpose of the Senator from Virginia and mine, and certainly I would be the last one to stand in the way of the development of the historic places in the wonderful Commonwealth of Virginia, but here is an appropriation based evidently on long preparation.

Mr. GLASS. May I interrupt the Senator to say if he is going to object I will withdraw the amendment?

Mr. NORBECK. If the Senator will be patient with me for a little while, I am not going to object at all. I am going merely to suggest that the amendment, as he proposes it, leaves the matter rather wide open. Which department is to expend the money, and how much is each to expend? I have previously talked to the Senator from Virginia about it. He thinks that only a small part of the total sum provided will be necessary, and I am simply suggesting that the amount for the purpose he has in mind be limited so as to avoid argument between the two departments, so that each of them will not want the $250,000. Would the Senator from Virginia be willing to limit the amount to be used for the purpose indicated to $250,000?

Mr. GLASS. Yes; I will agree to limit it in that way.

Mr. NORBECK. Very well, and if the Senator thinks that will not do I will agree to a larger sum, but that is very satisfactory.

Mr. GLASS. I will offer the amendment so that the provision will read:

in the national parks and the national monuments under the jurisdiction of the Department of the Interior, and $250,000 in military parks under the jurisdiction of the War Department.

Mr. HAYDEN. Mr. President, do I understand that the amendment proposes to increase the amount now carried in the paragraph?

Mr. GLASS. No. I am asking for $250,000 for the purpose indicated, from the $5,000,000 appropriation which is provided.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Virginia.

Mr. HAYDEN. Where is the $5,000,000 item in the bill?

Mr. GLASS. If the Senator will just look at the bill he will see it on page 19, line 13, "$5,000,000."

Mr. HAYDEN. Mr. President, I very seriously dislike to object to the amendment offered by the Senator from Virginia. If it were an addition to the appropriation, I would not object. Why does not the Senator add $250,000 for military parks?

Mr. GLASS. For the simple reason that I do not want to add any further burdens upon the taxpayers of the country; that is the reason. The Senator wants the whole $5,000,000 expended in his section of the country, and I want the modest sum of $250,000 expended in mine.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Virginia.

The amendment was rejected.

Mr. KING. Mr. President, I challenge the attention of the Senate to 100 Army posts scattered recklessly and needlessly, many of them, throughout the United States. They are mentioned on pages 22, 23, 24, 25, 26, 27, 28, and 29, and appropriations are carried in this bill aggregating $15,164,000. I move to strike out all the items beginning on line 15, page 22, and all the rest of that page and all of pages 23, 24, 25, 26, 27, 28, and down to and including line 14, on page 29.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

Mr. TRAMMELL. Mr. President, I had contemplated making a similar motion because I feel this assessment of over $15,000,000 upon the taxpayers of the country could be much more wisely and judiciously expended with the object and purpose of taking care of the unemployed either on river and harbor improvements or on public-building improvements. Our Army posts should be maintained at a reasonably fair standard as to equipment and buildings; but I am confident that many of these items represent absolute extravagance and expenditures that are not essential for the maintenance of the proper equipment and facilities at Army posts.

If we are going to throw away some money in our anxiety to try to stimulate industry in the country and to bring about employment of the unemployed, why not use the money in directions where it will accomplish more and where it will come nearer reaching the centers of unemployment instead of placing it in these Army posts? Of course, we have provided rather liberally for public buildings, but there are many towns throughout the country where public buildings would serve a better purpose than the improvements that are contemplated at Army posts. Furthermore, there are river and harbor projects that have been indorsed and recommended by the Board of Army Engineers that could be undertaken and the accomplishment would be much more advantageous to people who, in the finality, have to pay the freight, the taxpayers. I should like to see this section stricken out and the money devoted to public buildings, for river and harbor improvements, and for even a greater contribution toward relief funds.

We are going to have terrible conditions in the country next winter. I am not a pessimist; I do not like to speak of unfavorable conditions, and I have done very little of that in the Senate. I think we have had entirely too much talk about our troubles upon the floor of the Senate and throughout the country. I noticed in a newspaper the other day a statement that the people of a certain State agreed practically unanimously that they would try and spread a little cheer, a little encouragement, instead of constantly talking disaster and depression. While, of course, that will not bring prosperity it will come far nearer bringing it than this constant pessimism that prevails throughout the country. However, we are going to have a serious situation; in fact, we have a serious situation now; and I would rather take $8,000,000 of this amount and place it in the relief fund to take care of people in actual distress and those who will be in actual distress as time goes on to even a greater extent probably than they are at present.

A great deal of this amount is going to be used for the purpose of providing officers' quarters. Some of the officers are living in fairly comfortable quarters, which probably many of us would be delighted to have the advantage of occupying. In many cases they are far superior to the habitations of many of us, but a large part of the amount provided goes for that purpose. I should like to see the money used for some more practical purpose if we are going to require the taxpayers of this country to contribute $15,000,000, and I am heartily in favor of such relief.

Consider the first item. It provides an appropriation of $609,000 for officers' quarters at one post. That is for commissioned-officers' quarters, and for noncommissioned officers $252,000 more are provided. That represents $861,000 in the very first item we find in this particular paragraph for officers' quarters. Do we not all realize and do not we believe that this amount of money could be expended in other directions that would be more helpful toward furnishing relief of the distress which prevails throughout the country? It is for that reason that I am supporting the motion to strike out this section, because I think if we are going to expend $15,000,000 and require the taxpayers to make that contribution, we could use it to more helpful purpose.

Mr. COPELAND. Mr. President——

Mr. TRAMMELL. I yield to the Senator from New York.

Mr. COPELAND. I assume the purpose of the bill is to give employment. I had nothing to do with formulating the bill, but last year we provided a half a million dollars for certain repairs at West Point. I happen to live very near West Point, and it was very interesting to me to ascertain the number of carpenters and painters and masons of the neighborhood who were employed on that work. I know nothing about the particulars of the items in the bill, but I have no question that by the expenditure of this money there would be provided a tremendous amount of common labor and skilled labor by craftsmen, and that, I dare say, is the purpose of it.

Mr. TRAMMELL. Mr. President, I think there will be afforded some opportunity for private employment in connection with this item; I fully appreciate that; but I am under the impression that the same fund could be used in other directions to accomplish more good toward relieving unemployment.

This particular paragraph is also illustrative of the lack of consideration of the subject with which the committee was dealing when it made the provision found in this particular section. If it were the object and purpose of the committee to make a distribution of public funds and to give people employment, why did they restrict the appropriations to Army posts throughout the country, when there are a great many navy yards in the United States improvements on which could employ equally as much labor, dollar for dollar, and probably more? There are also naval air stations scattered throughout the country, but those were just passed by. One trouble with the legislation that we enact is that there is about it too much special favoritism for particular enterprises or for particular interests or particular localities.

Mr. BINGHAM. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Connecticut?

Mr. TRAMMELL. I yield to the Senator from Connecticut.

Mr. BINGHAM. I call the Senator's attention to the fact that on page 21, line 18, $10,000,000 are provided for the construction of projects by the Navy Department under the Bureau of Yards and Docks.

Mr. TRAMMELL. Yes; that is in connection with the Bureau of Yards and Docks.

Mr. BINGHAM. Does not the Senator think that is a rather liberal provision for the purpose? As a matter of fact, in proportion, I think it is quite as liberal as the amount for Army construction.

Mr. TRAMMELL. There is some provision made there, but it is not proportionate to the appropriation for Army posts. At this session of Congress, with the taxpayers of the country prostrate and crying for relief instead of further tax burdens, I have witnessed the Army bill come into the Senate and pass the Senate with practically no reduction of any consequence, whereas in almost every other line of endeavor with which Congress deals there has been a 10 per cent reduction or a 15 per cent reduction or a 20 per cent reduction. It seems, however, that with many the Army activities of the country are so sacred that their expenditures must not be reduced at all, comparatively speaking. A great many items which should have been eliminated from the Army appropriation bill remain in it. I hope the amendment will be adopted.

Mr. COUZENS. Mr. President, I want the Senate to go on record, if I can get them to go on record, with respect to this item.

Everyone knows that the highways and the byways and the parks are filled with unemployed people. They are sleeping out on the outside. Men, women, and children are lacking proper housing and food and other necessities of life. Let me point out just a few of the items that this bill carries.

On page 22, line 18, begins the first item of the $15,000,000 we are appropriating. The first item is an appropriation for the Canal Zone, where it does not do so much harm if people have to sleep outdoors; but here is a post exchange, a theater, and a gymnasium, costing in the aggregate $42,000.

Take Barksdale Field, La.: There is $609,000 for officers' quarters—officers who already have quarters. We have millions of men, women, and children sleeping outdoors, who are unable to pay rents, and yet we are appropriating money for this purpose, while resisting a dole!

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Utah?

Mr. COUZENS. Just a moment.

Mr. KING. I just wanted to say that the Senator omitted two hundred and some odd thousand dollars more for officers at the same place.

Mr. COUZENS. That is true. I am not going to take up much of the Senate's time, however. I want the Senate, if they will, to go on record as to whether or not they are going to approve the motion of the Senator from Utah to eliminate from the bill the provisions referred to by him.

For instance, at the same place there is $225,000 for the completion of a hospital. There is $30,000 for the completion of a garage. We can find money to house cars, but we can not find dollars to house men, women, and children. Every attempt to get any appropriation, even for the District of Columbia, for the relief of human beings is protested and vigorously fought, and yet here we attempt to slip through at a moment's notice an appropriation of $15,000,000 for things that are absolutely unnecessary!

Mr. WAGNER. Mr. President——

Mr. COUZENS. Here is $15,000 for a quartermaster warehouse, to warehouse goods, while we can not even house human beings. We can not have a dole; that is prohibited; but we can have millions of appropriation for housing cars, for improving housing facilities for Army officers, for theaters, and for recreation buildings.

I want to point out that there is an appropriation for Fort Benning, Ga., for barracks, of $650,000—barracks that unquestionably can be gotten along without, so long as men, women, and children have to go without housing facilities in America.

Now, we go on to Bolling Field in the District of Columbia: Noncommissioned officers' quarters, $54,000; post exchange, theater, and gymnasium, $45,000; officers' mess, $50,000; enlargement of heating plant, $95,000. While men, women, and children are unable to get housing, we appropriate all of this money. You can go down through the entire bill and you will find appropriations for service clubs, for theaters, for gymnasiums.

I do not desire to delay the Senate at this late hour at night; but I am unwilling to let this matter go by without a protest.

On page 24 we have $20,000 for a quartermaster maintenance building, and another $40,000 for a garage to house cars. We can not find any money to house people, but we can find money to house automobiles.

At Fort Du Pont we have $60,000 for noncommissioned officers' quarters.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. WAGNER. The Senator has said that we are not able to find money for housing people. What particular proposal has he in mind? I do not remember ever voting against any such proposal, or even being confronted with it.

Mr. COUZENS. The Senator knows that every conceivable obstacle has been placed in the way of getting appropriations for the District of Columbia. I remember that the President asked for $650,000 to care for the unemployed in the District of Columbia, and after weeks and weeks of delay the Congress cut it down 50 per cent. More than the $650,000 which we were asked to appropriate to care for the people of the District of Columbia, and which we could not appropriate, is appropriated in this bill for theaters, for service clubs, for garages, for the purpose of housing things that do not need to be housed at this time.

Mr. WAGNER. I am certainly in sympathy with the Senator's proposition to house people in the District of Columbia. This proposal is to put people to work; and it was put in, as I was informed, after an investigation by the War Department of the necessity of these projects that sooner or later will have to be built. After an investigation by the Committees on Military Affairs in both the House and the Senate of the necessity of these projects, it was determined that they were immediately available, and that they could put people to work now.

My theory is that if these projects are to be constructed by the Government, this is the time to do it, when it will put people to work. If the committee and the conferees have been misinformed as to the merits of these proposals, of course then the Senator ought to enlighten the Senate. The idea of this provision is to put people to work upon necessary projects. If they are unnecessary, and if the Senator will convince the Senate of that, I am sure they will be eliminated.

Mr. COUZENS. I am satisfied that they are unnecessary at this time. I am satisfied that there are more necessary projects and more desirable projects to employ labor.

Mr. WAGNER. Mr. President, will the Senator yield further?

Mr. COUZENS. Yes.

Mr. WAGNER. The Senator knows that right along I have been in favor of a much larger public-works program than the program proposed here. This is the very minimum which the Government ought to do to help put people back to work.

Mr. COUZENS. I have not been in disagreement with the Senator's efforts. I have been sympathetic with his efforts along lines of unemployment relief.

Mr. WAGNER. I acknowledge the Senator's sympathy and cooperation.

Mr. COUZENS. On employment exchanges I have not been out of accord with him. I assume that he is not personally responsible for all of these items in the bill; but I do not believe that Congress can justify itself in passing this bill with $15,000,000 included in it for the purposes enumerated here.

It is perfectly obvious that the Army will get all the money it can get. Does anybody know of any department of Government that does not get all the money it can secure, whether it is the Navy or the Army or any other? I assume that I shall have to vote for this bill; and I am unwilling to go on record without a protest to the effect that this Government is unable to find money for the relief of men, women, and children, and yet can find money to build theaters, gymnasiums, service clubs, garages, and other items referred to in this bill.

Mr. BINGHAM. Mr. President——

Mr. COUZENS. I yield.

Mr. BINGHAM. I have a great deal of sympathy with the position taken by the Senator that it is rather an extravagance to build all these different items; but they have been carefully worked out and provided for as part of the national defense.

Mr. COUZENS. Will the Senator tell me what service clubs, theaters, and all that have to do with the national defense?

Mr. BINGHAM. That is a matter which has been considered by the Military Affairs Committees of both Houses. I am not a member of the Military Affairs Committee; but may I call the Senator's attention to the fact that on page 22 is also $100,000,000 for public-building projects, not one of which, so far as we know, is any more necessary than the various things which the Senator objects to, like quartermaster maintenance buildings and noncommissioned officers' quarters? One hundred million dollars are to be spent for emergency construction of public projects. What is the object? It is not because the buildings are needed. It is not because they are going to shelter anybody. It is, as I understand, because it puts somebody to work.

Mr. COUZENS. That is not the only reason. A lot of these buildings are being built to stop the payment of rent. A lot of these buildings are being built to take the place of privately owned post offices and other public buildings, and this appropriation is for the purpose of stopping the payment of rent in lots of places where we now rent buildings.

Mr. REED. Mr. President, will the Senator yield there?

Mr. COUZENS. Yes.

Mr. REED. In just exactly the same way the building of quarters for officers and noncommissioned officers stops the payment of rent, because as long as they are out renting housing the Government pays them a rental allowance. This will save money for the Government in that way.

Mr. COUZENS. It has also been charged that the janitor service, the upkeep, and the maintenance even of many of these Federal buildings will be in excess of the rent we now pay for the rented quarters.

Mr. REED. Will the Senator yield there?

Mr. COUZENS. Certainly.

Mr. REED. There is no janitor service in these Army-post buildings, because the troops supply their own janitor service.

Mr. COUZENS. I was speaking of the Federal construction program. When Speaker GARNER proposed his bill, a general protest went up throughout the country that in the case of many of these buildings the maintenance of them, the cost of janitor service and upkeep and elevator service, amounted to more than the rent now being paid for private quarters. I am not charging that elevator service and janitor service will be required in these buildings; but the Senator from Pennsylvania knows that when all of these theaters and all of these service clubs are built, there will be appropriations every year for maintenance charges. There is no question about that; and all through the bill there are evidences of appropriations for unnecessary activities.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. BINGHAM. On page 20 the Senator will find the following item:

> For the prosecution of river and harbor projects heretofore authorized, $30,000,000.

Of course, it is very difficult to find any fault with that, because we do not know the details. May I submit to the Senator that if we had a list of all the little projects, scattered all over the United States, that are going to make up that $30,000,000, it would be just as easy to make fun of the appropriation and show the unnecessary character of a great deal of it, as the Senator is doing with regard to the Army.

Similarly with regard to flood-control projects, for which $15,500,000 is appropriated: None of them are specified, and we do not know what it is all about; but we are asked to vote for the same amount of money, only it is not specified as to how it shall be spent. Therefore it is difficult to find fault with it.

Mr. COUZENS. I admit that I can not find fault with things I do not know about, but I can find fault with things I do know about. I do not claim to know it all. I do not know what all this money for flood control is going to be used for; but when I pick up the bill, I find that at Bolling Field we are going to have a post exchange, a theater, a gymnasium, an officers' mess, and all those things. While people in the District of Columbia are living on the ground, right at Bolling Field we are going to put up a theater, a post exchange, and a gymnasium—for what purpose? For an unnecessary purpose, at least at this time.

I dislike very much to delay the Senate; but I wish the Senate would go on record by a roll call as to whether they want to appropriate $15,000,000 for the purposes I have

already enumerated, and at the same time let the people of the District of Columbia sleep on the ground.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. KING].

Mr. REED. Mr. President, is it necessary for the Senate to run on such hours as this in the consideration of this bill? It seems to me very doubtful whether we have a quorum. I should like to have this question passed on by a full Senate. Therefore, I move that the Senate stand in recess until 11 o'clock to-morrow morning.

Mr. WAGNER. I hope that motion——

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Pennsylvania.

Mr. COUZENS. Mr. President——

Mr. BLAINE. The motion is not debatable.

The PRESIDENT pro tempore. That motion is not debatable.

Mr. COUZENS. I desire to move, as a substitute, that the Senate adjourn until 9 o'clock to-morrow morning.

The PRESIDENT pro tempore. The question is on agreeing to the substitute motion proposed by the Senator from Michigan, namely, that the Senate adjourn until 9 o'clock to-morrow morning.

The motion was rejected.

The PRESIDENT pro tempore. The question now is on agreeing to the motion of the Senator from Pennsylvania, which is that the Senate recess until to-morrow at 11 o'clock.

Mr. REED. I call for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the junior Senator from Nevada [Mr. ODDIE] and vote "yea."

Mr. SHORTRIDGE (when his name was called). Repeating the announcement of my general pair with the senior Senator from Montana [Mr. WALSH], I must refrain from voting. If permitted to vote, I would vote "yea."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. I understand that he would vote as I intend to vote. I vote "nay."

Mr. WATSON (when his name was called). I transfer my pair with the senior Senator from South Carolina [Mr. SMITH] to the senior Senator from Colorado [Mr. WATERMAN] and vote "nay."

The roll call was concluded.

Mr. HOWELL. I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. Not knowing how he would vote, I withhold my vote. I understand if present, the Senator from West Virginia would vote "nay"; and if permitted to vote, I would vote "yea."

Mr. DAVIS. I have a pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if present, he would vote "nay." I would vote "yea" if permitted to vote.

Mr. DALE. I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. I am informed that he would vote as I intend to vote, and therefore I vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SCHALL] with the Senator from Oklahoma [Mr. THOMAS]; and

The Senator from Maine [Mr. WHITE] with the Senator from Missouri [Mr. HAWES].

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. JONES (after having voted in the negative). I voted inadvertently, but since have been informed that my pair, the senior Senator from Virginia [Mr. SWANSON], would vote as I have voted. Therefore I will allow my vote to stand.

Mr. BULKLEY. I have a general pair with the junior Senator from Wyoming [Mr. CAREY], who is absent. I transfer that pair to the junior Senator from Arkansas [Mrs. CARAWAY] and vote "nay."

Mr. KING (after having voted in the affirmative). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING], and therefore withdraw my vote.

Mr. DICKINSON (after having voted in the negative). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. I am informed that if that Senator were present, he would vote as I have voted, and therefore I permit my vote to stand.

The result was announced—yeas 25, nays 37, as follows:

YEAS—25

Austin	Capper	Kean	Steiwer
Bailey	Connally	Keyes	Stephens
Barbour	Costigan	McNary	Townsend
Bingham	Goldsborough	Metcalf	Walcott
Black	Hale	Patterson	
Brookhart	Hastings	Reed	
Bulow	Johnson	Shipstead	

NAYS—37

Ashurst	Dill	Jones	Robinson, Ind.
Blaine	Fess	La Follette	Sheppard
Bratton	Frazier	Lewis	Thomas, Idaho
Bulkley	George	McGill	Trammell
Byrnes	Glass	McKellar	Tydings
Cohen	Glenn	Moses	Wagner
Copeland	Gore	Norbeck	Watson
Couzens	Hayden	Norris	
Dale	Hebert	Nye	
Dickinson	Hull	Robinson, Ark.	

NOT VOTING—34

Bankhead	Fletcher	Morrison	Thomas, Okla.
Barkley	Harrison	Neely	Vandenberg
Borah	Hatfield	Oddie	Walsh, Mass.
Broussard	Hawes	Pittman	Walsh, Mont.
Caraway	Howell	Schall	Waterman
Carey	Kendrick	Shortridge	Wheeler
Coolidge	King	Smith	White
Cutting	Logan	Smoot	
Davis	Long	Swanson	

So the Senate refused to take a recess.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. KING] to the amendment.

Mr. REED. Mr. President, the items proposed to be stricken out by the Senator from Utah are items which have met with the approval and recommendation of the War Department; have been studied by the Military Affairs Committee of the House, which has had a representative visit every single post that is listed in these items; have been studied by the Committee on Military Affairs of the Senate; have been passed by the House of Representatives, in the bill recently vetoed by the President; were adopted by the Senate and agreed to by the conferees on that bill; and have been approved in every sense by the appropriate committees and by both Houses of Congress. They were put into this bill largely because they would furnish unemployment relief in every part of the United States, and would give the best kind of unemployment relief, in furnishing employment to thousands upon thousands of men in the construction of the facilities called for.

Being approved, being necessary, furnishing employment, as they would, it seemed a particularly appropriate time to build these facilities, because they can be built cheaper now than they could have been built at any time within the last 15 years, or perhaps a longer period than that.

Every one of these buildings is necessary for the proper housing and functioning of the Army. Let me take a single illustration. The Senator from Michigan picked out the item on page 22 for Barksdale Field, La. That is a comparatively new aviation field, at which is centered a large pursuit group. Pursuit planes, as the Senate knows, are the combat planes, the single-seaters, which require the very highest degree of skill to operate, particularly in formation.

The young men who fly those planes are mostly lieutenants, living on very low incomes, which we have recently reduced by our economy bill; and since that field is a new field, all of those young men are compelled to go out and rent private quarters at rents far beyond what the Government allows them for rental allowances.

They are taking bigger chances than any other men in our Military Establishment to-day, they are poorly housed, they have low incomes, recently reduced, as I have said,

and the housing that would be provided for them by this provision would certainly be no more than common justice would demand that we give them. This project down there would furnish work to all sorts of building laborers, and the buildings when completed would house people to whom we owe everything.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. BYRNES. On page 26 there is an appropriation authorized for Fort Meade, S. Dak., for a riding hall, $25,000. How necessary is that riding hall?

Mr. REED. If the Senator will think of the climate of that State in the winter months, he will realize that some place like this hall is almost imperatively necessary for the exercising of the animals and the proper training of the men.

Mr. BYRNES. Have they any riding hall?

Mr. REED. No; they have not. It is a cavalry post. This is meant to be a very economical building obviously. To build a riding hall for $25,000 is a pretty inexpensive performance. It has been recommended as necessary by the committees, particularly in view of the weather conditions at the post.

Mr. DILL. Mr. President——

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Pennsylvania yield to the Senator from Washington?

Mr. REED. I yield.

Mr. DILL. Can the Senator tell me who made up the list?

Mr. REED. It was made up originally by studies prepared at the War Department, which were carefully checked by the representatives of the House Committee on Military Affairs. They made a trip to every one of the posts.

Mr. DILL. The reason why I ask the Senator is that I am not familiar with any State except the State of Washington. I note on page 25, near the bottom of the page, line 19, they have included Fort Lawton, noncommissioned officers' quarters, $30,000. That post is practically abandoned. I am informed it is intended to abandon it. It seems to me that sort of an expenditure is a waste of money if that be true. It is in my own State and I suppose I should say, from the standpoint of the "pork-barrel" theory, that it is a proper expenditure, but I can not see it in any other light than that it is a mistaken use of money.

Mr. REED. If the Senator will notice at the top of page 26, appropriations are made there for Fort Lewis.

Mr. DILL. That money will be very well spent at Fort Lewis, but I am complaining about Fort Lawton, where it seems to me to be a mistake to spend $30,000 at a place which is about to be abandoned.

Mr. REED. I am not familiar with Fort Lawton, and I am very much obliged to the Senator for the suggestion. I think it would be well to transfer that item to Fort Lewis. I would be willing to do that.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Tennessee?

Mr. REED. I yield.

Mr. McKELLAR. Were these items included in the Budget? Did they come before the Senator's committee this year?

Mr. REED. Not in the shape of a Budget recommendation. They came to us from the House in the other relief bill, and they came in a separate authorizing bill which the House committee reported.

Mr. McKELLAR. Of course, the usual and ordinary way would be for all these matters to come before the Committee on Military Affairs and before the Subcommittee on Appropriations dealing with the appropriations for the War Department, but none of them ever passed through that route at all.

Mr. REED. No; I believe not.

Mr. McKELLAR. Then is it not true that last year quite a large amount was appropriated in the way of extraordinary appropriations that were made for projects for employment purposes?

Mr. REED. No; it was not a large amount. I do not remember the exact figure, but it was not large.

Mr. McKELLAR. My recollection is that it was a very considerable figure, though, of course, it was nothing like $15,000,000.

Mr. REED. No; it was nothing like this.

Mr. McKELLAR. I will ask the Senator to look at page 26, where there is an appropriation for noncommissioned officers' quarters, $118,000; bakery, $15,000; incinerator, $10,000; enlisted men's service club, $50,000; theater, $40,000; sewage-disposal plant, $40,000; fence, $31,000; quartermaster gasoline storage, $3,000; magazine, $15,000; officers' mess, $50,000; cold-storage and handling system, $70,000; roads, walks, and surface-drainage system, $86,000.

It seems to me that is a very great extravagance and certainly ought not to be put in the bill in this way without the committees going into it very carefully, both the Committee on Military Affairs and the Committee on Appropriations.

Mr. REED. The Senator will realize that this is in exactly the same position as all the other public buildings in the bill which have not been passed upon by the Appropriations Committee and which are not even listed here.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I do not want to prolong the discussion, but I am glad to yield to the Senator from Utah before I take my seat.

Mr. KING. A number of officers have spoken to me during the past four or five years with reference to the multiplicity of posts throughout the United States and have urged that most of them be abandoned; that we concentrate our military forces in the United States in 8 or 10 posts. I recall one officer particularly who said it is impossible to teach military tactics and engage in proper maneuvers with the small number of men at the ordinary military post. He thinks we should have a limited number of posts where we could concentrate from 5,000 to 15,000 troops and engage in the proper military maneuvers. My primary objection is that the bill is proposing to anchor and perpetuate more than 100 military posts throughout the United States, most of which should be abandoned. I do not object to the expenditure of money during the depression, but we propose to appropriate $15,000,000 to rehabilitate some of these almost abandoned posts and appropriate money for their continuance, and there will be more appropriations called for as the years go by, and we will find difficulty in abandoning them, and this money will be largely wasted.

Mr. REED. The Senator is exactly right in stating that a good many posts ought to be abandoned, and I am glad to be able to say to him that the process of abandoning them has been very much accelerated. We have abandoned about 20 of them in the last year. Typical of these is Fort Hunt, down the Potomac River, opposite Fort Washington, an old Civil War fort. We had no business keeping it going. Undoubtedly it is better for the troops to get them in large groups. There was only a small headquarters detachment at Fort Hunt. That process is going on all the time. So far as we know—and the exception of Fort Lawton in Washington is the only exception I have noticed—there are no posts listed here that ought now to be abandoned, but there are many that can be and will be abandoned as the process will continue during the coming year. The Senator is right about that.

Mr. McKELLAR. Mr. President, I am not going to make an argument about the question, but I ask unanimous consent, in lieu of an argument, to have printed in the RECORD as a part of my remarks the items contained in the bill between line 15, on page 22, and the end of line 8, on page 29. The very enumeration of the items is sufficient reason for my voting for the amendment.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The list is as follows:

(11) For the construction and installation at military posts of such buildings and utilities and appurtenances thereto as may be necessary, $15,164,000, as follows:

Albrook Field, Canal Zone: Quartermaster maintenance building, $20,000; post exchange, theater, and gymnasium, completion of, $42,000.

Barksdale Field, La.: Noncommissioned officers' quarters, $252,000; officers' quarters, $609,000; barracks, $474,000; hospital, completion of, $225,000; garage, completion of, $30,000; quartermaster warehouse, completion of, $15,000.

William Beaumont General Hospital, Texas: Noncommissioned officers' quarters, $7,000; warehouse, $15,000.

Fort Benning, Ga.: Barracks, $650,000.

Fort Bliss, Tex.: Noncommissioned officers' quarters, $50,000; officers' quarters, $150,000.

Bolling Field, D. C.: Noncommissioned officers' quarters, $54,000; dispensary, completion of, $30,000; post exchange, theater, and gymnasium, completion of, $45,000; officers' mess, $50,000; enlargement of central heating plant to provide for quarters area, $95,000.

Fort Bragg, N. C.: Barracks, completion of, $40,000; noncommissioned officers' quarters, $160,000.

Carlisle Barracks, Pa.: Heating plant, $200,000.

Chanute Field, Ill.: Noncommissioned officers' quarters, $137,000; central heating plant for technical and quarters area, $200,000.

Camp Devens, Mass.: Roads and sidewalks, $75,000; service club, $30,000; post exchange and gymnasium, $50,000.

Fort Douglas, Utah: Noncommissioned officers' quarters, $15,000.

Dryden, Tex.: Barracks, $20,000.

Duncan Field, Tex.: Quartermaster warehouse, $40,000; quartermaster maintenance building, $20,000; garage, $40,000; fire and guard house, $25,000.

Fort Du Pont, Del.: Noncommissioned officers' quarters, $60,000.

Edgewood Arsenal, Md.: Noncommissioned officers' quarters, $70,000.

Fitzsimons General Hospital, Colo.: Gymnasium, recreation and social hall, $150,000.

Hamilton Field, Calif.: Officers' quarters, $215,000; noncommissioned officers' quarters, $120,000.

Fort Hamilton, N. Y.: Noncommissioned officers' quarters, $100,000.

Fort Benjamin Harrison, Ind.: Noncommissioned officers' quarters, $120,000.

Hensley Field, Tex.: Noncommissioned officers' quarters, $8,000; officers' quarters, $30,000; roads, utilities, and improvement of flying field, $25,000; replacement of pumping plant, $3,000; sewage-disposal plant, $3,000.

Holabird quartermaster depot, Md.: Hospital, $120,000.

Fort Sam Houston, Tex.: Noncommissioned officers' quarters, $150,000; officers' quarters, $350,000.

Fort Howard, Md.: Hospital, $150,000.

Fort Hoyle, Md.: Noncommissioned officers' quarters, $70,000.

Fort Humphreys, Va.: Officers' quarters, $150,000.

Fort Huachuca, Ariz.: Post exchange, gymnasium, and service club, $100,000.

Fort Jay, N. Y.: Noncommissioned officers' quarters, $130,000; barracks, completion of, $70,000; officers' quarters, $125,000; nurses' quarters, completion of, $35,000.

Jefferson Barracks, Mo.: Noncommissioned officers' quarters, $65,000; additions to kitchens and mess halls, $55,000.

Camp Knox, Ky.: Hospital, $200,000.

Langley Field, Va.: Central heating plant for quarters area, $60,000; quartermaster maintenance building, $20,000; fire house, $20,000; barracks, medical detachment, $30,000; garage, completion of, $15,000; magazine, completion of, $10,000.

Fort Lawton, Wash.: Noncommissioned officers' quarters, $30,000.

Fort Leavenworth, Kans.: Nurses' quarters, $60,000.

Letterman General Hospital, Calif.: Two wards, $150,000.

Fort Lewis, Wash.: Barracks, completion of, $30,000; water main, $30,000; noncommissioned officers' quarters, $75,000; officers' quarters, $65,000.

Fort Logan, Colo.: Noncommissioned officers' quarters, $53,000.

Fort McClellan, Ala.: Headquarters, $50,000; recreation hall, $35,000; gymnasium, $45,000.

Fort McPherson, Ga.: Nurses' quarters, $70,000; contagious ward for hospital, $70,000.

Maxwell Field, Ala.: Officers' quarters, $940,000; officers' mess, $55,000.

March Field, Calif.: Barracks for medical detachment, $25,000; contagious ward for hospital, $12,000; bakery, $15,000; laundry, $60,000; enlisted men's service club, $50,000; officers' mess, $50,000; theater, $40,000.

Fort Mason, Calif.: Officers' quarters, $110,000.

Fort Meade, S. Dak.: Riding hall, $25,000.

Fort George G. Meade, Md.: Noncommissioned officers' quarters, $150,000; officers' quarters, $50,000.

Mitchel Field, N. Y.: Noncommissioned officers' quarters, $118,000; bakery, $15,000; incinerator, $10,000; enlisted men's service club, $50,000; theater, $40,000; sewage-disposal plant, $40,000; fence, $31,000; quartermaster gasoline storage, $3,000; magazine, $15,000; officers' mess, $50,000; coal and storage and handling system, $70,000; roads, walks, and surface-drainage system, $86,000.

Fort Monmouth, N. J.: Addition to hospital, $75,000; noncommissioned officers' quarters, $170,000; band barracks, $35,000.

Fort Myer, Va.: Barracks, $100,000.

Fort Oglethorpe, Ga.: Noncommissioned officers' quarters, $120,000.

Fort Ontario, N. Y.: Noncommissioned officers' quarters, $50,000.

Plattsburg Barracks, N. Y.: Additions to barracks, $25,000; barracks, $255,000.

Pope Field, N. C., for the Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

Post Field, Okla., for Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

Presidio of San Francisco, Calif.: Noncommissioned officers' quarters, $60,000; addition to headquarters, $50,000.

Randolph Field, Tex.: Barracks, completion of, $56,000; gymnasium, completion of, $70,000; roads and utilities, $243,000; completion of chapel and school, $50,000.

Raritan Arsenal, N. J.: Noncommissioned officers' quarters, $75,000.

Walter Reed General Hospital, D. C.: Noncommissioned officers' quarters, $120,000; addition to nurses' quarters, $300,000.

Rock Island Arsenal, Ill.: Noncommissioned officers' quarters, $15,000.

Rockwell Field, Calif.: Noncommissioned officers' quarters, $234,000; officers' quarters, $266,000.

Fort Winfield Scott, Calif.: Noncommissioned officers' quarters, $140,000.

Selfridge Field, Mich.: Gymnasium and theater, $80,000; garage, $40,000; quartermaster maintenance building, $20,000; post exchange, $45,000; officers' mess, $60,000; enlisted men's service club, $50,000; bakery, $15,000; roads and utilities, $75,000.

Fort Sill, Okla.: Barracks, $875,000; noncommissioned officers' quarters, $72,000; officers' quarters, $75,000; gun sheds, $48,000; stables, $30,000; vehicle shed, $10,000.

Fort Snelling, Minn.: Quartermaster warehouse, $65,000; barracks, medical detachment, $40,000.

Fort Totten, N. Y.: Noncommissioned officers' quarters, $30,000.

Fort Wadsworth, N. Y.: Officers' quarters, $75,000.

Fort Francis E. Warren, Wyo.: Noncommissioned officers' quarters, $120,000.

West Point, N. Y.: For addition to hospital, $250,000; barracks for service detachment, $250,000.

Fort George Wright, Wash.: Noncommissioned officers' quarters, $60,000.

Mr. CONNALLY. Mr. President, I want to submit a few remarks in view of the statements made by the Senator from Utah [Mr. KING] and the Senator from Pennsylvania [Mr. REED] with reference to the abandoning of Army posts. I disagree with the Senators. I do not see how it is economy to abandon posts that the Government already owns, and concentrate a number of those posts in a larger post requiring the building of new quarters and new establishments. I am familiar with the argument advanced by the Senator from Utah. Of course every Army officer will urge that course. He wants a big post up near some large city where the Army can have war maneuvers. That is the attitude of the Chief of Staff.

As a result of this policy of the War Department, it is proposed to abandon several fortresses along the Mexican border which have been there for years and years and which are needed for the protection of the Mexican border against bandits and against incursions from without. Fort Brown, at Brownsville, Tex., was originally tentatively established by General Taylor when he invaded Mexico. There has been a fortress there for a great many years, though I am not accurate as to the exact time. I visited it last summer. Of course, the buildings are old, but they are livable. The Government owns the property. It is on the Mexican border where it serves usefully a national purpose, and yet the War Department, under the pretext of economy, proposes now to abandon that fort and take the troops somewhere else and call upon the Treasury for more money to build more modern quarters and absolutely abandon that old fort on the border.

There are other border forts along the Mexican border which it is proposed to abandon under the same policy. They want during peace times to play at war; they want to hold great maneuvers. Instead of performing the real peacetime service of an army, that of patrolling the border and preserving the country from attack from without, the policy of the War Department at the present time is to concentrate all troops in a few great camps.

I wholly disagree with the idea that there is any national economy in any such policy. It is a fraud and a pretense. It is not for the purpose of economy, but to enable them to hold great maneuvers in great camps and to carry on an

imaginary war with some imaginary great power. When I suggested to the Secretary of War and the Chief of Staff that these posts ought to be preserved for the purpose of protecting the border, what do you suppose, Mr. President, the Chief of Staff said? He said that it is no function of the Federal Government at all to protect the Mexican border. He said that is the duty of the State Government. He said the only contingency which would require Federal protection of the border would be in case a national force, a national army from Mexico, should come over the border, and in that event it would be the duty of the Federal Government to intervene; but so far as lawless bands are concerned, so far as depredations and raids from a foreign country are concerned, he said it was no duty of the War Department to render protection to the citizens of my State or to the citizens of the United States. It is such a policy as that that makes it desirable from that viewpoint that some of these forts should be abandoned. It is not because of economy. It is because of an autocratic militaristic policy that actuates the directing powers of the War Department.

Mr. President, I take the liberty of injecting these remarks into the debate because I do not want the statement of the Senator from Utah [Mr. KING] and the eminent chairman of the Military Affairs Committee [Mr. REED] to go unchallenged, that the idea of abandoning these forts is to save money. It is not to save money. There is no more extravagant department of the Government than the War Department.

Mr. COUZENS. Mr. President, everyone knows there has been great difficulty in balancing the Budget. Everyone knows there have been hundreds of faithful old employees laid off for the purpose of economizing. Everyone knows that we have discharged married women to economize. Everyone knows we have done hundreds of other things which, as employers, we dislike to do, and now, after having done all of them, I want to point out a few things I have not heretofore pointed out which are contained in this bill, and I want to emphasize them.

We talk about "pork barrel," and perhaps some of the Members of Congress voted for the bill, because they have an appropriation in the bill which relates to their particular State or district. Let me take Selfridge Field, in Michigan. There is provision there for a gymnasium and theater $80,000, while 25,000 people in the city of Detroit, within a few miles of Selfridge Field, are almost pauperized. In the same item we have provision for a garage, $40,000; quartermaster maintenance building $20,000; post exchange, $45,000; officers' mess, $60,000; enlisted men's service club, $50,000; bakery, $15,000; roads and utilities, $75,000. I venture to say that Selfridge Field, Mich., can get along without all of these items.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Pennsylvania?

Mr. COUZENS. Certainly.

Mr. REED. Why is it not just as praiseworthy to build roads at Selfridge Field as it is to appropriate $120,000,000 for public highways anywhere else?

Mr. COUZENS. The difference is that this item is for a special purpose and the highway appropriation is for public use. The service clubs, sidewalks, and so on, that I am now talking about are simply for soldiers. I think there is a great difference in carrying on construction projects of that sort and construction work which the public apparently uses.

Take Camp Devens, Mass. For that camp there is an item for sidewalks and roads of $75,000; service club, $30,000; post exchange and gymnasium, $50,000.

I do not wonder that the Senator from New York looks rather sheepish when these items are mentioned, because I know that he himself would prefer to see other items in the bill than items of that kind.

At Fitzsimons General Hospital, Colo., there is an item of $150,000 for a gymnasium, recreation and social hall.

The sum of $150,000 is proposed for a social hall, when everybody knows that in every city in the Union men, women, and children are suffering. I dislike to discuss "sob stuff," but, Mr. President, we are now dealing with facts and not anything else.

For Fort Huachuca, Ariz., there is an item of $100,000 for a post exchange, gymnasium, and service club.

For Jefferson Barracks, Mo., there is an item of $65,000 for noncommissioned officers' quarters and of $55,000 for additions to kitchens and mess halls.

At March Field, Calif., there is an item of $15,000 for a bakery, $60,000 for a laundry, $50,000 for an officers' mess, and $40,000 for a theater.

At Fort Meade, S. Dak., there is an item of $25,000 for a riding hall.

At Mitchel Field, N. Y., there is provided, as the Senator from Tennessee has enumerated, $40,000 for a theater, $20,000 for a sewage-disposal plant, $31,000 for a fence, $70,000 for cold storage, and a number of other items of similar kind, when we can not even find housing facilities for the men, women, and children of this country.

For Plattsburg Barracks, N. Y., we find an item for addition to barracks of $25,000, and then another item reading, "barracks, $255,000." I do not know what the second item for barracks means. Perhaps the Senator from Pennsylvania can explain it.

Mr. REED. The item of $25,000 is for an addition to one of the existing barracks buildings, while the other item is for new barracks to take care of men who are now housed in temporary wooden shacks.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. BINGHAM. I notice on page 20 an item for the Hoover Dam of $10,000,000. As I recall, we recently appropriated $10,000,000 for that purpose, and this bill carries $10,000,000 more. Does the Senator think that that is necessary at this time, in view of the shortage of money and the necessity for economy?

Mr. COUZENS. I confess I do not know the condition of the contracts, but I assume that the contracts are being let for work on the Hoover Dam project that will require this amount.

Mr. BINGHAM. We took care of that in the deficiency appropriation bill; we provided all the necessary money needed by the contractors. After hearing the contractor the committee recommended, and there was appropriated, sufficient money to take care of that project for the contracts for the ensuing year, but here are $10,000,000 more provided at this time when the need for economy is great.

Mr. COUZENS. Would the Senator prefer to have that amount taken out of the $15,000,000 for theater service, clubs, and so forth, at Army posts?

Mr. BINGHAM. I think the Senator's position is quite correct, that in these days when economy is necessary we ought not to be expending the great amount of money mentioned in this bill; but, as I have called to his attention previously, there are in this bill $30,000,000 for river and harbor works and $15,500,000 for flood control, and there are no details as to how the money shall be expended, whether Mud Creek or some little harbor somewhere which may be used two or three times a year by a yacht is going to be improved by the expenditure of $40,000. It makes it a little bit unfair for the Senator simply to pick on the War Department items, because they are almost the only items in the bill that are given in detail. The bill carries over $100,000,000 for public buildings, but we do not know anything about where the money is going to be spent or what it is for. I should like to join with the Senator in voting against the entire appropriation.

Mr. COUZENS. I am quite satisfied that in the expenditure of the appropriation for the Hoover Dam the money will be expended for construction work and none of the appropriations will be spent for such buildings as theaters, service clubs, social halls, and buildings of that kind for a special class. I think the Senator from Connecticut is raising an issue that is not comparable to what I am complaining about. Perhaps some of the other items are too large; perhaps we can not afford them, but I assume the money is

going to be used for practical and useful purposes for the people of the United States, while the appropriations to which I have been referring are such, for example, as an appropriation at Fort McClellan, Ala.—

Recreation hall, $35,000; gymnasium, $45,000.

That makes $80,000 for recreation purposes at Fort McClellan, Ala.

Mr. President, I dislike to keep repeating statements as to the condition of the country and to refer to the campaign we have been through for balancing the Budget, and then come along and approve an appropriation for such purposes as these. There has been no Senator more vigilant and more earnest in his effort to balance the Budget than the Senator from Pennsylvania; he has prayed to God on the floor of the Senate here that we do not go off the gold standard, and all that sort of thing, and now here comes an appropriation of over $15,000,000 for things that may be dispensed with, for the time being at least.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. WAGNER. In view of the statement made by the Senator from Connecticut, which I am sure he made without a very close examination of the facts—and I am sorry that he makes statements without examining the facts—let me say that the public-building projects which are provided for in this proposed legislation have already been allocated and approved by the Treasury Department; the amount which each building is to cost has been estimated; the information has been transmitted to the Congress, has been printed as a congressional document, and is referred to in this very bill. So that when the Senator states that he has no idea where these buildings are to be constructed or what they are or how much they will cost, he is mistaken, because the very document referred to gives him all that information.

Mr. BINGHAM. Mr. President, I am glad to know that. Has the Senator also got a list of the $30,000,000 worth of river and harbor projects?

Mr. WAGNER. No; except that the money is to be spent upon projects which have heretofore been authorized by Congress.

Mr. BINGHAM. But the items to which the Senator from Michigan has objected have not only been authorized by Congress but they have been approved by the committees of both Houses and passed on by both Houses.

Mr. WAGNER. I supported these particular appropriations because I have been satisfied, in spite of what the Senator from Michigan read upon my face, that they are necessary. I mean that ultimately this work is going to be done by the Government, and I would rather see it done now when, in the first place, the Government can do it cheaper and, in the second place, at a time when we want to absorb some of the unemployment.

Mr. COUZENS. Mr. President, does the Senator believe that there is more practicable work that the Government can do in the way of improving rivers and harbors, and so on, than in building theaters and service clubs and riding halls and structures of that character?

Mr. WAGNER. There is a good deal more that the Government can do; and I wish the Senator and myself had the say as to what the Government ought to do in helping relieve unemployment. In that event, relying primarily upon the knowledge and experience of the Senator from Michigan rather than mine, I do not think we would be in this mess. But these items have been proposed, and it seems an investigation has been made by the War Department, by the committee of the Senate, by the committee of the House, and all of them have agreed that these are not only desirable but are necessary projects that eventually the Government will build anyway; and, if that is so, it ought to be done at this time.

Mr. COUZENS. The Senator does not want the Senate to understand that he favors appropriations for theaters, riding halls, service clubs, and all that sort of thing in preference to road construction or river and harbor work, does he?

Mr. WAGNER. I certainly agree with the Senator that I prefer the other projects, of course.

Mr. COUZENS. Then let us eliminate this entire $15,000,000 for the purposes designated and use it on rivers and harbors or some other projects that will be of more benefit to the general public.

Mr. WAGNER. May I say to the Senator as to river and harbor projects that we put in the maximum amount which the head of the department in charge of the work said he could use this year, and that is what we were interested in, to accelerate these projects this year so as to employ more of the unemployed now, and that is the maximum sum which they said they would be able to use this year.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Minnesota?

Mr. COUZENS. I yield.

Mr. SHIPSTEAD. I should like to have the Senator from New York tell us who told him that they could not spend any more money economically?

Mr. WAGNER. I think it was General Brown, and that it was in a conversation with the Senator from Montana. I am quite sure it was General Brown who gave us the information.

Mr. SHIPSTEAD. In the Army apropriation bill there was $31,000,000 appropriated for rivers and harbors and in this bill there are $30,000,000. That makes a total of $61,000,000.

Mr. WAGNER. Is not the Senator mistaken? I understood that the total appropriation is $60,000,000 outside of this particular bill.

Mr. SHIPSTEAD. Oh, no; the House provided $60,000,000 and the Senate cut it to $54,000,000, and of that everything above $31,000,000 is for maintenance. So there are only $31,000,000 for construction. There are $30,000,000 in this bill for construction, making a total of $61,000,000, and General Brown's testimony before the Committee on Commerce was to the effect that he could economically expend, if given authority and the money, $100,000,000 this year and $150,000,000 next year, and employ 160,000 men for 120 days every season at I do not remember how much a day.

Mr. COUZENS. Let us transfer this $15,000,000 item here to that sort of work instead of this kind of work.

Mr. SHIPSTEAD. I have an amendment that I am going to offer to make available some of these funds for the development of inland waterways as to which the authorizations and appropriations are already exhausted. There are two projects that can not get five cents out of this appropriation, projects that have already been adopted by Congress on which the work has been started but can not be continued because of the fact that the authorizations and appropriations are exhausted. The Senator said he agreed with the Senator from Michigan that the money could be spent for far better purposes, and so I hope he will accept the amendment.

Mr. COUZENS. I merely wish to recite a few more items of the bill. On page 27 I note the following items:

Randolph Field, Tex.: Barracks, completion of, $56,000; gymnasium, completion of, $70,000—

I take it that has already been started and some money has already been spent on it, and $70,000 additional is provided.

roads and utilities, $243,000

Then I find for Fort Sill, Okla., an item of $875,000 for barracks for Army officers.

Mr. BINGHAM. Mr. President, the Senator does not mean to say that Army officers live in barracks, does he?

Mr. COUZENS. I mean enlisted men.

Mr. BINGHAM. Yes. But what is the Senator's objection to spending $875,000 of this money to employ artisans, carpenters, painters, bricklayers, masons, architects, and so on, in building proper barracks for the soldiers of the Army? I can not understand the Senator's position in that regard.

I understand that he objects to spending public money for amusement halls for the soldiers in winter evenings,

which are called here theaters, or for social halls, where they may meet and where their morale may be benefited, and prefers to have it spent on river and harbor projects, that nobody knows about and which will probably go to some place where some one has a "pull," but I do not understand the Senator's objection to spending at least a few million dollars of the large appropriation here in building proper housing facilities for the officers and men of the United States Army. Such expenditures will give employment to artisans of all kinds; it will afford a market for building material; it will help employment in a direct fashion, far more than spending a lot of money for a big dredge out in the middle of a river, where two or three men are employed in dredging.

Mr. COUZENS. No one that I know of is desirous of making our Army live in uncomfortable and disagreeable quarters. I am just discussing whether this is the appropriate time to supply all of these additional luxuries and facilities to the Army. They have gotten along without them. They have gotten along without them during prosperous periods. Now we come to a time when everybody wants to balance the Budget, and everybody wants to get along with expending as little money as possible, and we find it utterly impossible to appropriate money for relief work, although we are appropriating here millions of dollars for facilities which in ordinary times I would not care to deny the Army. These, however, are extraordinary times, and I can see no justification for these items at this time.

In addition to the $875,000 for barracks at Fort Sill, Okla., there is $48,000 for gun sheds; there is $30,000 for stables; there is $10,000 for a vehicle shed, and $72,000 for noncommissioned officers' quarters. So, all through the bill, millions and millions of dollars are enumerated for facilities that are not needed at this time.

If we are unable to balance the Budget, I do not see why we should appropriate money for things of this sort. If we are to appropriate money to give employment, certainly we can give employment on more utilitarian things than these.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. KING] to the amendment.

Mr. COUZENS. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Dale	Johnson	Robinson, Ark.
Barbour	Davis	Jones	Robinson, Ind.
Bingham	Dickinson	Kean	Sheppard
Black	Fess	King	Shipstead
Blaine	Frazier	La Follette	Shortridge
Bratton	George	Lewis	Steiwer
Brookhart	Glass	McGill	Thomas, Idaho
Bulkley	Glenn	McKellar	Townsend
Bulow	Goldsborough	McNary	Trammell
Byrnes	Gore	Metcalf	Tydings
Capper	Hale	Moses	Vandenberg
Cohen	Hastings	Norbeck	Wagner
Connally	Hayden	Nye	Watson
Copeland	Hebert	Patterson	
Costigan	Howell	Pittman	
Couzens	Hull	Reed	

The PRESIDENT pro tempore. Sixty-one Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. KING] to the amendment.

Mr. COUZENS. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. CAREY]. In his absence I withhold my vote.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. GLENN (when his name was called). I have a pair with the junior Senator from Louisiana [Mr. LONG], who is absent. Therefore I am not at liberty to vote.

Mr. GORE (when his name was called). I am paired with the senior Senator from Arizona [Mr. ASHURST], and withhold my vote.

Mr. HOWELL (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I understand that if he were present he would vote "nay." If I were at liberty to vote, I should vote "yea." I withhold my vote.

Mr. McNARY (when his name was called). Announcing my pair and its transfer as on the previous roll call, I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). On this question I have a pair with the junior Senator from Mississippi [Mr. STEPHENS], who, if present, would vote "yea." If I were at liberty to vote, I should vote "nay." In his absence I withhold my vote.

Mr. SHORTRIDGE (when his name was called). I have a general pair with the senior Senator from Montana [Mr. WALSH], which I transfer to the junior Senator from Connecticut [Mr. WALCOTT], and will vote. I vote "nay."

Mr. THOMAS of Idaho (when his name was called). On this question I have a pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote.

Mr. TYDINGS (when his name was called). On this question I have a pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote.

Mr. WATSON (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Colorado [Mr. WATERMAN], and will vote. I vote "nay."

The roll call was concluded.

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. DALE. I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]; but being informed that he would vote as I intend to vote, I vote "nay."

Mr. DICKINSON (after having voted in the affirmative). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY], who is absent on account of death in his family. I transfer that pair to the junior Senator from Maine [Mr. WHITE], and will permit my vote to stand.

Mr. SHIPSTEAD (after having voted in the affirmative). I have a pair with the junior Senator from Arkansas [Mrs. CARAWAY]. Not knowing how she would vote, I withdraw my vote.

Mr. COUZENS (after having voted in the affirmative). I desire to change my vote from "yea" to "nay" in order that I may file a motion to reconsider.

Mr. KING (after having voted in the affirmative). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING]. Since I am unable to secure a transfer, I am compelled to withdraw my vote.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SCHALL] with the Senator from Oklahoma [Mr. THOMAS];

The Senator from Nebraska [Mr. NORRIS] with the Senator from Massachusetts [Mr. WALSH];

The Senator from New Hampshire [Mr. KEYES] with the Senator from Massachusetts [Mr. COOLIDGE]; and

The Senator from Oregon [Mr. STEIWER] with the Senator from Missouri [Mr. HAWES].

The result was announced—yeas 22, nays 30, as follows:

YEAS—22

Blaine	Costigan	Hebert	Nye
Bratton	Dickinson	Hull	Patterson
Bulow	Fess	Kean	Trammell
Byrnes	Frazier	La Follette	Vandenberg
Capper	George	McGill	
Cohen	Hastings	McKellar	

NAYS—80

Austin	Couzens	Kendrick	Robinson, Ark.
Bailey	Dale	Lewis	Sheppard
Barbour	Dill	McNary	Shortridge
Bingham	Glass	Metcalf	Townsend
Black	Goldsborough	Moses	Wagner
Brookhart	Hale	Norbeck	Watson
Connally	Hayden	Pittman	
Copeland	Johnson	Reed	

NOT VOTING—44

Ashurst	Fletcher	Long	Stephens
Bankhead	Glenn	Morrison	Swanson
Barkley	Gore	Neely	Thomas, Idaho
Borah	Harrison	Norris	Thomas, Okla.
Broussard	Hatfield	Oddie	Tydings
Bulkley	Hawes	Robinson, Ind.	Walcott
Caraway	Howell	Schall	Walsh, Mass.
Carey	Jones	Shipstead	Walsh, Mont.
Coolidge	Keyes	Smith	Waterman
Cutting	King	Smoot	Wheeler
Davis	Logan	Steiwer	White

So Mr. KING's amendment to the amendment was rejected.

Mr. BLACK. Mr. President, I send an amendment to the desk, which I desire to offer.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from Alabama proposes to amend by striking out the quotation marks at the end of section 204, line 14, page 14, and adding thereto the following:

That when any money is loaned by the Reconstruction Finance Corporation, or any renewal of an existing loan is made to any corporation, company, or business enterprise, such corporation, company, or business enterprise shall agree in writing with the Reconstruction Finance Corporation that after such loan is made, and until such loan is paid, the corporation, company, or business enterprise shall pay no salary, directly or indirectly, nor pay a salary, which combined with any bonus shall be greater in amount than $25,000 per annum.

Mr. BLACK. Mr. President, I do not desire to do more than explain the effect of this amendment. The amendment, if adopted, would prohibit the making of a loan to any business enterprise under the Reconstruction Finance Corporation act unless an agreement were made that no salary should be paid to the employees of the company securing the loan in excess of $25,000 a year.

I simply want to call attention to this fact: That I offered this amendment when the appropriation was originally made for the Reconstruction Finance Corporation. Since that time we have seen fit to reduce the salaries of Government employees. We have reduced the salaries of the Members of the Senate and of the House of Representatives. We have reduced the salaries of the employees all up and down the line, either by the furlough system, or otherwise. We pay no $135,000 salaries to men working for the Government. Yet the records show that one of the railroads which has borrowed a stupendous sum of money from the Reconstruction Finance Corporation, money which must eventually, most likely, be paid by the taxpayers, is paying its president a salary of $135,000 a year. Not only is that railroad paying $135,000 a year to its president, but numerous employees of other business enterprises which have borrowed the taxpayers' money from the Reconstruction Finance Corporation are paying salaries in excess of $100,000 a year.

If it is necessary for us to engage in economy—and we all agree that it is—by reducing the amount of the taxpayers' money paid to Government employees, why should we not also require that when a failing business enterprise obtains the taxpayers' money to run its business it should also pay salaries somewhere within reasonable bounds and within reasonable limitations?

That is the sole issue raised by this amendment. I do not claim that the Government should attempt to fix the salaries of those working for business enterprises if the business enterprises supply the money to operate their own businesses, but the taxpayers are supplying the money to operate many of these businesses. Some of them are on the verge of going into bankruptcy, some of them are right on the verge of being put into the hands of receivers, and the only reason why they are not in the hands of receivers to-day is because the money of the taxpayers of this country has been used to supply the operation of their business.

We are not only supplying money for the operation of the railroads but we are supplying money to-day to run steamship lines, when the taxpayers' money pays the dividends and when the officials are drawing salaries of $100,000 a year, and they could not draw a dollar out of the operation of the business if the Government of the United States did not supply the money to operate the steamship lines.

Mr. President, if the Government is going into the business of supplying the money to operate failing business enterprises, what excuse can we offer to the taxpayers if we say, "We will let them take your money to operate their business, but we will permit them to pay salaries ranging from $100,000 to $135,000 a year," which salaries could not be paid if the taxpayers of the United States did not supply the money?

That is the question, Mr. President. That is the issue, squarely presented. This amendment provides a limitation of $25,000 a year if the money of the taxpayers is used to operate the business.

It seems to me it is a vain and useless thing for us to reduce the salaries of Government employees in order to save money for the taxpayers, and take that same money that has been taken away from a Government employee and put it into the pocket of another man, working for a private business, supplied with taxpayers' money, and give him $135,000 a year, which has been taken out of the pockets of Government employees.

Mr. LONG. Mr. President, I think the Senator has misunderstood the purpose of the legislation. The salaries of these Government employees have been reduced so that these big men might not have to stand cuts.

Mr. BLACK. The Senator is absolutely correct. We are supplying the money, by this enterprise, to operate failing businesses in the United States. If one of these businesses should fail, they could not pay the salaries of $135,000 they have paid. But the businesses have not failed, and they have not failed because we impose taxes upon the taxpayers of the United States to supply the money to operate them.

Now, the taxpayers' money is being used to pay these gentlemen, who draw salaries of $135,000 a year, and similar salaries. I have the record here showing salaries of $125,000 a year, $115,000 a year, $100,000 a year, $90,000 a year, $75,000 a year. Where do they get the money? It comes from the taxpayers of the United States.

Mr. KING. Mr. President, the Senator referred to very large salaries. Are they paid to officers of steamship companies which have borrowed from the United States?

Mr. BLACK. Many of the salaries are drawn by the officers of steamship companies which have borrowed from the United States, as well as to officers of railroad companies which have borrowed from the Government. As I understand it, for instance, the Pennsylvania Railroad has borrowed a rather large sum from the Reconstruction Finance Corporation, and we find that the president of the Pennsylvania Railroad is drawing $135,000 a year, the vice president of that road is drawing $58,000 a year, and various other officials are drawing various other amounts.

I have simply offered the amendment for the consideration of the Senate. I do not claim that we should attempt to fix the salary of any man working for any private business in the United States if the private business obtains its money from private sources. I do claim, however, that if we supply the taxpayers' money, we should come somewhere within striking distance of the same rule we apply to Government employees, because if the taxpayers' money operates the business, why should there not be some kind of restriction on the salaries that are paid the employees?

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. BLACK] to the amendment of the Senator from New York.

Mr. BLACK. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Copeland	Hebert	Patterson
Bailey	Costigan	Hull	Pittman
Barbour	Dale	Jones	Robinson, Ark.
Bingham	Davis	Kean	Robinson, Ind.
Black	Dickinson	King	Sheppard
Blaine	Dill	La Follette	Shortridge
Bratton	Fess	Lewis	Steiwer
Brookhart	George	Long	Thomas, Idaho
Bulkley	Glass	McGill	Townsend
Bulow	Glenn	McKellar	Trammell
Byrnes	Goldsborough	McNary	Tydings
Capper	Gore	Moses	Vandenberg
Cohen	Hale	Norbeck	Wagner
Connally	Hayden	Nye	Watson

The PRESIDENT pro tempore. Fifty-six Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment proposed by the Senator from Alabama to the amendment of the Senator from New York.

The amendment to the amendment was rejected.

Mr. NORBECK. Mr. President, I want to offer the only amendment that has been offered so far that is agreeable to the Republican administration and the Democratic candidate for Vice President. I have reference to the loan feature. Speaker GARNER, of course, is favorable to a very broad loan plan. When I talked with him the other day he said, "Get it as broad as you can under the President's message." It was written by the Treasury Department and I desire to offer it.

The PRESIDENT pro tempore. The amendment to the amendment will be stated for the information of the Senate.

The CHIEF CLERK. Insert at the proper place in the bill the following:

To any corporation organized under the laws of any State or of the United States and having resources adequate for its undertaking for the purpose of enabling it to finance the construction, replacement, or improvement of an economically sound and useful project which is self-liquidating, the construction, replacement, or improvement of which will provide employment at an early stage for a substantial number of persons subject to the limitations of section 5 of the Reconstruction Finance Corporation act as to the periods within which the corporation may make such loans and the amount thereof. For the purposes of this subdivision a project shall be deemed to be self-liquidating if the construction cost thereof will be returned within a reasonable period through profits or savings from the use thereof, and if not less than one-half of the construction cost thereof shall be furnished by the corporation through funds obtained otherwise than through the loan from the Reconstruction Finance Corporation.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from South Dakota to the amendment.

The amendment to the amendment was rejected.

Mr. WAGNER. Mr. President, I want to offer a very short amendment. On page 16, line 4, before the word "in," insert the words "for a period of two years," so that the sentence would read:

For a period of two years, in unusual and exigent circumstances—

And so forth.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New York to the amendment.

The amendment to the amendment was agreed to.

Mr. COSTIGAN. Mr. President, the Senate, in my judgment, is in undue haste to pass the pending measure. However, I understand some of the reasons, and will endeavor to accommodate myself to the prevailing desire, subject to the reserved right to discuss briefly the general problem of unemployment relief.

The present Congress, like the runner who has finished his race, shows signs that it has spent its strength. It is highly regrettable that the bill we are considering, by concerted agreement, implied if not expressed, between leaders on both sides of the Chamber and the Chief Executive at the other end of Pennsylvania Avenue, is regarded as the hurried prelude to the assured and prompt adjournment of this session of Congress. In contrast, I wish for one, to go on record at this time as opposed to adjournment while present farm, industrial, and business distress continues unabated. A brief recess of Congress, if necessary, yes, but no adjournment should be sanctioned until we may face our home folks and the general public with self-respect arising from legislative relief efficiently and constructively extended to millions of Americans, encompassed by want and distress in every part of our unhappy country. Indeed, if our eyes were, as they should be, undimmed, our spirits unflagged, our hearts intelligent and undaunted, we must think only and unrestingly of necessary steps, however unprecedented and original, for conquering our economic depression.

THE PRESENT CRISIS

It ought to be evident to all of us that present economic conditions may not indefinitely continue their disastrous downward course without eventually threatening our self-governing traditions and institutions. Conservatively estimated, more than 10,000,000 of our countrymen, who crave work, not charity, are to-day marking time in enforced and despairing idleness in this naturally fairest, richest, best organized, most capably populated land of the globe. Adding dependents to the unemployed, approximately one-fourth of our far-flung, resourceful, and loyal people know not where to turn to gather the barest necessities of life by willing toil.

Such facts spell indescribable misfortune and grief. They no longer need interpretation. Their mandate is as resistless as it is alarming. Confronted by them, no responsible person will longer hesitate.

It is my purpose to vote for the pending measure, whether praise for it goes to Democratic leadership or to the administration, because of the conviction that it is on the whole acceptable to the Senate, and, in spite of manifest and various defects, comes nearer the sort of legislation we should have enacted six or seven months ago than any which Congress has approved in that period.

OBLIGATIONS OF CONGRESS

My chief objection to the pending bill is that it promises to be inadequate for the attainment of its great ends. If it had been enacted months ago, it might have pressed us nearer its designed purpose. Unfortunately, in the months since this Congress assembled industrial and other economic conditions have continued downward until there is reason to believe that no legislation Congress now plans will do more than render fleeting benefits in the midst of our present widespread anxiety and distress.

It was our clear duty when we met last December, after more than two years of panic conditions and in the midst of intolerable suffering due to unemployment among our citizens, to put through without delay two classes of remedial Federal undertakings.

First, we should have given substantial Federal aid to States and municipalities—not in the form of loans, as provided by the bill on which we are to vote to-night, but through direct Federal grants—to bridge the present unemployment emergency and provide the necessities of life for stricken victims of our unprecedented depression. Some of us at the beginning of this session of Congress vigorously, but vainly, urged such action on an unresponsive Senate and on short-sighted industrial leadership. One almost despairs of the ability of America's industrial and political generals to save America in its present crisis when it is remembered that it has taken more than six months to convince our leadership of the necessity for action and to whip into shape for immediate passage this grudging and compromise measure for Federal aid to idle and suffering but self-respecting Americans. Yet doubtless there is reason for some thanksgiving that we are doing, however poorly, in July what we should have done, but did not do, in better fashion in the preceding January.

Such facts spell indescribable misfortune and grief. They no longer need interpretation. Their mandate is as resistless as it is alarming. Confronted by them, no responsible person will longer hesitate.

The second legislative commitment we should long ago have made, and which to-day we are only partially conceding, is for immediate construction of needed public works, calculated to give direct and indirect employment to

idle persons in every part of America. Such public construction, if early undertaken and consistently pressed in the past few months, would doubtless have done much to start the restoration of industrial activity and to promote farm and other community benefits through higher commodity prices, stimulated by the demand for necessaries of life from newly employed workers and by moderate and controlled credit expansion due to useful governmental expenditures.

It is deplorable that these legislative measures, long retarded and now only haltingly and half-heartedly favored, have been so long delayed. Indeed, it is questionable whether, coming now, they will operate to produce a fractional part of the benefits which would have accrued from their early and large-scale initiation. Let us, however, be grateful for relatively small achievements and rejoice that the educational process has so far advanced that public opinion at last begins to recognize the necessity for Federal participation. Perhaps by the time Congress again meets to consider the state of our public business economic events beyond our control will have convinced the most conservative that heroic legislative remedies are necessary to deal with the unemployment demands of our economic catastrophe.

Our greatest difficulty and danger spring from the limitations of large-scale government. Our education too often trails behind our need for action. Federal aid to States and municipalities and a comprehensive building program to be most effective should have been launched not less than seven months ago. Some saw then what all recognize now. Those precious months have been lost. Confidence and morale have been repeatedly shocked and shattered. To-day we are prepared to move on old lines, even when later necessities drive us in new directions. Unless we face our changing environment, Congress next December may find our present campaign plans wholly insufficient to cope with gathering storms. Certain it is that the indirect methods which we have pursued during the seven months of the present session of Congress have failed to halt the advance of the depression.

FAILURE OF RELIEF PROGRAM

Some outstanding reasons for the downfall of the administration's program ought now to be evident to all. The Reconstruction Finance Corporation was the first legislation urged on the attention of Congress by the administration, with its half-billion dollars of capital stock subscribed by the Federal Treasury, and with authority to extend credit through notes or other obligations in the amount of one and one-half billion dollars, which will doubtless be increased under the latest relief bill. The Reconstruction Finance act was designed to aid banks, trust and insurance companies, and other financial institutions, so that they might in turn extend credit to corporations experiencing business troubles by loaning money to assure industrial activity.

The Glass-Steagall bill was enacted shortly thereafter for the purpose of increasing the discounting and loaning capacities of banks associated with the Federal reserve system. Its definite aim was to release frozen assets of member banks and thus permit large bank credits so that business men and manufacturers may have less difficulty in procuring loans.

These two measures furnish the key to the administration's reconstruction program, which, by various legislative devices, looks to the extension of credit at the top of our industrial structure, and among a limited number of industrial and business leaders, on the assumption that if they are bolstered up by Federal credit they will pass along to general business and through industrial circles the advantages of their own improved and more or less guaranteed financial status.

CREDIT TO PURCHASING POWER

It now is evident that the program is fundamentally defective in that it fails to extend credit, except in a highly restricted way, to countless farmers and workers and ordinary business men, the overwhelming majority of our people, on whom rest the final burdens of taxation and from whom springs our ultimate hope of revived industrial prosperity. Granting credit to production, we have held it back from purchasing power. Never has America so vividly proved as in the last three years the indispensable importance of the many to the few. Those who believe that America's prosperity is controlled by the well-being of a few financial and industrial leaders have been repeatedly refuted by the events of recent months. Manifestly something more fundamental is needed than a further bolstering up of bankers and industrialists. Modern industrial prosperity is as surely rooted in the people as is genuine political democracy.

One of the apparent explanations of the breakdown of the Reconstruction Finance Corporation has been its occasional surrender to industrial and financial selfishness under the spur of "rugged individualism" and "individual initiative." Certain unexpected and unduly preferential loans by that corporation—several million dollars out of more than $17,000,000 to take care of prior advances by Morgan & Co. and other New York financial concerns, and the shockingly discriminatory loan of $80,000,000 to save and bolster up the Illinois bank of former Vice President Dawes, recently retired head of the Reconstruction Finance Corporation—are regrettable illustrations of one reason why the Reconstruction Finance Corporation has done less good by far than it might have achieved. Private profit, as too often in our history, has been permitted to subordinate general welfare.

Notwithstanding these almost unbelievable abuses of public confidence, the Federal Reconstruction Corporation has in fact done much to prevent a collapse of banks, including savings banks, insurance companies, and other financial institutions, in which, after all, the hard-won earnings of the American people are largely stored. Yet its possibilities for public service, as already indicated, were limited because the restoration of farm, business, and general industrial activities depends increasingly upon the revival of purchasing power among the many millions employed and unemployed in this country. The vicious circle is known to everybody. Those who are idle can not buy, and without consuming markets our industries will not produce. Resumption of industrial activity, therefore, depends on revival of purchasing power. Everyone knows that we have in America to-day the same mechanical equipment, the same natural resources and as much available labor as we had in the hurried days of boasted prosperity of 1928 and early 1929. Yet many of our factories are silent, our food is unsold, and the hungry walk our streets. Plainly, what we in part require is an adequate stimulus to purchasing power, accompanied by confidence in the country's early recovery before our industrial wheels may be expected once more to begin to revolve with increasing rhythm and efficiency.

CONSUMERS' CREDIT

What I have said is preliminary to stating that my main object in rising at this late hour is to make brief reference to the type of legislation which Congress should consider enacting before it concludes its labors and adjourns. Less than two weeks ago, on July 1, the able Representative from New York, Mr. LAGUARDIA, and I introduced in the two Houses of Congress a measure sponsored by the Railway Labor Executives' Association of this country. That association represents, as Members of the Senate know, the 21 standard railroad labor organizations of America.

The purpose of the legislation, as briefly explained heretofore to the Senate, is through a corporation analogous to the Reconstruction Finance Corporation, to extend credit to the unemployed heads of families throughout the United States. I ask leave to place in the RECORD at the conclusion of my remarks, for brevity and without enlarging on the discussion, a copy of the bill which has been introduced, together with a statement including a brief review of its contents, section by section, as recently given, in testimony before the Manufactures Committee where the bill is pending, by an exceptionally equipped representative, the chief counsel, of the railroad brotherhoods of this country, Attorney Donald R. Richberg of Chicago. Mr. Richberg is largely responsible for the form in which this measure has been drafted and has appeared in support of it before the Senate Committee

on Manufactures on behalf of the 21 standard railroad labor organizations and other groups of American citizens who desire the enactment by Congress without delay of some such Federal legislation.

The VICE PRESIDENT. Without objection it is so ordered.

(See Exhibits A and B.)

SENATE BILL 4947

Mr. COSTIGAN. The bill to which I have referred, and which Mr. Richberg clearly summarizes, as shown in the material appended to my remarks, is known as S. 4947. I shall not repeat what Mr. Richberg has more adequately stated beyond saying that the corporation to be created under the measure is similar to the Reconstruction Finance Corporation. It is termed "the United States Exchange Corporation." Its capital stock is the same as that of the Reconstruction Finance Corporation and is similarly subscribed by the Federal Treasury. The number of directors to be appointed, outside of certain ex-officio members, would be approximately the same as for the Reconstruction Finance Corporation. The bill provides for a quick survey of the pressing need for necessaries of life, the products of our industries, on the part of the now unemployed workers of the country, and provides for an extension of credit to such unemployed workers for a six months' period of $300 per family head, or not to exceed $500 per family. Such credit is to be extended concurrently with the giving of notes for repayment by the heads of families, and deductions to apply on the notes will be made from wages when earned. The credit certificates to be issued by the corporation, if the bill becomes law, would be available for the purchase and movement of necessary commodities from those manufacturers and transporters of goods who would consent, under licenses for that purpose, to accept the credit certificates in payment. The bill provides for the issuance of debentures and other obligations by the corporation, and without any involved procedure being specified would look to the use of State and municipal agencies to assist in achieving the ends of the legislation.

Aware, as I am, of the insistent desire for an early recess or adjournment this evening, let me merely add to these hasty references to the contents of this Senate bill now before the Committee on Manufactures, that its underlying purpose, as stated in the recent hearing held concerning it, is to utilize Federal support as the only adequate source of credit available substantially to increase purchasing power and to stabilize general business. Increased commodity prices and rapidly enlarged employment are expected to result from the legislation as a result of the orders which will be placed for the long-delayed necessaries of life. The bill is an effort to translate consumers' needs into purchasing power by means of Federal credit for all the idle heads of families who are normally employable. This means giving credit to purchasing power where purchasing power counts.

VIEWS ON RELIEF FROM DEPRESSION

In support of what has been outlined as to the desirable next legislative step, permit me to say that there is growing agreement among many thoughtful persons to the effect that only by the use of credit on a national scale to bring about a large increase in purchasing power may we hope to check the continuing downward spiral of our depression.

Let me briefly quote some recently expressed views, without, of course, attempting to commit the authors to any particular remedial legislation. Speaking at the University of Virginia on July 11, Mr. Paul Mazur, an investment banker of New York, associated with Lehman Brothers, voiced the following views:

> Unless the volume and price level of American business improve within the next year, there is nothing to prevent a holocaust among bondholders that will beggar description and be as free from the administration's protection as the unemployed are apparently free of its assistance.
>
> There are those, called deflationists, who sitting in well upholstered chairs, secure in their possession of tax-exempt and gold securities, look upon an angry and hungry world, and preach with equanimity the necessity of complete liquidation, bare subsistence levels for labor, and cancellation of private industry debts to bondholders, leaving only gold and Government securities secure and untouched.
>
> These men are enemies of our present economic system, for there is danger in their assumption that starvation will be accepted with equanimity by the masses. They are foolish capitalists, for they fail to realize that the profits of the capitalist are in the long and short run dependent upon the welfare of the masses. And they are foolish hoarders or owners of Government securities, for gold will be of little value in a crippled social economy, and governments will become hopelessly bankrupt in a state that is semiparalyzed economically.
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>
> Capitalism has failed to realize that economics is still concerned with the barter of goods, that money and credit are mechanisms to facilitate the exchange of products; that production is fundamentally for consumption, and not consumption for production.
>
> We have built production machinery with religious fervor and we have neglected consumption, upon which the output of production is finally dependent. We have created a banking and financial policy to stimulate production without parallel development of the consumption mechanism.
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> * * * * * * *
>
> The demand for credits was diminished by a thoroughly contracted business and thoroughly contracted business converted usually acceptable risks into unbankable transactions. The Federal reserve has purchased over a billion dollars of securities from Government bondholders and during the period of purchase business has continued in its uninterrupted trend downward.
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> * * * * * * *
>
> Who is going to do the necessary buying to stimulate demand, to make business better, prices higher? Individualism apparently offers little prospect of enticing even the heroic industrial leader who believes in the principle of improving business through his own activities but who can not risk his cash reserves for an individual effort that is too likely to prove entirely inadequate.
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> * * * * * * *
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> Government alone has the power of credit. It alone can have the courage to embark upon a plan of stimulating activity. It is collectivism and as such it has the instruments and the power to do what should, what must, be done, but what no individual man or corporation may dare to do.
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> * * * * * * *

At a special meeting in New York City of the Taylor Society, April 14, 1932, Dr. Virgil Jordan, economist of the McGraw-Hill Publishing Co. and for some nine years chief economist of the National Industrial Conference Board, among other things, said:

> All of the administration measures so far taken * * * are endeavoring to support security values or debt claims by use of public credit and to put into operation again the old stock market investment banker theory of prosperity, which is as dead as the dodo.
>
> They have failed completely, and their collapse has demonstrated the fundamental defect in the principle of stabilization by general credit control; namely, that it is quite as important who uses bank credit as how much there is. In other words, the effect of bank credit on price levels, production, consumption, and employment depends upon the channels in which it circulates, and it can influence them only through the consumer market.

In a similar vein Dr. William T. Foster, the economist, addressing the meeting of the Taylor Society in April of this year, said:

> Industry fails to employ more men and produce more goods solely because it can not sell the goods. It can not sell the goods considered as a whole at the going price level—this, of course, does not apply to every commodity—solely because the consumers who want the goods lack the currency and credit wherewith to buy the goods.

Mr. President, coming more immediately to the proposed legislation, Senate bill 4947, I have just received from Dr. Isador Lubin, one of the highly regarded and able economists associated with the Institute of Economics in this city, a letter which forcefully presents in understandable terms the argument for the type of measure sponsored by Representative LAGUARDIA and myself. The particular measure I am discussing is urged to supplement the relief legislation the Senate is now considering. With the permission of the Senate, I quote from Doctor Lubin's letter three suggestive paragraphs:

> The passage of the Wagner bill [referring, I believe, to the measure now before the Senate] will in a measure be a move in this direction. The use of Federal credit in mobilizing stagnant and frozen purchasing power and the distribution of this purchasing power through governmental expenditure on public works and unemployment relief should result in the immediate demand for commodities and should stimulate productive activity. If those in whose hands is vested the administration of the provisions of the Wagner bill will act with speed and alacrity much may be done during the coming months to offset the toboggan course which industry has taken during the past six months. (As you probably

already know, the Index of Manufacturing and Mineral Production, as published by the Federal Reserve Board, fell from 72 in January, 1932, to 61 in May, 1932, a decline of almost 15 per cent.)

I believe, however, that the procrastination and delay that have attended the passage of the Wagner bill have to a significant degree lessened the efficacy of this measure and that it will have to be supplemented by further action. If the Federal Government would transfer its credit to its citizens, so that they might purchase those commodities essential to the maintenance of their health and efficiency, an immediate stimulation of industry should follow. Such an extension of credit should result in a greatly stimulated demand for consumption goods and the employment of labor in those industries which produce, transport, and distribute such goods. It should revive also those industries which produce raw materials used in the making of consumption goods. The reemployment of labor which should follow such action would at the same time create the wherewithal to liquidate the loans advanced by the Federal corporation which you seek to create. As such loans were liquidated the corporation, by retiring its bonds, would turn back into its normal channels such credit as it had absorbed, making it available to meet the demands of private industry as revival progressed. There will, of course, be losses, but these, I am convinced, will be insignificant as compared with the gains that would inure if revival is hastened by even a single week.

In conclusion may I emphasize that without a radical upward turn in the price level I see no way of averting further economic disintegration. There is nothing on the economic horizon which presages such an upward turn. I am persuaded further that automatic adjustments have already proceeded to a point where reflationary measures would yield handsome results in greater production, larger employment, and increased tax revenues. The creation of an exchange corporation to transfer the credit of the Federal Government to consumers until such time as the latter find reemployment would be an effective mechanism in bringing about the necessary rise in prices.

Mr. President, it is doubtless desirable to have the entire letter of Doctor Lubin printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter entire is as follows:

WASHINGTON, D. C., *July 12, 1932.*

Senator EDWARD P. COSTIGAN,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: In reply to your request for my opinion on the probable effectiveness of S. 4947 in alleviating the present economic stress, let me state at the outset that in the limited time available I have been unable to give much thought to the administrative features of the bill. I must confine my remarks to the economic aspects of your plan to make consumer credit available to those whose purchasing power has been depleted.

The economic fraternity is to-day divided into two schools of thought. The first holds that the present depression will come to an end only after deflation has run its complete course. Behind this philosophy lies the idea that the Government should play no part in checking the course of economic events and that the so-called automatic process of readjustment should be permitted to go on uninfluenced by "artificial" factors. This automatic process, as is patently evident, will involve tremendous losses and acute suffering. It will require a degree of deflation far more widespread and devastating than has yet occurred. Not only will it require further drastic reductions of wage rates and public-utility rates but also a radical cutting down in all fixed charges. Under our existing economic system these things can be accomplished only by widespread insolvency and financial reorganization. With the drastic deflation of all costs and the cutting down of fixed charges, it is held, private industry will find opportunities to produce more profitably, thus increasing employment and the demand for credit.

The situation in which we find ourselves to-day is certainly an anomalous one. On the one hand, the so-called automatic process is at work; on the other, such governmental action as has thus far been taken tends to freeze one set of prices and thus force other prices lower than they might otherwise have to go. I have in mind particularly the Reconstruction Finance Corporation, whose actions, by keeping certain of our industries solvent, result in keeping certain fixed charges from being cut down or eliminated through bankruptcy, thereby keeping costs up, while other industries, ineligible for Government aid, find receiverships the only means of relief. This is not to say that the policies embodied in the Reconstruction Finance Corporation act are not to be commended. However, in the realization of the constructive results of the Reconstruction Finance Corporation's policies, as, for example, the savings of the equities of educational and philanthropic institutions, of bank depositors and insurance policy holders, we should not forget that we are delaying the readjustment which, according to the upholders of the philosophy of the "automatic process," can come only after overhead charges have been deflated sufficiently to bring the operating costs of those industries which are being saved from bankruptcy by the Reconstruction Finance Corporation into line with existing commodity prices.

In contrast to the so-called automatic school are those economists—and I venture to say that they are in the majority—who insist that our civilization can avoid the chaos and suffering which must necessarily accompany further deflation and bankruptcy by raising the level of those prices which have been drastically deflated to a point where they will be in line with those prices which have not felt the full force of the present deflation. In other words, the "reflation" school holds that by injecting sufficient purchasing power into the economic system the demand for the products of our industries will be so increased that production will once more become profitable.

Opinion varies as to the manner in which such purchasing power should be injected into the economic system. Suggestions along this line are too numerous to be elaborated at this point. The most prominent of the measures that had this end in view were, of course, the Glass-Steagall Act and the open-market purchase activities of the Federal reserve system. Both of these were based on the theory that if sufficiently large reservoirs of credit were created, the banks of the country would be in a position to advance loans to industry in sufficient quantities to stimulate the demands for raw materials and labor and thereby hasten business revival. The failure of these expedients to stimulate industry is, as I see it, to be explained by the fact that private industry will not assume the risks involved in borrowing even under easy conditions at a time when it sees little prospect of an outlet for its products. Moreover, easing the conditions of our banks avails little when, because of uncertainty as to future prices, everyone, including the banks themselves, strive to get out of debt. The failure to raise prices and stimulate output through the medium of enlarging the reservoir of credit available to industry necessitates an attack upon the problem from the other end. That is to say, if credit can not be injected into the system through the factory and the mine, it should be injected through the channels of ultimate consumption. This, as I understand it, is the purpose of your bill.

The passage of the Wagner bill will in a measure be a move in this direction. The use of Federal credit in mobilizing stagnant and frozen purchasing power, and the distribution of this purchasing power through governmental expenditure on public works and unemployment relief should result in the immediate demand for commodities and should stimulate productive activity. If those, in whose hands is vested the administration of the provisions of the Wagner bill will act with speed and alacrity, much may be done during the coming months to offset the toboggan course which industry has taken during the past six months. (As you probably already know, the Index of Manufacturing and Mineral Production, as published by the Federal Reserve Board, fell from 72 in January, 1932, to 61 in May, 1932, a decline of almost 15 per cent.)

I believe, however, that the procrastination and delay that have attended the passage of the Wagner bill have to a significant degree lessened the efficacy of this measure and that it will have to be supplemented by further action. If the Federal Government would transfer its credit to its citizens so that they might purchase those commodities essential to the maintenance of their health and efficiency, an immediate stimulation of industry should follow. Such an extension of credit should result in a greatly stimulated demand for consumption goods and the employment of labor in those industries which produce, transport, and distribute such goods. It should revive also those industries which produce raw materials used in the making of consumption goods. The reemployment of labor, which should follow such action, would at the same time create the wherewithal to liquidate the loans advanced by the Federal corporation which you seek to create. As such loans were liquidated, the corporation, by retiring its bonds, would turn back into its normal channels such credit as it had absorbed, making it available to meet the demands of private industry as revival progressed. There will, of course, be losses; but these, I am convinced, will be insignificant as compared with the gains that would inure if revival is hastened by even a single week.

In conclusion, may I emphasize that without a radical upward turn in the price level I see no way of averting further economic disintegration. There is nothing on the economic horizon which presages such an upward turn. I am persuaded further that automatic adjustments have already proceeded to a point where reflationary measures would yield handsome results in greater production, larger employment, and increased tax revenues. The creation of an exchange corporation to transfer the credit of the Federal Government to consumers until such time as the latter find reemployment would be an effective mechanism in bringing about the necessary rise in prices.

As I have stated above, I have not gone into the question of the administration of such a corporation. If the necessary machinery can be worked out for the practicable administration of such a corporation, I believe that such a plan as you have proposed would be one of the most speedy and effective means for stimulating revival that has thus far been publicly discussed.

Cordially yours,

ISADOR LUBIN.

Mr. COSTIGAN. Without saying more, suffice it for the moment to let the argument in behalf of the kind of legislation which should be enacted rest at this point.

Mr. President, in addition, I request the incorporation in the RECORD, as part of my remarks, of a number of telegrams and other measages from different parts of the United States in support of the proposed legislation.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Without objection, it is so ordered.

(See Exhibit C.)

EXHIBIT A

A bill (S. 4947) to provide emergency financing facilities for unemployed workers, to relieve their distress, to increase their purchasing power and employment, and for other purposes

Be it enacted, etc., That there is hereby created a body corporate with the name of United States Exchange Corporation (herein called the corporation), whose principal office shall be located in the District of Columbia, but which may establish or designate agencies or branch offices in any location within the United States under regulations prescribed by the board of directors.

SEC. 2. The corporation shall have capital stock of $500,000,000 subscribed by the United States of America, payment for which shall be subject to call in whole or in part by the board of directors. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $500,000,000 for the purpose of making payments upon such subscription when called. Receipts for payments by the United States of America for or on account of such stock shall be issued by the corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

SEC. 3. The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Labor, who shall be members ex officio, and six other persons fairly representative of the interests of labor, management, and ownership in the principal economic activities of the Nation, who shall be appointed by the President by and with the advice and consent of the Senate. Of the nine members of the board of directors not more than five shall be members of any one political party. Each director shall devote his time not otherwise required by the business of the United States principally to the business of the corporation. Before entering upon his duties each of the directors so appointed and each officer of the corporation shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or in any other act shall be construed to prevent the appointment and compensation as an employee of the corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof. The terms of the directors appointed by the President of the United States shall be two years and run from the date of the enactment hereof and until their successors are appointed and qualified. Whenever a vacancy shall occur among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors of the corporation appointed as hereinbefore provided shall receive salaries at the rate of $10,000 per annum each. No director, officer, attorney, agent, or employee of the corporation shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

The corporation shall have succession for a period of 10 years from the date of the enactment hereof, unless it is sooner dissolved by an act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the corporation, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, by-laws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, including the selection of its chairman and vice chairman, together with provision for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this act. The board of directors of the corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this act.

SEC. 4. The policies and regulations of the corporation shall be determined by the board of directors with the aid and advice of an advisory council consisting of at least 18 and not more than 27 persons appointed by the President from nominations made, in such manner as the President shall direct, by organizations generally recognized as representative of the respective interests of labor, management, and ownership in the principal economic activities of the Nation (such as agriculture, manufacturing, mining, marketing, banking, and transportation). Members of the advisory council shall serve without compensation, but the expenses of the council and of its members in the transaction of its business shall be allowed and paid, on the approval of the board of directors of the corporation, under regulations prescribed by the board.

SEC. 5. It shall be the duty of the board of directors, with the aid and advice of the advisory council, immediately to make a survey, through existing public and private agencies of charitable relief, through State and municipal channels of information, and by means of its own delegated or established agencies, of the existing demands upon essential industries for the necessaries of life which are not being supplied because of the unemployment and lack of purchasing power of those persons responsible for self-support or for the support of dependents, and capable of such support. The nature and quantity of the goods and services thus in demand but not supplied shall be ascertained so far as possible, and classifications shall be made for the purpose of estimating—

(a) The character and volume of purchases which would result from the creation of a purchasing power of $500 for each of said unemployed persons to meet their urgent needs during the succeeding six months.

(b) The approximate increases of present employment which would result from creating sufficient purchasing power to satisfy the said existing demand for the respective goods and services so classified as to character and volume.

SEC. 6. On the basis of this preliminary survey, which shall be completed so far as possible within 30 days after the organization of the board of directors and the advisory council, the corporation shall arrange through its local agencies to extend credits as hereinafter provided to unemployed adults responsible for and capable of self-support in the amount of not more than $300 for individual support, plus not more than $100 for each dependent, but not exceeding a total of $500 for each household (as defined by general regulations of the corporation) for the specific purchase of goods and services designated in such manner and such detail as the corporation shall determine, for the purpose of combining so far as possible the satisfaction of the most urgent needs of said households with the maximum increase of employment through the increase of purchasing power so provided. Such credits shall be extended only upon promises to repay such advances in the manner and upon the terms hereinafter provided.

SEC. 7. In order to arrange to extend credits for the purchase of goods and services, the corporation through its agencies shall license all producers and distributors and transporters who will agree to accept its credit certificates at face value and to conform to its published regulations concerning the terms and conditions under which purchases shall be made and goods or services produced. No purchases shall be made or goods or service supplied on credit extended by the corporation or by its agencies except through such licensees; but all responsible producers, distributors, and transporters shall be entitled to become and to remain licensees upon the making of and during compliance with the aforesaid agreement with the corporation, and upon and during compliance with all other agreements with or regulations prescribed by the corporation.

SEC. 8. All licensees of the corporation shall be required to agree that wage scales and basic wage rates for employees shall not be reduced while acting as a licensee below the wage scales and basic wage rates effective on June 1, 1932, and that all employees shall be free from any form of employer coercion operating to prevent or hamper said employees in their efforts to organize themselves, to choose their own representatives, and by collective bargaining to fix the terms and conditions of employment (subject to the limitations upon compensation hereinbefore provided). This freedom from coercion shall not be subject to waiver by the employee as a condition of employment or otherwise. No licensee shall be required or permitted by virtue of any provision of this paragraph to modify or abrogate the provisions of any contract (or any modification thereof) now in effect or hereafter put in effect between an employer and its employees as the result of collective bargaining as heretofore described. These requirements shall be imposed in addition to conformity with any other regulations which the corporation shall make, and which the corporation is hereby directed and authorized to make, for the purpose of requiring goods and services to be furnished without discrimination at reasonable prices, which shall not exceed the cost of labor and materials and the lowest percentage of profit consistent with maintaining the solvency of a conservatively financed and economically operated enterprise.

SEC. 9. All applicants for credits extended by the corporation shall sign a note for each purchase from a licensed distributor in the form provided by the corporation, promising to pay to the corporation on or before 10 years after date the amount of the purchase with interest, for the first year at 1 per cent, for the second year at 2 per cent, and for the third year at 3 per cent, and thereafter at 4 per cent until paid, which note, together with a credit certificate in the same amount signed by an accredited agent of the corporation, must be deposited with the distributor upon ordering goods or services and transferred to the distributor by an indorsement on the note upon delivery of the goods. The aggregate amount of all credit certificates issued by the corporation agents in any State shall not exceed the total allotment of credit by the corporation to that State, and the total alloted credits for consumers shall be apportioned among the several States in approximately the proportion which their several populations bear to the total population of all the States accord-

ing to the fifteenth decennial census, unless the corporation shall find and establish a more accurate method of apportioning relief in accordance with volume of demand. Proration of applications necessary because of insufficient credit to fill all demands, and other reductions or limitations necessary to apportion available credits most fairly to meet most urgent needs, shall be regulated by general regulations without any discrimination or preference between individuals or localities, except in accordance with such general regulations.

SEC. 10. Every licensee of the corporation shall agree, and all other persons (natural or corporate) shall also be required, when employing any person during the life of the corporation, to ascertain whether such person is indebted to the corporation upon a note or notes and shall require any such person so indebted, in accordance with the terms of his or her indebtedness, to authorize said employer to deduct 10 per cent of the wages, or 10 per cent of the current money value of any other compensation, paid from every payment to said employee and to remit the same to the corporation to be applied on said indebtedness. The corporation is hereby authorized to enforce this requirement by appropriate regulations to the full extent permitted or authorized by the laws of the several States and of the United States. The corporation shall give public notice of the termination of said requirement when no longer necessary to reimburse the corporation for all moneys expended.

SEC. 11. To aid in creating employment through extending the credits herein provided, the corporation is authorized to make loans to any licensed producer for the employment of workers or the purchase of materials to the extent of 75 per cent of the producer's interest in orders received from licensed distributors based on credit certificates. Such loans must be secured by assignment of the entire interest of the producer in the orders so received. Credit certificates accompanied by the corresponding purchasers' notes when presented to the corporation by licensed distributors in multiples of $50 will be honored by payment in cash or at the option of the corporation by transfer of the corporation bonds in the amount of the face value of said credit certificates and notes without interest. Any interest due on the transfer of the corporation bonds shall be accounted for by a credit or cash payment to the corporation. The corporation shall require satisfactory assurances that transporters and distributors have been or will be paid their share of the consumers' payment. The corporation is authorized by regulations duly published to provide for honoring credit certificates and notes in the hands of distributors or transporters when receiving satisfactory assurances that producers and transporters have been or will be paid their share of the consumers' payment.

SEC. 12. The corporation is authorized and empowered in its discretion to make loans to railroads and to other corporate enterprises essential to meet the reasonably anticipated future demand for necessary goods or services (when eventual payment is adequately secured in the judgment of the board of directors by the obligation of the borrower, with or without any collateral as may be deemed necessary) for the purpose of financing deferred maintenance of existing properties which will be essential to supply a reasonably anticipated future demand for necessary goods or services, but only upon the express condition that the proceeds of such a loan must be used exclusively for employment of additional labor and the cost of necessary additional supplies to be used by such labor, and on the further condition that such a borrower will conform to the standards required of licensees as hereinbefore provided in section 8 of this act.

No such loans shall be made except after a public report by a delegated agent of the corporation, or a report of the Interstate Commerce Commission in the case of railroads, showing the need for the proposed maintenance work and an estimate of the extent of increased employment which would result directly from the loan under consideration. No more than an aggregate amount of $250,000,000 shall be loaned for such purposes and no such loan shall be made after one year from the effective date of this act, unless previously applied for. Loans may be made by use of cash or bonds in the same manner as credit certificates may be honored, as provided in section 11 of this act and provision shall be made for their payment within not more than 10 years in equal annual or semiannual installments, and they shall bear interest at not less than 4 per cent or more than 6 per cent as may be fixed by the corporation from time to time by general regulation.

SEC. 13. The corporation is authorized and empowered, in its discretion and within its credit limitations, to make loans to responsible States or municipalities or their responsible agencies for the purpose of purchasing necessary goods and services for the charitable support of persons incapable of self-support and without adequate support from private sources when such persons because of incapacity for present or future self-support can not obtain credit under the provisions of this act or otherwise, when such responsible public agencies have exhausted other sources for public credit provided by State or Federal law and available to meet such needs. Such loans may be made upon the direct obligations of such public agencies upon such terms as may be fixed by general regulations of the corporation but not in an aggregate amount exceeding $250,000,000.

SEC. 14. The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue and have outstanding at any one time in an amount aggregating not more than five times its subscribed capital its notes, debentures, bonds, or other such obligations, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other obligations of the corporation may be secured by assets of the corporation in such manner as shall be prescribed by its board of directors: *Provided*, That the aggregate of all obligations issued under this section shall not exceed five times the amount of the subscribed capital stock. Such obligations may be issued in payment of any loan authorized by this act or may be offered for sale at such price or prices as the corporation may determine with the approval of the Secretary of the Treasury. The said obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use, as a public-debt transaction, the proceeds from the sale of any securities hereafter issued under the second Liberty bond act, as amended, and the purposes for which securities may be issued under the second Liberty bond act, as amended, are extended to include any purchases of the corporation's obligations hereunder. The Secretary of the Treasury may, at any time, sell any of the obligations of the corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the corporation shall be treated as public-debt transactions of the United States. Such obligations shall not be eligible for discount or purchase by any Federal reserve bank.

Any and all notes, debentures, bonds, or other such obligations issued by the corporation shall be exempt both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

In order that the corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the corporation to be held in the Treasury subject to delivery, upon order of the corporation. The engraved plates, dies, bed pieces, and so forth, executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other obligations.

When designated for that purpose by the Secretary of the Treasury, the corporation shall be a depositary of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties, as depositary of public money and financial agent of the Government, as may be required of it. Obligations of the corporation shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof.

SEC. 15. Upon the expiration of the period of two years within which the corporation may extend credit and make loans, or any extension thereof by the President under the authority hereby conferred to extend said period, the board of directors of the corporation shall, except as otherwise herein specifically authorized or authorized by further act of Congress, proceed to liquidate its assets and wind up its affairs. It may with the approval of the Secretary of the Treasury deposit with the Treasurer of the United States as a special fund any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise, for the payment of principal and interest of its outstanding obligations or for the purpose of redemption of such obligations in accordance with the terms thereof, which fund may be drawn upon or paid out for no other purpose. The corporation may also at any time pay to the Treasurer of the United States as miscellaneous receipts any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise in excess of reasonable amounts reserved to meet its requirements during liquidations. Upon such deposit being made, such amount of the capital stock of the corporation as may be specified by the corporation with the approval of the Secretary of the Treasury but not exceeding in par value the amount so paid in shall be canceled and retired. Any balance remaining after the liquidation of all the corporation's assets and after provision has been made for payment of all legal obligations of any kind and character shall be paid into the Treasury of the United States as miscellaneous receipts. Thereupon

the corporation shall be dissolved and the residue, if any, of its capital stock shall be canceled and retired.

If at the expiration of the 10 years for which the corporation has succession hereunder its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors of the corporation under this act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties; and nothing herein shall be construed to affect any right or privilege accrued, any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein provided in connection with the liquidation of the remaining assets and the winding up of the affairs of the corporation, until the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of its legal obligations have been provided for, whereupon he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the corporation, and make the final report of the corporation to the Congress. Thereupon the corporation shall be deemed to be dissolved.

SEC. 16. All the business of the corporation shall be public business and all decisions, regulations, and actions taken shall be public, except that executive sessions of the board of directors and advisory council may be held and the deliberations upon or tentative plans and administration of the details of its business need not be made public. The corporation shall make and publish a report quarterly of its operations to the Congress, stating the aggregate credits extended or loans made in each class of such credits or loans and the number of debtors by States in each class. The statement shall show the assets and liabilities of the corporation, and the first report shall be made on December 1, 1932, and quarterly thereafter. The report shall also show the names and compensation of all persons employed by the corporation whose compensation exceeds $400 a month.

SEC. 17. The corporation and its agencies shall be authorized to enlist the aid of volunteer workers employed without compensation to carry out the detailed administration of its business, but no such volunteer worker shall have any authority as an agent of the corporation, or of any of its agencies, to enter into any obligation binding upon the corporation except upon and after ratification in writing of such an obligation by a duly authorized agent of the corporation.

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the corporation, or for the purpose of obtaining money, property, or anything of value, under this act, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, or credit certificate, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, or credit certificate, issued or authorized by the corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon or credit certificate, purporting to have been issued or authorized by the corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, or credit certificate, issued or purporting to have been issued or authorized by the corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon or credit certificate, issued or purporting to have been issued or authorized by the corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this act, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

(c) Whoever, being connected in any capacity with the corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it; or (2) with intent to defraud the corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the corporation, makes any false entry in any book, report, or statement of or to the corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the corporation; or (4) gives any unauthorized information concerning any future action or plan of the corporation which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the corporation, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

(d) No individual, association, partnership, or corporation shall use the words "United States Exchange Corporation," or a combination of these four words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding $1,000 or imprisonment not exceeding one year, or both.

(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), in so far as applicable, are extended to apply to contracts or agreements with the corporation under this act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

The right to alter, amend, or repeal this act is hereby expressly reserved. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

EXHIBIT B

STATEMENT OF DONALD R. RICHBERG, COUNSEL FOR THE RAILWAY LABOR EXECUTIVES' ASSOCIATION, AND OTHER ORGANIZATIONS SUPPORTING THE BILL

(Before a subcommittee of the Commitee on Manufactures of the United States Senate (Senators COSTIGAN, chairman, LA FOLLETTE, HATFIELD, CUTTING, and SHEPPARD).)

(Hearings upon "A bill to provide emergency financing facilities for unemployed workers, to relieve their distress, to increase their purchasing power and employment, and for other purposes" (S. 4947).)

This bill (S. 4947) which has been introduced by Senator COSTIGAN (and simultaneously by Representative LAGUARDIA (H. R. 12885)) undertakes to give immediately a purchasing power of from $300 to $500 to some 7,000,000 unemployed heads of families whereby they will be able to buy the necessities of life for themselves and their dependents during the next six months. It follows the lines of a bill which was recently indorsed by the Railway Labor Executives' Association. Since I had much to do with the drafting of that bill I should like to make it clear that the program for relief of unemployment and unemployment distress embodied in the bill before this committee is not the product of any one individual or any one organization. It is the product of the thought and labor of many economists, lawyers, bankers, and civic and industrial organizations which was finally translated into this bill by its official sponsors, Senator COSTIGAN and Representative LAGUARDIA.

Without committing anyone to the support of this measure, except those who formally have approved it, let me state that in my own work upon this bill I have consulted with and utilized the aid of not only the railway labor organizations and representatives of the American Federation of Labor, but also representatives of farm organizations, of the American Legion, of civic and charitable relief agencies, of the unpaid Chicago teachers, and individual leaders in finance and business, including the heads of some of the largest banks and business enterprises in this country. Therefore before discussing the details of this bill let me summarize the ideas which underlie this legislative proposal.

There is to-day general agreement upon two essential principles which are the foundation of this bill.

First, credit which is normally used to increase production should be used to increase purchasing power in this period of unprecedented business stagnation.

Second, the only remedy for unemployment is to put men to work.

In all the relief measures which have been given the serious consideration of Congress up to date are certain unhappy limitations:

1. Direct charitable relief only partly alleviates misery. It does not stop the continuing production of misery. A comprehensive national "dole," providing mere subsistence indefinitely for the unemployed, would not lift us out of the depression. A partial "dole" will only serve to dull our consciences and to detour our good impulses.

2. Loans to banks, railroads, and business enterprises may delay bankruptcies and receiverships but will not increase employment or purchasing power. The values of stocks and bonds are not enhanced when a corporation goes farther into debt. A bank is not made solvent by borrowing money with which to pay depositors. The loans of the Reconstruction Finance Corporation may postpone but will not prevent disaster. Other more constructive forces must be invoked to reverse the downward trend.

3. Loans for new public or private construction should stimulate employment and increase purchasing power. But the merit of such a program depends largely on its volume and its speed, which are both uncertain. A little new work, a trickle of added purchasing power, will not bring about a general business revival. And without the stimulus of a rapid, widespread improvement it will become more and more difficult to induce either public or private borrowing for new production. There can be little encouragement to launch new self-sustaining, income-producing projects

when billions of capital now invested in existing enterprises are idle and profitless because of the lost purchasing power of the masses.

The statements just made summarize the difficulty of financing new employment in order to create new purchasing power. The bill before you aims at eliminating this difficulty by reversing that economic process. This bill proposes to finance a new purchasing power and thereby to create new employment. It has one supreme merit in that its primary objectives will be attained and its primary benefits will reach the masses of the people. It will positively relieve the distress of a vast majority of the unemployed. It will furnish a nation-wide insurance against privation in the coming winter. It will increase employment rapidly and provide work in the near future for a large percentage of the unemployed. We may debate over its ultimate effects, but we can not argue long over the immediate results of its enactment.

Let us summarize the bill by sections:

Sections 1, 2, 3, and 4 create a corporation known as the United States Exchange Corporation, similar in organization and method of functioning to the Reconstruction Finance Corporation but having for its purpose putting credit behind purchasing power instead of behind productive power.

The corporation will have a board of directors consisting of the Secretaries of the Treasury, Commerce, and Labor and six presidential appointees. Also there will be an advisory council representative of all interests in the principal economic activities of the Nation. We may call this corporation USEC, which initials stand not only for its official name but also for its object—United States emergency credit.

Section 5 provides that the first duty of USEC will be to make an emergency survey (within 30 days) of the existing demands upon essential industries for the necessities of life which are not being satisfied because of lack of purchasing power, in order to determine the character and volume of purchases which would result from establishing a credit of $500 each for unemployed heads of households, and the maximum increases of employment which could be produced in response to such purchasing power.

Section 6 provides that on the basis of this survey USEC will arrange through local agencies to extend credits to cover six months' necessary purchases for unemployed heads of households in amounts not exceeding $300 for an individual, plus $100 for each dependent, but not exceeding a total of $500 for each household head.

Section 7 provides that USEC will license producers, distributors, and transporters who will agree to accept its credit certificates at face value and conform to regulations concerning the terms and conditions under which purchases shall be made and goods or services produced. All purchases on credits must be made through such licensed producers, distributors, and transporters.

Section 8 provides that such licensees must agree (1) not to reduce wage scales below those effective June 1, 1932, and (2) to conform to other regulations to insure the furnishing of goods and services at reasonable prices under proper conditions.

Section 9 provides that credit will be extended to applicants signing notes for repayment on or before 10 years after date, with a low but increasing rate of interest—1 per cent first year, 2 per cent second year, 3 per cent third year, and 4 per cent thereafter.

Payments will be made for goods by such notes accompanied by corresponding credit certificates signed by local agents of USEC. Credits shall be allotted to States either in accordance with their populations or the need for relief. If the total requests for credit exceed $3,000,000,000, reductions in amounts allotted to the States will be made proportionately.

Section 10 provides that borrowers employed during the life of USEC will agree, and their employers will be required, to deduct 10 per cent of wages, to be paid to USEC until any notes of such borrowers have been paid.

Section 11 provides that USEC will be authorized to extend credits to licensed producers for the employment of additional workers to fill orders received. Credit certificates after orders have been filled, accompanied by purchasers' notes, will be honored by USEC and paid either in cash or by transfer of USEC bonds equal in value to the face value of such credit certificates.

Section 12 provides that USEC will be authorized to make loans to railroads and other essential enterprises to finance deferred maintenance of existing properties essential to supply a future demand for necessary goods or services, the amount of such loans not to exceed an aggregate of $250,000,000. This will stimulate the immediate employment of several hundred thousand men.

Section 13 provides that where State or municipal relief agencies apply for credits to meet charitable relief needs for those incapable of self-support, after the exhaustion of other sources of relief, credits may be extended upon the notes of such State or municipal bodies, if the credit facilities of USEC have not been exhausted, to the extent of not more than $250,000,000. This will provide additional funds for direct charitable relief for those incapable of self-support.

Section 14 provides that USEC will be authorized to issue notes, debentures, and bonds to the amount of not more than five times its initial capital of $500,000,000, thus providing a total revolving fund of approximately $3,000,000,000.

Section 15 provides for winding up the affairs of USEC after a period of two years.

Section 16 provides that all business of USEC shall be public business and its actions shall be public.

Section 17 authorizes USEC to employ volunteer aids, without authority to obligate the corporation.

Section 18 makes provisions similar to those in the Reconstruction Finance Corporation act for the protection of the operations of USEC from fraud or forgery and for enforcement of its regulations.

Permit me to repeat my conviction that the passage of such a bill as this will furnish a nation-wide insurance against privation in the coming winter, will increase employment rapidly, and will turn the tide of depression, restoring confidence and security to millions of American homes.

EXHIBIT C

ATLANTIC CITY, N. J., *July 12, 1932.*

Hon. EDWARD P. COSTIGAN,
United States Senate:

I most heartily indorse Senate bill 4947 and respectfully urge its enactment into law before the adjournment of Congress. This character of legislation is urgent and necessary in order to meet the demands of the most serious unemployment situation.

WILLIAM GREEN,
President American Federation of Labor.

CLEVELAND, OHIO, *July 6, 1932.*

Hon. EDWARD P. COSTIGAN,
Senate Office Building, Washington, D. C.:

The Railway Labor Executives' Association has unanimously indorsed your bill (S. 4947) to create the United States Exchange Corporation, to finance the purchase of necessities by unemployed heads of families. In addition let me personally assure you that the Brotherhood of Locomotive Firemen and Enginemen, with 50,000 of its members now unemployed, appreciates and will support with its full power your bill as the only measure presented to Congress which makes adequate provision to relieve nation-wide distress and to revive industry through creating a new purchasing power for the suffering masses of the people.

D. B. ROBERTSON,
Chairman, Railway Labor Executives' Association,
President Brotherhood of Locomotive Firemen and Enginemen.

CLEVELAND, OHIO, *July 6, 1932.*

Senator EDWARD P. COSTIGAN,
Chairman Subcommittee on Manufactures:

Respectfully urge that you do everything possible to expedite hearings and bring about passage before Congress adjourns of bill providing credit to unemployed workers. In my opinion the enactment of such bill will be materially helpful to the existing unemployment situation, and the same has the united support of our brotherhood and other railway labor organizations. Such organizations will be represented at the hearing before your subcommittee.

A. F. WHITNEY,
President Brotherhood of Railway Trainmen.

CHICAGO, ILL., *July 7, 1932.*

Hon. EDWARD P. COSTIGAN,
Chairman Subcommittee of Committee on Manufactures,
United States Senate Office Building, Washington, D. C.:

The federated trades, representing hundreds of thousands of railroad employees, have been and are suffering unprecedented conditions, not having averaged more than 12 days' work per month during this depression. Approximately one-half have no employment. Those employed have loyally assisted their unemployed brothers. These workers have sacrificed and shared with their unfortunate brothers, thus bearing the burden of this depression, until they have reached, if not passed, the breaking point. Many unemployed after months of suffering were forced to accept outside charity. Outside relief funds are practically exhausted. Railroad employment is decreasing, not increasing. These highly trained, loyal workers do not want doles or charity; they want jobs in their industry, where they have dedicated their lives. The skill, experience, and loyalty of these and similar workers in industry everywhere constitutes at least as sound a basis of credit as any thus far recognized by our Federal Government. Senate bill 4947 constitutes the most constructive effort yet made to turn the tide of this depression, and we urge its immediate enactment into law.

B. M. JEWELL, *President,*
J. M. BURNS, *Secretary,*
Railroad Employees Department of the
American Federation of Labor.

DETROIT, MICH., *July 6, 1932.*

Senator EDWARD P. COSTIGAN,
Senate Office Building:

In behalf of the 405,000 railroad maintenance-of-way workers employed on class I roads in the United States in the year 1929, of whom 200,000, or approximately one-half are now totally unemployed, with the others still in service working only part time, many of whom are on three days a week, I urgently appeal to your subcommittee for prompt and favorable consideration of Senate bill No. 4947 providing credit to unemployed workers. Our national headquarters is being overwhelmed with reports of intolerable distress on the part of our workers in all sections of the country. Immediate relief is imperative in the interest of humanity and our national security.

BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES,
F. L. JOZDAL, *President.*

WASHINGTON, D. C., *July 6, 1932.*

Hon. EDWARD P. COSTIGAN,
United States Senator,
Senate Office Building, Washington, D. C.:

The International Association of Machinists urgently requests favorable action by Congress before adjournment on Senate bill 4947, the purpose of which is to extend credit to the unemployed workers of the Nation. Congress has extended relief in abundance to banks, industry in general, and the railroads. It is about time that the human element should receive some consideration and the extension of credit to unemployed heads of families will immediately put into circulation a chain of purchasing that can not fail to stimulate all industry. Starving women, children, and men must not be denied a reasonable opportunity to survive in this great country overflowing with everything but a little applied common sense and consideration for suffering humanity.

A. O. WHARTON, *President,*
International Association of Machinists.

CINCINNATI, OHIO, *July 6, 1932.*

Senator EDWARD P. COSTIGAN,
Senate Office Building:

Am advised that hearing has been called by Senate committee in connection with bill 4947, extending credit to unemployed workers. The many thousands of employees whom I represent urge you to do everything possible to expedite the hearing and pass the bill before Congress adjourns. The enactment of this measure into law will in a great measure relieve the present desperate situation of thousands of deserving citizens of the Republic and avert impending economic disaster.

GEO. M. HARRISON,
Grand President Brotherhood of Railway Clerks.

CHICAGO, ILL., *July 6, 1932.*

Hon. EDWARD P. COSTIGAN,
Chairman Subcommittee of Committee
on Manufactures, United States Senate,
Senate Office Building, Washington, D. C.:

The Chicago Federation of Labor heartily indorses Senate bill 4947 and urges its immediate consideration by your committee and passage before the adjournment of the present Congress. Hundreds of thousands are unemployed and the worst is yet to come. The passage of this bill will at least make it possible for them to secure the necessities of life without recourse to charity.

JOHN FITZPATRICK, *President.*
E. N. NOCKELS, *Secretary.*

CHICAGO, ILL., *July 8, 1932.*

Hon. EDWARD P. COSTIGAN,
Chairman Subcommittee of Committee
on Manufactures, United States Senate,
Senate Office Building, Washington, D. C.:

The Chicago Federation of Labor heartily indorses Senate bill 4947 and urges its immediate consideration by your committee and passage before the adjournment of the present Congress. Hundreds of thousands are unemployed and the worst is yet to come. The passage of this bill will at least make it possible for them to secure the necessities of life without recourse to charity.

IRON WORKERS' DISTRICT COUNCIL,
A. MARTIN, *Secretary.*

CHICAGO, ILL., *July 7, 1932.*

Hon. EDWARD P. COSTIGAN,
Chairman Subcommittee of Committee
on Manufactures, United States Senate,
Senate Office Building, Washington, D. C.:

The Chicago Building Trades Council heartily indorses Senate bill 4947 and urges its immediate consideration by your committee and passage before the adjournment of the present Congress. Over 100,000 of our members are unemployed. The passage of this bill will at least make it possible for them to secure the necessities of life without recourse to charity.

PATRICK F. SULLIVAN, *President.*
J. J. CONROY, *Secretary.*

BUFFALO, N. Y., *July 6, 1932.*

Hon. EDWARD P. COSTIGAN,
United States Senate:

I understand hearings on bill to provide credit to unemployed workers will be held to-day. This bill holds out a ray of hope for the unemployed worker and appears to be the most practical move not only to assist the unemployed but to relieve the terrible stagnation of business throughout the country. I request that you do everything possible to expedite hearings in order that this bill may be passed before Congress adjourns.

THOMAS C. CASHEN,
President Switchmen's Union of North America.

CHICAGO, ILL., *July 6, 1932.*

Hon. EDWARD P. COSTIGAN,
Senate Office Building:

Alarming increase in unemployment demands heroic measures to prevent intolerable conditions developing coming winter. Some form of credit must be provided unemployed householders just as credit is now supplied corporations. Congress must act before adjournment. Our national credit can maintain population during crisis. Other means have utterly failed. Therefore must use national credit and Senate bill 4947 best way yet devised. Honest skilled workmen must be provided capital to carry on.

J. G. LUHRSEN,
President American Train Dispatchers' Association.

CHICAGO, ILL., *July 5, 1932.*

United States Senator COSTIGAN,
Chairman of Subcommittee on Hearings
of Bill Provided for Loans to Unemployed
Heads of Families, Senate Office Building,
Washington, D. C.:

The Chicago pipe trades favor the enactment and request that your committee give favorable consideration.

STEAMFITTERS' PROTECTIVE ASSOCIATION, LOCAL UNION 597,
GEORGE MCKINLEY.
PLUMBERS' LOCAL UNION 130,
WILLIAM CURRAN.
CHICAGO GAS FITTERS' LOCAL UNION 250,
WILLIAM ELK.
CHICAGO SPRINKLER FITTERS' LOCAL 281,
JOSEPH TAYLOR.
CHICAGO PIPE TRADES COUNCIL,
CHAS. M. RAU, *President,*
MARTIN DURKIN, *Secretary.*

HOUSTON, TEX., *July 6, 1932.*

The Hon. EDWARD P. COSTIGAN,
United States Senator, Washington:

You are most earnestly requested to expedite hearings and urge passage of Senate bill 4947, extending credit to unemployed workers before Congress adjourns, as there is great need of relief.

Respectfully,

J. H. COLE,
Grand Vice President Order of Sleeping Car Conductors,
Houston, Tex.

CLEVELAND, OHIO, *July 5, 1932.*

Hon. EDWARD P. COSTIGAN,
Washington, D. C.:

Senate bill 4947 will mean tremendous benefit for unemployed heads of household. Such extension of credit is most necessary.

C. RICHARD BRENNE,
Editor Waechter und Anzeiger.

CLEVELAND, OHIO, *July 5, 1932.*

Hon. EDWARD P. COSTIGAN,
Chairman Subcommittee of Committee on
Manufactures, Washington, D. C.:

The extension of credit to unemployed heads of households is absolutely needed, and the passage of such bill will be a blessing to the country.

G. KENDE,
Editor Volksblatt and Freiheits Freund.

CLEVELAND, OHIO, *July 5, 1932.*

EDWARD P. COSTIGAN,
Senator from Colorado, Washington, D. C.:

We heartily indorse and urge the early passage of the extension of credit to unemployed heads of households as covered in Senate bill 4947.

H. L. KOBRAK,
Manager Szabadsag Hungarian Daily.

KANSAS CITY, MO., *July 6, 1932.*

Senator EDWARD P. COSTIGAN,
Chairman Subcommittee on Manufactures,
Senate Office Building:

On behalf of the members of my organization who reside in all parts of the United States, I earnestly ask that you do everything possible to expedite hearings and urge passage of Senate bill 4947, extending credit to unemployed workers before Congress adjourns. The needs of the unemployed can not be met in any other way, and to ignore them is to invite disaster.

M. S. WARFIELD,
President Order of Sleeping Car Conductors.

CHICAGO, ILL., *July 9, 1932.*

Hon. EDWARD P. COSTIGAN,
Chairman Subcommittee of Committee on Manufactures,
United States Senate, Washington, D. C.:

The Chicago Joint Board, Amalgamated Clothing Workers of America, heartily indorses Senate bill 4947, and urges its immediate consideration by your committee and passage before the adjournment of the present Congress. Hundreds of thousands are unemployed, and the worst is yet to come. The passage of this bill will at least make it possible for them to secure the necessities of life without recourse to charity.

Respectfully yours,

CHICAGO JOINT BOARD,
AMALGAMATED CLOTHING WORKERS OF AMERICA.
SAMUEL LEVIN, *Manager.*
M. O. FISCH, *Secretary.*

Mr. CONNALLY. Mr. President, is there an amendment pending?

The PRESIDING OFFICER. There is no amendment now pending.

Mr. CONNALLY. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 6, line 3, it is proposed to strike out all of Title II down to and including line 10, on page 15.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas.

Mr. McNARY. Mr. President, I should like to inquire the purpose of the amendment.

Mr. CONNALLY. Mr. President, this amendment proposes to strike out all of Title II, with the exception of the amendment of the Senator from Virginia, which is section 208, and section 207, which authorizes the Secretary of the Treasury to sell obligations of the Reconstruction Finance Corporation.

Mr. DILL. The Senator does not mean to strike out the amendment I offered, does he?

Mr. CONNALLY. To Title II?

Mr. DILL. Yes.

Mr. CONNALLY. No; it would not reach the Senator's amendment, because the amendment which I offer begins with Title II and strikes all out down to section 207 on page 15.

Mr. President, I offer this amendment because I have heretofore voted in the Senate for the appropriation of $300,000,000 for direct relief contained in Title I. It seems to be the desire of the Senate to retain Title III with relation to public works, and, so far as public works are concerned, I think that it is entirely justifiable to spend the Government's money on those that are desirable and necessary; but I am not in favor of increasing, by more than a billion additional dollars to what it already has, the spending power of the Reconstruction Finance Corporation. I am unwilling to vote to tax the American people to spend money on self-liquidating corporations such as those which are proposed; for instance, the building of a bridge across San Francisco Bay; the digging of a tunnel under the Hudson River, which, as I understand, is contemplated, and possibly the building of a bridge across the Mississippi River. The burdens of the taxpayers are already heavy; we have made them heavier, and I do not believe that we can bring prosperity back by taxing the people and squandering the money on so-called self-liquidating corporations which can not stand on their own legs and which as investments are not sufficiently attractive to secure private money for the purchase of their bonds. So I offer this amendment and ask for a vote.

Mr. TYDINGS. I ask for the yeas and nays.

Mr. WAGNER. Mr. President, all that I wish to say is that if this amendment shall be adopted there will be nothing left in the bill practically except $300,000,000 for relief of the destitute.

Mr. LONG. It would destroy the bill.

Mr. McNARY. Mr. President, I quite agree with the statement of the Senator from New York.

Mr. LONG. It would ruin the bill.

Mr. McNARY. It would ruin the bill, of course.

Mr. WAGNER. May I make this added observation and then I am through, for this is not a time for discussion. This is one section the provisions of which are not a burden upon the taxpayers. This section provides for projects which will pay for themselves. It is the one section of the bill which does not mean any burden upon the taxpayers.

Mr. CONNALLY. I did not want to say anything further, but the remarks of the Senator from New York and the Senator from Oregon prompt me to say that I agree with them that if Title II be stricken out, there will be nothing left but the $300,000,000 and the public-works provision, and that is why I am offering the amendment. The Senators say that this is the only section of the bill that provides for projects which are self-liquidating and which will pay for themselves. If that be true, why have they not already been built? Why is it necessary to come to the Federal Treasury and get Federal money to build them? They are not self-liquidating, and all the bonds the Reconstruction Finance Corporation will float which will go into these self-liquidating corporations are obligations of the Government of the United States. Not a dollar's worth of these bonds for so-called liquidating corporations can be sold unless they bear the signature of Uncle Sam, and when the signature of the Government is attached to them they are put on the backs of the taxpayers of the United States, in addition to the burdens we have put on them through the bill we have passed imposing taxes on almost every conceivable source of revenue. That is why I offer the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Texas to the amendment.

Mr. CONNALLY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Dale	Hebert	Nye
Bailey	Davis	Hull	Patterson
Barbour	Dickinson	Jones	Pittman
Blaine	Dill	King	Robinson, Ark.
Bratton	Fess	La Follette	Robinson, Ind.
Bulkley	George	Lewis	Sheppard
Bulow	Glass	Long	Shortridge
Byrnes	Glenn	McGill	Steiwer
Cohen	Goldsborough	McKellar	Tydings
Connally	Gore	McNary	Wagner
Costigan	Hatfield	Moses	Watson
Couzens	Hayden	Norbeck	

The PRESIDENT pro tempore. Forty-seven Senators have answered to their names. There is not a quorum present.

Mr. ROBINSON of Arkansas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

Mr. McNARY. Mr. President, a parliamentary inquiry. Has the second call of the roll been made?

The PRESIDENT pro tempore. The call of the absentees has not been made. Nevertheless, the request made by the Senator from Arkansas is in order, no quorum having been developed upon the first call.

The clerk will call the names of the absentees. In the meantime, however, the order has been entered to carry out the purpose of the Senator from Arkansas.

The Chief Clerk called the names of the absent Senators; and Mr. BLACK, Mr. CAPPER, Mr. THOMAS of Idaho, Mr. TOWNSEND, and Mr. VANDENBERG answered to their names when called.

The PRESIDENT pro tempore. Fifty-two Senators have answered to their names. A quorum is present.

Mr. FESS. I ask unanimous consent that the further operation under the order to the Sergeant at Arms be vacated.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and that order will be entered.

The question is upon agreeing to the amendment proposed by the Senator from Texas [Mr. CONNALLY] to the amendment.

Mr. CONNALLY. I call for the yeas and nays.

The yeas and nays were not ordered.

The amendment to the amendment was rejected.

Mr. HATFIELD. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The Senator from West Virginia offers an amendment to the amendment, which will be stated.

The CHIEF CLERK. It is proposed to insert at the proper place in the bill:

That there is hereby appropriated to the Treasury Department for the Public Health Service for special studies of and demonstration work in rural sanitation, including the purchase and distribution of medical supplies, and personal services for the fiscal years 1932 and 1933, $3,000,000: *Provided*, That no part of this appropriation shall be available for demonstration work in rural sanitation unless the State, county, or municipality agrees to pay such proportion of the expenses of such demonstration work as shall be required in regulations to be prescribed by the Public Health Service, in which due consideration shall be given to State and local economic conditions and human needs, the extent and circumstances of such cooperation in each case to be reported to Congress at the beginning of each regular session.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from West Virginia to the amendment.

Mr. HATFIELD. Mr. President, this work was commenced in 1927, following the Mississippi-flood disaster. The appropriation in that year from the Federal Government amounted to $385,000. There was contributed to the fund $1,000,000 from the Rockefeller Foundation.

This work has continued down to the present time. Twenty-one States were taken into the rural-sanitation work in 1930. The work has gone along, and the Surgeon General of the Public Health Service states that more effectual work has been carried on and there is less communicable disease among the citizenship of this country than at any other time. He accounts for this accomplishment because of the organization that has been made through this rural-health work.

I trust that those who are responsible for the bill will accept this amendment and that it will be the pleasure of the Senate to adopt it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from West Virginia to the amendment.

The amendment to the amendment was rejected.

Mr. BLAINE. Mr. President, on page 8, line 16, after the words "convict labor," I move to insert: "(except those on probation or parole)." The purpose of that amendment is to carry out the policy that exists at the present time with respect to convict labor, which gives those who are on probation or parole an opportunity for rehabilitation.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Wisconsin to the amendment.

The amendment to the amendment was agreed to.

The amendment in the nature of a substitute, as amended, was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program."

Mr. WAGNER. I ask unanimous consent that the bill be reprinted with the amendments of the Senate numbered.

The PRESIDENT pro tempore. Without objection, it is so ordered.

JOINT RESOLUTION INTRODUCED

Mr. BLAINE introduced a joint resolution (S. J. Res. 201) defining "annual leave" of Panama Canal and Panama Railroad Co. employees on the Isthmus of Panama, which was read twice by its title and ordered to lie on the table.

RECESS

Mr. McNARY. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 8 o'clock and 40 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, July 13, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 12 (legislative day of July 11), 1932

POSTMASTERS

FLORIDA

Pauline Wylie to be postmaster at Orange Park, Fla., in place of Pauline Wylie. Incumbent's commission expired January 4, 1932.

ILLINOIS

Orlie E. Carter to be postmaster at Ipava, Ill., in place of H. J. Boozell. Incumbent's commission expired January 27, 1932.

INDIANA

Paul Buroker to be postmaster at Montpelier, Ind., in place of N. W. Troutman. Incumbent's commission expired January 10, 1932.

MAINE

Philip B. Seavey to be postmaster at Sherman Mills, Me., in place of I. T. Maddocks, deceased.

MARYLAND

Samuel L. Bickling to be postmaster at Greensboro, Md., in place of J. O. Bernard. Incumbent's commission expired May 26, 1932.

MICHIGAN

Clarence J. Fuller to be postmaster at Fowlerville, Mich., in place of C. J. Fuller. Incumbent's commission expired January 9, 1932.

MINNESOTA

Ruth P. Harris to be postmaster at Maynard, Minn., in place of B. C. Vold, resigned.

MISSISSIPPI

Walter G. Gearhart to be postmaster at Bolton, Miss., in place of S. E. McAlpin. Incumbent's commission expired March 5, 1932.

MONTANA

James D. St. John to be postmaster at Corvallis, Mont., in place of T. L. Morris, removed.

Andrew J. Lowary to be postmaster at Polson, Mont., in place of C. J. Sonstelie. Incumbent's commission expired April 17, 1932.

Albert J. Baggs to be postmaster at Troy, Mont., in place of J. B. Farris, removed.

NEW JERSEY

Forrest Green to be postmaster at Long Branch, N. J., in place of Forrest Green. Incumbent's commission expired December 15, 1931.

NEW YORK

Mollie Feldman to be postmaster at East White Plains, N. Y. Office became presidential July 1, 1930.

OHIO

Louis A. Schuesselin to be postmaster at Pleasant Hill, Ohio, in place of N. H. Powell. Incumbent's commission expired April 17, 1932.

OKLAHOMA

Louis C. Brown to be postmaster at Sasakwa, Okla., in place of D. G. Wood, removed.

Marion D. Woodworth to be postmaster at Kingfisher, Okla., in place of W. C. Brown. Incumbent's commission expired May 19, 1932.

PENNSYLVANIA

Edward J. Monroe to be postmaster at Frackville, Pa., in place of T. W. Watkins. Incumbent's commission expired May 26, 1932.

Thomas V. Partridge to be postmaster at Houtzdale, Pa., in place of T. V. Partridge. Incumbent's commission expired May 26, 1932.

Herbert C. Noakes to be postmaster at Mahanoy City, Pa., in place of W. C. James. Incumbent's commission expired May 29, 1932.

S. Charles McClellan to be postmaster at Mifflin, Pa., in place of S. C. McClellan. Incumbent's commission expired May 17, 1932.

Howard C. Emigh to be postmaster at Morrisdale, Pa., in place of H. C. Emigh. Incumbent's commission expired January 13, 1932.

Oscar F. Sutliffe to be postmaster at Somerset, Pa., in place of D. W. Weller, deceased.

RHODE ISLAND

Edgar E. Matteson to be postmaster at Apponaug, R. I., in place of W. H. Godfrey, removed.

VIRGINIA

Russell L. Davis to be postmaster at Rockymount, Va., in place of R. L. Davis. Incumbent's commission expired May 26, 1932.

WEST VIRGINIA

D. Alton Jackson to be postmaster at Rowlesburg, W. Va., in place of D. A. Jackson, resigned.

HOUSE OF REPRESENTATIVES

TUESDAY, JULY 12, 1932

The House met at 12 o'clock noon.

Rev. James A. McCarl, of the St. Aloysius Church, offered the following prayer:

Almighty God, Creator and Redeemer of the human race, we, Thy children, remembering that no one who has had recourse to Thee, implored Thy help, or sought Thy intercession was ever abandoned in this hour of turmoil, stress, and depression, raise our hearts and minds to Thee to ask Thy aid and assistance. Turn Thine eyes of mercy toward us, enlighten our understanding, guide our wills that we, who in human society have the grave responsibilities of the Government, may with Thy unfaltering assistance bring order out of chaos, peace out of restlessness, prosperity out of poverty. Grant, O Lord, to Thy children assurance of freedom and immunity from harm, give peace and order to all nations, and make the earth resound from pole to pole with one cry, "Praise be to God, our Almighty Father; to Him be glory and honor forever." Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed a joint resolution and bills of the House of the following titles:

On July 8, 1932:

H. J. Res. 462. Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia;

H. R. 96. An act to punish the sending through the mails of certain threatening communications; and

H. R. 8754. An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes.

On July 11, 1932:

H. R. 7939. An act to authorize the presentation of a distinguished-flying cross to Russell N. Boardman and John L. Polando and Wiley Post and Harold Gatty, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed, without amendment, bills of the House of the following titles:

H. R. 1260. An act for the relief of James E. Fraser;

H. R. 2010. An act for the relief of Malcolm Allen;

H. R. 2650. An act for the relief of George H. Holman;

H. R. 3460. An act for the relief of Caughman-Kaminer Co.;

H. R. 3467. An act for the relief of David C. Jeffcoat;

H. R. 4160. An act for the relief of Raymond D. Woods;

H. R. 5211. An act for the relief of the heirs of Samuel B. Inman;

H. R. 5276. An act for the relief of Hilda Barnard;

H. R. 5513. An act to permit the United States to be made a party defendant in certain cases;

H. R. 7309. An act for the relief of Frank R. Scott;

H. R. 7499. An act to amend Act No. 3 of the Isthmian Canal Commission relating to the suppression of lotteries in the Canal Zone, enacted August 22, 1904;

H. R. 9590. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929; and

H. R. 12251. An act to provide for the conveyance of the Portage Entry Lighthouse Reservation and buildings to the State of Michigan for public-park purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 1289. An act for the relief of William Dalton;

H. R. 1834. An act for the relief of Claude E. Dove;

H. R. 2189. An act for the relief of Elsie M. Sears;

H. R. 2927. An act for the relief of Eva May Peed, widow of George M. Peed;

H. R. 7199. An act for the relief of Frank Martin;

H. R. 7215. An act for the relief of May Weaver; and

H. R. 12281. An act to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 744. An act for the rehabilitation of the Stanfield project, Oregon;

S. 855. An act for the relief of William Ray Taplin;

S. 2349. An act for the relief of the First Camden National Bank & Trust Co., of Camden, N. J.;

S. 4024. An act authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge;

S. 4065. An act authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages;

S. 4258. An act authorizing adjustment of the claim of the Franklin Surety Co.;

S. 4270. An act for the relief of Commander Francis James Cleary, United States Navy;

S. 4578. An act conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria Tribes of Indians to compensation on a basis of guardian and ward;

S. 4694. An act to amend section 812 of the Code of Law for the District of Columbia;

S. 4738. An act for the relief of Newport Contracting & Engineering Co.;

S. 4741. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.;

S. 4949. An act for the relief of Corinne Blackburn Gale;

S. J. Res. 160. Joint resolution to amend Public Resolution No. 11, Seventy-second Congress, approved March 3, 1932; and

S. J. Res. 167. Joint resolution to carry out certain obligations to certain enrolled Indians under tribal agreement.

The message also announced that the Senate insists upon it amendments to the bill (H. R. 11732) entitled "An act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. REED, Mr. CUTTING, and Mr. FLETCHER to be the conferees on the part of the Senate.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 2704. An act for the relief of Charles Lamkin;

H. R. 7293. An act authorizing the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway bridge across United States military reservation at the Springfield Armory, Mass.; and

H. J. Res. 361. Joint resolution to authorize the Surgeon General of the United States Public Health Service to make a survey as to the existing facilities for the protection of the public health in the care and treatment of leprous persons in the Territory of Hawaii, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1155. An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes;

S. 2958. An act to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia; and

S. 3792. An act to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District.

PERMISSION TO ADDRESS THE HOUSE

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to address the House for six minutes.

The SPEAKER. The Chair had intended to recognize the gentleman from Mississippi [Mr. COLLINS] for the purpose of calling up a conference report. After the conference report has been disposed of, it is the opinion of the Chair that the House might resolve itself into the Committee of the Whole House on the state of the Union and allow the membership of the House, who desire to address the committee, to do so. That will give everybody equal opportunity.

The Chair will recognize the gentleman from Mississippi.

ARMY APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I call up the conference report on the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes; and I ask unanimous consent that the statement may be read in lieu of the report.

Mr. LAGUARDIA. Mr. Speaker, pending that, I make the point of order that there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and twenty-two Members are present, not a quorum.

Mr. COLLINS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 114]

Abernethy	Drane	Kerr	Rayburn
Bankhead	Evans, Mont.	Ketcham	Reid, Ill.
Beam	Fernandez	Lanham	Romjue
Beck	Finley	Lankford, Va.	Sanders, N. Y.
Bland	Fish	Larsen	Sanders, Tex.
Blanton	Frear	Lewis	Sandlin
Bohn	Freeman	Linthicum	Shreve
Boylan	Fulbright	Lovette	Sirovich
Brand, Ga.	Fuller	McClintic, Okla.	Stalker
Brand, Ohio	Fulmer	McKeown	Stokes
Brumm	Gasque	McReynolds	Sullivan, Pa.
Buchanan	Gilbert	McSwain	Sumners, Tex.
Burdick	Gillen	Magrady	Swank
Busby	Glover	Mansfield	Swick
Cable	Golder	May	Taylor, Tenn.
Canfield	Goldsborough	Miller	Thomason
Carden	Goodwin	Mitchell	Tierney
Carter, Wyo.	Greenwood	Montague	Tilson
Cary	Haines	Moore, Ky.	Treadway
Celler	Hastings	Murphy	Tucker
Chiperfield	Haugen	Nelson, Wis.	Underhill
Corning	Hawley	Oliver, N. Y.	Vinson, Ga.
Crisp	Hull, Wm. E.	Parks	Watson
Crosser	Igoe	Partridge	Weeks
Davenport	Johnson, Ill.	Peavey	Williams, Tex.
Davis	Johnson, S. Dak.	Pratt, H. J.	Wingo
Doutrich	Kennedy	Ragon	Withrow

The SPEAKER. Three hundred and twenty-one Members have answered to their names. A quorum is present.

Mr. COLLINS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER. The gentleman from Mississippi calls up a conference report on the bill H. R. 11897 and asks unanimous consent that the statement may be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 20, 41, 45, 57, and 86.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 5, 6, 9, 19, 23, 25, 26, 27, 29, 30, 31, 33, 35, 37, 38, 39, 40, 46, 48, 49, 50, 53, 55, 56, 59, 63, 77, 83, 84, and 85, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "including not to exceed $2,365 for necessary per diem and traveling expenses in connection therewith"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "including not to exceed $750 for traveling expenses, $144,750"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and travel (not to exceed $825), $70,365"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: "That no appropriation contained in this act shall be available for or on account of the maintenance of more than 37 military attachés: *Provided further*, That no appropriation contained in this act shall be available for or on account of the maintenance of more than 83 bands: *Provided further*"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In line 6 of the matter inserted by said amendment, before the sum "$506,250," insert the words "not to exceed"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $3,225 for traveling expenses, $58,925"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $100,706 for traveling expenses, $11,815,498"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"For transportation of the Army and its supplies, including retired enlisted men when ordered to active duty; of authorized baggage, including that of retired officers, warrant officers, and enlisted men upon relief from active duty, and including packing and crating; of recruits and recruiting parties; of applicants for enlistment between recruiting stations and recruiting depots; of necessary agents and other employees, including their traveling expenses; of dependents of officers and enlisted men as provided by law; of discharged prisoners, and persons discharged from St. Elizabeths Hospital after transfer thereto from the military service, to their homes (or elsewhere as they may elect): *Provided*, That the cost in each case shall not be greater than to the place of last enlistment: *Provided further*, That not to exceed $2,522,880 shall be available for expenditure for or on account of the transportation of persons pursuant to the provisions of this appropriation; transportation."

And the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "not to exceed $18,641 for mileage or other travel allowances of officers, and traveling expenses of employees, traveling on duty in connection with the Signal Service of the Army"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: ", and not to exceed $131,315 for payment of their traveling and other necessary expenses as authorized by existing law"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and not to exceed $900 for traveling expenses of officers on journeys approved by the Secretary of War and made for the purpose of instruction, $20,900: *Provided*, That the traveling expenses herein provided for shall be in lieu of mileage and other allowances"; and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $610 for traveling expenses, $175,610"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and not to exceed $26,981 for necessary traveling expenses, $9,832,715"; and the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $600 for traveling expenses, $74,800"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $3,320 in the aggregate for traveling expenses, $2,338,136"; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Including not to exceed $31,235 for transportation of cadets and accepted cadets from their homes to the Military Academy, and discharged cadets, including reimbursement of traveling expenses"; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "not to exceed $3,750 for the transportation of employees, instructors, and civilians to engage in practice"; and the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and not to exceed $17,625 for or on account of travel, $847,862"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and not to exceed $37 for or on account of travel, $6,057"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and not to exceed $152 for or on account of travel, $59,880"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $75 for or on account of travel, $7,374"; and the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and including not to exceed $225 for or on account of travel, $14,925"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $38 for or on account of travel, $60,102"; and the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $52 for or on account of travel, $7,982"; and the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $109 for or on account of travel, $4,725"; and the Senate agree to the same.

Amendment numbered 71: That the House recede from its disagreement to the amendment of the Senate numbered 71, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $187 for or on account of travel, $4,937"; and the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and including not to exceed $95 for or on account of travel, $39,968"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and including not to exceed $112 for or on account of travel, $26,889"; and the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and including not to exceed $142 for or on account of travel, $37,984"; and the Senate agree to the same.

Amendment numbered 75: That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $37 for or on account of travel, $5,819"; and the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "including not to exceed $10,005 for or on account of travel, $161,285"; and the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$60,000,000"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert the following: "and including not to exceed $375 for or on account of travel, $245,184"; and the Senate agree to the same.

Amendment numbered 82: That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$32,000,000"; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 8, 10, 11, 12, 13, 14, 15, 16, 18, 32, 54, 60, 62, 79, 80, and 87.

ROSS A. COLLINS,
HENRY E. BARBOUR,
FRANK CLAGUE,
Managers on the part of the House.

DAVID A. REED,
W. L. JONES,
KENNETH MCKELLAR,
JOHN B. KENDRICK,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to H. R. 11897, a bill making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On Nos. 1, 2, 3, 4, 5, 6, 7, 21, 22, 24, 28, 29, 30, 34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 47, 48, 49, 50, 51, 52, 53, 58, 59, 61, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 81, 82, 83, 84, and 85: Redistributes to the appropriations from which transferred by the House the several amounts proposed by the House to be merged into a single appropriation for travel and restores the language with respect to travel omitted by the House by reason of such merger, as proposed by the Senate, applying, however, in each instance, except as to river and harbor and flood-control appropriations, a limitation that not to exceed the amount restored shall be available for travel expenses. The action recommended in the accompanying conference report preserves intact the total reduction of $1,129,745 proposed by the House. Amendments Nos. 59, 77, 78, and 82 involve other matters, as hereinafter explained.

On Nos. 9 and 17, relating to the appropriation for "Pay, etc., of the Army": Strikes out the qualification "of the line and staff," as applied to pay of commissioned officers, as such qualification might be construed to exclude the pay of officer instructors at the Military Academy, as proposed by the Senate; strikes out, as proposed by the Senate, the limitation proposed by the House on the detail of officers as military aides to civilian officials; limits the number of military attachés to 37, instead of 50, as proposed by the House, and no limitation, as proposed by the Senate, and reduces the number of Army bands to 83, as proposed by the House.

On No. 19: Strikes out, as proposed by the Senate, the House provision respecting the compensation of retired officers filling civil offices or positions. The matter is covered by section 212 (a), Part II, of the legislative appropriation act for the fiscal year 1933.

On No. 20: Strikes out the proposal of the Senate to permit officers of the Army to give approval to the issuance of publications in the interest of athletic contests or recreation at military posts.

On No. 23: Appropriates $30,000 for the apprehension of deserters, etc., as proposed by the Senate, instead of $110,000, as proposed by the House.

On No. 25: Strikes out the limitation proposed by the House upon the purchase of electric ranges for use where gas is available.

On No. 26: Appropriates $6,300,000 for clothing and equipage, as proposed by the Senate, instead of $6,776,519, as proposed by the House.

On No. 27: Appropriates $3,709,251 for incidental expenses of the Army, as proposed by the Senate, instead of $3,809,251, as proposed by the House.

On No. 31: Excepts motor-propelled vehicles procured solely for experimental purposes from the limitation upon the purchase of such vehicles, as proposed by the Senate.

On No. 33, relating to the appropriation "Military posts": Continues available until expended unexpended balances of appropriations totaling $803,000 made available for construction at Marin County, Calif., by the second deficiency act, fiscal year 1931, as proposed by the Senate.

On No. 41, relating to the appropriation for the Army Air Corps: Restores the proposal of the House fixing the minimum amount for expenditure for aviation fuel and oil, and for the repair and maintenance of airplanes and their equipment, spare parts, and accessories.

On No. 45, relating to the appropriation "Ordnance service and supplies, Army": Provides for the purchase of five convertible armored tanks, as proposed by the House, instead of for the procurement of tank or combat cars, as proposed by the Senate.

On No. 46, relating to the appropriation "Repairs of arsenals": Makes such portion of $20,000 as may be necessary available for dredging, as proposed by the Senate, instead of setting aside such sum exclusively for such purpose, as proposed by the House.

On Nos. 56 and 56, relating to the National Guard: Qualifies the text, as proposed by the Senate, and authorizes the Secretary of War, as proposed by the Senate, instead of directing him, as proposed by the House, to make issues of surplus or reserve stores.

On No. 57, relating to the Reserve Officers' Training Corps: Restores the proposal of the House looking to the ultimate abolition of Air Corps, Medical Corps, Dental Corps, and Veterinary Reserve Officers' Training Corps units.

On No. 59, relating to the National Board for the Promotion of Rifle Practice: Appropriates $33,650, as proposed by the Senate, instead of $28,650, as proposed by the House, an increase of $5,000, of which $3,750 is owing to the redistribution of travel funds, previously explained.

On No. 63, relating to the appropriation "Cemeterial expenses": Strikes out, as proposed by the Senate, the House provision prohibiting payment for steamship accommodations reserved and not used in connection with the pilgrimage of Gold-Star Mothers and World War widows.

On No. 77, relating to Alaska roads and trails: Appropriates $494,310, as proposed by the Senate, instead of $354,310, as proposed by the House, an increase of $140,000, of which $4,268 is owing to the redistribution of travel funds, previously explained.

On No. 78, relating to rivers and harbors: Appropriates $60,000,000 instead of $59,277,095, as proposed by the House, and $54,000,000, as proposed by the Senate.

On No. 82, relating to flood control, Mississippi River and tributaries: Appropriates $32,000,000 instead of $31,773,775, as proposed by the House, and $31,500,000, as proposed by the Senate.

On No. 86: Restores the House provision excepting the Secretary of War from the restrictions imposed upon the use of Government-owned motor-propelled passenger-carrying vehicles and prohibiting the assignment of such vehicles for exclusive use to other than medical officers on out-patient medical service, instead of the Senate substitute subjecting the Secretary of War to the restriction on using the vehicle

assigned to him for other than official purposes and imposing no restriction upon the assignment of vehicles for exclusive use.

The committee of conference report in disagreement the following amendments of the Senate:

On Nos. 8, 10, 11, 12, 13, 14, 15, 16, and 18, relating to the appropriation "Pay, etc., of the Army," being related to the question of the number of commissioned officers of the Regular Army on the active list to be provided for.

On No. 32, relating to the transportation of privately owned automobiles and the transfer of automobiles from the Regular Army to the civil components thereof or to nonmilitary activities.

On No. 54, relating to the interchange of appropriations.

On No. 60, relating to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army in Government factories or establishments.

On No. 62, relating to the employment of a retired officer as superintendent of Arlington National Cemetery.

On No. 79, relating to the modification of the existing project for the improvement of the Miami River, Fla.

On No. 80, relating to the modification of the existing river and harbor project at Monroe Harbor, Mich.

On No. 87, relating to the conduct of post exchanges, branch exchanges, or subexchanges.

ROSS A. COLLINS,
HENRY E. BARBOUR,
FRANK CLAGUE,
Managers on the part of the House.

Mr. COLLINS. Mr. Speaker, I move the previous question upon the adoption of the conference report.

Mr. STAFFORD. Before the gentleman does that will the gentleman make some explanation of the agreed portion of the conference report that we may know just what was accomplished in conference and not rush it through in this pell-mell manner?

Mr. COLLINS. I shall be pleased to, but I thought the reading of the statement was for this purpose, I will say to the gentleman from Wisconsin.

Mr. SABATH. Does the gentleman actually believe any Member was able to obtain any benefit from the reading of the statement?

Mr. COLLINS. Mr. Speaker, the chief points of difference are the amendments with relation to the commissioned-officer strength of the Army and an amendment placed on the bill in the House at the instance of the gentleman from Missouri [Mr. COCHRAN] relating to the manufacture of clothing for the Army. These are the two principal matters in disagreement, although there are some others.

Mr. STAFFORD. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. STAFFORD. As to amendment No. 87, which bans the post exchanges from entering into a general department-store business, what attitude did the conference take?

Mr. COLLINS. It is my purpose to recede and concur with an amendment.

The matter to which the gentleman from Wisconsin refers is an amendment offered by Senator THOMAS. It contains a proviso that all branch exchanges and subexchanges located off of Government lands and outside of Government reservations and operated by private contract or agreement on a commission basis shall be closed and terminated as to such contract or agreement immediately.

We did not believe this provision should be in the amendment for it might provoke litigation and claims against the Government. We felt this part of the amendment should be eliminated.

With reference to the management and operation of post exchanges the amendment provides that these conveniences shall be for enlisted men and troops only. The conferees felt these conveniences should be extended to their families so that if a housewife wanted a bar of soap, for example, she would not have to go 2 or 3 miles to town to get it.

Mr. STAFFORD. Assuming the housewife also would like to have a radio or a piano, as was called to the attention of the special committee investigating Government competition with private business, would the amendment authorize a continuance of this practice?

Mr. COLLINS. The provision, in my judgment, does not allow any such practice as the gentleman has in mind.

Mr. STAFFORD. I rose largely to have the gentleman make some brief explanation of the conference report that has been agreed to, not of those items which are in disagreement.

I notice from a reading of the statement, for instance, amendment No. 57 as to Reserve Officers' Training Corps, that the endeavor of the House in seeking to curtail the activities of the Reserve Officers' Training Corps was virtually agreed to by the Senate.

Mr. COLLINS. That is right. The proposition relates to Air Corps, Veterinary, Dental, and Medical Corps units.

The position of the present Chief of the Air Corps and of the former Chief of the Air Corps is that air activities should not be continued as a part of Reserve Officers' Training Corps instruction. As to the other units, the House Committee on Appropriations took the position that we should not further train medical students, veterinarians, and dental students because there was not anything the Army was giving them that they did not already get, and therefore we ought to get rid of this expense. There seemed to be no opposition to this either in the House or on the part of the conferees of the Senate.

Mr. STAFFORD. Will the gentleman yield further?

Mr. COLLINS. Yes.

Mr. STAFFORD. I wish to make an inquiry as to a matter that was not referred to while the bill was under consideration in the House, namely, as to the appropriation providing for the pilgrimage of the gold-star mothers. Amendment No. 63 has some reference to transportation.

Can the gentleman inform the House when the pilgrimage that was authorized by the last Congress will be virtually ended so the Government will not be put to further expense for transporting the gold-star mothers to the battlefields of Europe?

Mr. COLLINS. As I understand it, available funds will become exhausted this year. The bill carried an amendment—and I assumed at first it was the amendment the gentleman had in mind—providing that steamship companies could not collect from the War Department for transportation reserved and not used.

The War Department advised the House Committee and also the Senate Committee on Appropriations that they have already entered into a contract reducing the cancellation period to 15 days before sailing, in view of which we permitted this amendment to go out.

Mr. STAFFORD. So it is the understanding that with this year the pilgrimages of gold star war mothers will end?

Mr. COLLINS. I would not say that. My impression is that there will be no funds available after this year.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. LAGUARDIA. May I direct the gentleman's attention to amendment No. 21, which deals with the travel proposition. The gentleman will recall that an attempt was made in the House to reduce the original amount recommended by the committee. Through a great deal of misrepresentation and misunderstanding, as I believe, the amendment was voted down. Now, the Senate reduced that amount. Why did not the conferees recede and accept the Senate amendment?

Mr. COLLINS. Here was what occurred, I will say to the learned gentleman from New York: The House gathered together all travel items that appeared in the estimates and consolidated them into one item, so we could keep check on travel expenditures. Travel in the Army had reached the point where it was around $9,000,000, independent of water transportation. We felt it was desirable, in order to keep this travel item down, to consolidate all of the travel items so we could see readily exactly how much we were appropriating each year for travel. When the bill reached the Senate the War Department objected, or the Chief of Staff objected and insisted that the travel items go back as originally carried, so that nobody would know how much

was being appropriated or how much would be expended; so that the sky would be the limit on travel if they wished to make it the limit.

At the conference I stated, and the other members of the subcommittee of the House stated, that we wanted to keep this travel item down and that we had deducted 25 per cent from the amount recommended by the Budget.

Mr. LAGUARDIA. That was a reduction of about $1,200,000.

Mr. COLLINS. One million one hundred and twenty-nine thousand dollars. The Senate acceded to that view, but for some unknown reason they stated they wanted the travel items to go back as they were in the bill but consented to put a provision on each one of them that the travel allowed for the Army would not exceed the amount allowed by the House, which, instead of being liberal treatment of the War Department, was more restrictive than the House provision. You see, there could be interchangeability between the various branches of the War Department under the House provision but as it is there is no interchangeability on travel items as agreed to by the conferees.

Mr. LAGUARDIA. The fact remains, nevertheless, that there is an appropriation of $4,126,865 for travel.

Mr. COLLINS. The same amount the House bill carried.

Mr. LAGUARDIA. And which I attempted to reduce. The gentleman concedes that does not include water travel.

Mr. COLLINS. That is right.

Mr. LAGUARDIA. Therefore, the exchange of troops from tropical stations, like Panama, Hawaii, and the Philippines, is not included in this $4,000,000.

Mr. COLLINS. That only covers the cost when commercial carriers are employed.

Mr. LAGUARDIA. Most of this travel is simply the exchange of troops from one post to another within continental United States.

Mr. COLLINS. I should say so.

Mr. LAGUARDIA. Does it not occur to the gentleman that in this period of extreme economy—economy carried to an absurd degree, if you please—we could at least hold the Army static for one year without the necessity of exchanging from post to post, thereby saving a great deal of money.

Mr. COLLINS. I quite agree with the gentleman and I supported his amendment when it was offered. However, I think there is a further restriction on the travel item in the economy bill.

Mr. LAGUARDIA. The amendment found on page 16 of the bill, put in by the Senate, I assume under the agreement will go out and the House language will be reinstated. Am I correct in that?

Mr. COLLINS. The gentleman has brought up a very good illustration. The language goes in, but a provision also goes in that expenditures may not exceed the amount carried in the House bill, and all of the others are on all fours with that.

Mr. LAGUARDIA. I will say frankly that under the report as it comes in we have to vote the whole matter up or vote it down. I will concede my helplessness in this situation, but I want to point out to the House that in view of the fact that it has saved to a degree that will perhaps disrupt the normal living conditions of thousands and thousands of Government employees this travel of the Army could easily have been reduced 50 per cent.

Mr. COLLINS. I am in entire sympathy with the gentleman's view on that. I will say further I hope the President under the economy bill will see that is done.

Mr. LAGUARDIA. It would be entirely within his power, because it is under Executive order that these transfers from post to post are made. May I ask the gentleman if amendment No. 45 reinstates the House language as to tanks?

Mr. COLLINS. The House language as to tanks is reinstated.

Mr. LAGUARDIA. So that we may continue the experimental work on tanks?

Mr. STAFFORD. If the gentleman will permit, as I understand, this authorizes the purchase of five tanks. The Senate provision allowed the Ordnance Department to experiment, but this allows the purchase of tanks from the Christie Co.

Mr. LAGUARDIA. As I understand, that is still in the experimental stage.

Mr. STAFFORD. If the gentleman will permit, the hearings disclose that the Government was experimenting with its own manufacture of tanks at Rock Island. Recently there was on exhibit here a complete machine manufactured at Rock Island, while the language of the bill permits the purchase of tanks from the Christie Co.

Mr. COLLINS. But the ones that the Ordnance Department is experimenting with are dual-purpose tanks, and they are in every way comparable to the Christie tanks.

Mr. STAFFORD. I was very much impressed with the tank, manufactured at the Rock Island Arsenal, which was on exhibit at the House Office Building.

Mr. COLLINS. Only that was not a tank. That was an armored car.

Mr. LAGUARDIA. I think we are all of the same mind, but, perhaps, we are expressing ourselves differently; in other words, has the experimental work on tanks been discontinued in the Government arsenal?

Mr. COLLINS. There is nothing in here that prevents that.

Mr. LAGUARDIA. Except the money.

Mr. COLLINS. No; they can use their money for that purpose.

Mr. LAGUARDIA. For experimental work on tanks?

Mr. COLLINS. Yes.

Mr. CONNERY. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. CONNERY. Do I understand we are buying these Christie tanks under this provision?

Mr. COLLINS. We put aside $200,000 exclusively for that purpose.

Mr. CONNERY. And the Christie tank will be bought?

Mr. COLLINS. We have set aside $200,000 exclusively for that purpose.

Mr. CONNERY. It does not have to be, but it will be.

Mr. COLLINS. I imagine it will be. I will say that the Christie tank is, in my judgment, the outstanding invention in warfare since the World War.

Mr. LAGUARDIA. True; but is there anything in this bill that commits the War Department or the Congress, as a matter of policy, to the continuance of this one particular type of tank regardless of what may be developed this year or next year?

Mr. COLLINS. I do not think it is the intention of the War Department, or ever has been the intention of the War Department to even manufacture or purchase any tank except a tank of the Christie type. The War Department claims to have the right to manufacture that particular type of tank. I understand Mr. Christie says they do not have that right.

Mr. LAGUARDIA. This is what I am trying to bring out. The great argument that was urged on the floor of the House, and I believe in committee, in favor of the purchase of these five particular Christie tanks was that they had experimented, that they had built the dies and tools and jigs to manufacture them, and that unless this order was placed they would suffer irreparable losses. Now, next year the same argument may be made, that having developed their plant so as to manufacture these five tanks, we ought to place a larger order with them. What I want to know and make clear for the RECORD is that by this appropriation neither Congress nor the department is committed, morally or in any other way, to a continuance of the use of this particular type of tank, if a better tank is developed in the meantime. Am I correct in this statement?

Mr. COLLINS. The gentleman is absolutely correct about that.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore (Mr. WOODRUM). The question is on the adoption of the conference report.

The conference report was agreed to.

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 8: On page 8, line 24, after the word "of," insert "not to exceed an average of 12,000 commissioned officers up."

Mr. COLLINS. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to Senate amendment No. 8, and concur in the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "Not to exceed an average of 12,000 commissioned officers up to and including September 30, 1932, and after such date up to and including June 30, 1933, of not to exceed 11,000."

Mr. COLLINS. Mr. Speaker, I want to state to the House that amendment No. 8 and amendments Nos. 10, 11, 12, 13, 14, 15, 16, and 18 all relate to one proposition, namely, the size of the commissioned strength of the Army. Whatever we do on amendment No. 8 should govern our action on all the other amendments referred to. Therefore, I ask unanimous consent that our action on this amendment shall determine our action on the other amendments involved in this proposition.

Mr. BARBOUR. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. BARBOUR. Would that be better than to ask unanimous consent that we vote on all of them at one time, as the vote on each one of them would be the same, aye or no, because they are all interdependent.

Mr. COLLINS. Each one will have to be reported separately.

Mr. BARBOUR. I do not think it makes any special difference. We can abide by the first vote.

Mr. COLLINS. That is what I intended.

The SPEAKER pro tempore. Will the gentleman state his request?

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that our action on amendment No. 8 shall determine our action upon the other amendments involved in this same proposition, namely, amendments Nos. 10, 11, 12, 13, 14, 15, 16, and 18.

Mr. CHINDBLOM. Mr. Speaker, reserving the right to object, the gentleman does not state what the action will be subsequently on these amendments, but merely that it shall govern our action upon the amendments. Why not dispose of this amendment first and then take up the other amendments en bloc.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. LAGUARDIA. As a matter of fact, if we have a vote on the first amendment, surely the House will submit to the will of the House with respect to that amendment and there should not be a roll call on the others that involve the same proposition.

Mr. COLLINS. They all relate to the same proposition.

Mr. LAGUARDIA. I do not think it will require unanimous consent. I think the will of the House will be expressed by the first vote.

Mr. SNELL. Mr. Speaker, I do not think it makes any difference one way or the other. There will be one vote and that will end it.

Mr. COLLINS. Then let us have an agreement to the unanimous-consent request.

Mr. SNELL. I have no objection to it.

Mr. STAFFORD. I think this is a rather unusual procedure. I do not recall any such request's ever having been presented before. I think it will be accepted that the way the House votes on the first amendment will be accepted by the House in respect of the others.

Mr. COLLINS. Mr. Speaker, I withdraw the request and yield to the gentleman from Illinois [Mr. RAINEY].

GENERAL RELIEF BILL

Mr. RAINEY. Mr. Speaker, I ask unanimous consent to have permission to introduce the relief bill at any time between now and 12 o'clock to-night.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none.

Mr. BRITTEN. Mr. Speaker, reserving the right to object——

The SPEAKER pro tempore. The gentleman is too late. The Chair had stated there was no objection.

Mr. MAPES. Mr. Speaker, I would like to submit a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MAPES. The gentleman from Illinois [Mr. RAINEY] asked unanimous consent to submit the relief bill. I would like to ask the gentleman if he did not have in mind submitting the report of the Ways and Means Committee on the relief bill.

Mr. RAINEY. Yes; I intended to say the report on the relief bill and the bill, too.

Mr. MAPES. I think it ought to be so understood.

Mr. RAINEY. That was the request.

Mr. STAFFORD. The request was to submit a privileged bill and the report on the privileged bill before midnight to-night.

Mr. RAINEY. That was the request.

Mr. MAPES. If that is the understanding, all right. I am quite sure the gentleman asked unanimous consent to submit the bill, and I think the House ought to understand the purpose of the gentleman.

Mr. RAINEY. I want to submit the report and the bill.

The SPEAKER pro tempore. The gentleman from Illinois asks unanimous consent that the Ways and Means Committee may have until midnight to-night to file the general relief bill and the report thereon from the Ways and Means Committee. Is there objection?

Mr. LAGUARDIA. Reserving the right to object, do I understand the Ways and Means Committee is going to file this report without any hearing?

Mr. RAINEY. We have been having hearings all the year.

Mr. LAGUARDIA. No additional hearings?

Mr. RAINEY. None.

Mr. SABATH. They have heard from the President.

Mr. RAINEY. We have been giving the President a hearing.

Mr. STAFFORD. May I inquire whether it is the purpose of the gentleman to take up the bill to-morrow?

Mr. RAINEY. Yes; we expect to take the bill up to-morrow.

Mr. McFADDEN. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. McFADDEN. Does this bill cover the recommendations of the President yesterday to the Senate in regard to the change of membership of the Reconstruction Finance Corporation?

Mr. RAINEY. It will cover that. It will cover everything that the President wants.

Mr. LAGUARDIA. That is about the only wholesome report I have heard.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from California [Mr. BARBOUR].

Mr. BARBOUR. Mr. Speaker, I move that the House recede and concur in Senate amendment No. 8.

Mr. COLLINS. Mr. Speaker, I do not think the gentleman can make that motion. I think the gentleman can amend the proposal that I have just submitted to the House.

The SPEAKER pro tempore. The gentleman will state that the motion of the gentleman from California to recede and concur is a preferential motion.

Mr. STAFFORD. Mr. Speaker, I ask for a division of the question on recession and concurring.

The SPEAKER pro tempore. The gentleman from Wisconsin demands a division, and the question is on receding.

The question was taken, and the motion to recede was agreed to.

Mr. COLLINS. Now, Mr. Speaker, I move to concur with the amendment which has already been reported by the Clerk.

The Clerk again reported the amendment.

Mr. GOSS. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. GOSS. The gentleman from Mississippi is limiting the number of officers to 12,000, while under the national defense act the number is limited to 16,000. That is legislation.

Mr. STAFFORD. But we are not considering what is existing law. We are considering the amendments of the House in disagreement, and the amendments of the Senate. The amendment of the gentleman from Mississippi is clearly in order.

The SPEAKER pro tempore. The Chair overrules the point of order.

Mr. BARBOUR. Mr. Speaker, I move that the House concur in Senate amendment No. 8.

The SPEAKER pro tempore. The motion of the gentleman from Mississippi to concur with an amendment is a preferential motion at this stage. The gentleman from Mississippi is recognized.

Mr. COLLINS. Mr. Speaker, the proposal before us is one about which most of the membership of this House is familiar. We have in the Regular Army 12,133 officers. We have in the National Guard 13,051 officers; we have in the Organized Reserve 108,210 officers; and in the Reserve Officers' Training Corps 127,667 young men, a large number of whom will be officers.

So I submit to the membership of this House that there is no dearth of Army officers in this country. In addition to that we have a large reservoir of men who held the position of officer during the World War. So it seems to me that there is not a human being who can justly make the claim that we are weakening the national defense one particle when we undertake to place 1,000 of the Regular Army officers upon an inactive status where they can be recalled at any moment, if their services are needed or can be used.

The Appropriations Committee of the House had lengthy hearings upon this subject covering about 1,250 pages. The Senate hearings covered approximately 50 pages. We spent weeks in the preparation of this bill in order to familiarize ourselves with the subject dealt with in the bill. The Senate spent a few hours on it. This bill was considered on the floor of the House for more than a week, and in the Senate it passed in a few hours, with very few questions asked, as I remember.

I submit to the country and to you that the House has considered this bill to a larger extent than the other legislative body. In addition to that we conferred with the Chief of Staff, Mr. MacArthur's personal counselor, Colonel Patterson, who prepared the MacArthur promotion plan. That promotion plan provided this: It starred those officers who ought properly to be on the promotion list, so that when a starred officer should go into a higher grade every officer between him and the next starred officer to him would be advanced at the same time. In other words, the promotion list of the Army, according to the Chief of Staff, is not properly constituted and needs to be corrected because of these unstarred officers, who are over age for their grades.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I do not yield. The MacArthur plan makes deadwood of these men; carries them as so much dead weight. The very fact that they are not starred shows that they have no business in the Army. I presented that promotion list to this House when this bill was under consideration before. Can this Congress, with such a picture as that before it, permit the continuance on the rolls of the Army men that the Chief of Staff does not star because of old age or other reasons? The object of this amendment is to eliminate the physically defective and the mentally inefficient, and in the elimination of them the now existing records in the War Department are to govern. It seems to me that is entirely fair to every one. Why is it in the interest of national defense to carry on the rolls of the Army men who could not be used if we had a war to-morrow?

From the standpoint of efficiency itself, we ought to get rid of these officers who are physically unable to do their duty, or who are mentally inefficient, so that younger men can take their places and serve this country properly as officers in our Army. We have a large number ranging from major down to first lieutenant who are blocking the progress of young men who have graduated from the Military Academy in recent years. Those men are blocking orderly promotion in the Army and will continue to do so.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I do not yield. They will continue to block promotion until about 1950. The men who are going to fight the next wars, if we should be so unfortunate as to have them, will be young men. I do not want to quibble with you and I am not going to quibble with anyone about the number of officers that we ought to have. I do not care how many officers we have in the Regular Army. What I am concerned about is that we have men in the Regular Army now who ought to be placed on an inactive status, because we could not use their services if we had a war, and there is not a man in this body who has given any thought to this subject who does not know that that is the case. A Member of this House who has had experience in the Regular Army told me that he would not object to this proposal in the least if he was assured that the War Department would not play politics in the elimination of these men. We ought to get rid of these men, and if we want to put other men in their places we can do so, but do not let us keep on the pay roll of this Government men that you know and I know could not be used in the event of war.

Let me just read to you the text of a letter that came to me from an Army officer, and I will say to the membership of this House that I have gotten about 400 like this:

> You would be amazed to discover that the great majority of active, aggressive, and patriotic Army officers are strongly in favor of the bill to reduce the Army by 2,000 officers. They regard it as an opportunity to weed out all the deadwood left by the well-known failure of the class B law and the operation of the single list.
>
> The press does not know it, the people do not know it, and apparently those high in the councils of the War Department do not know it, but the Army to-day contains a great many more than 2,000 officers who are doing nothing. Many are doing less than nothing because they prevent those below them from occupying their positions and accomplishing something.
>
> I am just an ordinary captain on an ordinary job, but I am familiar with the common knowledge of which press, people, and Cabinet members are entirely ignorant. I, and the rest of the men who are doing the every-day jobs of the Army, know how many old and broken-down officers are tucked away in corps area headquarters and assigned to reserve divisions. We know specifically how many Reserve Officers' Training Corps jobs and National Guard jobs are virtually 4-year vacations. We can point out the details that have four officers doing one officer's work. We know there are a hundred officers doing nothing but running post exchanges, which, except for isolated and foreign stations, are unnecessary to national defense and are in unfair and nontaxpaying competition with civilians.
>
> If war should break out to-morrow, a great many more than 2,000 officers would be retired within 24 hours for physical and other reasons. Why not get rid of them now? We got this way by the operation of the antiquated single list and the nonoperation of the class B law. This is as good a time as any for a clean-out; we need it. Besides being an Army officer I am a taxpayer. I am conscious that part of my money goes to pay these several thousand officers who contribute not one iota toward national defense.
>
> If there were work for 12,000 officers and they were all willing and able to do it, it would be weakening the national defense to reduce numbers. But as long as there is not enough work to go around—I have seen two Infantry companies combined as one for training purposes while on alternate days the company officers of one or the other company twiddled their fingers—and since there are at least 2,000 who would not be fit to do the work even if there were enough to go around, what is so wrong with such a reduction? We would have a smaller corps of officers, but we would get more done because we would be more efficient; national defense would gain rather than lose.
>
> The least that can be done is to clean out of the Army all those with physical disabilities, and there are several hundred of these already on a prepared list. I hope, however, that you will also allow the Army to be purged of its senile and its incompetent.
>
> We regard this reduction bill as the best thing that has hit the Army in 10 years.

I say to you, gentlemen, that I have received approximately 400 just such letters as that coming from Army officers.

Mr. BALDRIGE. Mr. Speaker, will the gentleman tell us who signed that letter?

Mr. COLLINS. The gentleman must think that I am a peculiar sort of human being. I would not tell the gentleman who signed any of these letters, because the gentleman knows as well as I do that the status of the man who wrote the letter henceforth in the Army would be on the down grade.

Mr. FITZPATRICK. I did not ask who signed it; I asked whether this was signed.

The SPEAKER pro tempore. Does the gentleman yield?

Mr. COLLINS. The letter was written to Senator REED, and a copy of it was sent to me.

Mr. FITZPATRICK. Was it signed?

Mr. COLLINS. The man would be a fool to sign it, and the gentleman knows it. I have received many that were signed.

Mr. FITZPATRICK. I would not acknowledge any letter that was not signed.

Mr. BRITTEN. Mr. Speaker, will the gentleman indicate——

Mr. COLLINS. I do not yield further.

Mr. BRITTEN. Will the gentleman indicate whether the other 399 were anonymous letters?

Mr. COLLINS. I do not yield to the gentleman. I read the letter just as it came to me, and I say to you that I have received approximately 400 letters like it.

Mr. BRITTEN. Anonymous?

Mr. COLLINS. No. Some of them were and some of them were not.

Mr. BRITTEN. How many were?

Mr. COLLINS. I say this to the gentleman, that the former floor leader of the Republican Party had a talk with one of the best Army officers in this country, a general, and he will give you his name, and that former floor leader of the Republican Party told me that this general told him that the best thing that could happen to the Army would be the elimination of 2,000 officers.

Mr. BRITTEN. Who was the officer?

Mr. COLLINS. In addition to that, I may say that I had a conversation with another general, one of the best generals in this country, and I will tell you privately who he is; and he told me that this reduction of 2,000 Army officers was the best thing that could happen to the Army. One of the best Army officers connected with the District of Columbia told me that the best thing that could happen to the Army was a reduction of officer personnel by 2,000 men.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I do not yield to the gentleman, and I have told him that. I wish to proceed with my remarks.

The SPEAKER pro tempore. The gentleman declines to yield.

Mr. COLLINS. Now, what is the objection to the elimination of the over-age, incompetent, and physically infirm Army officers? The saving that will accrue will be approximately $10,000 per officer. Do you know what it costs to send one of them to school? According to the hearings held last year, at Leavenworth, Kans., about $8,000. The school at Leavenworth, Kans., costs approximately $2,000,000 to operate.

So we are proposing to retire these men upon three-quarters of their base pay and longevity, and in doing that we will save approximately $10,000,000 per year by retiring 1,000 of them.

I want to say in conclusion that you may vote as you please about this. That is a matter between you and your own constituencies; but I say to you that if you put this amendment on this bill, with the amount that is carried in the War Department appropriation bill, plus the amount of money carried in the relief bill for the War Department, the two added together will give the largest peace-time appropriation that has ever been made for the War Department, when there are between twelve and fourteen million people out of employment. Now, if you want to make fish out of the civilians and throw them out of jobs, and then worship at the shrine of some Army officer, and take care of the decrepit ones at the expense of the civilian population of the country, that is your business. [Applause.]

Mr. Speaker, I yield five minutes to the gentleman from California [Mr. BARBOUR].

Mr. BARBOUR. I would like to have a little time to yield.

A parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BARBOUR. How is the time controlled?

The SPEAKER pro tempore. Under the rule the gentleman from Mississippi [Mr. COLLINS] has control of one hour.

Mr. BARBOUR. How much time is there remaining?

The SPEAKER pro tempore. The gentleman from Mississippi has consumed 20 minutes.

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from California.

Mr. BARBOUR. Will the gentleman yield to some one else first?

Mr. BRITTEN. Will the gentleman yield two minutes to me?

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from California [Mr. BARBOUR] five minutes.

Mr. BARBOUR. Mr. Speaker, I do not think it is necessary to take very much time to discuss this matter. It was gone into thoroughly when the War Department appropriation bill was before the House of Representatives. The proposition then was to reduce the commissioned personnel of the Army by 2,000 officers. That carried on a motion to recommit, on a roll-call vote, by a majority of 19 votes. It went to the Senate, and the Senate by a vote of 51 to 16 restored the 2,000 officers. Now it comes back to the House as a proposal to reduce the commissioned personnel of the Army by 1,000 instead of 2,000.

The gentleman from Mississippi enumerated to the House a moment ago the number that he claimed were Army officers in the service of the United States, or equivalent to Army officers. The gentleman said there were over 12,000 Regular Army officers, from 12,000 to 13,000 National Guard officers, 108,000 officers in the Organized Reserves, and 127,600 officers in the Reserve Officers' Training Corps. We are considering only the Regular Army, which is a separate and distinct institution from all of these other organizations. National Guard officers are civilians. They do not depend upon the Government for a living. They draw no money from the Government, except when they attend drills or go to their camps. They are self-supporting civilians, who give a portion of their time to military training.

The Organized Reserves are civilians who devote a portion of their time to military training, purchase all of their own uniforms and equipment, and pay a large part of their expenses out of their own pockets, and the only time they draw pay from the Federal Government is when they spend two weeks on active duty in a training camp or a limited number for a longer period than two weeks, in active training with the Army. The 127,600 of the Reserve Officers' Training Corps are the college students throughout the country who are devoting a portion of their time to military training and who draw nothing whatever in the way of compensation from the Government unless they are ordered to the six weeks' training camp in the summer time, when they get 70 cents a day.

Now, we are here considering the Regular Army. The argument of the gentleman from Mississippi [Mr. COLLINS] is that this is the way to correct any defects there may be in the promotion system. Our contention is that this is not the way to correct defects in the promotion system. If there are any defects, we should correct them in the proper way by legislation and not attempt to legislate on an appropriation bill by simply cutting down the appropriation. [Applause.]

Mr. FITZPATRICK. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. FITZPATRICK. It should be the duty of the Military Affairs Committee to regulate this.

Mr. BARBOUR. It is the duty and responsibility of the Military Affairs Committee, of which the gentleman from New York [Mr. FITZPATRICK] is a distinguished member, to bring in a bill here, and that question has been before the Military Affairs Committee for the last several years.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. MARTIN of Oregon. It is a fact, is it not, that there are laws to eliminate old officers and worthless officers?

Mr. BARBOUR. The physically unfit that we were told about here.

Mr. MARTIN of Oregon. For instance, I am one of the old officers eliminated.

Mr. BARBOUR. But the gentleman is not physically unfit.

Mr. MARTIN of Oregon. I have been eliminated. I am one of those decrepit old fogies they talk about.

Mr. BARBOUR. If they are all like the gentleman from Oregon so far as physical fitness is concerned, I will say we have a very fine commissioned personnel of the Army, both retired and active.

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I yield the gentleman from California five additional minutes.

Mr. MANLOVE. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. MANLOVE. The previous speaker, the gentleman from Mississippi, referred to the fact it cost a great deal of money to send Army officers to school and that, therefore, if we eliminate this number we eliminate that expense. Is it not a fact, just for the sake of ascertaining what the situation is, that all of those who would be eliminated have already had this schooling?

Mr. BARBOUR. I think a large number of these men already have had this training.

Mr. MANLOVE. Would there not be the same number of Army officers going to the schools each year?

Mr. BARBOUR. There would be the same number going to the schools each year. Whether we have 10,000 or 12,000 Army officers there will be the same number going to the Leavenworth school and to the Army War College. It will make no difference whatsoever.

In order to find out just what the financial aspect of this question is, let us look at the amount of money that is added to this bill to restore these 2,000 officers.

The gentleman from Mississippi contends we will save by eliminating these officers $10,000 per year per officer, that if we carry out this building program that is in the economy bill it will cost us $10,000,000 a year to put these officers back.

There is no use confusing this proposition with the economy bill. The Army housing program in the economy bill is dependent upon the certificate of the Secretary of the Treasury that the money is available in the Treasury and that it is advantageous to go ahead and construct these buildings. Otherwise not a dollar of it will be spent. So, what is the use of confusing that with this proposal?

We shall need to add to the bill to restore these 2,000 officers the sum of $3,784,414. But that is not the actual cost of putting these officers back. The actual cost is much less than that, because if we eliminate these officers, 2,000 or 1,000, they will be retired on three-quarters of their base pay and their longevity pay and will render no service whatsoever to the Government. So the money paid them as retired pay will be a total loss.

Mr. BRITTEN. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. BRITTEN. Is it not possible if these 2,000 officers are eliminated that many civilians will have to be employed in their places to do the very work which they are now doing?

Mr. BARBOUR. Absolutely.

Mr. BRITTEN. You then have two items of expense, first the three-quarters pay to the retired officers and 100 per cent pay to the civilians necessary to carry on their work?

Mr. BARBOUR. Absolutely.

Mr. BRITTEN. So it is really extravagance rather than economy to eliminate these officers.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. MARTIN of Oregon. Can the gentleman tell us the ages of the officers who will be eliminated?

Mr. BARBOUR. The ages will range, I understand, all down through the various grades. According to the amendment offered by the gentleman from South Carolina [Mr. MCSWAIN], they would be selected on a basis of efficiency.

Mr. MARTIN of Oregon. Some of them would be in their thirties?

Mr. BARBOUR. Some would be in their thirties.

Mr. MARTIN of Oregon. They would be loaded on the Government for the duration of their lives?

Mr. BARBOUR. Some would be very young men.

Mr. BRITTEN. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. BRITTEN. The gentleman in control of the time has just indicated he would not yield me two or three minutes in order that I might have something to say about this bill. Therefore I will ask the gentleman from California a question.

Can the gentleman tell the House the name of any expert military authority in the United States who has publicly expressed himself in favor of this reduction of 2,000 officers?

Mr. BARBOUR. I know of none.

Mr. BRITTEN. The gentleman knows of none?

Mr. BARBOUR. No. Now, we are told by the gentleman from Mississippi that this is a plan to get rid of the physically unfit and the inefficient. Every year these officers have to go through a rigid physical examination. They must pass this examination in order to stay in the Army. So there are no physically unfit in the Army, because they are very soon weeded out, and the inefficient are also weeded out by the class B board.

Mr. CONNERY. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. CONNERY. I may say to the gentleman that one officer of World War experience in the Regular Army who has come along through the years would be worth a whole regiment if we were suddenly called to war, with his experience in lining up new men, drilling them, and training them.

Mr. BARBOUR. Absolutely; and the gentleman from Mississippi says if we have another war—and we all hope there will never be another—it must be fought by young men. True, it must be fought by young men.

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I yield the gentleman from California five additional minutes.

Mr. BARBOUR. These trained men, these men who have had World War experience, will fit into the machine in a way nothing else possibly could.

If we get rid of these men, these efficient men, it means a dead loss to the Government and that is not economy.

Mr. BRITTEN. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. BRITTEN. When the gentleman having charge of the bill was before the House he showed how promotions occurred, where a starred man way down the line was selected that, he said, would result in promoting everybody above him. Is it not a fact that the number of officers in the various grades are limited by law and that the condition referred to could not prevail?

Mr. BARBOUR. The national defense act limits the maximum number in each grade. The appropriation bills fix the amount of money that shall be paid for compensation of these officers, but the maximum number is fixed in the national defense act.

Mr. BRITTEN. That is true. So that if the so-called promotion board of the War Department went way down the line and placed a star in front of some officer's name which would mean his promotion that would not necessarily take all of the officers above him up and promote them?

Mr. BARBOUR. I believe the gentleman from Mississippi stated that if a man were a starred officer, all of the

unstarred officers, up to the next starred officer went into a higher grade, that is, would go up with him.

Mrs. KAHN. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mrs. KAHN. There seems to be some little confusion about the way the question is to be put. As I understand, those of us who desire to keep the 12,000 officers will vote no on the motion.

Mr. BARBOUR. That is a correct statement of the situation at this time. The question pending is the motion of the gentleman from Mississippi that we concur with an amendment and that amendment would fix the number at 11,000. I have made a motion that is still pending—that we recede and concur.

Mrs. KAHN. With an amendment.

Mr. BARBOUR. No. The next question to come up will be that of restoring the 2,000 officers and those who want to restore the 2,000 officers will vote no on the pending motion. Then the question will come up to agree to the Senate amendment and then the vote is aye, in order to restore the 2,000 officers.

Mr. SCHAFER. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. SCHAFER. Since certain foreign nations who owe us billions of dollars are clamoring for further debt reductions or cancellations, while at the same time increasing their army and navy strength, would it not be most ridiculous at this particular time, in view of the present unsettled condition of the world, for us to reduce the effectiveness of our Army?

Mr. BARBOUR. I would say to the gentleman from Wisconsin that with the skeleton Army we have, and which we have maintained for years, it would not be advisable to further reduce it at this time, especially in view of conditions existing throughout the world. I will go even further and say that in my opinion if these foreign nations—which, according to the press, now desire the United States to cancel or practically cancel their war debts—would take a reasonable percentage of the money they are spending on armaments and apply it on their debts to the United States they could pay those debts without any difficulty whatsoever. [Applause.]

Mr. SCHAFER. And if the present condition of the Federal Treasury is such that we have to save a few million dollars by taking 1,000 employees off the Federal pay roll, would it not be more effective if this Government, and especially the gentleman from Mississippi [Mr. COLLINS], in view of the action of the last Democratic convention, would move to take off the Federal pay roll two or three thousand prohibition agents and thus make it possible to keep on the pay roll these additional Army officers, who will be needed in time of any future war?

Mr. BARBOUR. I feel the Members of the House are all familiar with the question now pending, so that it is not necessary to take any further time.

Mr. BRITTEN. Will the gentleman yield for one more question?

Mr. BARBOUR. Yes.

Mr. BRITTEN. Is it not a fact that the reduction of 1,000 officers, now suggested by the gentleman from Mississippi, is just as arbitrary and just as unreasonable as his first suggestion was for a reduction of 2,000 officers, and that there is no expert reason justifying it?

Mr. BARBOUR. There is no real reason for reducing the number by 1,000—no more reason than there was for reducing the number by 2,000. I do not think there is any good reason for reducing the number in this way. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I want to see the House of Representatives do the right thing on this matter, and I want the House of Representatives to understand it. The Army, as the Navy had for a long time, has a large number of officers who are way over age in grade. The Naval Affairs Committee brought in a bill four or five years ago which eliminated a large number of the officers who were over age in grade and left the younger men, who were able to carry on and be useful officers, in the service. The Army has gone along, and they have carried their 12,000 officers without any corrective legislation or without any corrective action. There appears on page 104 of the hearings on the War Department appropriation bill a list of officers and their respective ages right straight down the line. For instance, there are 148 colonels above the age of 58; 107 colonels above the age of 59; there are 72 lieutenant colonels above the age of 54; there are 49 lieutenant colonels above the age of 55; there are 158 majors above the age of 50; there are 134 majors above the age of 51; there are 549 captains above the age of 46; there are 489 captains above the age of 47; there are 127 first lieutenants above the age of 42 and 97 above the age of 43.

Mr. SNELL. Will the gentleman yield for a brief question there?

Mr. TABER. Yes.

Mr. SNELL. I grant that the gentleman's statement is true, but is not the proper way to take care of that by legislation from the Military Affairs Committee in the same way that the Naval Affairs Committee took care of the surplus officers in the Navy?

Mr. TABER. We have been waiting 10 years for action, and no action has been taken. It is time that we met this situation. We have got a situation in the Army to-day, and the exceptions can be plucked by the selection board which will be established, where we can get along without a number of officers who are unable to perform usefully their functions.

Mr. SNELL. You have not remedied the situation, as I understand it, and will not remedy it unless we enact legislation that takes care of the situation.

Mr. TABER. This legislation provides for the elimination of officers who are not of useful age to be of service to the Army; and while it does not provide for putting any officers in their places, it is fair for us to try it out for a year and find out if we can get along without them.

Mr. SNELL. That does not answer the question at all.

Mr. STAFFORD. Will the gentleman yield in that particular?

Mr. TABER. Yes.

Mr. STAFFORD. Is it not the fact that the only legislation reducing the Army personnel in the last 10 years has been in connection with the War Department appropriation bill? I recall the action in 1920 when we made drastic reductions in the officer personnel on the War Department appropriation bill, and the only way to accomplish it was by action on the appropriation bill, which is what we are attempting here to do.

Mr. TABER. There has been nothing done along this line in the last 10 years. I can not go back of that time.

Mr. BRITTEN. Will the gentleman yield for a short question?

Mr. TABER. Yes.

Mr. BRITTEN. Is the gentleman suggesting to the House seriously that when a man gets over 47 or 50 years of age he loses his efficiency?

Mr. TABER. I am suggesting that he has not the physical stamina to be a successful, active company officer.

Mr. BRITTEN. How old is the gentleman himself?

Mr. TABER. I am too old to be a company officer.

Mr. BRITTEN. The gentleman is very active and is in the prime of life.

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from Minnesota [Mr. CLAGUE].

Mr. CLAGUE. Mr. Speaker, I have no interest in this bill except to vote for what I believe to be for the best interests of our country. I happen to be a member of the War Department Appropriations Subcommittee and I listened to all the evidence that was introduced before our committee relating to every item on the bill. I think I attended every meeting and heard every witness testify.

There has been a good deal said during the past two or three years, not only before our committee but to various members of the committee and various Members of the

House, about there being a hump in the Army officers. A large number of officers were taken in after the war.

I have carefully considered the evidence, and I have talked not only with the officers who appeared before our committee but with many Regular Army officers, some of the best officers in the Army, who have been in my room and have talked with me personally.

The gentleman from Illinois asked if we could name these men. I could name some of them, but these officers do not want to have their names mentioned. Why? Because, as the gentleman from Mississippi has suggested, if his name were made public, he would be afraid of receiving demerits.

A major general, one of the finest we have in the service to-day, sat in my office for about 30 minutes talking with me on this very question and told me that "500 to 1,000 could go out, which would improve the officer personnel." He further stated that there was a number of inefficient officers who should be retired for the good of the service, and that by eliminating these useless officers proper promotion could be brought about in the Army.

I have talked with many Army officers concerning the elimination of 1,000 officers, and with few exceptions they stated that cutting out of 1,000 officers would in no way injure the Army. Owing to this "hump" in the Army, a young man graduating at West Point this year, under the present system can not become a captain until 1951 or 1952.

We ought to have a systematic and an honest promotion list. I have been a friend of the Army, and I am a friend of the Army to-day. I want to see the Army officered by the best men we can find; and it is my honest judgment, if we will cut out 1,000 officers we will serve a useful purpose and tend to bring about proper promotion. I did not stand for the cut of 2,000 because I thought that was too heavy.

All I ask is that you consider this matter fairly and honestly and vote as you believe will be for the best interest of our country in this matter.

Mr. BRITTEN. Will the gentleman yield?

Mr. CLAGUE. Yes; certainly.

Mr. BRITTEN. Does not the gentleman think that the proper manner to do this would be to follow the system the Navy has of selection up rather than by an arbitrary cut in the appropriations for salaries in order to throw a number of men out of employment?

Mr. CLAGUE. There has been legislation proposed here for 10 years, and it will probably wait for 20 years more before you ever get it. Here is an opportunity for the Members of the House to cut out at least 1,000 officers who are useless, men who can not do their work as it should be done. This is not to be permanent in the number. It is for one year, and then if we need more officers we will bring them in from the young men who can do the work. [Applause.]

Mr. COLLINS. Will the gentleman yield?

Mr. CLAGUE. Yes.

Mr. COLLINS. And the proposal we are voting on is the proposal that the gentleman from California [Mr. BARBOUR] made himself.

Mr. BARBOUR. Now, will the gentleman yield to me, in view of that statement?

Mr. CLAGUE. Yes.

Mr. BARBOUR. I may say that that proposal was made in conference in an effort to find out if there were some possible grounds that the conferees could possibly get together on, when we were absolutely deadlocked over there, with neither side yielding.

Mr. CLAGUE. That is correct. The gentleman offered this as a compromise.

Mr. BARBOUR. As a suggestion.

Mr. CLAGUE. It was offered as a compromise measure.

This is not permanent law. The provision is effective for one year; and then if we need more officers, we can bring them up from the class of men we need for officers in the Army. [Applause.]

[Here the gavel fell.]

Mrs. ROGERS. Mr. Speaker, I ask that the gentleman have one minute more, that I may ask him a question.

The SPEAKER pro tempore. The time is under the control of the gentleman from Mississippi.

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. I will yield to the lady from Massachusetts.

Mrs. ROGERS. I am under the impression that proportionally a larger part of the Medical Corps would be dismissed under this plan than of any other corps in the Army. Everybody knows that this would work a tremendous hardship on the sick officers and enlisted men of the Army. Hospitals can not be properly run if there is not an adequate staff of doctors and nurses—and doctors and nurses can not be trained overnight.

Mr. LAGUARDIA. That would be a sad commentary on the General Staff if that were true.

Mr. GOSS. Mr. Speaker, it is difficult in this short time to say much about this proposal. The gentleman from Mississippi has said that the bill carries the largest appropriation of any bill passed in peace times. I want to call attention to the fact that $281,000,000 goes for the military activities, and the rest is for nonmilitary activities, and that he is comparing the bills that contain river and harbor appropriations and other matters, and the rest taken up in connection with unemployment relief programs.

I want to read to you what the Chief of Staff—and I am perfectly willing to follow him—has to say about cutting 2,000 officers from the list. Here is what he told the Military Affairs Committee at this session. He says:

> If you cut down 2,000 officers under the force that we believe is absolutely essential, which is 14,000, or over 2,000 short, it will be impossible to carry out the national defense act, and you will have to, unless you discard your responsibility as being the congressional group charged particularly with the national defense, the military national defense of the country—you will have to rewrite a new law.

He says further:

> The whole system will have to be revamped and much of the citizen training would have to be cut out if you cut down this 2,000 officers. That is just about the number of officers who are used here whose entire time is devoted to that type of training.

When General MacArthur was before the committee he was asked this question:

> Some time in March, the President, when interviewed regarding cutting expenses, was asked the specific question as to whether or not he was advocating any further reduction as far as the Army appropriation bill was concerned. I do not remember the exact language or the exact date, but it seems to me it was March 27 or March 29. Do you remember that statement?

General MacArthur replied that he did, that he had it right here. He said this was the message that the President addressed to Congress, and the item that you have in mind was this statement of the President:

> In addition of Army and Navy costs about $700,000,000. We should not further reduce that strength of our defense.

Now, when the bill got on the floor of the House we did not have the citizens' military training camps, the reserve officers, the Reserve Officers' Training Corps; but with that put back in the bill the Chief of Staff tells us that it would be impossible to carry out the duties of the War Department with these 2,000 officers cut out.

Mr. CONNERY. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. CONNERY. During the World War, if these men had been left out, you would not have had a General Pershing, or officers like him; they would have all been thrown out.

Mr. GOSS. Absolutely. Now, there are 7,000 Regular Army officers at camps and posts, 500 in the arsenals and depots, 300 in the general hospitals, 1,500 at the service schools, 1,600 civilian components, and 1,100 in the War Department and general headquarters.

The Military Affairs Committee have set the number of enlisted men at 280,000 and the officers at 16,000, and yet under the rules of the House the Appropriations Committee is able to come in here and move to cut down the number of enlisted men and the officer personnel, when the Chief of Staff tells the Military Affairs Committee that we are practically scrapping national defense and the Secretary of War tells us the same thing, then we should take heed and vote to keep these 2,000 officers in the service.

Mr. MAAS. And as far as eliminating officers who are not capable of performing their duty is concerned there is a way of taking care of them.

Mr. GOSS. Oh, yes; they can class B them at the present time if they are not capable. The gentleman from Mississippi speaks about 200 Army officers on duty in cafeterias. That is ridiculous. He refers to the post exchanges, I suppose, but the regular officer has to carry on that duty in addition to his regular duties as an officer of the Regular Army. [Applause.]

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Indiana [Mr. WOOD].

Mr. WOOD of Indiana. Mr. Speaker, I take it that each Member here understands the proposition before us. This is a conference report on which we are acting, and, as has been stated, attempts have been made to compromise the matter. When the bill passed the House it eliminated 2,000 officers. In order that a compromise may be had, so that we might close up the matter as far as the Appropriations Committee is concerned, it is proposed that we eliminate 1,000 officers. It occurs to me that the Army of the United States or its officers ought to be just as willing to make some sacrifice in these days of stress as the civil activities of this Government have been compelled to do. There is not an activity that is not turning out hundreds of men in civil life. There is not a department that will not be compelled to turn out hundreds of men in order to reduce governmental expenses.

The gentleman who preceded me stated that we are appropriating only $285,000,000 for the regular establishment. If that be true, it is more than $150,000,000 in excess of what we were paying before the war. Does anyone think that we are in danger of conflict to-morrow? Does anyone think that we are going to lose anything if we strike off these 1,000 men for one year? No; true to form, the Army is opposed to giving up anything. As I said after the close of the war, when they were breaking up automobiles, when they had thousands and thousands of them that they had no use for and they were petitioned by every activity in this Government to give up some of them, they said no, that they would not give them up, that they would need them in case of war. Gentlemen, it took an affirmative act of this Congress to take them away from the Army. The same thing is true with fortifications that they have. They know they don't need them. There is a lobby here as insistent and persistent as ever there was in all the world. The 120,000,000 taxpayers who must pay this expense do not get your ear. The men who are the burden bearers I dare say would vote 90 to 1 against these 2,000 officers. We don't need them; or if we do, then we can get along without 1,000 of them at least for a period of one year. [Applause.]

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Speaker, it is well for the House to recall what happened when this bill was first considered. The gentleman from New York [Mr. TABER] at that time offered an amendment to limit the reduction of the officer personnel to 750. This House voted that down; and when the gentleman from Mississippi offered an amendment to reduce the number of the officer personnel by 2,000, the House voted in favor of it. What do we now find? We find the conferees now offer a fair compromise between what you voted against, namely a reduction of only 750, and what you voted for, a reduction of 2,000 officers. They have voted to reduce it by 1,000. Surely that is a reasonable compromise, and the gentleman from California [Mr. BARBOUR] indicated to the conferees, I am informed, that he was willing to sign a conference report to reduce the officer personnel by 1,000. What sound reasons can now be offered for voting against that compromise?

The acting chairman of the Committee on Military Affairs prepared the amendment which the House adopted, and I will say to my friend from Illinois, Mr. BRITTEN, that the chairman of the Committee on Naval Affairs voted for the 2,000 reduction, and my friend from Illinois, Mr. BRITTEN, in the last Congress, as chairman of the Committee on Naval Affairs, fathered and passed legislation that sought the retirement from the officer personnel of the Navy a number that he felt could safely be dispensed with in this way, and he and I have both been disappointed that such legislation did not result in the reduction which he felt would follow. Sooner or later this Congress, perhaps on an appropriation bill, will have to do what it has found necessary to do in reference to reducing the officer personnel in this Army, provide under the Holman Rule on an appropriation bill for the retirement of a limited number.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. OLIVER of Alabama. It is the only way in which this House can effectively act and carry out what all should favor, namely, further economies in Government expenditures. Remember you are quite fair to these officers, who may be retired under this provision. You place them on retired pay ranging from $1,800 to $4,500, as the gentleman from Mississippi [Mr. COLLINS] has stated; yet notwithstanding such retired pay, this pending amendment, if adopted, will result in very large savings to the Federal Treasury.

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, let us take a sane and sober view of the proposition before the House. This House has passed a bill which has resulted in the elimination, so the papers tell us, of many civil-service employees, and probably will during this fiscal year. Why should not the War Department and every other department of this Government make its part of the sacrifice to economy, if it be a sacrifice. I do not subscribe to the idea that merely because you are reducing the number of officers from 12,000 to 11,000 for a period of only one year, you are affecting the national defense injuriously in any way. They are still subject to orders and can be called back in the service at any time they are needed. As the gentleman from Alabama [Mr. OLIVER] has said, we have done more for them than we have done for the civil officers of the Government, who have been forced to take retirement, because there is not one of these officers but who will receive for the balance of his life from $1,800 to as much as $4,500 a year.

Are we to have war this year? Of course not; and I hope never again. This only applies to this year. This only applies to the period for which this appropriation bill is in existence. Congress can take such action as it pleases later on. But I say that in the interest of economy and in the interest of seeing that every department of this Government is required to take at least a part of its share, the amendment offered by the gentleman from Mississippi ought to be adopted. I do not think there can be any excuse for a failure to adopt it unless we are to take the position that we are going to make fish of one and fowl of another. It seems to me there can be no excuse for undertaking to take the War Department out of the general rule which the House has applied to all other departments and make an exception of it.

Do you know how many officers there are in the War Department in Washington to-day, sitting down there in the department—some of them needed, I do not deny? There are 585 officers in the War Department sitting here in Washington, many of them doing what could be properly classed as clerical duty. Certainly it seems to me in the interest of economy the amendment offered by the gentleman from Mississippi should be adopted. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired.

All time has expired.

The question is on agreeing to the motion of the gentleman from Mississippi.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. GOSS. I understand the question recurs on the motion of the gentleman from Mississippi to concur with an amendment, and those in favor of retaining the 2,000 officers should vote "nay." Is that correct?

Mr. STAFFORD. The Chair does not instruct Members of the House how they shall vote.

The SPEAKER pro tempore. The Chair does not consider the gentleman's question as a parliamentary inquiry.

Mr. COLLINS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the motion of the gentleman from Mississippi.

Mr. COLLINS. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 154, nays 175, answered "present" 1, not voting 100, as follows:

[Roll No. 115]

YEAS—154

Allgood	Doughton	Kniffin	Robinson
Almon	Dowell	Knutson	Sabath
Amlie	Doxey	Kopp	Sanders, Tex.
Andresen	Driver	Kunz	Schneider
Arnold	Dyer	Kvale	Selvig
Ayres	Ellzey	LaGuardia	Shallenberger
Barton	Fishburne	Lambertson	Shannon
Boehne	Flannagan	Lambeth	Sinclair
Bolleau	French	Lankford, Ga.	Smith, W. Va.
Browning	Garber	Larrabee	Snow
Bulwinkle	Garrett	Lewis	Sparks
Burch	Gilchrist	Lozier	Stafford
Burtness	Green	Ludlow	Steagall
Byrns	Gregory	McClintock, Ohio	Stevenson
Campbell, Iowa	Griswold	McDuffie	Strong, Kans.
Cannon	Guyer	McGugin	Summers, Wash.
Carden	Hall, Ill.	McSwain	Taber
Cartwright	Hancock, N. C.	Major	Tarver
Chavez	Hare	Mapes	Taylor, Colo.
Christgau	Harlan	Milligan	Thatcher
Christopherson	Hart	Mobley	Thurston
Clague	Haugen	Moore, Ohio	Timberlake
Clark, N. C.	Hill, Ala.	Morehead	Vinson, Ky.
Cochran, Mo.	Hill, Wash.	Nelson, Me.	Warren
Cochran, Pa.	Hoch	Nelson, Mo.	Wason
Collins	Hogg, W. Va.	Niedringhaus	Weaver
Condon	Holaday	Nolan	West
Cooper, Ohio	Hope	Norton, Nebr.	Whittington
Cooper, Tenn.	Hopkins	Oliver, Ala.	Williams, Mo.
Cox	Howard	Overton	Williamson
Cross	Huddleston	Patman	Wilson
Crosser	Jacobsen	Patterson	Wingo
Crowe	Johnson, Mo.	Pettengill	Wood, Ga.
Crump	Johnson, Okla.	Polk	Wood, Ind.
DeRouen	Johnson, Tex.	Pou	Woodruff
Dickinson	Jones	Ramseyer	Woodrum
Dies	Kading	Ramspeck	Yon
Disney	Karch	Rankin	
Dominick	Kemp	Reilly	

NAYS—175

Adkins	Crowther	Houston, Del.	Pittenger
Aldrich	Culkin	Hull, William E.	Prall
Allen	Cullen	James	Pratt, Ruth
Andrew, Mass.	Curry	Jeffers	Purnell
Andrews, N. Y.	Dallinger	Jenkins	Ransley
Arentz	Darrow	Johnson, Wash.	Reed, N. Y.
Auf der Heide	Davenport	Kahn	Rich
Bacharach	Delaney	Keller	Rogers, Mass.
Bachmann	De Priest	Kelly, Ill.	Rogers, N. H.
Bacon	Dickstein	Kelly, Pa.	Rudd
Baldrige	Dieterich	Kendall	Schafer
Barbour	Douglas, Ariz.	Kinzer	Schuetz
Beedy	Douglass, Mass.	Kleberg	Seger
Black	Drewry	Kurtz	Selberling
Bland	Eaton, Colo.	Lamneck	Shott
Bloom	Eaton, N. J.	Lea	Simmons
Boland	Englebright	Leavitt	Smith, Idaho
Bolton	Erk	Lehlbach	Smith, Va.
Bowman	Estep	Lichtenwalner	Snell
Briggs	Evans, Calif.	Lindsay	Somers, N. Y.
Britten	Fiesinger	Lonergan	Spence
Brumm	Fitzpatrick	Loofbourow	Stewart
Brunner	Foss	Luce	Stokes
Buckbee	Free	McCormack	Strong, Pa.
Burdick	Gambrill	McFadden	Stull
Butler	Gavagan	McLaughlin	Sullivan, N. Y.
Campbell, Pa.	Gibson	McMillan	Sutphin
Carley	Gifford	Maas	Swanson
Carter, Calif.	Goss	Manlove	Sweeney
Carter, Wyo.	Granfield	Martin, Mass.	Swing
Cavicchia	Griffin	Martin, Oreg.	Temple
Chapman	Hadley	Mead	Tinkham
Chase	Hall, Miss.	Michener	Underwood
Chindblom	Hall, N. Dak.	Millard	Watson
Clancy	Hancock, N. Y.	Mouser	Welch
Clarke, N. Y.	Hardy	Norton, N. J.	White
Cole, Iowa	Hartley	O'Connor	Whitley
Cole, Md.	Hess	Owen	Wigglesworth
Colton	Hogg, Ind.	Palmisano	Wolcott
Connery	Hollister	Parker, Ga.	Wolfenden
Connolly	Holmes	Parker, N. Y.	Wolverton
Cooke	Hooper	Parsons	Wyant
Coyle	Hornor	Perkins	Yates
Crail	Horr	Person	

ANSWERED "PRESENT"—1

Hull, Morton D.

NOT VOTING—100

Abernethy	Fish	Larsen	Rayburn
Bankhead	Frear	Linthicum	Reid, Ill.
Beam	Freeman	Lovette	Romjue
Beck	Fulbright	McClintic, Okla.	Sanders, N. Y.
Blanton	Fuller	McKeown	Sandlin
Bohn	Fulmer	McLeod	Shreve
Boylan	Gasque	McReynolds	Sirovich
Brand, Ga.	Gilbert	Magrady	Stalker
Brand, Ohio	Gillen	Maloney	Sullivan, Pa.
Buchanan	Glover	Mansfield	Sumners, Tex.
Busby	Golder	May	Swank
Cable	Goldsborough	Miller	Swick
Canfield	Goodwin	Mitchell	Taylor, Tenn.
Cary	Greenwood	Montague	Thomason
Celler	Haines	Montet	Tierney
Chiperfield	Hastings	Moore, Ky.	Tilson
Collier	Hawley	Murphy	Treadway
Corning	Igoe	Nelson, Wis.	Tucker
Crisp	Johnson, Ill.	Oliver, N. Y.	Turpin
Davis	Johnson, S. Dak.	Parks	Underhill
Doutrich	Kennedy	Partridge	Vinson, Ga.
Drane	Kerr	Peavey	Weeks
Evans, Mont.	Ketcham	Pratt, Harcourt J.	Williams, Tex.
Fernandez	Lanham	Ragon	Withrow
Finley	Lankford, Va.	Rainey	Wright

So the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Morton D. Hull (for) with Mr. Chiperfield (against).
Mr. Withrow (for) with Mr. Ketcham (against).
Mr. Ragon (for) with Mr. Finley (against).
Mr. Fuller (for) with Mr. Celler (against).
Mr. Frear (for) with Mr. Tierney (against).
Mr. Miller (for) with Mr. Freeman (against).
Mr. Peavey (for) with Mr. Boylan (against).
Mr. Glover (for) with Mr. Sirovich (against).
Mr. Bankhead (for) with Mr. Lankford of Virginia (against).
Mr. Sandlin (for) with Mr. Sanders of New York (against).
Mr. Rainey (for) with Mr. Treadway (against).
Mr. Rayburn (for) with Mr. Tilson (against).
Mr. Lanham (for) with Mr. Corning (against).
Mr. Swank (for) with Mr. Oliver of New York (against).
Mr. McKeown (for) with Mr. Kennedy (against).
Mr. Buchanan (for) with Mr. Golder (against).
Mr. McClintic of Oklahoma (for) with Mr. McLeod (against).
Mr. Hastings (for) with Mr. Weeks (against).
Mr. Vinson of Georgia (for) with Mr. Fish (against).
Mr. Collier (for) with Mr. Hawley (against).
Mr. Blanton (for) with Mr. Johnson of Illinois (against).
Mr. Evans of Montana (for) with Mr. Johnson of South Dakota (against).
Mr. McReynolds (for) with Mr. Turpin (against).
Mr. Crisp (for) with Mr. Swick (against).
Mr. Davis (for) with Mr. Stalker (against).
Mr. Sumners of Texas (for) with Mr. Pratt (against).
Mr. Gasque (for) with Mr. Magrady (against).
Mr. Mitchell (for) with Mr. Doutrich (against).
Mr. Thomason (for) with Mr. Beck (against).
Mr. Montague (for) with Mr. Sullivan of Pennsylvania (against).
Mr. Linthicum (for) with Mr. Lovette (against).

General pairs:

Mr. Abernethy with Mr. Shreve.
Mr. Mansfield with Mr. Cable.
Mr. Fernandez with Mr. Taylor of Tennessee.
Mr. Tucker with Mr. Underhill.
Mr. Brand of Georgia with Mr. Bohn.
Mr. Fulbright with Mr. Goodwin.
Mr. Romjue with Mr. Reid of Illinois.
Mr. Greenwood with Mr. Brand of Ohio.
Mr. Busby with Mr. Murphy.
Mr. May with Mr. Partridge.
Mr. Kerr with Mr. Nelson of Wisconsin.
Mr. Maloney with Mr. Beam.

Mr. TEMPLE. Mr. Speaker, the gentleman from Pennsylvania [Mr. TURPIN] is unavoidably absent. He has requested me to say that if present he would vote "no."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question recurs on the motion of the gentleman from California to concur in the Senate amendment.

The motion was agreed to.

The Senate amendment was concurred in.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 10: Page 9, line 1, strike out "$27,209,927" and insert "$31,833,427."

Mr. COLLINS. Mr. Speaker, this is part of the proposal that has just been voted upon, and under the circumstances I therefore move to recede and concur in the Senate amendment.

The motion was agreed to.

The Senate amendment was concurred in.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 11: Page 9, line 5, strike out "$8,356,200" and insert "$8,545,011."

Mr. COLLINS. Mr. Speaker, I move to recede and concur in the Senate amendment.

The SPEAKER pro tempore. The gentleman from Mississippi moves to recede and concur in Senate amendment No. 11.

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from North Carolina [Mr. POU], and I ask unanimous consent that he be permitted to speak out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. POU. Mr. Speaker, I have asked for this time in order to make an explanation.

The Committee on Rules has had under consideration for several days a proposal to inaugurate an investigation of the Treasury Department, the Federal Reserve Board, and the Federal Farm Board.

When a man by logic of events and length of service is put at the head of a great committee, responsibilities are placed upon him which he can not escape. I have felt constrained to oppose this investigation. I do it, I hope, with a very high purpose. We are told by high officials of the Government that there were indications of a return toward prosperity; that very feeble steps had been taken, but nevertheless definite steps had been taken in the direction of a return to prosperity. Now, I can not divest myself of the conviction that, to create a committee at this time, with a great political battle approaching, and vest that committee with far-reaching authority to investigate the activities of the Government, might have a tendency to retard the return to normal conditions. After a conference with the Speaker and some of my colleagues on the committee, who, in fairness to them, at least I must say did not agree with the view that I took, the Committee on Rules this morning decided to defer the resolution that was pending before that committee. [Applause.]

It will probably be the case that at some time these great amounts that have been returned by the Treasury, these tremendous tax refunds, footing up $3,700,000,000 since 1922, will be analyzed and examined by a committee of the House or a committee of both Houses, but after hearing the high officials of the Government I could not divest myself of the conviction that this is hardly a proper time to start such an investigation.

We have been here seven months, and it will only be December before we will be back here again. I could see no great overpowering, pressing reason which justified the Committee on Rules, during these closing hours of Congress, when we are about to leave, putting in motion a great machine to investigate these departments. The heated weeks immediately preceding a presidential election should hardly be selected as the time to start such investigation any way.

The SPEAKER pro tempore. The time of the gentleman from North Carolina has expired.

Mr. COLLINS. I yield to the gentleman three additional minutes, Mr. Speaker.

Mr. POU. Mr. Speaker, I believe I said a few moments ago that I took the position which I did take after conferring with the Speaker.

I may say that if the Speaker had said to me in that conversation, "I believe it is necessary in the public interest that this committee be created," I would have followed the Speaker, but he did not say that. He was generous enough to say that we should act upon our own best judgment and he would be satisfied. It is typical of the big man that he is. [Applause.]

Mr. SNELL. Will the gentleman yield?

Mr. POU. Certainly.

Mr. SNELL. I think the gentlemen of the Rules Committee have come to the proper conclusion. I congratulate them upon using good sense and judgment, as the Rules Committee usually does.

Mr. POU. I thank the gentleman. Having served on the committee with my distinguished friend quite a number of years, I all the more appreciate what he has said.

I think I may say, Mr. Speaker, that, whether criticized or not, the Rules Committee has acted conscientiously. We have done what we thought was best with the light the Almighty has given us to see.

Mr. COLLINS. Mr. Speaker, I yield 15 minutes to the gentleman from New York [Mr. O'CONNOR]; and I make the same request that he be permitted to speak out of order.

Mr. BRITTEN. Mr. Speaker, reserving the right to object, will the gentleman yield five minutes to me to talk out of order when the gentleman from New York has concluded? I do not desire to object, but I wish a little time.

Mr. COLLINS. I will yield five minutes to the gentleman from Illinois a little later.

Mr. BRITTEN. That is all right.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, to-day is the first occasion during my service on the Rules Committee for five Congresses that I disagreed with my distinguished and lovable chairman. [Applause.]

This matter, as you undoubtedly know, arose on Friday last in this way, and it is well to review briefly the manner of its happening: The gentleman from Pennsylvania [Mr. MCFADDEN] was on the floor. He complained about the failure of the Rules Committee to act on certain resolutions he had introduced. One of his resolutions proposed an investigation of the Federal reserve system. Another of his resolutions proposed an investigation of the Treasury Department as to tax matters, uncollected taxes, and tax refunds.

During the course of those remarks the Speaker came on the floor, and the gentleman from Pennsylvania called the attention of the Speaker to certain statements he had made back in 1930 and previously as to this condition in the Treasury Department.

The Speaker said, in effect, he agreed with the gentleman from Pennsylvania that some investigation of the matter was needed.

Whereupon the gentleman from Michigan [Mr. MICHENER] took the floor and challenged the Speaker, if I may interpret, to cause such an investigation.

The Speaker explained the reasons for not having had an investigation before in this language:

The reasons I have not pressed on the Rules Committee the investigation demanded by the gentleman from Pennsylvania are two. For the last six months the country has been very much disturbed in economic matters. I did not want to investigate the Treasury Department with a view to having the people of the country lose confidence in it. The only thing they seem to have left is confidence in the Government of the United States, in its fiscal matters. To make an investigation at this time and discover such things as the gentleman from Pennsylvania and I believe would be discovered in that department would certainly unsettle that confidence and would not be beneficial to the American people.

Secondly, I thought if we undertook to do it at this time, with an election immediately in front of us, it would be charged during the campaign that we attempted to use the investigation for partisan purposes.

Following some further colloquy, the Speaker interrogated the gentleman from Michigan [Mr. MICHENER] as follows:

Mr. GARNER. Speaking in his individual capacity and as a member of the Rules Committee, will the gentleman assist in bringing out a rule and passing it on the floor of this House?

Mr. MICHENER. Yes; I think I will.

So with the assurance that we had the support of Mr. MICHENER on that side of the House the Rules Committee met the next morning at 11 o'clock and proceeded to hear testimony and Representatives in reference to the necessity or propriety of this investigation.

Immediately on the convening of the Rules Committee all four Republicans on this committee proceeded to protest at

every possible stage as to what should be done, as to whether hearings should be held, as to whether or not the Treasury should be invited, and as to whether the Federal Reserve Board should be invited. Long speeches were spread on the record ridiculing the investigation before it had started. Thus it was obvious from the beginning that it was strictly a partisan matter and that no Republican on this committee would vote for any investigation, irrespective of what the testimony might develop.

That day we heard the gentleman from Pennsylvania [Mr. McFADDEN]. We adjourned in the afternoon and met yesterday at 10 o'clock and worked practically all day. We heard Mr. Ballantine, the Acting Secretary of the Treasury, in the absence of the Secretary, who was called to Boston to open the campaign for the reelection of his chief. Mr. Ballantine made a statement to the committee, a long statement. Of course, he did not admit there was anything wrong with the Treasury Department, but he said to the committee, in a most appealing manner—and when I use the word "appealing" I use it advisedly, and I call on all the witnesses and all the audience in that room whether he did not appeal to us not to investigate the Treasury Department before December.

Of course, as I have said in other places, if the election were next March, the appeal would be not to investigate the Treasury Department until next April. [Applause.]

Mr. RANSLEY. Will the gentleman yield?

Mr. O'CONNOR. I want to complete my statement.

Mr. RANSLEY. I know the gentleman wants to be fair.

Mr. O'CONNOR. I yield.

Mr. RANSLEY. The gentleman should make the entire statement. It was not a question of politics and the gentleman has no right to leave the House under that impression.

Mr. O'CONNOR. I am too old not to think that a certain day after the first Monday in December next was not in the mind of Mr. Ballantine when he made his appeal.

Mr. PURNELL. Will the gentleman yield?

Mr. O'CONNOR. I am going to complete my statement as to the reasons he gave for that.

Mr. PURNELL. In fairness the gentleman should state the reasons he gave.

Mr. O'CONNOR. I was intending to do so when I was interrupted. If the gentleman will compose himself for a moment, I will proceed.

Mr. SCHAFER. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. SCHAFER. Perhaps the Acting Secretary of the Treasury did not want to investigate the Treasury Department immediately because he had the same definition of "immediate" as you have in your wet plank, that immediate means in November. [Laughter and applause.]

Mr. O'CONNOR. The hearing before the Rules Committee was the first meeting we have had for some time when that subject was not discussed. Mr. Ballentine gave as his reason or excuse, call it what you will, that the Treasury Department had just undertaken to work out the machinery and system for carrying into effect the new tax law and that any investigation of that department would so interfere with the help—he named the different units—and all the help down there that their minds would be on the investigation. Of course, innocent as they all were, they would be thinking only of the investigation and they could not possibly work out this new tax law, but that they would have it worked out by December and then we could come in and investigate in our own time.

Mr. PURNELL. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. PURNELL. The gentleman should also state in that connection Mr. Ballentine's further observation that they were undertaking to handle this new tax law without any increased personnel and that imposed a very great burden on the Treasury.

Mr. O'CONNOR. Well, if that is important, it is in the record.

Mr. SABATH. That was another excuse.

Mr. O'CONNOR. Yesterday we also heard Mr. Eugene Meyer, governor of the Federal Reserve Board. He stated, of course, that there was absolutely nothing to investigate in the Federal Reserve Board, or any part of it; that they were beyond improvement; that their dealings in foreign bonds, and so forth, were small and all justified; that the movement of gold out of the country was the most natural thing in the world, and they had nothing to do with it. We heard a very long and interesting economic speech from Mr. Meyer. The gentleman from Texas [Mr. PATMAN] also testified before the committee.

But let me say, Mr. Speaker, that beyond the testimony before the Rules Committee we had judicial knowledge of what is going on in the minds of the people of this country. For years on the floor of this House, in the press, and on the streets the people of this country have been inquiring about these huge tax refunds, which this year approach $4,000,000,000. They are inquiring why great corporate interests, why great, powerful, and influential individuals are granted big refunds, and in many instances on the eve of an election.

Let me point out before I forget it: Watch the refunds from now until November and try to check against those refunds contributors to the campaign fund. We had information brought before our committee that was not brought there by witnesses. The Rules Committee has a rule that only Members of Congress and the heads of departments may testify before the committee, but we had information from many sources as to what is going on in the Treasury Department. Let me make this statement advisedly. After giving it good, sincere thought, let me say that the Republican campaign is financed out of the Treasury of the United States [applause], and an investigation will prove it. People sitting on that side of the aisle and in another Chamber know that during this campaign another refund will be made from which a huge contribution will be made to the campaign fund. As I have said, in 10 years these refunds have amounted to $4,000,000,000, with interest running into many millions.

There has always been a reason for such an investigation. The Speaker has said so and the Speaker still believes it. However, I am willing to yield to the high patriotic motives of the Speaker of this House, because I firmly believe no man in America loves his country more than JOHN N. GARNER. [Applause.] That is what prompts him in the position he has taken.

But that department must be investigated. Mind you, it is the only department of Government that in all its history has never been audited. No one has ever audited the accounts of the Treasury Department. These billions have been returned to these taxpayers, amounting to $4,000,000,000, and under the administration of Mr. Mellon three-fourths of them went to Pennsylvania corporations.

Mr. WOODRUFF. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. WOODRUFF. The gentleman has made some very serious charges against the Republican Party. If one-half of what the gentleman says is true, he owes it, as a member of the Rules Committee, to report out this resolution of investigation. [Applause.] I want to say that any member of the committee——

Mr. O'CONNOR. Let me interrupt the gentleman there to say that I did everything in my power to report the resolution out of the Rules Committee and I had some assistance.

Mr. SABATH. And the gentleman from New York voted for the resolution.

Mr. WOODRUFF. The gentleman's party is in charge of matters coming before the Rules Committee, and even if one-tenth of what the gentleman has said is true, the gentleman's party is responsible, and will be held responsible to the American people, for not providing an immediate investigation of this department. [Applause.]

Mr. O'CONNOR. Oh, we had an appeal there from the Treasury Department and the Federal reserve that "if you do this, you will cause chaos in the Government." This was the appeal. I did not believe they were right in this, but

the Speaker did believe they were right. I do not believe that anything more could happen to this country to disturb the confidence of the people in the Government of the Nation.

Mr. WOODRUFF. If the gentleman will yield further, regardless of what any public official or what any Government official has stated before the Committee on Rules, I maintain it is the duty of the members of the Rules Committee and the House of Representatives to proceed with this investigation, if one-half of what the gentleman has stated is true.

Mr. O'CONNOR. In answer to my friend from Michigan let me say that the speech the gentleman has made is almost verbatim the speech the gentleman from Michigan [Mr. MICHENER] made last Friday, and when he came into the Rules Committee he obstructed the possibility of an investigation at every step.

Mr. SABATH. And every other Republican on the committee voted against it.

Mr. WOODRUFF. I want to say to my friend that I hold no brief for any other Member of this House, but I maintain it is the duty of the gentleman, it is the duty of every other member of the Rules Committee, and it is the duty of the House of Representatives to proceed with an investigation if the members of the Rules Committee have any reason to believe that what the gentleman has stated is true.

[Here the gavel fell.]

Mr. POU. Mr. Speaker, at the request of the gentleman from Mississippi [Mr. COLLINS], I yield the gentleman five additional minutes.

Mr. WHITE. Will the gentleman yield?

Mr. O'CONNOR. Not right now.

There has been no dispute as to certain facts with respect to the amount of the refunds and the huge amount of interest paid on them. These cases have been delayed, and if the charge is nothing more than negligence, an investigation is warranted.

On the refunds made up to two years ago the interest, in addition to the cash refund, was 26.72 per cent. Many 1917 cases are still pending, as well as 1918 cases, and all the way down the line. It is alleged that people who want their cases pushed can get them pushed and some who are not in such high favor have a very difficult time getting their cases determined.

The conduct of the United States Steel case is enough to justify an investigation. There was one rebate of $26,000,000, one rebate of $32,000,000, and this only after 3 or 4 or 5 revaluations by the department.

Could anybody not in the know get a revaluation involving the work of engineers for a year and reduce the amount of their taxes by $40,000,000 or $50,000,000?

The United States Steel Corporation sent in a check, and after they sent it in, after all their lawyers and accountants had figured out the tax, they waked up one day and said, "We paid you $97,000,000 too much." If you can imagine this, I can not. So they proceeded to ask for a refund, and after revaluation and revaluation, all at the expense of the Government, they finally got back between $50,000,000 and $60,000,000.

It was brought to our attention that the Joint Committee on Internal Revenue Taxation passes on these refunds amounting to over $75,000. All they do is to review them. They have no facilities to go into the facts or into the merits of the case to see whether valuations are proper or fair or honest. All they do is to make a superficial review, and when they said, "Let us look at the United States Steel Corporation case," the Treasury Department said, "Fine," and they sent up six truck loads of records for this small committee that we have here in the House Office Building to look over.

Now, the statement that no one can deny is that the Treasury Department has made mistake on mistake and has had the court reverse it, but sometimes too late. They have been deciding question of law as well as fact. They interpret the law and they have made settlements based on their interpretations and they also have what they call their "settlement policy" on the law, instead of going to the courts and having the law determined, many times at the expense of the Government and many times to the benefit of the taxpayer.

These are the things that have prompted me and still prompt me in this matter. I do not believe anything unfortunate could happen to this country by reason of such an investigation. These things have prompted me to believe that this investigation should have been started years ago, and I was willing to fight for it now. However, I was willing to yield to the high motives of the Speaker of the House; but let me tell you, my colleagues, it can not be put off on the ground that there was not enough evidence presented Saturday or Monday before the committee to justify the investigation. The evidence is in the CONGRESSIONAL RECORD going back for years. The Treasury Department does not want an investigation and is trying to prevent it as long as possible. The Congress should certainly give them the investigation the first week of December.

Mr. WOODRUFF. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Michigan.

[Here the gavel fell.]

Mr. POU. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. WOODRUFF. The gentleman has stated the Treasury Department does not want an investigation, that they fought this investigation all down the line. Charges from time to time have been made against the department because of the things which the gentleman has mentioned; and now that the gentleman's party is in power, and in view of the fact that all down the years he and other members of his party have been calling attention to what they claim are derelictions on the part of different people in the Treasury Department, he and the members of his party in the House have the power now to start the wheels of an investigation going to see whether or not his charges are true, and I will join with the gentleman——

Mr. O'CONNOR. I can answer the gentleman's question, because it is a mere repetition of the gentleman's former statement.

The reason I take this position is that I do not entertain the same fear that the distinguished Speaker has. If I entertained that fear, of course, I would not want to disturb the country; but picture the reverse. Picture a Democratic administration at both ends of the Avenue, picture a Republican House with a small majority, and the same question presented to them. Does anybody here believe that they would assume the high, patriotic rôle that we are assuming now? They would play partisan politics, as they have always done, even if it ruined the country, as they have ruined it during the past four years. [Applause.]

Mr. STAFFORD. Mr. Speaker, a parliamentary inquiry. What has become of the conference report?

The SPEAKER pro tempore. The conference report has been adopted, but there are several amendments in disagreement.

Mr. STAFFORD. The conference report is still before the House, and is the pending business.

The SPEAKER pro tempore. All of this is by unanimous consent.

Mr. POU. Mr. Speaker, I yield five minutes to the gentleman from Georgia, and I ask unanimous consent that he may speak out of order.

The SPEAKER pro tempore. Is there objection?

Mr. SCHAFER. Reserving the right to object, why not have the conference report completed, and then have your field day, if the majority of the House has no further legislation? However, I shall not object the way my Democratic friends objected the other day.

Mr. COX. Mr. Speaker, I regret that gentlemen have not seen fit to leave this entire matter with the statement of the chairman of the Rules Committee. I will not take issue with my friend and colleague who has just preceded me as to the testimony that was taken by the committee on this resolution proposing an investigation of the Treasury Department and other agencies of the Government, but the impression made upon our minds seems to be somewhat dif-

ferent. The gentleman's statement was in all probability predicated upon all that heretofore has been said by way of criticism of the administration of the revenue laws by the Treasury Department, and as to these things I, of course, have no quarrel with him. I confine my remarks entirely to the record made by the committee.

Members of the House came before the committee and reiterated charges that had been made on the floor of this House many times and which have for a long time been broadcast by the press throughout the country. Other than what you gentlemen have heard before there was little, if anything, before the committee than a statement of Mr. Ballantine, Acting Secretary of the Treasury, and Mr. Meyer, the governor of the Federal reserve system.

Mr. Ballantine appeared before the committee and in effect stated that while the Treasury Department had no objection whatever to congressional investigation, to initiate an investigation at this time would do much to tie up the Bureau of Internal Revenue when its resources and energies are demanded to put into effect the new revenue law and would slow down both the securing of additional taxes, which the Treasury needs, and the closing up of old cases which the taxpayers regard as especially important in their effort to find the basis to-day for business operations, and that any investigation that the Congress should see fit to make might well be postponed until December, when Congress reconvenes.

As I understood it, the committee accepted that statement and concluded to take no action on that part of the resolution proposing an investigation of the Treasury Department.

Mr. Meyer, governor of the Federal Reserve Board, stated that there was nothing wrong with the Federal reserve system, that extensive hearings had been held by the Banking and Currency Committee of the House and the Senate, coming down to a recent date, that these committees had had at their disposal some of the best talent in the country, that most of the charges now made against the Federal reserve system had been gone into by these committees, and particularly by the Glass committee in the Senate.

He further said that there was an indication of improvement of business reflected in the rise of commodity prices throughout the country, and that it would be well, in his opinion, that no investigation be precipitated at this time, that the patient be given an opportunity to recoup and recover. As I understood it, the Rules Committee accepted that statement, and concluded to take no action on that part of the resolution.

This statement ought to satisfy both Democratic and Republican members of the committee, because the statement is true as to what took place. [Applause.]

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LAGUARDIA. Mr. Speaker, we have had three statements from the Committee on Rules. It occurs to me that perhaps it might be well to hear some one not on that committee express his reactions to the most peculiar attitude and unexplainable action of the Committee on Rules. The Committee on Rules is a political committee made up in the proportion of 8 to 4; there are 12 members of that committee, 8 of the majority party, whichever party is in control of the House, and 4 of the minority party. There is only one other committee of the House that is in that proportion. Otherwise the committees are apportioned as nearly as possible to the ratio existing between the two parties.

Two days ago startling charges were made on the floor of the House by the gentleman from Pennsylvania [Mr. McFADDEN]. The gentleman from Pennsylvania is generally well and accurately informed on banking matters. The charges made calling for an investigation may be divided into three categories: 1. The improper administration of the tax laws, which it was alleged resulted in a construction of the law favorable to certain taxpayers. 2. The improper administration of the Federal reserve banks, in assisting, if not conniving, at certain banking transactions which ended to the detriment of the American investor. 3. Improper or lack of supervision on the part of the Comptroller of the Currency, countenancing certain alleged improper banking practices. There are your charges.

I, for one, can not subscribe to any theory that the disclosure of wrongdoing is going to disrupt legitimate business in this country. [Applause.] We can not establish any such principle in law, equity or otherwise. I have never yet heard of a defendant who was guilty of a crime who asked for an early trial. I say it comes with very poor grace on the part of any administrative officer to go before a committee of Congress and state that the economic condition is such in this country that any disclosures of wrongdoing would bring about a panic.

Mr. BEEDY. He did not say that.

Mr. LAGUARDIA. Oh, the gentleman was not there. A plea by wrongdoers to defer investigation because it may shock public confidence reminds one of the defendant on trial for the murder of his parents who begs the mercy of the jury because he is a poor orphan.

The governor of the Reserve Board took the stand and stated that there might have been mistakes made—"mistakes." That is exactly his characterization. He calls it "mistakes" and the gentleman from Pennsylvania calls it "improper conduct." But, says the governor of the Federal Reserve Board, this is no time to investigate these mistakes. The governor of the Federal Reserve Board, whose testimony was taken down, and I hope it will be printed, Mr. Eugene Meyer, did not at any time hit upon the real question before the committee. He made a general inane statement of the economic condition—just talked generalities.

Mr. PURNELL. Has the gentleman forgotten that he answered categorically certain allegations made by the gentleman from Texas [Mr. PATMAN]?

Mr. LAGUARDIA. Yes; in a general denial.

Mr. PURNELL. The gentleman says he did not touch upon them. I deny that he merely entered a general denial.

Mr. LAGUARDIA. The record speaks for itself, and it is there. He entered a general denial, a sort of denial known in the law as a "negative pregnant." He did no more than that.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. COLLINS. Mr. Speaker, I yield three additional minutes to the gentleman from New York.

Mr. LAGUARDIA. Mr. Speaker, in three minutes I shall say this, and if I am not correct, I want the gentleman from Indiana [Mr. PURNELL] to correct me, because he was listening very attentively. Then the governor of the Federal Reserve Board in substance said: "It is true that the American investor was imprudently advised to invest in almost a billion dollars of worthless South American securities; it is true that there has been a terrible depression in security values since 1929; it is true that we are in the midst of the most terrible economic crisis that we have ever been in, but, gentlemen, all that is over. It is all over and now we are on the upward trend. Why go back and investigate—everything is going to be all right; we are out of the crisis because the price of hogs has gone up 2½ cents a pound."

And he never ate a ham sandwich in his life! [Laughter.]

I submit, Mr. Speaker, regardless of politics, that the American investor is entitled some time to get the truth of the present economic depression. He is entitled to know who and why he was swindled. I submit that a committee of Congress is entitled to more accurate and definite and specific information than the Committee on Rules received yesterday. To my friends of the majority let me say that I concur in the conclusions reached by my colleague from New York [Mr. O'CONNOR]. I say in a committee of 8 to 4, with the stand taken by the Speaker on the floor of the House and the charges made by several Members of the House, that it was the duty of that committee to bring in a rule to have

an immediate and thorough investigation of this condition. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from Indiana [Mr. PURNELL].

Mr. PURNELL. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PURNELL. Mr. Speaker, I regret the necessity for further discussion of this matter. It should not have extended beyond the patriotic statement made by the gentleman from North Carolina, the chairman of the Committee on Rules [Mr. POU]; and I take this opportunity to bear testimony to the high patriotic motives which prompted him and his colleague, Judge Cox, of Georgia, in the vote they cast in the Rules Committee this morning. [Applause.]

I can assure you there has been no attempt on the part of the four minority members of the Rules Committee to in any degree inject any element of partisan politics into this matter. It has been suggested by innuendo if not by direct charge that the Treasury Department and the Republican organization insisted that the four minority members of the Rules Committee should oppose this resolution. Nothing is farther from the truth. I took the position in the beginning, and I take it now, that it was fair and in the interest of justice that the Secretary of the Treasury and the governor of the Federal Reserve Board should be invited to be present and listen to the accusations that were being made against them and their respective organizations. They were invited, appeared and testified frankly and more or less at length. I can not subscribe to the statements made by the gentleman from New York [Mr. LAGUARDIA] that Eugene Meyer flippantly cast this matter aside and said, "We are out of the woods and we should not go back and investigate." I will tell you what he said, and he said it, not in a flippant but in a serious vein. He said in substance, "We are improving. Conditions are pointing upward. No good purpose could be served at this time by this or any other investigation."

Mr. WHITE. Will the gentleman yield?

Mr. PURNELL. I am sorry I can not yield. I do not have the time.

Let me remind the Members that Mr. Ballantine, Under Secretary of the Treasury, who came as the representative of the Treasury Department, prefaced his fine statement by saying that, as far as the results of an investigation are concerned, the Treasury Department has nothing to fear and is not at all opposed to this or any investigation. The gentleman from New York, if I correctly understood what he said, made this statement: "I can not subscribe to the doctrine that the showing up of wrongdoing will injure the country."

Neither can I subscribe to the doctrine that reckless and unsupported charges carelessly thrown to the country, without any opportunity given to answer or prove their falsity until next January or February, will serve any good purpose, especially at a time when we ought, above all things, to unite all elements in the country in an effort to restore some semblance of our former economic and social stability.

I deny emphatically that the Governor of the Federal Reserve Board said that the disclosure of wrongdoing would disrupt the Government. There was never at any time any suggestion or admission by Mr. Ballantine or Governor Meyer that any possible wrongdoing would or might be uncovered. That was not the point at issue. As a matter of fact, they proceeded upon the theory, and I think their testimony convinced all of us except those who wanted to put a partisan touch to the matter, that such an investigation would not disclose any wrongdoing.

The SPEAKER pro tempore. The time of the gentleman from Indiana has expired.

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from Indiana three additional minutes.

Mr. PURNELL. Now, this is what Mr. Ballantine said. Let me boil it all down, because my time is short. He said, in substance: "We do not object to an investigation. There is nothing to investigate and no disclosures that can possibly be made will reflect upon the integrity or efficiency of the Treasury Department."

But he added:

> We are just now charged with the additional duty of administering the new tax law and are making an earnest effort to administer it with the same personnel we have had heretofore. Now, if we must have our attention diverted from this effort to collect money with which to meet the running expenses of the Government by a demand for data and assistance in connection with an investigation, the work of the department must necessarily suffer.

Then he further suggested, that which we all know, namely, that these unsupported charges going out to the country in connection with an investigation ordered by Congress could not possibly have other than a harmful effect upon the morale of the people as well as upon the Government itself.

Mr. BLACK. Will the gentleman yield?

Mr. PURNELL. I can not yield. I only have a few minutes.

I stated in the Rules Committee this morning that while I do not charge that this effort is the result of a desire for political advantage it does offer an opportunity to devote a part of the summer and fall to the making of unsupported and prejudicial charges against the Treasury Department and the Federal reserve system, the result of which would be to leave the country up in the air, uncertain and unsatisfied until next January or February, or perhaps longer. Such a course would be wicked, unfair, and against the best interests of the country.

Just one word in conclusion. The charge has been made that if this resolution were adopted it would disclose irregularities and discrepancies in regard to refunds of taxes. Let me remind you that when the Steel case referred to and hundreds of other cases were settled, they were passed upon by the present Speaker of this House, who was then a member of the Committee on Ways and Means, and others who served upon the joint congressional committee.

That committee, composed of the ranking members of the Ways and Means Committee of the House and the Finance Committee of the Senate, passed upon all of these refunds over and above $75,000.

Mr. O'CONNOR. Will the gentleman yield?

Mr. PURNELL. I yield.

Mr. O'CONNOR. The gentleman does not mean "passed upon." They can not recommend or approve. They merely review.

Mr. PURNELL. Very well. They reviewed them. I will repeat what Mr. Ballantine said when he was asked by me whether it might be possible to slip over, unobserved, refunds that were doubtful or ought not be allowed. He emphatically stated that it would be impossible; that too many people investigate and pass upon them. Common sense tells me that since they must pass through so many hands it would not be possible for flagrant violations of the law to go unobserved. [Applause.]

The gentleman from New York [Mr. O'CONNOR] makes a serious, and I am sure an ill-advised, charge when he states that these refunds will find their way into the Republican campaign fund. That may be the method employed by Tammany, which he so ably represents here, but it does not square with the Republican method of raising campaign funds. It is not necessary to dignify such an absurd statement with a denial.

Let us see if the facts warrant any such inference. In 1928, the last presidential campaign year, the Treasury, as a result of its investigations of tax returns, made additional assessments and collections amounting to $414,251,490. For the same year refunds amounting to $142,393,567.17 were made. These figures speak for themselves. They stand as conclusive proof of the sincerity and efficiency of the Treasury Department in its effort to deal fairly with the taxpayers

of the Nation as well as the Federal Treasury. In this connection I want to call attention to the additional assessments and collections as well as refunds that were made for other immediate years:

Additional assessments and collections

1927	$416,669,507.00
1928	414,251,490.00
1929	405,855,476.00
1930	303,055,027.00
1931	382,788,076.00

Refunds

1927	103,858,687.78
1928	142,393,567.17
1929	190,164,359.48
1930	126,836,333.22
1931	69,476,930.26

I repeat, these figures are more eloquent than words in support of our position that the Treasury Department has served the best interests of the Nation in dealing with these tax matters and that those now in charge and who have heretofore been in charge deserve the thanks of the people rather than a political investigation calculated not only to retard the work of the department but the return of prosperity as well. [Applause.]

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. GARRETT].

Mr. GARRETT. Mr. Speaker, I am in no way responsible for the events that led up to this investigation that is now being discussed. The matter came before our committee, brought there, as you know, because of statements of Representatives in the Congress of the United States, made upon the floor of this House. In all of my years of public service I have never known any harm to come from an honest investigation of any public institution in our country, either in the States or in the Nation.

The Speaker of this House never spoke to me about this proposition in his life. I do not know what his views are now, but I am perfectly willing to call him as my witness under testimony that he gave upon the floor of this House in December, 1930, as recorded on page 872, volume 74, part 1, Seventy-first Congress, third session, and I will insert that as a part of my remarks in substantiation of my vote in favor of bringing this resolution to the floor of this House.

On September 29, 1930, I happened to be in the city of Washington, and reports had just been made by the various campaign committees as to the amount of campaign funds contributed up to that time for the purpose of electing partisan Members of Congress. The Republican campaign committee reported $250,000, as I recall it, while the Democrats reported about $18,000. I analyzed that report and issued the following statement which I have permission to put into the RECORD, and which probably is the basis of Secretary Mellon's criticism:

That there is a close bond of sympathy between corporations that have been granted tax refunds and the Republican national organization is indicated in the recently published list of contributors to the Republican campaign fund. It may be a mere coincidence, but I attach considerable significance to the fact that each of the 17 individuals contributing $10,000 to the Republican campaign funds has been a beneficiary of the extremely liberal policy of the United States Treasury with respect to tax refunds, credits, and abatements.

A cursory survey of the reports on tax refunds for the past four years reveals that each of these contributors has received either personal refunds or is an officer, director, or otherwise interested in companies or corporations receiving such refunds or credits. Weeks of investigation would be necessary to ascertain with any degree of accuracy the extent to which they may have participated in tax refunds or all the various corporations with which they are connected that have been the beneficiaries of refunds, credits, or abatements.

It is apparent from a hasty survey that the total refunded individuals or corporations with which the contributors in the $10,000 and $5,000 classifications are connected is greatly in excess of $100,000,000.

Another significant fact in this connection is that after Claudius Huston faded from the picture and Senator FESS was selected Republican national chairman, Robert H. Lucas resigned his position as Commissioner of the Bureau of Internal Revenue and on August 7 assumed the duties of chief executive director of the Republican national organization. It was the bureau over which Mr. Lucas presided that handled these refunds, credits, and abatements which in recent years have averaged more than $100,000,000 annually.

Seventeen individuals have contributed $10,000 each to aid the Republicans in their effort to retain control of the House and Senate. Only two States are represented in that list of contributors—Ohio and New York. And only three cities—New York, Cleveland, and Canton. Practically the same is true of the 13 contributors in the $5,000 classification. All are residents of New York, Cleveland, or Canton, with one exception—Theodore Gary, prominent Missouri financier. Every dollar listed in the campaign contributions as published came from New York or Ohio with the exception of the $5,000 contribution from Missouri. And with few exceptions the donors have been beneficiaries of tax refunds, credits, or abatements secured through the Treasury Department.

During the last session of Congress when the fact was revealed that through failure of the Treasury Department to contest tax-refund claims of the United States Steel Corporation the Government had sustained a loss of at least $9,000,000, and possibly $26,000,000, I introduced a resolution authorizing an investigation of the Treasury Department in connection with these tax refunds. No action was taken by the committee to which this resolution was referred.

What proportion of these claims for tax refunds would not have been collectible if the Treasury Department had adopted a policy of opposing the granting of such claims without a decision of the courts is, of course, merely a matter for conjecture. However, the decision handed down by the United States Court of Claims on April 7 in the Packard Motor Car Co. case shows conclusively that the loss sustained by the Government as a result of failure to secure a court decision in the United States Steel case was at least $9,000,000. To what extent these contributors to the Republican campaign fund have been the beneficiaries of this hesitancy on the part of the Treasury Department to secure court decisions on all major cases could not be ascertained without a thorough investigation.

A very incomplete investigation covering tax refunds received by companies or corporations in which the 17 contributors to the Republican campaign fund are interested reveals the following:

Harry F. Guggenheim, New York, director Utah Copper Co., refunded $102,911 in 1928; director Braden Copper Mine Co., refunded $107,644 in 1929.

Jeremiah Milbank, New York, director Chase National Bank, which was refunded $41,239 in 1928; director Metropolitan Life Insurance Co., $32,012 in 1929 and $771,848 in 1930; son of Joseph Milbank, whose estate was granted refund of $46,344 in 1929.

John N. Willys, Cleveland, president Willys-Overland Co., which with its subsidiaries, was granted refunds aggregating $677,567 in 1930.

George A. Martin, Cleveland, president and director Sherwin-Williams Co., which received refund of $419,262 in 1929.

H. M. Hanna, Cleveland, estate of father, Leonard C. Hanna, refunded $55,202 in 1929; Leonard C. Hanna, jr., granted refund of $27,993 in 1927.

Cyrus S. Eaton, Cleveland, director Sherwin-Williams Co., which received refund of $419,262 in 1929.

W. R. Timken, New York, vice president and director Timken Roller Bearing Co., refunded $34,198 in 1929; director Timken-Detroit Axle Co., refunded $249,297 in 1929; granted personal refund of $86,536 in 1927.

O. P. and M. J. Van Sweringen, Cleveland, prominent railroad magnates. At least one railroad with which they are connected, the Erie, was refunded $266,921 in 1929 and $93,371 and $86,443 in 1930.

H. M. Timken, Canton, president Timken Roller Bearing Co., which was granted refund of $34,198 in 1929.

John D. Rockefeller and John D. Rockefeller, jr., New York, former granted personal refund of $157,227 in 1929 and $356,378 in 1930. The Standard Oil Co., with which the name of Rockefeller is generally linked, was awarded $339,498 in 1929; Standard Oil Co. of Indiana, $5,062,893 in 1927; Standard Oil Co. of Kentucky, $2,629,313.

Herbert N. Straus, New York, vice president and treasurer R. H. Macy & Co. (Inc.), which was granted refund of $508,065 in 1927; partner in private bank of R. H. Macy & Co., which was refunded $62,671 the same year.

William Nelson Cromwell, New York attorney, director American Water Works & Electric Co., which was granted refunds of $55,440 in 1927 and $94,598 in 1929; director Manati Sugar Co., refunded $72,614 in 1927.

J. R. Nutt, Cleveland, director F. E. Meyers & Bros. Co., granted refund of $83,669 in 1928.

Harrison Williams, New York, director American Gas & Electric Co., which was granted refund of $131,540 in 1927.

Ernst & Ernst, Cleveland. This is a firm of tax specialists handling numerous refund cases for large corporations. In a report filed April 27, 1925, by L. H. Parker with the Senate committee investigating the Bureau of Internal Revenue, and which was made part of the record, the following statement appears:

"We call your attention to the fact that Ernst & Ernst have handled cases involving many millions in taxes before the bureau, and if the above charges are proved it will be very reasonable to conclude that large sums have been lost to the Government through sharp practices in cases where such practices could not well be discovered."

In the list of $5,000 contributors we find the following:

Harvey Firestone, Canton, president and director of the Firestone Rubber Co., which was granted refunds, credits, and abatements aggregating $2,960,000.

William Ziegler, New York, chairman of the executive committee and director of the American Maize Products Co., which was granted refund of $92,311 in 1930.

Charles Hayden, New York, member of executive committee and director of American Locomotive Co., which was granted refunds and credits aggregating $1,876,000; director Braden Copper Mine Co., refunded $107,644 in 1929; vice president, Utah Copper Co., refunded $102,911 in 1928.

George F. Baker and George F. Baker, jr., New York; latter is director in the United States Steel Corporation, which has received refunds totaling $96,384,000; trustee, Mutual Life Insurance Co., which was refunded $813,059 in 1929; director, Atlas Portland Cement Co., refunded $191,856 in 1928.

Sidney Z. Mitchell, New York, chairman of board American Gas & Electric Co., which was refunded $131,540 in 1927; also director of Alabama Power Co., of Muscle Shoals fame.

Walter A. Aldridge, New York, member advisory committee, Bankers Trust Co., which was awarded a refund of $26,036 in 1927.

Walter C. Teagle, New York, president and director Standard Oil Co., whose huge refunds have been referred to previously.

On October 28, as I recall, I gave out another statement concerning a refund of $246,917.85 of taxes collected in 1918 to the Aluminum Co. of America. The recent report of the Treasury Department on another refund to the Aluminum Co. of America of $246,917.85 on 1918 taxes should impress upon the American public the necessity that exists for calling a halt in this lavish refunding of taxes except upon a court decision covering each specific case.

The records of the Joint Committee of Internal Revenue Taxation discloses that the Aluminum Co. of America, in which the Mellons are interested, was also granted in 1928 a refund of $1,287,426. Reference to the CONGRESSIONAL RECORD of 1926 shows this company previously had been allowed $1,501,277. The total refunds to this company of which we have knowledge amounts to the huge sum of $3,035,620.

In the past 11 years tax refunds, credits, and abatements, principally to large corporations of this type, have totaled nearly $3,000,000,000, and numerous refunds have been made without court decisions covering many of the issues involved.

Mr. GARRETT. There is no possible excuse for not making this investigation as there is no injury or harm that could come to the Government or the Treasury Department by virtue of this investigation.

The gentleman who appeared before the committee in behalf of the administration, or in behalf of the Treasury Department, testified that it would require all of the force in his office during this investigation to be looking up matters on account of the investigation. If that be so, then I think they ought to be investigated.

How is it going to hurt this country to make an investigation of the Treasury Department? We have made investigations of other departments in times past, but here is a department that has never been investigated by any independent body, a department which never has been audited. It was the testimony of Mr. Ballantine himself in answer to a question I propounded that there is no record of any investigation that was ever made of this department.

How is it going to hurt the country? My God! Can you do any more to it than you have already done.

But suppose you make your investigation and find everything O. K. I do not question but you may do this. I do not know of anything wrong. But, if you do, then the Treasury Department and all the financial institutions of the Government under it and operating through it will have a new lease on life. Confidence, if any has been lost or shaken, will be restored, and the Nation will move forward with the world knowing that, as far as we are concerned, our great financial institution is sound.

[Here the gavel fell.]

BOLLING FIELD, D. C.

Mr. HILL of Alabama. Mr. Speaker, I present a conference report on the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929, to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes, for printing.

WAR DEPARTMENT APPROPRIATION BILL

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

Mr. COLLINS. Mr. Speaker, I want to accommodate everybody, and I think we should run along until we get to amendment No. 87. We can do this in five minutes. Then we will have a vote on amendment No. 87, which is the last of these amendments.

Mr. MICHENER. But the few remarks I desire to make are in connection with the remarks that have just been made. I have been referred to in the debate.

Mr. COLLINS. We can not do it now, I may say to the gentleman from Michigan, because the hour will be up in a second or two.

Mr. MICHENER. The gentleman can ask that the time be extended five minutes.

Mr. COLLINS. I can not do that. I am going to accommodate the gentleman and I am going to do it just as quickly as I can.

Mr. MICHENER. I have a meeting of the Rules Committee waiting and I wish to reply to what has been said by these gentlemen.

Mr. COLLINS. I will yield time to the gentleman after the next amendment has been reported.

The SPEAKER pro tempore. Without objection, the gentleman from Missouri can be recognized for five minutes not to be included in the time.

Mr. COLLINS. I think we should vote on this particular amendment.

Mr. PURNELL. Mr. Speaker, I hope the gentleman from Mississippi will permit the gentleman from Michigan to make his remarks at the proper time, because he has been mentioned in the debate and the proper time for him to make them is now.

Mr. COLLINS. Mr. Speaker, I move the previous question on the motion to recede and concur in the Senate amendment.

The question was taken; and on a division (demanded by Mr. SCHAFER) there were—ayes 100, noes 2.

So the previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 12: On page 9, after line 11, strike out $12,914,948" and insert "$9,447,323."

Mr. COLLINS. Mr. Speaker, I move to recede and concur in the Senate amendment.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to Senate amendment No. 12 and concur therein.

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MICHENER. Mr. Speaker, there has been much discussed this afternoon in reference to this matter of investigating the Treasury Department. The gentleman from New York quoted extensively from the colloquy which occurred on the floor of the House on Friday last between the distinguished Speaker and myself.

I wish to quote one or two statements from that colloquy which the gentleman from New York did not quote or did not emphasize.

First, the Speaker gave as one of the reasons why he had not urged the investigation within the last six months:

To make an investigation at this time and discover such things as the gentleman from Pennsylvania and I believe would be discovered in the department, would certainly unsettle that confidence and would not be beneficial to the American people.

Mr. O'CONNOR. I read that.

Mr. MICHENER. Yes. To that I took exception and in view of the statement of the gentleman from Pennsylvania [Mr. MCFADDEN] indicated that the Speaker had implied fraud and corruption in the department. To that statement the Speaker took exception and said he did not imply fraud or corruption in the department, but he said that he referred to the "conditions" in the department. I then said that, if the Speaker in his official capacity said to the country that he believed that there was fraud and corrup-

tion or that which amounted to fraud and corruption in the department, that it was the Speaker's duty to proceed with the investigation. Whereupon the Speaker challenged me as a member of the Rules Committee to go along with him and report out a resolution. After a little further colloquy I did say, as quoted by the gentleman from New York [Mr. O'CONNOR]:

Yes; I think I will.

Then after further colloquy I said:

Well, I take it the Speaker is to appear before the Rules Committee in the usual custom and give the facts upon which he bases his charges. Of course we would not think of reporting out a rule—not a Democratic member would think of reporting out a rule, unless the Speaker or some one responsible, who makes the charges, does come before the committee and make his assertion.

Now, what happened? The Speaker has not appeared before the committee. The gentleman from Pennsylvania [Mr. MCFADDEN] appeared before the committee, and he proceeded to insert in the RECORD the speeches which he had delivered during the last six months upon the floor of the House. He also inserted some correspondence in connection with the facts in those speeches and charges. Then the gentleman from Texas [Mr. PATMAN] appeared before the committee.

Mr. MCFADDEN. Will the gentleman yield?

Mr. MICHENER. I can not yield. I have but a few minutes.

Mr. MCFADDEN. The gentleman has made an improper statement.

Mr. MICHENER. In what way?

Mr. MCFADDEN. There was substantiating evidence submitted of frauds in the withholding of taxes.

Mr. MICHENER. The substantiating evidence consisted of the gentleman's speeches and of the correspondence which the gentleman from Pennsylvania submitted. The gentleman from Texas [Mr. PATMAN] proceeded to tell us about his efforts to impeach Andrew Mellon some time ago.

Then the gentleman from Indiana [Mr. CROWE] suggested something which he thought ought to be investigated but did not imply fraud or corruption. Then we had the testimony of Mr. Ballantine and Mr. Meyer, as suggested by those who have preceded me here to-day. So the committee arrived at the conclusion that there had not been sufficient evidence, in view of all the circumstances, to warrant an investigation at this time.

I regret that my time is so limited, but I appreciate that all of this discussion in reference to this investigation is out of order during the consideration of a conference report; but inasmuch as some members of the Rules Committee have discussed the matter and have referred to me, I am making these few remarks.

If I understand the gentleman from New York [Mr. O'CONNOR] correctly, he intimated that as a member of the Rules Committee I had "obstructed" reporting out the resolution providing for the investigation. I hoped that I had made my position clear, even to the gentleman from New York, that I was not only willing but felt it my duty to vote to report out a resolution providing for the investigation if, in my judgment, there was sufficient cause shown by the proponents of the resolution. In my judgment, nothing material was developed at the hearing in favor of the resolution other than the testimony above referred to, and surely that showing would not warrant the committee in setting in motion an investigation that would cost the taxpayers hundreds of thousands of dollars. I say hundreds of thousands because the least estimate suggested by the proponents was $100,000. In addition, the work of the whole Treasury Department would be disrupted. Mr. Ballantine, the Acting Secretary of the Treasury, advised us that his department was trying to administer the new tax law without additional personnel; that it was essential unless additional taxes were levied, that adjustments be made of pending claims; that all of this work would be at a standstill during this investigation.

Regardless of the cost, if I believed that there was fraud or corruption in the department, I am sure that our people would want the department purged at once. Possibly the department has made mistakes, possibly a general audit for many years back would be wholesome, and when Congress convenes in December, and, as suggested by the Speaker, the election will be over, then if it is thought advisable for a general audit and investigation of the Treasury Department, this resolution can be considered.

Let it be understood that this investigation will take many months, and, in my judgment, no comprehensive investigation can be made in less than a year and a half or two years. I think it is generally conceded that if an investigating committee is set up that the members would not have time to give any consideration to the matter until in November. Politics should play no part in an investigation of this kind. The personnel of the Treasury Department is nonpartisan; the employees are almost entirely under the civil service, and any investigation should be made by Members of this body who are big enough and broad enough and fair enough to waive aside political affiliations and advantages.

We hope that economic conditions in the country are getting better and I am happy to concur in the broad, sensible, patriotic views of the distinguished Democratic chairman of the committee, Mr. POU, and with that other equally fair and outstanding Democrat, Judge COX, of Georgia. These gentlemen have told you why they felt that this investigation at this time would be untimely, and their reasons are to me sufficient.

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I move the previous question on the motion to recede and concur in the Senate amendment.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Mississippi to recede and concur in the Senate amendment.

The motion was agreed to.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that amendments Nos. 13 to 18, inclusive, be considered as one amendment, and I move to recede and concur.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. Mr. Speaker, reserving the right to object, the gentleman does not mean amendment No. 17. The gentleman said amendments 13 to 18, inclusive. Does the gentleman mean amendments other than amendment No. 17?

Mr. COLLINS. Amendments Nos. 12, 13, 14, 15, 16, and 18.

The SPEAKER pro tempore. The gentleman from Mississippi asks unanimous consent that amendments Nos. 12, 13, 14, 15, 16, and 18 be considered en bloc and asks unanimous consent to recede and concur in the Senate amendments. The Clerk will report the amendments.

The Clerk read as follows:

Amendment No. 13: On page 9, line 23, strike out the sign and figures "$4,648,006" and insert in lieu thereof the sign and figures "$6,281,824."

Amendment No. 14: On page 9, line 24, strike out the sign and figures "$5,122,479" and insert in lieu thereof the sign and figures "$5,928,389" and the following: "and the rental and subsistence allowances for the fiscal year 1933 shall be the same as for the fiscal year 1932, subject to such reduction therein as may be necessary under the provisions of section 102, Part II, of the legislative appropriation act for the fiscal year 1933."

Amendment No. 15: On page 10, line 11, strike out the sign and figures "$133,257,790" and insert in lieu thereof the sign and figures "$137,042,204."

Amendment No. 16: On page 10, line 15, strike out the sign and figures "$132,457,790" and insert in lieu thereof the sign and figures "$136,242,204."

Amendment No. 18: On page 11, beginning in line 5, strike out the colon and the proviso ending in line 4 on page 13.

The SPEAKER pro tempore. Is there objection to the consideration of the amendments en bloc?

Mr. SABATH. Mr. Speaker, reserving the right to object, my colleague from Illinois [Mr. BRITTEN] has been trying for the last hour or so to obtain a little time. I wonder whether the gentleman from Mississippi will not agree to yield him a few minutes.

Mr. COLLINS. Mr. Speaker, I will yield such time as the gentleman wants when we reach amendment No. 87.

Mr. SABATH. Will the gentleman agree to then yield me, as a member of the Rules Committee, a few minutes?

Mr. COLLINS. I shall be delighted to do that.

Mr. LAGUARDIA. I would like to ask the gentleman one question on the bill. Can the gentleman tell me in dollars how much we are adding to this bill from the time it left the House?

Mr. COLLINS. That amount is $3,492,367.

Mr. LAGUARDIA. That is in addition to the total amount in the bill as it left the House?

Mr. COLLINS. That is right.

Mr. LAGUARDIA. And when it left the House there were several millions of dollars added to what the committee had reported to the House.

Mr. COLLINS. There was quite a considerable sum added in the House; nearly $6,000,000.

Mr. LAGUARDIA. And now there are several millions of dollars added to the bill as it left the House.

Mr. COLLINS. Yes; and the total amount of the bill, plus the amount carried for War Department items in the relief bill, will make the appropriations for the War Department for next year more by several millions than is available this year. Does that satisfy the gentleman?

Mr. LAGUARDIA. The answer is correct, but I am not satisfied.

Mr. BRITTEN. Will the gentleman yield?

Mr. COLLINS. I am going to yield to the gentleman later.

Mr. BRITTEN. I want to ask the gentleman a question about the bill.

Mr. COLLINS. No; I do not want to prolong the discussion.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi to consider the Senate amendments en bloc?

There was no objection.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Mississippi to recede and concur in the Senate amendments.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 32: Page 26, line 16, after the word "purposes," strike out all down to and including the word "transfer," in line 8, page 27.

Mr. COLLINS. Mr. Speaker, I move that the House insist upon its disagreement to the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 54: After line 16, page 51, insert "When approved by the President, not to exceed 15 per cent of each of the amounts hereinbefore appropriated under the subtitle 'Military activities' shall be available interchangeably for expenditure on the objects named, but no one item shall be increased by more than 15 per cent: *Provided*, That any such transfers shall be reported to Congress in the annual Budget."

Mr. COLLINS. Mr. Speaker, I move to recede and concur in the Senate amendment, with an amendment.

The Clerk read as follows:

Mr. COLLINS moves to recede and concur in Senate amendment No. 54, with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"Nothing in this act shall be construed to repeal or amend section 317, Part II, of the act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, approved June 30, 1932."

Mr. STAFFORD. Mr. Speaker, will the gentleman yield? Do I understand that this amendment is proposed as a substitute for the Senate amendment? What is the need of the Senate amendment, in view of the action the House took on the legislative bill as a part of the economy program?

Mr. COLLINS. None whatever.

Mr. STAFFORD. Then why not disagree to the Senate amendment?

Mr. COLLINS. Senator REED insisted that a provision be inserted in this bill making the provisions of section 317 of the legislative appropriation act applicable to the War Department appropriation bill. He feared, I think without any just cause, that because of the fact the War Department appropriation bill would be passed after the economy bill section 317 would not be applicable, although in express terms the provisions of Part II of the legislative appropriation act are made applicable to all appropriation bills for the year 1933. I do not think it makes any difference whether the amendment proposed is in or out of the bill.

Mr. LAGUARDIA. Will the gentleman yield for a question?

Mr. COLLINS. Yes.

Mr. LAGUARDIA. We are not to understand that the insistence of a particular Member of the other body is justification for concurring in any amendment, are we?

Mr. COLLINS. I thought it was so trivial that I agreed to it.

Mr. LAGUARDIA. If it is trivial, he is an authority on that.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Mississippi to recede and concur in the Senate amendment with an amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 60: Page 66, line 22, strike out all of lines 22 to 25, inclusive.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from North Carolina [Mr. WARREN].

Mr. WARREN. Mr. Speaker, the majority leader has just phoned me that he is detained at a committee meeting, and asks me to make a unanimous-consent request to dispense with Calendar Wednesday business to-morrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had ordered that the House of Representatives be requested to return to the Senate the bill (H. R. 12281) to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes, together with the amendment of the Senate thereto.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11732) entitled "An act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 3400) entitled "An act to amend an act of Congress approved June 18, 1898, entitled 'An act to regulate plumbing and gas fitting in the District of Columbia.'"

ARMY APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move to recede and concur in Senate amendment No. 60.

Mr. COCHRAN of Missouri. Mr. Speaker, I ask for a division of the question; and if my request is granted, I will move to concur with an amendment.

The SPEAKER pro tempore. The question is on receding from Senate amendment No. 60.

The question was taken; and on a division (demanded by Mr. COCHRAN of Missouri) there were 53 ayes and 36 noes.

So the motion to recede was agreed to.

Mr. COCHRAN of Missouri. Now, Mr. Speaker, I offer the following motion.

The Clerk read as follows:

Mr. COCHRAN of Missouri moves to concur in Senate amendment No. 60 with the following amendment:

"Not to exceed 10 per cent of the total amount that may be expended from appropriations made in this act for and incident to the manufacture and/or production of wearing apparel for

enlisted men of the Regular Army shall be expended for the manufacture and/or production of such apparel in Government factories or establishments, except that such limitation may be exceeded to the extent that it may be ascertained, after competitive bidding in accordance with law, that work of such character may be performed at lesser cost in such Government factories or establishments."

Mr. COLLINS. I yield five minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, when this bill was under consideration in the House, I offered an amendment, which was adopted, taking the Government out of business, in so far as manufacturing of enlisted men's clothing for the Army was concerned.

The bill has been in the Senate for weeks. Now the gentleman from Mississippi, in order to expedite action only, moves to recede and concur, the Senate refusing to agree to my amendment. I offer this motion to concur with an amendment, which provides that 10 per cent of the appropriation can be used in Government factories, and further provides that if the Government factory can manufacture clothing at a figure below the private manufacture, then the Government factory gets the work. I feel that is fair to the Government factory. The Government has no right to compete with the taxpayer, the private manufacturer, whose money is used for the upkeep of the Army. Have we no thought of our citizens? There are factories in my district that can produce as good a uniform as the clothing factory in Philadelphia run by the Government. You will find the Government can not compete with the private manufacturer if this amendment carries.

We have a committee, headed by Mr. SHANNON, of Missouri, now active, meeting in Kansas City, the middle of the country, next week and in St. Louis on the 27th, for the purpose of investigating the Government in business. That committee is to spend $10,000 of the taxpayers' money in its investigation. Do you mean anything? Do you mean to expend the taxpayers' money and do nothing? Here is your opportunity to demonstrate if you are in favor of taking the Government out of business. If you desire to take the Government out of business, vote for my amendment. Those who vote "no" want the Government to compete with the taxpayers. The situation that confronts us to-day is that the War Department is carrying on without its authorized appropriations. I dislike to delay the agreement on the report, but there is a principle involved. Our national conventions say we are opposed to the Government competing with private industry. A day or two delay will cause no harm. The bill goes to the Senate to-morrow. We have agreed to almost everything the Senate demanded; let the Senate agree to this House amendment.

Oh, you say this is not fair to the Government worker. How fair is it to the worker in the private factory now shut down for the want of work?

I say it is fair to the Government factories. They are getting more than they received in the amendment as it originally passed the House, and I hope the House will stand by my amendment. I was forced to change the proposal, and in doing so I not only give the Government factory 10 per cent of the work but it has the right to bid for the 90 per cent additional work to be let to the lowest bidder. The War Department maintains there is little difference between the Government factory and the privately owned factory. Let us see when the bids are opened.

Every Government agency that is now competing with private business should be closed. That has been and always will be my policy. The business people of this country are watching the Congress, and they will demand that you take the Government out of business. It is just as reasonable to say that the Government shall construct its own buildings as it is to say the Government must make the clothing for the enlisted men in the Army. I hope my amendment will be adopted.

Mr. COLLINS. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, this amendment when offered in the House was given little or no consideration. It was subject to a point of order, but no point of order was made against it. The special committee appointed by the House to investigate Government competition with private business has had occasion to investigate conditions pertaining to the manufacture of uniforms at Philadelphia. The testimony given by the representatives of the Quartermaster Department does not show any reason why the Government should discontinue, peremptorily, the work over there in Philadelphia or the manufacture of uniforms for the enlisted men and officers of the Army. The War Department lets out by contract the furnishing of uniforms for the Reserve Officers' Training Corps and also for the National Guard. They are let to one manufacturer in New Jersey. There is very little difference in the cost of the uniforms manufactured at the Government plant and those under contract at the Government plant. The employees are selected from civil service register and work under modern conditions. They have 30 days' annual leave. They work eight hours a day. The difference in the cost amounts to only 15 cents per uniform. Your special committee has not had time to determine what policy it will recommend as to a further continuance of the manufacture of uniforms for the Army. I ask the House not to be precipitate in its action, as the gentleman from Missouri [Mr. COCHRAN] would have it be in eliminating 900 employees, who are not employed under sweat-shop conditions, who are employed 8 hours a day and are given 30 days' leave. Give the special committee that you have appointed to investigate the matter an opportunity to consider the question more thoroughly, before taking this haphazard shot at the instance of the gentleman from Missouri, who seems to have some special interest to give it to some private manufacturer. But one manufacturer has had this contract for years and years. Give your special committee an opportunity to investigate and report.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. COCHRAN of Missouri. The gentleman says there is a difference of only 15 cents in cost.

Mr. STAFFORD. Yes; here is the testimony by the specialists from the Quartermaster Department, who operated that plant for four or five years.

Mr. COCHRAN of Missouri. The Quartermaster Department admitted there was a difference of 91 cents per uniform. Further, St. Louis manufacturers want to bid on this work.

Mr. STAFFORD. Yes; and do it under sweat-shop conditions. Certain manufacturers want to bid, and of course under sweat-shop conditions they can underbid the cost of the Government.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. COX. The gentleman says the testimony shows a difference of only 15 cents per uniform. In the interest of accuracy, does not the gentleman recall there was testimony before the committee that the Government loses from $2.85 to $3.50 on every suit that is made?

Mr. STAFFORD. That was the testimony of one man, and that was not borne out by the specialists who had charge of the plant. I read the testimony just a little while ago. There is a difference of only 15 cents. Perhaps the gentleman is in favor of sweat-shop methods. I am not. We are not manufacturing everything in the way of uniforms. We are letting some to private manufacturers. That plant in South Philadelphia is a modern plant, with modern equipment, with 8-hour employment, and granting 30 days' annual leave to the workers. I ask the House to suspend judgment until the committee can go into this more thoroughly. The House appointed a special committee to investigate matters of this kind. Are you going to take quick action because of the request of the gentleman from Missouri, who may have some clothing manufacturer in his district out of employment in these depressed times?

The SPEAKER pro tempore. The time of the gentleman from Wisconsin has expired.

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. RANSLEY. Mr. Speaker, this amendment runs counter to the statutory duties of the Assistant Secretary of War. I read from the national defense act:

He [the Secretary of War] shall cause to be manufactured or produced at the Government arsenals or Government-owned factories of the United States all such supplies of articles needed by the War Department as said arsenals or Government-owned factories may be capable of manufacturing of producing on an economical basis.

In addition to that, the plant in South Philadelphia employs 900 men and women. They are ex-veterans of various wars or the widows and children of veterans. They are all under civil service, and at no time has there been a difference in cost of the garments, except to a very trifling extent, and that would be deceiving, because, after all, if they were manufactured on the outside, you must then charge the Government cost to supervision and inspection, because inspectors are employed by the year. Again, when the Government does the work you have uniform work and the same color. If it were given out part here and part there, there would be quite a conflict in the shades, which would detract from the appearance, and that would undoubtedly affect the pride of the men. I hope this amendment will be voted down.

Mr. SCHAFER. And we would have some of the same class of cheap uniforms that we had during the war under private contract.

Mr. RANSLEY. There is no doubt about that.

Mr. SCHAFER. Is it not a fact that in these days of depression these private fellows are clamoring for business and their offer because of the depression might be a few cents lower than the Government, but when you go to the past, before the depression struck them, before they reduced their prices, in their mad scramble for business, their cost to the Government was far in excess of what the Government charged at that time?

Mr. RANSLEY. That is true.

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Pennsylvania [Mr. DARROW].

Mr. DARROW. Mr. Speaker, in these very few minutes I want to bring to the attention of the House the relative cost of these articles as manufactured in this depot and in commercial houses.

The depot has produced cotton breeches for $1.60 as compared with $1.81 when given to private contractors. At least 50 per cent of the uniforms were given out to private contractors, including those for the National Guard, the Reserve Officers' Training Corps, the citizens' military training camp, and the Officers' Reserve Corps. The articles made in the depot are of better material and more uniform and are furnished at the same relative cost.

As my colleague from Pennsylvania [Mr. RANSLEY] has said, they employ many ex-service men and the widows of ex-service men, who are paid on a piecework basis. To close this factory now and add to the unemployment would be a great mistake. In addition, it is economy on the part of the Government, as I see it, to continue manufacturing to this extent.

They have often advertised for bids and received very few replies. For instance, on May 5, 1930, there were 111 proposals sent out and only 4 responses were received.

Again, on the 23d of July 122 proposals were sent out and only 1 bid was received. So there was no keen demand for the work by outside manufacturers.

In addition, there is an investment of over $724,000 in this plant, which would be scrapped unless this work is continued.

I earnestly hope the pending amendment may be defeated.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Speaker, there is merit in this amendment. I happen to be a member of the special committee which the House recently set up to investigate competition between the Government and private enterprise. We have proceeded far enough with the hearings to be able to determine that on all Government activities of the character of that dealt with here, the Government does sustain a tremendous loss.

The gentleman from Wisconsin [Mr. STAFFORD] said that the testimony of the expert before the committee disclosed that the Government at the present time was only losing 15 cents per suit. That is not the testimony.

Mr. STAFFORD. Oh, I have it right here.

Mr. COX. One of the witnesses may have made that statement. That witness, however, was not fortified with the facts upon which the assertion was predicated. There were witnesses before the committee who showed, and I believe it is the fact, that the Government is losing from $2.85 to $3.50 on every suit that is manufactured in these plants.

This same witness, to whom the gentleman from Wisconsin [Mr. STAFFORD] refers as an expert, testified that the Government, at the plant in Indiana, was manufacturing saddles at a cost to the Government of ninety-odd dollars, when the identical saddle can be bought in the open market for $34.

That witness further testified that in order to keep their organization going and to present some kind of justification for the set-up, they have engaged in the business of manufacturing pots and pans at a tremendous cost to the Government; manufacturing tables and other pieces of furniture which are of little use to the Government, on every piece of which the Government sustains a great loss.

Mr. SCHAFER. Will the gentleman yield?

Mr. COX. In just a moment.

Now, at the plant in Philadelphia we have a tremendous building, taken over by the Government, at a tremendous outlay, with modern machinery, on which no interest is charged nor taxes paid, and yet in spite of all that, the Government is losing something like $2.85 on every garment that is turned out.

The amendment offered by the gentleman from Missouri ought to be adopted.

The SPEAKER pro tempore. The time of the gentleman from Georgia has expired.

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from New York [Mr. O'CONNOR].

GENERAL RELIEF LEGISLATION

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged resolution (H. Res. 285) providing for the consideration of H. R. 12946, to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation and to create employment by providing for and expediting public-works program, which was referred to the House Calendar and ordered printed:

House Resolution 285

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 12946, a bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program, and any points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 40 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

ARMY APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I yield three minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, I fear some of the Members are confusing the policy of not permitting private

industry to engage in the business of armaments with this proposition. There is quite a difference in building up an industry engaged exclusively in armaments and in buying ordinary commercial articles in the open market for the Army and the Navy. I feel certain that the gentleman from Wisconsin [Mr. STAFFORD] has been misinformed with reference to sweatshops. The sweatshops in the State of New York have been outlawed for at least 15 or 18 years. Surely an outlaw factory could not obtain a contract from the War Department.

Mr. STAFFORD. Will the gentleman yield?

Mr. LAGUARDIA. Of course.

Mr. STAFFORD. The one contractor who manufactures uniforms for the National Guard and the Reserve Officers' Training Corps is located in New Jersey and not New York.

Mr. LAGUARDIA. I am coming to that. Now, let us clear up New York first, because we have a great deal of uniform manufacturing there.

Mr. STAFFORD Not for the Government.

Mr. LAGUARDIA. The sweatshops have been outlawed, and we have a very splendid factory law in New York State. Under it there can be no sweatshops. The reason I speak of that somewhat feelingly is that I had something to do in the campaign which brought about the abolition of the sweatshop, and we follow it very carefully, and as soon as we get information that the tenement house laws and the factory laws are being violated, it is immediately prosecuted.

As to New Jersey, all I have to say is that if this contractor operates a union shop, as far as union shops in men's garments are concerned, they are under the control of the Amalgamated Clothing Workers Union of America, one of the most progressive trade-unions in this country. I have a right to assume that the War Department under the Republican administration would not contract with a scab shop. Surely no sponsor or spokesman for the administration will state that the War Department would contract with a scab shop. Therefore, any contract for uniforms would be awarded only to a reputable, decent, and honest manufacturer. And a reputable, decent, honest manufacturer would have a contract with and employ members of the Amalgamated Clothing Workers of America. That being so, there is no fear of any sweat-shop conditions. Gentlemen so solicitous in this instance can be sure that only self-respecting American labor will be employed.

The Amalgamated Clothing Workers of America is not only well managed but the factories under their control are well supervised. This union is working on a 40-hour week basis. The wages are controlled, and it is a splendid organization, which has done more toward cleaning out unsanitary, unfair conditions in the clothing industry than any other organization in the country. The Amalgamated is under the splendid and progressive leadership of Sydney Hillman.

Now, I would welcome any information to indicate that Government work is being produced under sweat-shop conditions. Why, the very Federal law under which contracts are awarded would preclude giving to a contractor any work from the Government under such conditions as the gentleman from Wisconsin describes, and if the contractor did violate those rules and the existing law on the subject, of course the Government could take immediate steps to remedy the condition. I urge the adoption of the amendment.

Mr. COLLINS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Missouri to concur in the Senate amendment with an amendment.

The question was taken; and on a division (demanded by Mr. COCHRAN of Missouri) there were—ayes 43, noes 55.

Mr. SABATH. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER pro tempore. Does the gentleman from Illinois insist on his objection?

Mr. SABATH. I withdraw my objection and demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. COLLINS and Mr. COCHRAN of Missouri.

The House again divided; and the tellers reported that there were—ayes 55, noes 67.

Mr. SABATH. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER pro tempore. Does the gentleman from Illinois insist on his objection to the vote?

Mr. SABATH. Yes; I insist on my objection.

The SPEAKER pro tempore. Obviously there is not a quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 163, nays 128, answered "present" 1, not voting 138, as follows:

[Roll No. 116]

YEAS—163

Allgood	Dickinson	Keller	Ramspeck
Almon	Dies	Kelly, Ill.	Rankin
Amlie	Dieterich	Kniffin	Reilly
Andrew, Mass.	Disney	Kvale	Rogers, N. H.
Arnold	Dominick	LaGuardia	Rudd
Auf der Heide	Doughton	Lamneck	Sabath
Ayres	Douglass, Mass.	Lankford, Ga.	Sanders, Tex.
Bacon	Doxey	Larrabee	Schneider
Barton	Drewry	Lea	Schuetz
Black	Dyer	Lichtenwalner	Shallenberger
Bland	Eaton, N. J.	Lindsay	Shannon
Boileau	Ellzey	Lonergan	Sinclair
Bolton	Fiesinger	Lozier	Smith, Va.
Briggs	Fishburne	Ludlow	Smith, W. Va.
Browning	Fitzpatrick	McCormack	Spence
Brunner	Flannagan	McDuffie	Steagall
Bulwinkle	Garrett	McFadden	Stevenson
Burch	Gavagan	Major	Stewart
Byrns	Goss	Martin, Mass.	Sullivan, N. Y.
Campbell, Iowa	Granfield	Mead	Sutphin
Cannon	Green	Milligan	Sweeney
Carden	Gregory	Mobley	Taber
Carley	Griffin	Morehead	Tarver
Cartwright	Griswold	Nelson, Mo.	Taylor, Colo.
Chapman	Hall, Miss.	Niedringhaus	Tinkham
Chavez	Hancock, N. Y.	Norton, Nebr.	Underwood
Christgau	Hare	Norton, N. J.	Vinson, Ky.
Clark, N. C.	Harlan	O'Connor	Warren
Cochran, Mo.	Hart	Oliver, Ala.	Weaver
Cole, Md.	Hess	Overton	West
Collier	Hill, Wash.	Owen	White
Collins	Holaday	Palmisano	Whitley
Condon	Hopkins	Parker, Ga.	Whittington
Connery	Hornor	Parsons	Wigglesworth
Cooper, Tenn.	Howard	Patman	Williams, Mo.
Cox	Huddleston	Patterson	Wilson
Cross	Johnson, Mo.	Perkins	Wingo
Crowe	Johnson, Okla.	Pettengill	Wood, Ga.
Cullen	Johnson, Tex.	Polk	Woodrum
Delaney	Jones	Prall	Yon
DeRouen	Kading	Rainey	

NAYS—128

Adkins	Crail	Hull, William E.	Reed, N. Y.
Aldrich	Crowther	Jacobsen	Robinson
Allen	Culkin	Jenkins	Rogers, Mass.
Andresen	Curry	Kahn	Schafer
Arentz	Dallinger	Kelly, Pa.	Seger
Bacharach	Darrow	Kendall	Seiberling
Bachmann	Davenport	Kinzer	Selvig
Barbour	De Priest	Kurtz	Shott
Beedy	Eaton, Colo.	Lambertson	Simmons
Boland	Englebright	Leavitt	Smith, Idaho
Bowman	Erk	Lehlbach	Snell
Britten	Estep	Loofbourow	Snow
Brumm	Evans, Calif.	Luce	Sparks
Buckbee	Free	McClintock, Ohio	Stafford
Burdick	French	McGugin	Strong, Kans.
Burtness	Garber	McLaughlin	Strong, Pa.
Butler	Gibson	McLeod	Stull
Campbell, Pa.	Gifford	Maas	Summers, Wash.
Carter, Calif.	Gilchrist	Magrady	Swanson
Carter, Wyo.	Guyer	Manlove	Swing
Cavicchia	Hadley	Mapes	Temple
Chase	Hall, Ill.	Michener	Thatcher
Chindblom	Hardy	Millard	Timberlake
Christopherson	Haugen	Moore, Ohio	Wason
Clague	Hawley	Nelson, Me	Watson
Cochran, Pa.	Hill, Ala.	Nolan	Welch
Cole, Iowa	Hoch	Parker, N. Y.	Williamson
Colton	Hogg, W. Va.	Person	Wolcott
Connolly	Holmes	Pittenger	Wolfenden
Cooke	Hooper	Purnell	Wolverton
Cooper, Ohio	Hope	Ramseyer	Woodruff
Coyle	Houston, Del.	Ransley	Yates

ANSWERED "PRESENT"—1

Rich

NOT VOTING—138

Abernethy	Beam	Boehne	Brand, Ohio
Andrews, N. Y.	Beck	Bohn	Buchanan
Baldrige	Blanton	Boylan	Busby
Bankhead	Bloom	Brand, Ga.	Cable

Canfield	Glover	Lankford, Va.	Reid, Ill.
Cary	Golder	Larsen	Romjue
Celler	Goldsborough	Lewis	Sanders, N. Y.
Chiperfield	Goodwin	Linthicum	Sandlin
Clancy	Greenwood	Lovette	Shreve
Clarke, N. Y.	Haines	McClintic, Okla.	Sirovich
Corning	Hall, N. Dak.	McKeown	Somers, N. Y.
Crisp	Hancock, N. C.	McMillan	Stalker
Crosser	Hartley	McReynolds	Stokes
Crump	Hastings	McSwain	Sullivan, Pa.
Davis	Hogg, Ind.	Maloney	Sumners, Tex.
Dickstein	Hollister	Mansfield	Swank
Douglas, Ariz.	Horr	Martin, Oreg.	Swick
Doutrich	Hull, Morton D.	May	Taylor, Tenn.
Dowell	Igoe	Miller	Thomason
Drane	James	Mitchell	Thurston
Driver	Jeffers	Montague	Tierney
Evans, Mont.	Johnson, Ill.	Montet	Tilson
Fernandez	Johnson, S. Dak.	Moore, Ky.	Treadway
Finley	Johnson, Wash.	Mouser	Tucker
Fish	Karch	Murphy	Turpin
Foss	Kemp	Nelson, Wis.	Underhill
Frear	Kennedy	Oliver, N. Y.	Vinson, Ga.
Freeman	Kerr	Parks	Weeks
Fulbright	Ketcham	Partridge	Williams, Tex.
Fuller	Kleberg	Peavey	Withrow
Fulmer	Knutson	Pou	Wood, Ind.
Gambrill	Kopp	Pratt, Harcourt J.	Wright
Gasque	Kunz	Pratt, Ruth	Wyant
Gilbert	Lambeth	Ragon	
Gillen	Lanham	Rayburn	

So the motion to concur with an amendment was agreed to.

The Clerk announced the following pairs:

General pairs:

Mr. Kleberg with Mr. Dowell.
Mr. Tierney with Mr. Hollister.
Mr. Pou with Mrs. Pratt.
Mr. Douglas of Arizona with Mr. Johnson of Washington.
Mr. Blanton with Mr. Baldrige.
Mr. Hancock of North Carolina with Mr. Hogg of Indiana.
Mr. Lewis with Mr. Kopp.
Mr. Somers of New York with Mr. Wyant.
Mr. Boehne with Mr. Thurston.
Mr. Crump with Mr. Wood of Indiana.
Mr. Kemp with Mr. Stokes.
Mr. Lambeth with Mr. Hall of North Dakota.
Mr. McSwain with Mr. Clancy.
Mr. Crosser with Mr. Andrews of New York.
Mr. Bloom with Mr. Foss.
Mr. Driver with Mr. Hartley.
Mr. Jeffers with Mr. Clarke of New York.
Mr. McMillan with Mr. Mouser.
Mr. Gambrill with Mr. James.
Mr. Martin of Oregon with Mr. Horr.
Mr. Karch with Mr. Knutson.
Mr. Dickstein with Mr. Beck.
Mr. Linthicum with Mr. Chiperfield.
Mr. Miller with Mr. Doutrich.
Mr. Bankhead with Mr. Frear.
Mr. Davis with Mr. Johnson of South Dakota.
Mr. Vinson of Georgia with Mr. Lankford of Virginia.
Mr. Tucker with Mr. Underhill.
Mr. Beam with Mr. M. D. Hull.
Mr. Boylan with Mr. Shreve.
Mr. Celler with Mr. Cable.
Mr. Ragon with Mr. Bohn.
Mr. Montague with Mr. Swick.
Mr. Brand of Georgia with Mr. Fish.
Mr. Swank with Mr. Withrow.
Mr. Mansfield with Mr. Stalker.
Mr. Buchanan with Mr. Brand of Ohio.
Mr. McKeown with Mr. Finley.
Mr. Corning with Mr. Sullivan of Pennsylvania.
Mr. Lanham with Mr. Weeks.
Mr. Hastings with Mr. Treadway.
Mr. Busby with Mr. Golder.
Mr. Rayburn with Mr. Johnson of Illinois.
Mr. McClintic of Oklahoma with Mr. Ketcham.
Mr. Cary with Mr. Turpin.
Mr. Wright with Mr. Lovette.
Mr. Kerr with Mr. Tilson.
Mr. Oliver of New York with Mr. Freeman.
Mr. Maloney with Mr. Taylor of Tennessee.
Mr. May with Mr. Murphy.
Mr. Crisp with Mr. Partridge.
Mr. Kennedy with Mr. Pratt.
Mr. McReynolds with Mr. Goodwin.
Mr. Mitchell with Mr. Reid of Illinois.
Mr. Evans of Montana with Mr. Sanders of New York.
Mr. Parks with Mr. Nelson of Wisconsin.
Mr. Sandlin with Mr. Peavey.
Mr. Thomason with Mr. Canfield.
Mr. Montet with Mr. Sirovich.
Mr. Sumners of Texas with Mr. Haines.
Mr. Romjue with Mr. Goldsborough.

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 62: On page 68, line 20, after the word "village," insert a colon and the following:

"*Provided further*, That hereafter Arlington National Cemetery shall be administered by an officer of the Army retired from active service under the provisions of section 1251, Revised Statutes, detailed on active duty for that purpose."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to Senate amendment No. 62 and concur therein with the following amendment: In lieu of the matter inserted by said amendment insert the following: "*Provided further*, That hereafter Arlington National Cemetery shall be administered by an officer of the Army retired from active service under the provisions of section 1251, Revised Statutes, detailed on active duty for that purpose, and, in addition, one retired officer may be continued on active duty in the office of the Chief of Finance, and the appropriation contained in this act for 'Pay, etc., of the Army,' shall be available for increased pay and allowances to other retired officers and enlisted men now on active duty to August 15, 1932, inclusive."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 79: Page 77, line 2, after "$54,000,000," insert a colon and the following proviso:

"*Provided further*, That the existing project for the improvement of the Miami River, Fla., authorized by the rivers and harbors act approved July 3, 1930, is hereby modified to include the improvement recommended by the Chief of Engineers in the report submitted in Senate Document No. 95, Seventy-second Congress, first session, provided that the authorization of $800,000 for the existing project shall not be increased but is hereby continued as the total authorization for the project as herein modified."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 80: On page 77, after line 10, insert a colon and the following proviso:

"*Provided further*, That the existing river and harbor project at Monroe Harbor, Mich., as authorized by the act aproved July 3, 1930, and in accordance with House Document No. 22, Seventy-first Congress, second session, is hereby modified in accordance with the report submitted in House Document No. 12, Seventy-second Congress, first session."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to Senate amendment No. 80, and concur therein with an amendment as follows: "In lieu of the matter inserted by said amendment insert the following: ': *Provided further*, That the existing river and harbor project at Monroe Harbor, Mich., as authorized by the act approved July 3, 1930, and in accordance with Committee on Rivers and Harbors, House of Representatives, Document No. 22, Seventy-first Congress, second session, is hereby modified in accordance with the report submitted in Committee on Rivers and Harbors, House of Representatives, Document No. 12, Seventy-second Congress, first session.'"

The SPEAKER pro tempore. The question is on the motion of the gentleman from Mississippi to recede and concur in the Senate amendment with an amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 87: On page 84, after line 14, insert the following:

"SEC. 4. No part of any appropriation made by this act shall be used in any way to pay any expense in connection with the conduct, operation, or management of any post exchange, branch exchange, or subexchange within any State, save and except for real assistance and convenience to enlisted men and troops in supplying them with articles of ordinary use, wear, and consumption not furnished by the Government: *Provided*, That excess and surplus stocks of merchandise now on hand at any exchange, branch exchange, or subexchange may be disposed of, and all goods on

consignment shall be returned immediately: *Provided further*, That all branch exchanges and subexchanges located off of Government lands and outside of Government reservations, and operated by private contract or agreement on a commission basis, shall be closed and terminated as to such contract or agreement immediately: *And provided further*, That the Secretary of War shall make a report to the Speaker of the House of Representatives and to the President of the Senate at the beginning of the next session of the Congress covering the several exchanges, branch exchanges, and subexchanges operated by or under the supervision of the War Department."

Mr. COLLINS. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. COLLINS moves that the House recede from its disagreement to Senate amendment No. 87 and concur therein with the following amendment:

"In lieu of the matter inserted by said amendment insert the following:

"'SEC. 4. No part of any appropriation made by this act shall be used in any way to pay any expense in connection with the conduct, operation, or management of any post exchange, branch exchange, or subexchange within any State, save and except for real assistance and convenience to enlisted men and troops and their families in supplying them with articles of ordinary use, wear, and consumption not furnished by the Government: *Provided*, That excess and surplus stocks of merchandise now on hand at any exchange, branch exchange, or subexchange may be disposed of, and all goods on consignment shall be returned immediately: *Provided further*, That the Secretary of War shall make a report to the Speaker of the House of Representatives and to the President of the Senate at the beginning of the next session of the Congress, covering the several exchanges, branch exchanges, and subexchanges operated by or under the supervision of the War Department.'"

Mr. STAFFORD. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. STAFFORD. I think the gentleman should insert the words "and their families" after the word "men" instead of after the word "troops." The idea is to extend this privilege to enlisted men and their families.

The SPEAKER pro tempore. Without objection, that change will be made.

There was no objection.

Mr. GOSS. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. GOSS. Will the gentleman explain why he has left out the second proviso, beginning in line 24, page 84, and running down to and including line 4, on page 85? Does that in any way interfere with enlisted men who desire to purchase materials from Government exchanges located outside of Army posts? They might be located outside rather than on the post.

Mr. COLLINS. The language about which the gentleman inquires provides for the termination of private contracts or agreements. We had no information as to the nature of such contracts or agreements and, therefore, were not willing to provide arbitrarily for their termination.

Mr. GOSS. It might save a lot of claims.

Mr. COLLINS. We felt it would be a mistake to do that.

Mr. GOSS. So that under the gentleman's amendment those exchanges would be continued.

Mr. COLLINS. Not necessarily.

Mr. GOSS. But they could be.

Mr. COLLINS. Not necessarily, because there is a committee that is now investigating the question of the Government engaging in business in competition with private enterprises, and it will probably make a report at the next session of Congress. However, between now and that time the gentleman is correct. Mr. Speaker, I yield five minutes to the gentleman from Illinois [Mr. BRITTEN], and I ask unanimous consent that the gentleman may proceed out of order.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BRITTEN. Mr. Speaker, I feel that at this late hour, 20 minutes past 5, I ought to apologize to the House for taking 10 minutes of its time; but one day last week a petition, signed by 77 Republicans, was presented to the House and referred by the Speaker to the Committee on the Judiciary. That petition requested the Speaker for immediate action toward a modification of the Volstead law as embodied in the platform of the Democratic Party.

My only reason for taking the floor, gentlemen, is the fact that the leader of the Democratic Party on Capitol Hill is the present Speaker, Mr. JOHN GARNER. I regard him as a very able, a very honest, and a very courageous leader of that party. I am calling upon him now to follow the dictates of the platform upon which he is running for the Vice Presidency, which calls for an immediate modification of the Volstead law.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. BRITTEN. No; not now.

On last Friday, with no business on the floor of the House, at 1.45 o'clock in the afternoon, I had a sort of tentative arrangement with the majority leader of the House to be recognized for five minutes to talk about this very matter, when, lo and behold, the man who objected to my talking about modification of the Volstead law was none other than the coauthor of the O'Connor-Hull beer bill himself, the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Will the gentleman yield?

Mr. BRITTEN. As long as I have mentioned the gentleman's name, certainly.

Mr. O'CONNOR. As I explained to the gentleman, the reason I objected was not to object to any consideration of the O'Connor-Hull bill, because that bill could not be considered. I objected to the gentleman from Illinois for the tenth time that day making a wet speech on a petition signed by 77 Republicans, with only two names on the petition—only two converts to the cause.

Mr. BRITTEN. The gentleman is making a speech in my time.

Mr. O'CONNOR. That is the reason I objected. I will vote for that bill quicker than the gentleman.

Mr. BRITTEN. Not quicker than I shall vote for it.

Mr. O'CONNOR. And I voted for beer bills long before the gentleman voted for them.

Mr. FITZPATRICK. Will the President sign the beer bill if we pass it?

Mr. BRITTEN. Yes; the President will sign the beer bill if we pass it.

Mr. FITZPATRICK. Mr. Garfield, the chairman of the committee on resolutions of the Republican convention, said the other morning that he would not sign it.

Mr. STAFFORD. Just give us a chance for the President to veto it.

Mr. BRITTEN. I am going to prove to my wet colleagues on that side of the House that the President will sign it. He is as appreciative of public sentiment as any man in this House. Fourteen years ago Mr. Hoover indirectly predicted just what has happened in the mean time. I will read an extract of his letter.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BRITTEN. Not now. Let me finish this statement please.

On June 4, 1918—— [Laughter.]

Mr. BLACK. Will the gentleman yield?

Mr. BRITTEN. No.

On June 14, 1918, the then United States Food Administrator, Herbert Hoover, wrote to one of your great southern dry Democrats, Senator SHEPPARD, concerning the prohibition question, and stated this—

Mr. GAVAGAN. What about the "noble experiment"? [Laughter.]

Mr. BRITTEN (reading):

If the American people want prohibition—

These are the words of Herbert Hoover, directed to Senator SHEPPARD, still your angelic dry leader—

If the American people want prohibition, it should prohibit to that end and not force the Food Administration to the responsibility for an orgy of drunkenness. It is mighty difficult to get drunk on 2¾ per cent beer; it will be easy enough if we force a substitution of distilled drinks for it.

If we stop brewing, the saloons of the country will still be open, but confined practically to a whisky-and-gin basis. Any true advocate of temperance and of national efficiency in these

times will shrink from this situation, for the national danger in it is greater than the use of some 4,000,000 bushels of grain monthly in the breweries.

On this basis——

[Here the gavel fell.]

Mr. BRITTEN. May I have five minutes more?

Mr. COLLINS. I yield the gentleman one more minute.

Mr. BRITTEN. If the gentleman will yield me five more minutes I shall promise not to talk about beer any more during the present session of Congress.

Mr. COLLINS. I yield the gentleman five additional minutes.

Mr. O'CONNOR. Will the gentleman yield for a question?

Mr. BRITTEN. For a short question.

Mr. O'CONNOR. The gentleman from Illinois has been a great advocate of the antiprohibition cause for the past two years. Would the gentleman mind telling us where he was when the vote on the Volstead Act was taken?

Mr. BRITTEN. Yes; I was in the hall and voted "no."

Mr. O'CONNOR. And on the vote to pass the Volstead bill over the veto of the President, where was the gentleman?

Mr. BRITTEN. I was in the hall and voted to sustain the veto of the President. The RECORD shows that.

Mr. Speaker, the leader of the Democratic Party is the Vice Presidential candidate. I challenge him to tell the country now whether he is for the Democratic plank upon which he is running or against it.

If he is for it, let him go right up to the second floor of the Capitol and ask the Committee on Rules to report out the O'Connor-Hull bill, which is a bill nonpartisan in character, framed by Democrats and Republicans alike, very carefully drawn, and a good bill that will provide at least $300,000,000 of revenue during the first year of its existence. If the vice presidential candidate is not running sincerely upon the Democratic platform, let him say so to the country and then we will be through. Let us have action like we had in the Senate on yesterday. Let us determine this question once and for all for this Congress. The word "immediate" means only one thing. It means without intervening motion; it means now; it means next; and let us do it now; and if you gentlemen who were instrumental in putting across the wet plank at the Chicago convention are afraid to vote for the O'Connor-Hull beer bill, then vote present or go to the ball game, but for goodness sake give the rest of us a chance to vote our convictions.

But let the country know by your vote whether you are sincere or only fishing for votes. Let the country know whether your platform is sincere. I maintain that your platform on prohibition is hypocritical and insincere and that your plank for the repeal of the eighteenth amendment is just as insincere as is your plank for the "immediate" modification of the Volstead law. You do not mean what you say.

Mr. BLACK. What does yours mean?

Mr. BRITTEN. I will tell you what our platform is. Our prohibition platform is so close in character to the Beck-Linthicum nonpartisan repeal bill, framed and voted for by Democrats and Republicans alike in the House, that you can not tell them apart, and you gentlemen on the Democratic side are as strongly for that as we are.

Mr. SCHAFER. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. SCHAFER. Perhaps the Speaker is running on the Democratic platform——

Mr. BRITTEN. Perhaps.

Mr. SCHAFER. Since the speeches and votes of the Democratic leaders in the Senate on yesterday show that they interpret the platform on modification of the Volstead Act as a revision of one-half of 1 per cent downward instead of upward, the same as in the case of the Hawley-Smoot tariff bill.

Mr. BRITTEN. Now, gentlemen, in all seriousness I hold in my hand an editorial—and there are many like it coming from metropolitan dailies all over the United States. I will read it. It is from the Chicago Tribune of July 10.

GARNER v. GARNER

At this writing it is not at all clear whether Mr. GARNER, as Speaker of the House of Representatives, will escape from Mr. GARNER as candidate for Vice President or whether the candidate will catch the Speaker. Anyone can do Post-Office Jack a favor by recognizing that these are two different persons who are not even on speaking terms with each other. They are working opposite sides of the street.

Mr. GARNER, the candidate, is for immediate beer. Mr. GARNER, the Speaker, is against it, and the twain do not intend to meet if they can help it. Privately it is understood that Speaker GARNER would like to bust Candidate GARNER one on the nose for an incessant nuisance and impertinent marplot who will have his beer to-day. If Post-Office Jack's shaving mirror is found shattered, it will be known that the Speaker has busted the candidate one.

What a Dromio, two in one, and in a turmoil! Thus Mr. GARNER haunts himself, and the marvel is how he knows at any time who he is. Which is the ghost which rises to confront the too substantial flesh and blood? Is it the Speaker or the candidate? Which of these GARNERS is real and which is unreal?

Is the candidate true to GARNER and the Speaker false, or is it the Speaker who confounds the craven compromising of the candidate, who denounces the betrayal of a noble cause by his alter ego, a pusillanimous GARNER, who, dealing with the lean and hungry McAdoo, did sell the reputation of his sires themselves to gain a preferment stained as it was with beer?

No one can tell. In this malty mystery, this brew of politics and hops, one GARNER has done the other dirt. One is a ghastly traitor to the other, but which one pursues yelling "Immediate!" with the voices of a thousand delegates and which flees calling upon friendly spirits to exorcise the demon in pursuit we do not know.

Nor can the country take it as a sporting event and hope the best man wins. Perchance Mr. GARNER isn't in any manifestation a best man. Probably all he could get out of wrestling with himself would be a dogfall. If the astonished Representatives should see their Speaker suddenly take to beating himself over the head with the gavel, they must understand that it is only the house of GARNER trying to come to order.

That editorial comes from a paper which has a daily circulation of over 700,000 copies. Here is another one equally as strong. I will read a telegram from Matthew Woll, of the American Federation of Labor.

WASHINGTON, D. C., *July 7, 1932.*

Hon. FRED A. BRITTEN,

United States House of Representatives:

On behalf of labor's national committee for modification of the Volstead Act we sincerely hope that all Members of the Senate and House who recognize need for immediate change in present conditions will join in supporting the bills modifying present Volstead Act. We sincerely hope forces favoring modification of Volstead Act will not become divided to the point of permitting defeat because of difference as to alcoholic content. We trust you will leave no stone unturned to secure immediate modification of Volstead Act, especially in view of both political party conventions, having expressed dissatisfaction with present prohibition situation.

MATTHEW WOLL,
President Labor's National Committee for Modification of Volstead Act.

These people expect the present Democratic Congress to vote on a beer bill for revenue. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Speaker, I yield to the gentleman from Illinois [Mr. SABATH] five minutes.

Mr. SNELL. Will the gentleman from Mississippi state when we are going to finish the conference report?

Mr. COLLINS. If the gentleman will permit, I promised the gentleman from Illinois, Mr. BRITTEN, to yield him five minutes. I made that promise early in the day, and I felt it my bounden duty to live up to my promise. At the same time I made the promise to the gentleman from Illinois, Mr. SABATH, that I would yield five minutes to him. I want to say to the gentleman that I am doing this just because I promised to do it.

Mr. SNELL. Are there any more promises out?

Mr. COLLINS. Those are the only two whom I promised. I might say to the gentleman that this is just as distasteful to me as it is to the gentleman from New York. [Laughter.]

Mr. SABATH. Mr. Speaker and ladies and gentlemen of the House, I have been observing for the last four days that my colleague [Mr. BRITTEN] is pregnant of something of which he desires to deliver himself. [Laughter.] Naturally, I was under the impression that he desired to explain his vote against the relief bill that would have aided the starving unemployed, the States, the municipalities, the counties, and subdivisions thereof by enabling them to pro-

ceed with needed improvements and pay their school-teachers, policemen, and other public servants; therefore, I considerately asked the chairman of the subcommittee [Mr. COLLINS] to yield my colleague [Mr. BRITTEN] sufficient time thinking that since he has for more than three weeks been assuring the people of Chicago of his great interest and effective activity in their behalf, he would explain why he voted against that bill. Now I am greatly surprised to hear, instead of an explanation of his vote against the relief bill, the gentleman regale the House with a lot of buncombe on the beer bill.

It is amusing to me, after my many years of effort to repeal the eighteenth amendment, or at least to effect a modification of the Volstead Act, to hear my colleague [Mr. BRITTEN] of late, especially since the Democratic Convention, in the press and on the floor of this House jokingly—for that is what it is—demand a change in the Volstead Act, and in this effort he has been volubly aided by the gentlemen from Wisconsin [Mr. SCHAFER and Mr. STAFFORD] and the gentleman from Connecticut, Senator BINGHAM, at the other end of the Capitol. All this amounts to an unsuccessful effort to mislead the American people who are honestly seeking repeal of this crime-breeding Republican monstrosity, the prohibition law. All this talk by my colleague [Mr. BRITTEN] and the gentleman from Wisconsin [Mr. SCHAFER] is to enable them to say that "we, too, Republicans, are for beer," when in fact they know full well that their insincere efforts and insincere requests of the Speaker for action on the beer bill are nothing but unadulterated buncombe. [Applause.] These professional Republican wets also know that the Republican Senate very recently refused to consider the beer bill. They also know that they have been unable to muster more than 77 votes on the Republican side for this beer bill and that if a majority of the Democrats now in Washington should vote for it we would then not be able to pass it. Further, they fully understand that, notwithstanding a statement read by my affable and learned colleague [Mr. BRITTEN] and purporting to have been made by President Hoover in 1918 when he was dizzily angling for the Democratic Presidency, President Hoover will not sign any beer bill or any bill effecting a modification of the Volstead Act. The gentleman [Mr. BRITTEN] is not so void of general knowledge and common sense as to believe that President Hoover is not under the domination and control of the Anti-Saloon League and that the league would allow him to sign any such bill.

Therefore, as I have said, the utterances of my colleagues (Mr. BRITTEN, Mr. SCHAFER, and Mr. STAFFORD) are pure buncombe and they know it. If they are sincere, they should condemn the Republican Party and the Republican platform for their hypocritical attitude toward the prohibition question and come out flat-footedly and unmistakably and join the Democrats in the election of Governor Roosevelt and Speaker GARNER for the presidency and vice presidency, because not until the good people elect a substantial Democratic House, a Democratic Senate, and Governor Roosevelt and Speaker GARNER on a progressive, forward-looking, Democratic platform can we hope for any real remedial action. Obviously, it will not take long to effect this desired result, because election day is fast approaching and the people will not be fooled or misled as they were in 1928 by Hoover and the other Republicans, but will vote the Democratic ticket solidly throughout every section of our distraught and unhappy country. [Applause.]

Mr. GRANFIELD. Mr. Speaker, will the distinguished gentleman from Illinois yield?

Mr. SABATH. Yes; I gladly yield to my learned and accommodating friend from Massachusetts.

Mr. GRANFIELD. I have listened attentively to the gentleman from Illinois [Mr. BRITTEN] and the gentleman from Wisconsin [Mr. SCHAFER] speak in behalf of the immediate passage by this House of an amendment to modify the Volstead Act. Both of these gentlemen are very ardent and powerful wet advocates, and I certainly join with them in their efforts. However, I am fearful these colleagues of mine are not cognizant of the fact that very recently Bishop Cannon again pledged the fullness of his dry influence to President Hoover's candidacy for reelection. This indicates to my mind that Mr. Hoover will oppose any modification of the present law, and will do nothing to destroy the Hoover-Cannon coalition, knowing how indispensable Bishop Cannon's support will prove in the forthcoming election.

Mr. SABATH. The gentleman is correct. Mr. Hoover will oppose any modification of the present prohibition law because the Anti-Saloon League forces, the chief of staff of which is Bishop Cannon, will not let him do otherwise.

My colleague [Mr. BRITTEN], the naval expert, is very much interested, he tells us, in raising revenue, and he has many times repeated a statement made on this floor that the manufacture and sale of beer would bring to the Government a revenue of $300,000,000 a year, and thereby take care of the large Republican-made deficit. I agree with the gentleman in saying that, but there we part, because he is found always supporting these large and ever-increasing, back-breaking, tax-consuming expenditures for the Army and the Navy and other departments and bureaus, when he should be helping with an economy program, such as advocated by his Republican President in the public press, but not practiced by the administration, the practicing of which would obviate the deficit.

Mr. Speaker and ladies and gentlemen, the condition of our country is altogether too serious, and my debonair colleague from Illinois [Mr. BRITTEN] and others should recognize it and restrain themselves from taking the time of the House with these insincere and ridiculous statements, because they will not avail. People know only too well about the Republican refusal to remedy the orgy of plunder, criminal waste, and corruption; they know of President Hoover's refusal to act to forestall and mitigate the criminal evils that are responsible for the greatest destruction and panic in the history of our Nation or any other nation, a panic that has brought about the closing of 3,000 banks, shunted 12,000,000 men out of the ranks of the employed, wiped out the savings of 20,000,000 of our people, and has taken over 30,000 of useful lives, and closed thousands and thousands of factories and businesses.

I notice that the chief of staff of the administration, Secretary Mills, fired the opening gun of the Republican campaign in New England the other evening, but I did not hear of his saying a single word against prohibition; and no man in the Republican Party who has any respect for the truth will bear out the statement of my colleague [Mr. BRITTEN] that there is a question as to where the Democrats stand on the prohibition question. On the other hand, there is not a sincere, unequivocal word in the Republican platform dealing with the repeal of the eighteenth amendment or the modification of the Volstead Act. Repeating, the people who are going to select the next President of the United States are properly indignant and disgusted with the Republican maladministration, and they will cast their votes for Roosevelt and GARNER because they know that only by the election of these two eminent, proved gentlemen may the country expect any relief from our intolerable conditions. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman from Mississippi yield for a question on the pending legislation?

Mr. COLLINS. Yes.

Mr. CHINDBLOM. In the original amendment of the Senate as well as in the substitute amendment proposed by the gentleman from Mississippi I find used the word "State," referring to a post exchange, a branch exchange, "within any State." I take it that that term is used in a narrow restricted sense, referring to the 48 States of the Union, so that this prohibition will not apply in the insular possessions such as Hawaii or the Philippine Islands.

Mr. COLLINS. That is the way I take it. Mr. Speaker, I ask for a vote.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Mississippi to recede and concur in the Senate amendment.

The motion was agreed to.

A motion to reconsider the vote by which the motion was agreed to was laid on the table.

COAL MINING IN ALASKA

The SPEAKER laid before the House the following request from the Senate:

SENATE OF THE UNITED STATES,
July 11, 1932.

Ordered, That the House of Representatives be requested to return to the Senate the bill H. R. 12281, to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes, together with the amendment of the Senate thereto.

The SPEAKER pro tempore. Without objection, the request will be granted.

There was no objection.

MEMBERS OF THE RECONSTRUCTION FINANCE CORPORATION (S. DOC. NO. 136)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Banking and Currency and ordered printed:

To the Senate and House of Representatives:

Section 3 of the act creating the Reconstruction Finance Corporation provides:

> The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, or in his absence, the Under Secretary of the Treasury, the Governor of the Federal Reserve Board, and the Farm Loan Commissioner, who shall be members ex officio, and four other persons appointed by the President of the United States, by and with the advice and consent of the Senate. Of the seven members of the board of directors not more than four shall be members of any one political party and not more than one shall be appointed from any one Federal reserve district.

The extraordinary heavy burdens placed upon the directors of the corporation during the past few months have resulted in the overwork especially of the ex officio members. It has within the past few days arrived at a point where there is danger of a physical breakdown among the ex officio members in their endeavor to carry dual duties.

I therefore recommend to the Congress an amendment to the act which would eliminate the Governor of the Federal Reserve Board and the Farm Loan Commissioner as members ex officio when successors shall have been appointed. It is important that the Secretary of the Treasury shall remain as an ex officio member and under the provisions for the Under Secretary to act as an alternate it offers the necessary relief. It is desirable that the Treasury should maintain its intimate association with the corporation because of the great financial problems involved in Government issues.

In order that the operations of the corporation may be conducted with certainty and public confidence, both as to its nonpartisan character and its personnel, I recommend that the number of the board be increased to eight, of whom not more than four shall belong to any one political party.

HERBERT HOOVER.

THE WHITE HOUSE, *July 11, 1932.*

BRIDGE ACROSS OHIO RIVER, WELLSBURG, W. VA.

The SPEAKER. The Chair thinks he should recognize the gentleman from West Virginia [Mr. BACHMANN], for the purpose of calling up a Senate bill, which seems to be a general bridge bill, and has something to do with the immediate employment of labor. The Chair takes the responsibility of recognizing the gentleman from West Virginia for that purpose.

Mr. BACHMANN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, S. 4741, to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.

The SPEAKER. The Chair asks the attention of the gentleman from West Virginia, and the gentleman from Ohio. The Chair was informed by these gentlemen that those who objected to the consideration of this bill when it was called up on the Consent Calendar have had the matter explained to them and that they withdraw their objection. Is that correct?

Mr. BACHMANN. There was one objection. Mr. LAGUARDIA wanted to see the letter approving the bill from the West Virginia Bridge Commission. I exhibited that to him this afternoon and he said he had no objection.

The SPEAKER. The Chair does not like to recognize anyone to take up a bill that has been objected to, when the gentleman who objected to it is absent from the Chamber.

Mr. BACHMANN. The gentleman from New York [Mr. LAGUARDIA] has withdrawn his objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

> *Be it enacted, etc.*, That the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va., authorized to be built by the J. K. Mahone Bridge Co., its successors and assigns, by an act of Congress approved May 14, 1928, heretofore extended by acts of Congress approved March 2, 1929, and May 13, 1930, are hereby further extended one year and three years, respectively, from the date of approval hereof.
>
> SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

WORLD ARMS CONFERENCE AT GENEVA

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein the statement I desired to make to-day and a copy of a resolution that I introduced concerning the world arms conference at Geneva.

The SPEAKER. Is there objection?

Mr. SCHAFER. Reserving the right to object, what does the resolution provide?

Mr. TINKHAM. It provides for the withdrawal of American representation at the arms conference.

Mr. SCHAFER. Why does the gentleman want to do that, in view of the fact that the President has put forth a fine program which goes a long way toward relieving the burden on the taxpayers of these big military and naval establishments?

Mr. TINKHAM. Because I have no confidence that there will be any success there and do not believe we should be represented there any further.

Mr. SABATH. Is it not perhaps on account of the further fact that nothing is being accomplished? We are increasing the appropriations for the Army and the Navy from day to day. So what is the use for us to participate over there when we are increasing our armament appropriations?

Mr. COLLINS. Mr. Speaker, regular order.

The SPEAKER. Regular order is demanded.

Mr. SCHAFER. I shall not object, but I do not agree with the gentleman's position.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. TINKHAM]?

There was no objection.

Mr. TINKHAM. Mr. Speaker, no better illustration of the danger of the participation of the United States in European political affairs can be found than its present participation in the general disarmament conference at Geneva.

This participation, it is reported in London, has resulted in the dictation by Secretary of State Stimson to the Republican convention at Chicago of a paragraph in the platform of that party which reads:

> We favor enactment by Congress of a measure that will authorize our Government to call or to participate in an international conference in case of any threat of nonfulfillment of Article II of the treaty of Paris (Kellogg-Briand pact).

This is not only a dangerous step but a complete abandonment of the American salutary policy of refraining from

interference or participation in the political affairs of Europe. It clearly indicates a desire to place European interests before American interests. It seeks to attempt to guarantee European peace even at the expense of the involvement of the United States in war.

If such a policy as is proposed by this paragraph in the Republican platform were adopted by the United States, the United States would no longer be a great neutral nation in future wars but would be involved upon the side of one or the other group of belligerent powers seeking world domination.

The history of international affairs for centuries shows a grouping of powers in Europe for their own advantage. Such a grouping exists to-day in Europe. It would be impossible for the United States to participate in an international conference of the kind proposed without moral or other commitment. Any commitment of American interests in advance to such groups must inevitably result in ruinous and fatal consequences to American peace.

It has been suggested that this paragraph commits the United States to the guardianship and defense of the treaty of Paris, which means that the United States becomes the guardian and defender of the peace of the world. History records no more fantastic and dangerous delusion of grandeur than this. It can mean no less than the end of this Republic.

The United States should be guided by history and reality, and not be governed by emotionality and sentimentality.

Disarmament in Europe is a political question for Europe to settle. For the United States to dictate to Europe as to her needs and policies not only is indefensible but must be offensive.

France, with her allies, dominates the European Continent economically, militarily, and politically. For years she has insisted that she will not disarm unless she is given political guaranties which she deems as adequate as those she now possesses in her military force. In these circumstances, disarmament in Europe is not possible without the giving of these guaranties to France. It is for Europe to decide whether these guaranties should be given. The United States should not be a party in the settlement of this purely European question. The paragraph favoring a consultive pact which has been inserted in the Republican platform by Secretary Stimson is a surreptitious attempt to have the United States join to meet the demands of France, thereby hopelessly involving the United States in the political affairs of Europe.

This is too great a price for the United States to have to pay. She should withdraw at once from participation in the present general disarmament conference. This conference has proved a complete fiasco, and I am to-day offering a resolution providing for the immediate withdrawal of the American delegates and the immediate termination of any further expenditure on that account.

Resolution

Whereas there is a paragraph in the current Republican platform as follows:

"We favor enactment by Congress of a measure that will authorize our Government to call or to participate in an international conference in case of any threat of nonfulfillment of Article II of the treaty of Paris (Kellogg-Briand pact)"; and

Whereas this paragraph favoring a "consultive pact" is in complete repudiation of American salutary traditional policy of refraining from any interference or participation in the political affairs of Europe and of avoiding entangling alliances; and

Whereas such "consultive pact" if enacted by Congress certainly would be a participation in the political affairs of Europe and might well lead to the involvement of the United States in war; and

Whereas a well-authenticated report from London, where American foreign policy at times has been disclosed with much more clarity than it has been in Washington, stated that Secretary of State Stimson insisted upon the insertion of this paragraph; and

Whereas the said report intimated that this paragraph proposing a "consultive pact" was inserted in the current Republican platform to assist in removing the objections of France and her allies to European disarmament and is intended as a compensation for reduction in armament; and

Whereas armament or disarmament in Europe is strictly a European political question, and it was well known in advance by nearly all competent authority that the general disarmament conference at Geneva could result in nothing but failure, with attempts from time to time deceitfully to make it appear for political purposes that it was a success: Therefore be it

Resolved, That forthwith all American representatives at the general disarmament conference now being held at Geneva be recalled and American participation be withdrawn, and that no further expenditure be incurred on that account under congressional authorization.

AGRICULTURAL RELIEF

Mr. JACOBSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a dispatch from the Governor of Iowa.

The SPEAKER. Is there objection?

There was no objection.

Mr. JACOBSEN. Mr. Speaker, as heretofore stated, it is my opinion that this body will make a terrible mistake if they adjourn without enacting into law one or more of the measures proposed for the relief of agricultural districts.

Both the Goldsborough and Frazier bills should be adopted before this Congress adjourns. I, for one, am willing to remain here all summer if necessary to pass this legislation. Idle talk and promises will not do. The situation demands immediate attention.

I believe we will be serving not only the agricultural districts but our Nation as a whole if the above-mentioned measures are passed and put into effect at once.

Mr. Speaker, under the leave to extend my remarks, I include the following telegram from Hon. Dan W. Turner, Governor of Iowa:

DES MOINES, IOWA, *July 9, 1932.*

Hon. B. M. JACOBSEN,
House of Representatives, Washington, D. C.:

Economic conditions and public sentiment in the Middle West fast approaching organized resistance to private debt settlement, and demand action by Congress before adjournment on credit facilities. At that distance you can hardly realize to what extent farm foreclosures are taking homes of stable citizens. If relief is not forthcoming country faced with individual and governmental bankruptcy and complete economic collapse, including banks, agriculture, and industry. Strongly urge continuous session until Goldsborough bill or similar legislation be adopted and some agency authorized or created to finance or refinance real-estate mortgages. Absolutely essential to raise commodity prices to meet unemployment problem. Delegations of farmers, laborers, business men, and bankers constantly urge this to my attention. If something is not accomplished before Congress adjourns, the resentment of the voters will find expression. Am wiring all Iowa Congressmen, and asking Middle West governors to do same.

DAN W. TURNER, *Governor of Iowa.*

RELIEF FOR VETERANS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Speaker, permission having been granted me to extend my remarks in the RECORD, I am inserting the following communication I have this day forwarded to each Member of the House of Representatives:

JULY 12, 1932.

To the Members of the House of Representatives:

DEAR COLLEAGUE: I desire to invite your attention to an amendment to the Federal home loan bank bill, H. R. 12280, which was adopted by the Senate on yesterday. (CONGRESSIONAL RECORD, July 11, 1932, p. 15009.)

PAY BANKER TO USE MONEY

The amendment permits the national banks to deposit with the Secretary of the Treasury $1,000,000,000 of United States Government bonds bearing 3⅜ per cent interest, and receive in return therefor $1,000,000,000 in new, crisp greenbacks—national currency. The banks will not only get the use of the new money but they will also get interest on the bonds which are to be deposited to secure the money. Here is the way it will work out. Each year the banks keep the money they will be paid, $37,500,000. A tax of one-half of 1 per cent, or $5,000,000, will be charged by the Government for the use of the money. The bankers will make a net profit of $32,500,000 a year. The capitalization of the national banks is $1,618,024,000; this privilege will be extended to the full amount of their capitalization. The bankers are now using that privilege, however, to the extent of $627,000,000 on 2 per cent bonds; bonds drawing a higher rate of interest will doubtless be substituted for the 2 per cent bonds if this bill becomes a law.

A full discussion of this proposal appears in the CONGRESSIONAL RECORD of date July 8, 1932, pages 14862 to 14872. Senator BLAINE'S speech on page 14871 is very interesting.

IS IT FIAT MONEY?

The question is, Why is this money not fiat money if the money proposed to be issued in payment of the adjusted-service certificates is fiat money? The same principle is involved. The difference is considerable from the standpoint of the Government. If the bankers get a billion dollars in exchange for a deposit of a billion dollars in Government bonds the bankers will also get interest on the bonds in addition to the use of the money. The veterans will get the money but no interest. If the veterans are paid the Budget will not be affected; not true if the bankers are favored.

PAY A DEBT WITH THE BILLION

Why not use this billion dollars to pay the needy and unemployed veterans their adjusted-service certificates? They are consumers and need the purchasing power; the money will go into the channels of trade; we have no assurance that the national banks will use it or cause it to be used.

THINK IT OVER

I hope my colleagues will think this over; a great principle is involved. Why pay the banks to use the Government credit in order to expand the currency when the Government can pay a debt and cause an expansion of the currency in the most effective way?

Respectfully submitted.

WRIGHT PATMAN, M. C.

HEIRS OF DECEASED INDIANS, ETC.

Mr. HOWARD. Mr. Speaker, I call up the bill (H. R. 6684) to amend the act of June 25, 1910, entitled "An act to provide for determining the heirs of deceased Indians, for the disposal and sale of allotments of deceased Indians, for the lease of allotments, and for other purposes," so as to authorize the Secretary of the Interior to modify the terms of certain contracts, when in his judgment it is in the interest of the Indians so to do, and ask unanimous consent for its present consideration.

The Clerk read the title of the bill.

Mr. STAFFORD. Mr. Speaker, we can not take up important matters like that under unanimous consent, especially at this late hour. I object.

The SPEAKER. The Chair had checked four different propositions. Included in that number is the one just offered by the gentleman from West Virginia [Mr. BACHMANN]. The Chair thinks it would be better to take this up at some other time.

Is there objection?

Mr. PITTENGER. Mr. Speaker, I also join in the objection. The gentleman from Minnesota [Mr. NOLAN], is interested in this bill, and he is not present. I object.

Mr. STAFFORD. I object.

THE O'CONNOR-HULL BILL

Mr. SCHAFER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 10017), the so-called O'Connor-Hull beer bill.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1260. An act for the relief of James E. Fraser;

H. R. 2010. An act for the relief of Malcolm Allen;

H. R. 2650. An act for the relief of George H. Holman;

H. R. 3460. An act for the relief of Caughman-Kaminer Co.;

H. R. 3467. An act for the relief of David C. Jeffcoat;

H. R. 4160. An act for the relief of Raymond D. Woods;

H. R. 5211. An act for the relief of the heirs of Samuel B. Inman;

H. R. 5276. An act for the relief of Hilda Barnard;

H. R. 5513. An act to permit the United States to be made a party defendant in certain cases;

H. R. 7309. An act for the relief of Frank R. Scott;

H. R. 7499. An act to amend act No. 3 of the Isthmian Canal Commission relating to the suppression of lotteries in the Canal Zone, enacted August 22, 1904;

H. R. 9590. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929; and

H. R. 12251. An act to provide for the conveyance of the Portage Entry Lighthouse Reservation and buildings to the State of Michigan for public-park purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H. R. 2704. An act for the relief of Charles Lamkin;

H. R. 7293. An act authorizing the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway bridge across United States military reservation at the Springfield Armory, Mass.; and

H. J. Res. 361. Joint resolution to authorize the Surgeon General of the United States Public Health Service to make a survey as to the existing facilities for the protection of the public health in the care and treatment of leprous persons in the Territory of Hawaii, and for other purposes.

EXTENSION OF REMARKS

ADJOURNMENT MEANS DODGING ANTIMONOPOLY LEGISLATION

Mr. McGUGIN. Mr. Speaker, on July 6 I appealed to the House not to adjourn this Congress until such time as we put into effect two of the planks which are found in the platforms of both parties. Both parties pledged an international conference to consider the question of silver. Both parties pledged further economy in government. The Republican Party pledged every possible economy in public expenses. The Democratic Party pledged an outright 25 per cent reduction in public expenses.

The low price of silver is destroying the foreign market for all American products. As we ship our products abroad and are paid for them in silver, we suffer immeasurably when we bring this silver money back to America and exchange it for American money. This unfavorable exchange has placed American cotton and wheat on a 35 per cent lower position than it was a year ago. The producers of cotton and wheat are compelled to ship their surplus abroad. There is no way for them to escape this intolerable loss resulting from unfavorable exchange. The American factories are escaping the loss of the unfavorable exchange by further curtailing their production and refusing to ship anything abroad. This is creating more and more unemployment.

Foreign factories buying material, paying wages with cheap silver money, shipping their products to America and selling them for our gold money are reaping a tremendous profit in the transaction. They are paying our tariff duties from this exchange which is favorable to them and unfavorable to us. As a result our American markets are being flooded with foreign products. This is causing more and more unemployment in the United States. Both political parties have recognized that this situation is largely the result of the depreciated value of silver. They have pledged an international conference, the purpose of which is to endeavor to correct this condition. We have suffered this condition for 11 months, and during this time human misery has increased in the United States to a point which is virtually unbearable.

We simply can not continue to suffer this situation for another 17 months. Yet, if we must wait for a Congress to be elected on these platforms in order to keep the pledges of both parties, we must wait until December of 1933. This is true if the Congress elected this fall does not convene until the regular time provided by the Constitution.

This international conference is not a partisan political issue. It is a bipartisan pledge. We should not adjourn without keeping this pledge.

This Congress has suffered much in an effort to provide a revenue bill which will balance the Budget. The people will suffer more in an effort to pay the taxes required by the revenue bill. In our effort to balance the Budget, we have heaped a billion dollars of new taxes upon the backs of the American people. Yet everyone knows that, with all of our efforts and with all of the agonies which the American

people are going to suffer in paying these taxes, the Budget is not going to be balanced at the end of this fiscal year. Therefore we should immediately keep the bipartisan pledge of further reduction in public expenses.

I appeal to this House of Representatives, Republicans and Democrats alike, not to adjourn until these two pledges upon which the parties are in accord are kept.

On June 22 the Railway Labor Executives' Association made its appeal to the Congress not to adjourn until it has done everything within its power to meet the vital needs of the people in this hour of distress. This appeal was signed by the regularly constituted heads of 23 railway organizations. This appeal from the railway organizations is unanswerable. We can not adjourn unless we are willing to admit that this Congress is incapable of doing for the people that which must be done and that which some future Congress will do.

There is a specific responsibility upon the Democratic membership of this House not to permit this Congress to adjourn until it has kept the Democratic platform pledge pertaining to monopoly. The platform of the Democratic party solemnly states that it is the conviction of the Democratic party that one of the chief causes of our trouble have been fostering the merger of competitive businesses into monopoly. With this solemn conviction of the Democratic party as to the cause of our present trouble, it solemnly pledges to correct this situation by a revision of the monopoly laws for the better protection of labor, the small packer and the distributor. The Democratic majority of this House can bring out this legislation and it can pass it in this House of Representatives. It can do it with its own membership. It will not need to do it exclusively with its membership because it can count on most substantial support from the Republican membership of this House.

I would not be so partisan as to suggest that any man had so little interest in the welfare of the people and so much interest in the outcome of the election that he would walk away from his post of duty and refrain from doing that which he and his party believe will bring relief to the people and correct the conditions, which he and his party believe are primarily responsible for bringing upon the American people their present sad plight. Yet I would not be so neglectful of duty as to refrain from bringing before this House and the country the confession of a man, that although he believes with his party that monopoly is responsible for much of our present misery and that a revision of the monopoly laws will bring relief to the people, yet he will not turn his hand at this time to accomplish such relief. I believe that certain correspondence and telegrams between W. K. Henderson, president of the Hello World Broadcasting Corporation, of Shreveport, La., and Mr. GARNER, Speaker of this House and Democratic Vice Presidential candidate, disclose that Mr. GARNER prefers that this House adjourn failing and refusing to revise the antimonopoly laws, notwithstanding the fact that he and his party have solemnly stated that monopoly has brought about the most of our present troubles and that revisionary monopoly legislation will benefit labor, the small packer, and distributor.

On July 6 Mr. Henderson sent a telegram to Governor Roosevelt. He sent a copy of that telegram to Speaker GARNER. The telegram is set out in my address to the House of July 8 and is found on page 14924 of the CONGRESSIONAL RECORD. In brief, Mr. Henderson called upon Mr. Roosevelt and Mr. GARNER immediately to bring out and pass through this House the promised revisionary legislation of the monopoly laws which would benefit labor, the small packer, and distributor. I have a telegram from Mr. Henderson of July 11, in which he reports Mr. GARNER's answer to this telegram from Mr. Henderson to Governor Roosevelt and Mr. GARNER. The telegram of July 11 which I have received from Mr. Henderson is in part as follows:

I have a letter from Speaker GARNER in which he states that any legislation looking to the curbing of monopoly and centralization of money would be opposed by the Republican Senate and vetoed by the President.

In this telegram which I received from Mr. Henderson of July 11, he states that he sent the following message to Mr. GARNER:

Replying to your letter of July 7, I only wish to remind that you have driven through the House and Senate legislation authorizing the borrowing of $2,300,000,000 to be placed at the disposal of the Reconstruction Finance Corporation. You did this in the face of the announcement from the White House that such legislation would be vetoed. Now, in this matter of monopoly and centralization of money, by far the greatest economic question facing us, you dismiss it with the simple statement that a Republican Senate would refuse to concur in such legislation and that the President would veto same, whereas in this instance the President has not announced that he would veto such legislation. It is my belief that the voters of the country will not accept such a statement as any evidence of sincerity on the part of the Democratic leadership in opposition to monopoly.

W. K. HENDERSON,
President Hello World Broadcasting Corporation.

No man can enlarge upon this statement by Mr. Henderson.

One day Mr. GARNER, the Speaker of this House and the Democratic candidate for Vice President, forces through this House a bill on which the President has pledged his veto. At the same time he refuses to keep faith with the pledge of the Democratic Party to enact legislation to revise the monopoly laws for the benefit of labor, the small packer, and distributor, and offers as his excuse that a Republican Senate will not concur and the President will veto it. It is insulting the intelligence of the American people to assume that the people will believe that the Speaker of this House and Democratic candidate for Vice President is sincere in either his excuse for delaying such legislation or in his desire that his party shall ever keep its pledge to correct the very condition which it solemnly states is primarily responsible for the present misery of the millions of American people. How absurd it is for the Speaker and Democratic candidate for Vice President to suggest that the Republican Senate with a majority of one would reject antimonopoly legislation when among the Republican membership there are 15 or 20 progressive and insurgent Senators such as LA FOLLETTE, BLAINE, BORAH, NORRIS, FRAZIER, et al. Common sense shows that not only the insurgent Republican Senators will vote for such legislation, but the great majority of other Republican Senators such as Senator CAPPER, of Kansas, will vote for such legislation. Since when does the Speaker have any respect or fear for announced presidential vetoes?

This House can not adjourn with this antimonopoly legislation ignored except that the Democratic membership of this House votes for an adjournment. The Democratic membership is in the majority. It is in complete control of this House. This House can only adjourn upon the vote and direction of the Democratic majority. I simply want to say to the individual Democratic Members of this House, if you vote for an adjournment without passing this antimonopoly legislation, you stand before the American people along the side of your Speaker and vice presidential candidate as one who is not interested in correcting the wrong which your party has solemnly stated has caused the major portion of the existing economic and social despair in America.

I appeal to the Democratic membership not to adjourn this House failing and refusing to give to the people of this country the legislative relief which you have promised would help labor, the small packer, the distributor, and correct the very wrong which your party has solemnly stated is primarily responsible for present conditions in America.

AN INVESTMENT THAT STILL YIELDS DIVIDENDS

Mr. PURNELL. Mr. Speaker, if we accept the view of many editors, all governmental services are, like Gaul, divided into three parts, viz, evils, necessary evils, and unnecessary evils. Great is the hue and cry against bureaucracy. One particularly enterprising editor now leads the pack with the engaging remark that a bureau is little better than a racket. This hair raiser so far marks a high-water mark of the rising tide of criticism.

But is it true? Are the hair-raising magazine writers and the hard-boiled business orators apostles of truth or of

hokum? Are they altruists with the interests of the "common peepul" at heart, or do they go about with axes to grind?

Controversy is no part of my present concern. There are a few facts that ought to be self-evident, but apparently are not.

First of all, it might be well to reflect on the gauntlet that every dollar expended by the Federal Government has to run, and upon the elaborate system of safeguards which has been set up to prevent extravagance.

Here on my desk, for example, is a fat volume of more than a thousand pages. It is a record of the hearings held by the Agricultural Subcommittee on Appropriations of the House of Representatives on the appropriation bill for the Department of Agriculture for the fiscal year 1933. Similar records exist of hearings on all other appropriation bills, both for House and for Senate committees. But suppose we restrict ourselves to the Department of Agriculture, for much of the business and editorial criticism has been leveled in that direction.

The hearings on this agricultural appropriation bill consumed most of three weeks, extending from December 15, 1931, to January 7, 1932, with a 4-day recess at Christmas. Every bureau chief in the Department of Agriculture was haled before the subcommittee to defend his Budget requests and to answer thousands of very pertinent questions shot at him by the members of the subcommittee—many of them hostile to parts of the bill.

Long before that hearing, of course, the department's budget had been made up in detail, carefully studied, and revised by the heads of the department, again revised by the Bureau of the Budget before being submitted to the inspection of Congress.

I wish every American citizen could sit in for a few moments at a hearing of a congressional committee dealing with the routine appropriation bills. No one takes anything for granted. Everything must be explained and justified before the bill gets out of the subcommittee. It then must pass the committee. Then it must pass the House of Representatives. Thence it goes to the Senate committee for more inquiry, more pruning; thence to the Senate. By the time the bill is passed and the appropriation made it would be impressed upon that citizen's mind that though there are evils and inefficiency and waste in government, they are amazingly parallel to the evils and inefficiency and waste that exist in all other spheres of human action.

Everyone who delves into the department's past finds a record of research accomplishments covering dozens of pages. One of the earliest and brightest of those pages covers the period 1888 to 1893, when department scientists proved that a microorganism found in the blood of cattle is the cause of splenetic fever, and that the disease is transmitted by the cattle tick.

To an inhabitant of the island of Manhattan, say, where cattle ticks are scare, this discovery may seem remote, uninteresting, even unprofitable. The names of Theobald Smith, Curtice, Kilgore, and Salmon would strike no responsive chord. But this discovery, made by the aforementioned despised agricultural bureaucrats, was the first demonstration that a microbial disease can be transmitted exclusively by an insect host or carrier; this knowledge, far from being restricted to the livestock domain, led to the knowledge that yellow fever, malaria, typhus fever, African sleeping sickness, Rocky Mountain fever, and other maladies are similarly transmitted; made possible the control of yellow fever in the Canal Zone, and the building of the Panama Canal. How many thousands of lives of yellow-fever victims might have been saved if the discovery had been made a hundred years earlier!

For that discovery the American taxpayer paid individually a fraction of a mill a year; collectively, a few thousand dollars a year. And the value of the discovery? I would not attempt to value it any more than I would attempt to put a value on the work of Pasteur or Koch. It would be hard to state an amount large enough in dollars and cents to cover the value of that discovery—but it would probably exceed the entire cost of maintaining the scientific work of the Department of Agriculture for the first hundred years of its existence.

Along in 1903 came another notable discovery, the discovery that hog cholera is caused by a filterable virus. Here at last was an advance against the disease dreaded by hog producers for generations, a disease that wiped out whole herds with devastating swiftness. Having discovered the cause of hog cholera, the department scientists developed a preventive serum that has many times since saved the industry.

How much has that been worth to the livestock industry, and therefore to the Nation? I would not hazard a guess, but I will provide the material for you to make an estimate. Hog cholera losses formerly exceeded 5 per cent of all hogs, nowadays they run below 3 per cent. Since the hog population of the United States runs around 60,000,000, an annual loss of over 1,250,000 hogs has been prevented. Multiply that by the market value!

Not long ago the Associated Press carried an item from Florida announcing that "tung-oil production, which revolutionized the manufacture of varnish 25 years ago, may become a Gulf Coast region industry ranking with sugarcane, cotton, and corn." The first seeds of the tung tree were brought to the United States from China in 1905 by David Fairchild, plant explorer of the Department of Agriculture.

Books full of adventure and high courage have been written about these plant explorers. Here I can only set down, inadequately and lamely, the fact that we owe to them the Pima long-staple cotton now grown in the Salt River Valley of Arizona; the hardy alfalfas brought from Siberia; the soybean from the Orient; Sudan grass, Rhodes grass, Napier grass, velvet bean, and purple vetch from Africa and elsewhere.

We are indebted to Russia for durum wheat. Sudan grass now has an annual value of more than $2,000,000. The Washington navel orange, introduced by the department from Brazil in 1872, now makes up the bulk of the California orange industry. More recently the department has added the date, the alligator pear, the mango, Chinese and Japanese persimmons, the papaya, and the pistache nut, and now departmental scientists are experimenting with the rubber plant.

Anyone can visualize the peril involved and the value realized by the plant explorer's successful adventures in tropical jungles or among hostile oriental tribes. Equally exciting to the scientist, and of far-reaching consequence to the Nation's agriculture, is a discovery of a new fundamental principle of plant growth. One such discovery was that announced only a few years ago by the department that the flowering and fruiting of plants are greatly influenced by the length of the day. Thus it is not the approach of cold weather nor the age of a plant that determines when it shall bloom or form fruit; the stimulant that causes these phenomena is the gradual change in the length of the day.

Discovery of that principle may not have disturbed the blood pressure of the average layman, but it certainly excited the scientific world. It can be stated with confidence that the final results will excite the layman, for it means that the time of blooming of flowers in greenhouses can be controlled; that in plant-breeding work it is now possible, because of the control of blooming by shortening the day artificially with dark rooms, to cross-pollinate plants that in the past could not be crossed; and that plants from different latitudes can now be bred together.

Now, it strikes me that achievements of this sort could by no stretch of the imagination be a product of any institution which was "little better than a racket." It is hardly good sense to so characterize an institution which has the respect of scientists the world over. It betrays a melancholy lack of information.

But let me rest the case on something more substantial than opinion. Let me add to the few instances already cited a few more:

First. The improvement of kiln-drying wood so as to save the industry annually some $10,000,000.

Second. The discovery of methods to reduce the cost of grading and building concrete highways by 25 per cent or more.

Third. Mapping a billion acres of the agricultural lands of the United States, an achievement of service to millions of individual farmers, to agencies which loan money on land, to engineers, and to the ultimate formulation of a sound national policy of land use.

Fourth. Showing farmers how to terrace and otherwise handle their fields to prevent destructive erosion, the process which removes the best of our most fundamental resource—the land—and so costs us hundreds of millions of dollars annually.

Fifth. Converting the fuzz from cottonseed, the otherwise discarded tomato seed, the culls in the great citrus crop, and dozens of other "waste" products into products now worth millions of dollars annually.

Sixth. Developing two new insecticides which promise to help the farmer wage his perennial and perpetual fight against insect pests more effectively and economically.

Seventh. Producing cheap nitrogen from the air by a synthetic ammonia process, thus removing America's dependence on foreign nitrate supplies for fertilizer and for munitions.

Eighth. Providing the chief source of technical information on dust explosions, a constant hazard to life and property in 28,000 industrial plants.

Ninth. Insuring to the American family, at a cost of about 5 cents a year, canned and packed food products of cleanliness and quality. No longer is the purchase of canned food an adventure fraught with peril. A million and a half spent by the Food and Drug Administration serves 123,000,000 consumers by rigorous inspection of the products of a $12,000,000,000 industry.

Tenth. Reducing the degree of tuberculosis infection among livestock in the United States from more than 4 per cent when the tuberculosis-eradication campaign was begun 13 years ago to 1.4 per cent.

Eleventh. Supervising the building of about 100,000 miles of highways.

Twelfth. Developing a weather service for orchardists, ships at sea, aviators, business men, communities in danger of floods or storms—in fact, for every person in America.

Thirteenth. Protecting the public health through food and drug inspections, meat inspections, improvement in dairy and livestock sanitation, eradication or control of animal diseases, and nutritional information developed by home-economics experts.

Fourteenth. Grading the grain, the fruits, the vegetables, and other farm products of the Nation; guarding the ports against unwholesome food products and against plant and animal diseases and insects.

Fifteenth. Furnishing a market-news service and a crop-reporting service which is uninfluenced and unbiased by any considerations of selfish interest.

Sixteenth. Caring for 160,000,000 acres of national forests, providing fire protection to a total of 400,000,000 acres, and furnishing millions of young trees annually to farmers for reforestation.

Seventeenth. Inaugurating measures to control injurious rodents on about 38,000,000 acres in the past two years, resulting in savings to farmers and stockmen of around $10,000,000; protecting public health by campaigns to control disease-carrying rodents; establishing and maintaining 350,000 acres for wild-life refuges.

Eighteenth. Helping farmers increase productive capacity per acre and per livestock unit, producing more milk and more meat per unit of feed consumed, with the result that 25,000,000 acres have been released for other uses; speeding the shift from less productive to more productive crops per acre; helping 1-crop areas diversify by the introduction of new crops, drought-resistant seed, early maturing varieties, and improved farm practices.

And still I have given only a sketchy, ragged, inadequate picture of the Department of Agriculture, the job of which is to protect America's food supply, to help the farmer produce it more cheaply and more economically, to point out to him better ways of marketing, to police the movement of the food supply in the interest of the public health and honest dealing through the markets and the processing plants to the American dinner table; to keep constantly on the alert for new methods of production, new uses for crops or by-products; to explore the rainbow promise of every field of scientific research and to interpret the findings in the interest of every American citizen.

At this very moment, for instance, the Chief of the Bureau of Chemistry and Soils could provide an apt illustration of what that rainbow promise of research can mean. He has in his office a small bottle of a brownish cellulose substance called lignin, which was derived from the corn plant after many years of experimentation. He will tell you that lignin is one of the principal parts of woody plant tissues; that it can therefore be procured in great abundance; and that it may yield a vast new collection of products. He will not say positively that it will, for many years of scientific research have shown him that no one can ever predict the ultimate result of any given scientific study.

But—and it is a strongly optimistic "but"—the belief is that lignin will yield as many products of commercial, chemical, and medical importance as have been yielded by coal tar, that by-product of the manufacture of coal gas, the study and exploitation of which gave to Germany a preeminent position in the world chemical trade. Already the Bureau of Chemistry and Soils has made dyes from lignin which are more fast than the first aniline dyes made from coal tar. And the research in the possibilities of lignin has barely begun.

It is not surprising that all attempts to measure the return on the investment in scientific research—and in the work of the Department of Agriculture generally—have usually ended in estimates so high that the department has been reluctant to make them public. A few years ago one such attempt, rather carefully made, yielded the astonishing estimate that for every dollar expended for research in the department a return of a thousand dollars was collected by the public. Even after arbitrarily reducing the estimate one-half, department officials hesitated to subject themselves to the barbs of uninformed critics. More recently a careful analysis of 20 continuing projects in pest control revealed that they cost $300,000 a year but resulted in saving crops worth about $70,000,000 a year—not a bad return on the investment these days.

Risking the wrath of the more virulent editorial writers, a number of individuals outside the Department of Agriculture have lately expressed opinions diametrically opposed to the criticisms heard so frequently. There is, for instance, the Democratic chairman of the House Subcommittee on Agricultural Appropriations, Mr. BUCHANAN, of Texas, who declared on the floor of the House early this year:

> From my investigation, I believe this department is one department of the Government that has cooperated with the President 100 per cent in striving to reduce expenses.

Another, John Flynn, widely known writer on business and finance for many leading magazines, last year went so far as to say that—

> Government offices in general, and the Department of Agriculture in particular, get through more work more efficiently than do most private businesses.

A third opinion is from the late Sir Horace Plunkett, Ireland's great authority on agriculture. After many years of study of rural problems in the United States, as well as in many European countries, Sir Horace, in 1928, described the Department of Agriculture as "the most widely useful department in the world." Granting Sir Horace some leeway for Irish generosity, his opinion is still in striking

contrast to that of the editor who smeared the label "racket" upon the department.

This is not written to palliate criticism of any activity of the department, or to avoid any legitimate demand for economy. It is written because so many of the critics give the impression that the Department of Agriculture regularly and normally spends upward of $300,000,000 a year in aid to farmers.

Any such intimation is untrue. It is unjust to the American farmer, to the department, and to the Congress which appropriates for it.

Let the critics first deduct (from the 1931 total expenditures of $311,000,000, for example) $180,000,000 for roads. Would you do without them?

Deduct another $49,000,000 for emergency drought relief loans. Would the critics be willing to assume responsibility for the tragedies that would have ensued had not those funds been made available?

Deduct some $16,000,000 as payments to States for State experiment stations, extension services, and forest-fire prevention; deduct another $34,000,000 for weather services to aviation, shipping, and the general public, for food and drug law enforcement, for forest conservation, for meat inspection, and for a long list of other items clearly of general public interest. Most of these expenditures plainly are not for the farmer, though they happen to be charged against the Department of Agriculture. Does the general public want weather service for aviators and for ships at sea? Does it want its interstate food and drug shipments inspected? Whatever the answer, the benefit of these expenditures, and the responsibility for them, belongs to the general public, not to the farmer.

As a matter of fact, of that total of $311,000,000 expended by the Department of Agriculture in fiscal 1931, only $31,000,000—10 per cent of the total—went for the regular departmental activities clearly of primary interest to agriculture. Even in these regular departmental activities agriculture can not, even if it would, restrict the benefits to itself. Chemical research benefits many industries. Research in animal diseases may serve humans as much as animals. Even crop reports constitute a service to dozens of industries and groups outside of agriculture.

The table that follows presents the facts at a glance. Complete analysis is not yet available for fiscal 1932. For the fiscal year now under way, it should be noted that the total appropriated to the department by Congress is about $186,000,000 as contrasted with appropriations of more than $300,000,000 annually in the two preceding years.

Expenditures of Department of Agriculture, fiscal year 1931, on basis of Budget statement No. 2, pages A32–A47 of Federal Budget for 1933

1. Roads:		
Federal aid to States	$158,322,940	
Forest roads and trails	18,831,020	
Mount Vernon Highway	3,392,959	
Total for roads, as above (57.93 per cent)		$180,546,919
2. Emergency drought loans (15.68 per cent)		48,824,743
3. Payments to States:		
State experiment stations	$4,340,000	
Extension work	8,650,229	
Forest-fire prevention, etc	3,434,033	
Total payments to States, as above (5.28 per cent)		16,424,262
4. Ordinary activities of department, including:		
(a) Some of the larger items clearly of general public interest, as follows—		
Weather Bureau (general)	$2,745,834	
Weather Bureau (for aviation)	1,241,627	
Meat inspection	5,592,190	
Food and drug laws	1,614,666	
Forest Service	14,979,336	
Biological Survey	1,956,515	
Tuberculosis eradication	6,252,744	
Total, above items (11.04 per cent)	34,382,912	
4. Ordinary activities of department, including—Continued.		
(b) Remainder (10.02 per cent)	$31,201,357	
Total (21.06 per cent)		$65,584,269
5. Total, Department of Agriculture, all purposes (100 per cent)		311,330,193
Less checks issued but unpaid June 30, 1931		14,514,248
6. Net cash withdrawal from Treasury		296,865,945
Total expenditures of Federal Government, 1931 (net cash withdrawals from Treasury), including payments from postal revenues		4,877,315,309

Relation of Department of Agriculture expenditures to total expenditures of Government

	Per cent
All purposes, on basis of net cash withdrawal ($296,865,945)	6.09
Deduct roads and drought loans, leaving $82,008,531, or	1.68
Deduct roads, drought loans, and payments to States, leaving $65,584,269, or	1.34
Deduct roads, drought loans, payments to States, and certain of the larger items of general public interest, as listed above, leaving remainder of $31,201,357, or	.64

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 48 minutes p. m.) the House adjourned until to-morrow, Wednesday, July 13, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, July 13, 1932, as reported to the floor leader by clerks of the several committees:

POST OFFICE INVESTIGATING COMMITTEE

(10 a. m.)

Hearing—Post Office Committee Room.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CONNERY: Committee on Labor. S. 4661. An act to repeal an act entitled "An act to legalize the incorporation of national trade-unions," approved June 29, 1886; without amendment (Rept. No. 1763). Referred to the House Calendar.

Mr. RAINEY: Committee on Ways and Means. H. R. 12946. A bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program; without amendment (Rept. No. 1765). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 285. A resolution for the consideration of H. R. 12946, a bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program; without amendment (Rept. No. 1766). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RAINEY: A bill (H. R. 12946) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program; to the Committee on Ways and Means.

By Mr. SHALLENBERGER: A bill (H. R. 12947) to abolish the Alien Property Custodian, the United States and Mexico Claims Commission, and the United States Railroad Admin-

istration, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. FREE: A bill (H. R. 12948) amending the tariff act of 1930, to provide duties on oil-bearing seeds and materials intended for the expression of oil, on fats and oils, and oil pressed cake and meal; to the Committee on Ways and Means.

By Mr. DICKINSON: A bill (H. R. 12949) to repeal the tax on checks, drafts, and orders for the payment of money; to the Committee on Ways and Means.

By Mr. CARTER of California: A bill (H. R. 12950) to amend section 616 of the revenue act of 1932, relating to the tax on electrical energy; to the Committee on Ways and Means.

By Mr. TINKHAM: Resolution (H. Res. 284) to terminate participation of the United States in the general disarmament conference at Geneva; to the Committee on Foreign Affairs.

By Mr. O'CONNOR: Resolution (H. Res. 285) for the consideration of H. R. 12946, a bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program; to the Committee on Rules.

By Mr. EATON of Colorado: Joint resolution (H. J. Res. 469) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

By Mr. CURRY: Joint resolution (H. J. Res. 470) for the relief of certain Federal officers and employees; to the Committee on Economy.

By Mr. CONNERY: Joint resolution (H. J. Res. 471) defining "annual leave" of Panama Canal and Panama Railroad Co. employees on the Isthmus of Panama; to the Committee on Economy.

By Mr. DICKSTEIN: Joint resolution (H. J. Res. 472) amending the appropriation bills for the Interior Department and the Departments of State, Justice, Commerce, and Labor for the fiscal year 1933; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H. R. 12951) granting a pension to Della Mondon; to the Committee on Invalid Pensions.

By Mr. BULWINKLE: A bill (H. R. 12952) for the relief of Paul DeWitt Brown; to the Committee on Military Affairs.

By Mr. GUYER: A bill (H. R. 12953) granting a pension to Joseph Ladish; to the Committee on Pensions.

By Mr. HOLLISTER: A bill (H. R. 12954) granting an increase of pension to Margaret Marshall; to the Committee on Invalid Pensions.

By Mr. JENKINS: A bill (H. R. 12955) granting an increase of pension to Alice Dunfee; to the Committee on Invalid Pensions.

By Mr. McGUGIN: A bill (H. R. 12956) granting an increase of pension to Narsona Lane; to the Committee on Invalid Pensions.

By Mr. DICKSTEIN: Resolution (H. Res. 283) to compensate F. P. Randolph for extra research and clerical services for the Committee on Immigration and Naturalization; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8524. By Mr. JOHNSON of Texas: Petition of William H. Cliff, of Boston, Mass., and Arthur J. Linn, of Washington, D. C., favoring House bill 12783, for repeal of tax on checks; to the Committee on Ways and Means.

8525. Also, petition of John H. Sweatt, president Farmers State Bank, Mexia; E. B. Tinker, cashier Citizens National Bank of Hillsboro; and Oxsheer Smith, president Citizens National Bank, Cameron; all of the State of Texas, favoring House bill 12783, for repeal of tax on checks; to the Committee on Ways and Means.

8526. By Mr. MEAD: Petition of Buffalo Post, No. 25, Jewish War Veterans of the United States, opposing practice adopted by the United States Civil Service Commission to specify that applicants for positions should live within a certain distance from the place of employment, etc.; to the Committee on the Civil Service.

8527. By Mr. TEMPLE: Petition of Brotherhood of Locomotive Firemen and Enginemen, Baltimore & Ohio Railroad System, 64 Pershing Street, Cumberland, Md., and the State legislative board, Brotherhood of Railroad Trainmen of Pennsylvania, Harrisburg, Pa., supporting the Costigan-LaGuardia bill, to provide emergency financing facilities for unemployed workers, etc.; to the Committee on Ways and Means.

8528. Also, petition of Washington County Bar Association, Washington, Pa., referring to the proposed changes in the bankruptcy law; to the Committee on the Judiciary.

8529. By Mr. YATES: Petition of Mattoon Lodge, No. 795, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, urging the passage of legislation for the purpose of regulating motor trucks and busses; to the Committee on Interstate and Foreign Commerce.

8530. By the SPEAKER: Petition of Royal W. Robertson and others, urging Congress to enact a law whereby the unemployed ex-service men might cash their adjusted-service certificates; to the Committee on Ways and Means.

8531. Also, petition of ex-service men, urging and recommending that they be allowed to deposit their adjusted-compensation certificates with the Secretary of the Treasury as collateral for greenbacks at this time; to the Committee on Ways and Means.

SENATE

WEDNESDAY, JULY 13, 1932

(Legislative day of Monday, July 11, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the President of the United States.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, submitting a nomination, was communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, returned to the Senate, in compliance with its request, the bill (H. R. 12281) to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes.

The message announced that the House had passed without amendment the bill (S. 4741) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate Nos. 8, 10, 11, 12, 13, 14, 15, 16, 18, and 79 to the said bill and concurred therein; that the House had receded from its disagreement to the amendments of the Senate Nos. 54, 60, 62, 80, and 87, and concurred therein severally with an amendment, in which

it requested the concurrence of the Senate; that the House further insisted upon its disagreement to the amendment of the Senate No. 32.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 3400. An act to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia"; and

S. 4741. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal of the proceedings of Tuesday, July 12.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. BINGHAM obtained the floor.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Connecticut yield for that purpose?

Mr. BINGHAM. I do.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Johnson	Reed
Austin	Davis	Jones	Robinson, Ark.
Bailey	Dickinson	Kean	Robinson, Ind.
Barbour	Dill	Kendrick	Schall
Bingham	Fess	Keyes	Sheppard
Black	Fletcher	King	Shipstead
Blaine	Frazier	La Follette	Shortridge
Borah	George	Lewis	Smoot
Bratton	Glass	Long	Steiwer
Brookhart	Glenn	McGill	Stephens
Bulkley	Goldsborough	McKellar	Thomas, Idaho
Bulow	Gore	McNary	Townsend
Byrnes	Hale	Metcalf	Trammell
Capper	Harrison	Morrison	Tydings
Cohen	Hastings	Moses	Vandenberg
Connally	Hatfield	Norbeck	Wagner
Coolidge	Hayden	Norris	Walcott
Copeland	Hebert	Nye	Walsh, Mass.
Costigan	Howell	Patterson	Watson
Couzens	Hull	Pittman	White

Mr. SHEPPARD. I wish to announce that the senior Senator from Kentucky [Mr. BARKLEY] is detained from the Senate because of a death in his family.

Mr. GLASS. My colleague the senior Senator from Virginia [Mr. SWANSON] is necessarily detained from the Senate on official business, being in attendance upon the Geneva Naval Conference.

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present.

RADIOACTIVE WATERS—ADDRESS BY DR. JACOB GUTMAN

Mr. COPELAND. Mr. President, will the Senator from Connecticut yield to me for just a moment?

Mr. BINGHAM. I yield.

Mr. COPELAND. I am very much obliged to the Senator for yielding.

Mr. President, I have been much concerned about public agitation and distress over the possible dangers of radioactive waters. I am advised of the fact that at Hot Springs we have our national hospital. In the current number of the Literary Digest is an article on the subject of radioactive waters in which reference is made to an address by Dr. Jacob Gutman, a distinguished member of the medical profession. I ask that this reference in the Literary Digest, together with a brief article in the New York Times relative to the same subject, and the address of Doctor Gutman may be inserted in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter is as follows:

[From the Literary Digest, July 2, 1932]

RADIOACTIVE WATERS

Dr. Jacob Gutman, director of the Brooklyn Diagnostic Institute, New York, a member of the American Therapeutic Society, in a paper on Radium Emanation as an Internal Remedy, read before the society's annual meeting at Baltimore, declared that the recent death of Eben M. Byers has created more discussion and consternation than any other radium casualty, and has resulted in warnings from various sources to discontinue the use of radioactive waters.

"Even the United States Government, which owns Hot Springs of Arkansas, the richest radioactive springs in the country, yearly patronized by about 300,000 people," said Doctor Gutman, "has had its attention called to the possibility of causing the patrons of its springs more harm than good; and lately Senator COPELAND, of New York, an eminent physician, in open Congress demanded a thorough investigation, and requested the appointment of a committee of scientists to establish the action and dangers, if any, of all radioactive waters."

Doctor Gutman described his work with radium dating back to 1910. He said that many of the proposed methods and apparatus devised for the application of internal radium therapy had been found useless, or quite impractical, or too expensive; "and some really dangerous." He had always hesitated, because of the physical characteristics of the element, to use radium in solution, and had refrained from prescribing waters "radiatized," or charged with radium emanation, until he found two years ago an apparatus which charges liquids with radium emanation without the possibility of radium element in the form of a salt coming into contact with the fluid. With this apparatus Doctor Gutman tried on himself the effects of radioactive waters and, during the past two years, had treated some 30 patients. To quote further:

"The energizing and ionizing forces of the alpha rays of radium emanation have, in the opinion of Doctor Gutman, an important place in internal therapy, but he emphasized the point of view that a great deal of research is still required.

"Present general condemnation of radium is due, in the opinion of Doctor Gutman, to lack of real knowledge concerning its properties and potencies, and to a failure to distinguish between radium emanation, 'the important constituent of radioactive waters useful in medical cases,' and radium salts in solution.

"A most diligent search of medical literature for casualties definitely connected with the drinking of radioactive waters of springs or water charged with emanation only, declared Doctor Gutman, fails to show any such casualties. All the reported cases with fatal consequences, he said, are associated with radium salts in solution, as in the case of Byers and the watch-dial painters.

"Doctor Gutman referred to very recent work of Dr. Frederick B. Flinn, of the College of Physicians and Surgeons of Columbia University, on himself and others, proving that almost 90 per cent of the radium emanation is eliminated through the lungs within an hour or two after it is imbibed in a radioactive water, and that after five hours not a sign of radioactivity is found in the breath.

"Characterizing as 'very convincing evidence' the research of Dr. Roger Monnery, of Paris, to which Doctor Copeland also referred in the United States Senate, Doctor Gutman said that his experience in treating similar cases of gout and arthritis with radium emanation had coincided with Monnery's results. For centuries chronic rheumatism has been treated at the springs by radioactive waters, Doctor Gutman said, and European medical literature is filled with reports by distinguished authorities who favor radioactive therapy in arthritis."

[From the New York Times, May 16, 1932]

DOCTOR GUTMAN DEFENDS RADIUM AS REMEDY—RECORDS SHOW NO FATALITIES FROM WATER CHARGED WITH EMANATIONS ONLY, HE SAYS—DANGEROUS IN SALT FORM—THERAPEUTICS SOCIETY CONVENTION IS TOLD OF PARESIS CURES BY MALARIA FEVER

BALTIMORE, May 16.—The death of Eben M. Byers from radium poisoning has caused "unwarranted condemnation of radium by apparent authorities," Dr. Jacob Gutman, director of the Brooklyn Diagnostic Institute, declared in an address read before the American Therapeutic Society at the opening session of its 2-day convention here to-day.

Present general condemnation of radium is due, in the opinion of Doctor Gutman, to lack of real knowledge concerning its properties and potencies and to a failure to distinguish between radium emanation, "the important constituent of radioactive waters useful in medical cases," and radium salts in solution.

A diligent search of medical literature for casualties definitely connected with the drinking of radioactive waters of springs or water charged with emanation only, declared Doctor Gutman, fails to show any casualties. All the reported cases with fatal consequences, he said, are associated with radium salts in solution, as in the case of Byers and the watch-dial painters.

Doctor Gutman said that he had always hesitated to use radium in solution and had refrained from prescribing waters "radiatized," or charged with radium emanation (radon), until he found two years ago an apparatus which charges liquids with radium emanation without the possibility of radium element in the form of a salt coming into contact with the fluid.

With this apparatus Doctor Gutman tried on himself the effects of radioactive waters and during the past two years treated some 30 patients.

The results, he said, were "not unfavorable."

RADIUM EMANATION AS AN INTERNAL REMEDY

Jacob Gutman, M. D., Brooklyn, N. Y.

The recent death of a prominent citizen, financier, and sportsman from radium poisoning has caused considerable sensation throughout the land. Although many previous casualties in dial painters received great publicity and caused much excitement, the death of Mr. E. M. Byers, nevertheless, has created more discussion and consternation, especially among the innumerable persons who partook of radium waters in various forms, than any other single radium casualty heretofore reported. His death has created great headlines for the daily newspapers, and warnings have been sounded from various sources for the discontinuance of radioactive waters. Even the United States Government, which owns Hot Springs, of Arkansas, the richest radioactive springs in the country, yearly patronized by about 300,000 people, has had its attention called to the possibility of causing the patrons of its springs more harm than good; and lately Senator COPELAND, of New York, an eminent physician, in open Congress demanded a thorough investigation of the situation of internal radium therapy and requested the appointment of a committee of scientists for the purpose of establishing the action and dangers, if any, of all radioactive waters offered to the public.

Whether such excitement be justified is a question. It is obvious that every new discovery, until fully studied and understood, is possibly accompanied by some untoward effects in certain instances; every innovation, whether in medicine or other endeavors, may result at times in accident or disaster; every potent factor may occasionally be the cause of death or disability. Arsenic, phosphorus, mercury, and numerous other drugs in daily use, X-ray and surgery, machinery and automobiles, and practically every other agency have been in the past and still are the cause of numerous casualties. And yet, would anyone be disposed to completely dispense with these simply because of their misuse by some?

With radium the condemnation now appears general, and most probably because few have any real knowledge concerning its properties and potencies. The medical practitioner, in general, is familiar with radium only as to its topical uses, particularly in malignancies, appreciating it accordingly. The laity knows nothing but the facts that radium is very scarce and costly, and the cause of many deaths; hence the present unfortunate, unwarranted condemnation of radium by apparent authorities, which has alarmed the public to such extent that those actually in need of radium therapy hesitate to avail themselves of this wonderful remedy even when applied by most competent men. We therefore feel that we may be justified in bringing the subject of radium here for your attention, and relating our personal experiences, even though meager. Perhaps in a small measure it may assist in a better evaluation of radium as an internal therapeutic agent.

Our experience with radium dates back to 1910, the time of our association with Professor von Noorden. Much credit to him and his coworkers is due for our knowledge of the uses of radium internally. During these past 20 years, while not entirely devoted to radium, we have had occasion to watch the development of internal radium therapy and to study the various proposed methods and devised apparatus. Many of these, after trial, were found to be useless; others quite impractical or too expensive; and some really dangerous. We have always hesitated, because of the physical characteristics of the element later to be discussed, to use radium in solution, and for a number of years refrained from prescribing radiatized waters because of the impossibility of obtaining pure emanation in solution. Two years ago, however, we had occasion to familiarize ourselves with an apparatus designed to dissolve radium emanation in potable liquids without the possibility of the radium salt ever coming into actual contact with the fluid for administration. Having, therefore, obtained satisfactory radiated waters, we experimented with these on our own person and, in a number of cases, on types in which radioactive waters are recommended.

But before proceeding it might be fitting to call attention to a few facts concerning radium and its emanation.

RADIUM

One of the most interesting chapters in the sciences is the introduction of radium element. There is a saying, "Coming events cast their shadows before them"; in the case of radium its shadow was forecast by a number of preceding important discoveries.

Since Mendeleef (1) formulated his periodic table many elements then unknown but prophesied from his series have since been discovered. Events such as Faraday's (2) and later Grove's (3) studies of the phenomena of electrical discharges through rare gases; the conclusions of Hittorf (4) regarding cathode rays; Sir William Crookes's (5) experiences with rarefied tubes and cathode currents; Lenard's (6) discovery of rays honored by his name; Professor Thomson's (7) introduction of corpuscular and electron theories; Röentgen's (8) discovery of X rays; Becquerel's (9) accidental discovery that a compound of uranium, uranium potassium sulphate, makes an imprint in the dark upon a photographic plate through metal without a camera, and that this radioactivity is inherent in the uranium salt—all these preceded the discovery of radium. Radium was thus destined to follow, and it was left to the laborious experiments for many pears of Pierre and Marie Curie (10) to startle the world by successfully obtaining a minute quantity of radium from tons of St. Joachimsthal pitchblende furnished them by the then Austrian Government.

No substance since has aroused such enthusiasm as has radium. Its rarity, its mysterious behavior, its enormous cost, its unique and marvelous properties, have all served to make it most fascinating. Its introduction into medicine with the discovery of its effect upon tissues was no less romantic. Had Henry Becquerel heeded the warning of his assistant, Matout, and not placed a tube of radium in his waistcoat pocket on his trip to London to lecture on radium, the now famous Becquerel burn suffered by the scientist would not have occurred and the introduction of radium in medicine as a remedy would obviously have been indefinitely deferred.

PROPERTIES

The chemical and physical properties of radium are unique. Radium is a bivalent element of an atomic weight established by Mme. Curie as 226.4. It is akin to barium and other basic elements; it breaks up hydrochloric acid with liberation of chlorine, disassociates carbon dioxide, converts oxygen into ozone; it is obtainable as soluble bromides and chlorides and almost insoluble sulphates and carbonates. It combines with oxygen to form oxides and peroxides; it fractures glass, turning it violet; it changes yellow phosphorus to red and imparts a green color to Bunsen flame; it offers unfathomable energy and produces a quarter million times its weight in heat.

But the one characteristic of greatest interest to the profession is its radioactivity. Radium, like other radioactive substances, only more powerfully, emits alpha rays. As a result of continued disintegration various new elements, as radium A, B, C, C_1, C^1, D, E, F, etc., some solid, some gaseous, of different longevity are formed. These successive transformations are accomplished by the extrusion of alpha, beta, and gamma rays. "This spontaneous transformation of radium continues at a regular rate which is independent of the physical state or chemical combination of the radium atom in the molecules of its compounds. It is changing at such rate that in about 1,700 years half of any quantity will have changed." (11.)

According to Rutherford, Thomson, Soddy (12), Chadwick (13), and others, radioactivity is a manifestation of subatomic changes. Rutherford (14) states, "In its simplest form, the theory of atomic disintegration supposes that every second a certain fraction (usually very small) of the atoms present become unstable and explode with great violence, expelling in many cases a small portion of the disrupted atom at high speed. The residue of the atom forms a new atomic system of lesser atomic weight and possessing physical and chemical properties which greatly distinguish it from the parent atom. The atoms composing the new substances formed by the process of disintegration of the atom, once started, proceed through a number of distinct states. These new products formed by the successive disintegration of the parent matter are in most cases present in such extremely minute quantities that they can not be investigated by ordinary chemical methods. For any simple substance the average number of atoms breaking up per second is proportional at any time to the number present. In consequence the amount of radioactive matter decreases in a geometrical progression with time."

RADIUM EMANATION

Radium emanation is of greater interest to the internist than radium element, for the gas, because of its richness in potent alpha rays and its solubility in fluids, is the important constituent of radioactive waters useful in medical cases. Emanation, as stated above, originates during the first stage of disintegration of radium; every second a small fraction of the atoms explodes, expelling rays known as the alpha rays; the residue of the disrupted atom is transformed into emanation or radon and represents a new molecular system of lower atomic weight and with physical and chemical properties different from its parent, radium. It is a monatomic, self-luminous, inert gas allied to helium and argon, condensing at low temperatures when frozen with liquid air, and subject to Boyle's law like other gases. Radium emanation is soluble in liquids and, following Henry's law, its coefficient is in accordance with temperature of solvent, pressure, etc. Emanation has a half-life period of 3.85 days and disintegrates entirely in about 30 days. Although 1 gram of pure radium gives only 0.6 cmm. or a pinhead, of emanation, the latter is nevertheless a hundred thousand times as radioactive as the original radium.

As the alpha rays of radium emanation comprise more than 90 per cent of available energy and have a high ionizing power of considerable influence, a solution containing these powerful alpha rays is thus used as an internal remedy in the treatment of disease. Because of such richness in alpha rays only a moderate quantity of emanation solution is required; consequently a comparatively small amount of radium suffices in obtaining adequate dosage of emanation, thus making its use inexpensive and practical. On the other hand, in topical applications of radium where only beta and gamma rays are the active agencies utilized, and these constitute but 5 to 10 per cent of the energy evolved, a large quantity of radium becomes necessary, making its application to the patient expensive, and confining its use to wealthy individuals and institutions.

ADMINISTRATION

Solutions of emanation administered orally are primarily absorbed in the small intestines, then carried through the circulation to all parts of the organism, coming in contact with every living cell reached by body fluids. After activating the cells the emanation is then eliminated through the usual channels, through the lungs largely like all gases, the kidneys next, and to a lesser extent by the colon, skin, etc. Where emanation is administered by inhalation, as in inclosed chambers of emanatoriums, only about a third of the gas is absorbed while the rest is immediately exhaled. In the intravenous method, in spite of careful technique, considerable loss of emanation occurs, due to handling and diffusibility; besides, it is quite difficult to sterilize it. To solutions for hypodermic use from soluble salts there are far greater objections, later to be more fully described.

PHYSIOLOGICAL EFFECTS

The effects of radium emanation upon cell life have received considerable study abroad. While there still is much discussion, the consensus of opinion is that radon affects the organism in a manner similar to other natural forces, small doses stimulating cell activity, large doses destroying.

Radioactivity, a powerful, energizing, and activating force, being all pervading, must necessarily exercise some definite potency upon living organisms. The fact that the earth contains enough uranium, thorium, and actinium to impart radioactivity not only to the ground but to the atmosphere above and the seas beneath is very significant and recommends consideration. It is assumed that untold quantities of radium exist in the earth and in solution in the seas. Radioactivity is also imparted to rain water, river water, and springs. Many spas known to benefit humanity are radioactive; Bad Joachimsthal and Brambach are richest in Europe, and Hot Springs of Arkansas and of Virginia are richest in the United States. It is folly to suppose, as do some, that the good obtained in these watering places is due only to the strict diet, physiotherapy, and other procedures common at such resorts, or to wholly ascribe the results to a psychic state brought about by the beauty and comfort of surroundings; nor is it true that the favorable effects obtained by the use of radioactive waters are the result of the alkalies contained therein, for it has been repeatedly demonstrated that similar concentrations of these salts in ordinary waters are of but little benefit in similar types of cases where spa treatment has been effective. This, therefore, can be explained only by the presence of an appreciable quantity of radioactivity in waters at spas, and is further verified by the fact that, since emanation can not be preserved in bottled waters, the beneficial effects from such imbibed beverages, except for the action of the dissolved salts, are practically nil.

RADIUM RAYS

Radium and other radioactive substances emit three types of rays: Alpha, beta, and gamma.

Alpha rays: Alpha rays may be deviated by strong electromagnetic forces. They carry two charges of positive electricity. Their atomic weight is approximately four times that of the hydrogen atom; they travel at a speed of 12,000 miles per second, or about a tenth the velocity of light; this speed, however, is rapidly decreased upon passage through matter, hence these rays penetrate poorly and can be absorbed by glass, a thin layer of aluminum, and even an ordinary sheet of paper. Alpha rays possess, however, great power of ionization; they excite fluorescence and affect photographic plates. Their impingement upon a zinc-sulphid screen becomes visible, which principle is utilized for their detection by the spinthariscope. This instrument not only permits the visualization of individual alpha rays but also their counting through the starlike luminous scintillations.

Another interesting property of alpha rays is their power of discharging electrified bodies. This property is utilized in electroscopy, in the detection and quantitative estimation of radioactivity in a substance, the electrically charged leaf of the electroscope losing such charge and dropping when brought into proximity with radioactive matter. The character of the substance, its distance from the apparatus, and the time consumed for the dropping of the leaf determine the quantity of radioactivity in even as minute a particle as one three-billionth of a grain of radium.

The number of alpha rays emitted from radium is enormous; according to Soddy, 1 milligram evolves 136,000,000 alpha rays per second at a speed forty times greater than the fastest rifle bullet.

We dwelt upon the alpha rays somewhat more extensively, since these rays, as previously stated, constitute the great energizing forces of radium emanation used internally, are remarkable for their anabolic properties and favorable influence upon cell nutrition.

Beta rays: Beta rays are far less numerous than alpha; they also are deviated by strong magnetic fields, but in the opposite direction; they are negatively charged and resemble in many respects the cathode Röntgen rays. They are a thousand times smaller than alpha rays, but more penetrating, taking at least 1 centimeter of lead or a fifth inch of aluminum to check their penetration. They have a calculated speed of from 60,000 miles to light speed per second. They ionize gases like alpha rays, though less powerfully, and render these conductors of electricity. They also affect photographic plates, discharge electrified bodies, induce phosphorescence, but give no scintillations upon the screen of the spinthariscope. They are utilized mostly for their penetrability and catabolic activity.

Gamma rays: Gamma rays are not matter particles but nonelectrified radiations or ether pulsations. They are neither positively nor negatively charged and are not deflected by magnetic or electric fields. In many of their properties they resemble Röntgen rays. The gamma rays accompany the beta rays and are found only where these are present, their velocity being tremendous and equal to that of light. They are most penetrating, even more than those obtained from the hardest X-ray tubes, and can pass through lead nearly 3 inches thick, aluminum 20 inches, and may ionize gas after penetrating iron 30 centimeters thick.

TOXICITY OF RADIUM AND EMANATION

Much might be said regarding the toxicity of radium and emanation if time and space permitted, as this topic is of serious importance to all, especially to the thousands who use radium internally.

Earlier in this paper mention was made of our objecting to the use of radium salt solutions either orally or intravenously. This was felt to be a dangerous practice and attention to it was called by us even in the public press several years ago.

If one were to analyze without prejudice the course of action when radium is administered internally, one would come to the following conclusions: First, preparations for internal use are generally made from the soluble salts, the chlorides and bromides. Since the carbonates and sulphates are practically insoluble, their oral or hypodermic use in solution is impossible. The radium salt solution reaches the intestines, where it is absorbed, and then is transported through the general circulation to all parts of the organism, as previously stated.

Solutions of any substance, as all know, may be precipitated and the original solute recovered by either chemical or physical means. This fact is made use of daily in the arts and, in the case of radium, by those engaged in the radium industry. In the organism containing various elements, fluids, and compounds there are those which are apt to and do precipitate the radium salt in solution, with the result that some insoluble salt is formed, producing an active deposit which settles in the tissues where precipitated. Once radium becomes thus deposited, especially in the bones, for which, like its chemical relative calcium, it has a predilection, it can never be removed during the lifetime of the individual, no method having been as yet devised capable of redissolving the deposited radium salt and extracting it from the organism. This active deposit, therefore, must remain at least a half lifetime of radium, or about 1,700 years—longer than the longest lived individual can hope to survive! It is evident, therefore, that repeated introduction into the body of radium in solution, orally or hypodermatically, once absorbed, will result in accumulation of the radioactive element in the places where it is retained. There the active substance through its various rays continues to bombard the adjoining tissue cells, as that of bone, until these are destroyed, resulting in spontaneous fractures, destruction, death of tissue and the individual as well. The process may take years until the final issue ensues, this depending upon the amount of radium ingested, the constitution of the individual, his natural resistance, and his eliminative powers.

How much radium thus administered and accumulated will induce such pathological changes and eventual destruction has not been definitely determined. It may vary from 40 to several hundred micrograms, as found in the remains of the watch-dial radium-poisoning victims. Careful study of this question is greatly desired. The average amount of radium salt in the remains of the deceased, according to post-mortem examination, was 100 micrograms. This amount of radium in solution produces daily 270,000 Mache units of radioactivity. There is no doubt that ingestion of even very small doses of radium salts produces certain changes or disturbances, such as indefinite aches in various bony parts of the body; if administration be stopped in time this may cause no greater pathologic disturbances. If, however, administration is continued, constant or repeated, serious results with complete deterioration are bound to follow.

What, on the other hand, happens with the introduction of solutions of emanation and not salts into the organism? Martland (15) expressed himself quite decidedly against the use of emanation because of its powerful alpha rays. We feel that Martland's experience is based probably entirely on cases who have imbibed over a considerable period large quantities of radium salts in solution and not emanation. His assumption that harmful effects must be expected from emanation because of its progressive conversion into the lower series, such as radium D with a half lifetime of 16 years, may not hold true where only emanation has been administered, for emanation is a gas and as such is well known to conform to all the physical laws of gases, including diffusibility and elimination. Furthermore, such a concentration of emanation as might be produced in a closed impenetrable vessel in the laboratory is questionable for the human body.

It is a physiological fact that gases in solution reaching the intestines are absorbed there and mostly excreted through the pulmonary area. This is true of carbon dioxide, sulphuretted hydrogen or any other gas found in the intestines. Researches have shown that almost 90 per cent of the gas radon is eliminated through the lungs within an hour or two and that after five hours not a sign of radioactivity is found in the breath of those im-

bibing radium emanation. This work has but lately been proven again by Doctor Flinn (16) on himself and others. In the urine radioactivity is retained for a longer time, and in the whole body never after a few days. This is because the half-life period of emanation is only 3.85 days. There is, therefore, not much opportunity for the gas to accumulate in the organism and form active deposit, because it is so readily diffused and excreted.

A most diligent search of medical literature for casualties definitely connected with the drinking of radioactive waters of springs or waters artificially charged with emanation only fails to show any casualties; whereas all the reported cases with fatal consequences are associated with the use of radium salts in solution. In the case of Byers, death was due to the repeated use of a solution of radium and mesothorium containing one microgram of each per ounce of water, which salts eventually became deposited in the body and terminated Byers's existence.

Distinction therefore should be made between the toxic possibilities of waters charged with emanation, which are almost negligible, and the toxic possibilities of waters containing radium salt in solution, which have been definitely established.

USES OF EMANATION

Unlike drugs that have a selective action and are limited to definite types of cells or systems, radium emanation affects practically all cells; radon in certain concentration is thought, like electrical currents, to activate all functions. Clinical observations have revealed that the administration of emanation in solution is followed in most cases by a feeling of general well-being, of buoyancy, improved appetite and more active elimination, of more vigor and better mental activity. These effects may perhaps be due to the energizing action upon the endocrines, through which such phenomena may be accomplished.

A most marked influence of radium emanation is upon uric acid metabolism, and for this reason thousands of sufferers from uratic manifestations yearly take the cures at the various places rich in radioactive waters. The drinking of such waters lowers blood concentration of uric acid, decreases uratic deposits in joints and other body parts, and increases uric-acid content of urines. It is still a matter of dispute as to the actual manner in which these results are accomplished by emanation; whether by conversion of insoluble urates into soluble, or the increased enzymatic breaking down of the less soluble monosodium into the more readily eliminated carbon dioxide and ammonia, or the direct effect of kidney function; the fact remains that the uricacidemia in such constitutional disturbances as gout, arteriosclerosis, arthritis, treated with emanation, is diminished and symptoms ameliorated.

Monnery (17) has lately published a valuable contribution to this subject. Although the number of cases reported is small, his methods of study, his daily observations, the analytical procedures employed, and graphs exhibited offer, nevertheless, very convincing evidence. His procedure comprised, first, the keeping of patients for a number of days upon certain diets and studying daily their uric-acid output and blood content. Then after such preliminary, and continuing the diet, he eliminated all other therapy and administered daily radioactive water charged with from 150 to 300 millimicrocuries (400 to 800 Mache units) of emanation. After a number of weeks he found in his experimental cases a considerable abatement of symptoms with a daily increase of urinary uric-acid output and decrease of preexisting uricacidemia.

Our experience in similar cases coincides closely with that of Monnery. We also have observed a lowering of uricacidemias and increased uric-acid elimination. We had thirty-odd cases in all of various types, which will later be reported, as some are still under observation. We used stronger radioactive waters than Monnery from an apparatus, the radiumator, designed to charge potable liquids with emanation only and producing 8,000 Mache units or 3,000 millimicrocuries of emanation daily. This emanation is obtained from a container holding sufficient radium chloride to deliver the amount of emanation mentioned.

In the arthritides without uricacidemia the internal use of radium emanation is quite as beneficial. For centuries chronic rheumatism has been treated at springs by radioactive waters, drinking, bathing, and applying externally. The European literature is filled with reports of men like von Noorden, Falta, His, Gudzent, Mendel, and many French luminaries favoring radioactive therapy in arthritis. Monnery's rheumatic cases also showed marked improvement from drinking his comparatively smaller emanation dosage. We have used from 8,000 to 10,000 Mache units per day and obtained satisfactory results, but we always continued the removal of all associated focal infections, colon stasis, etc., remedying by modern methods other defects disclosed upon thorough examination.

It is quite generally accepted that radium emanation internally effects a change in blood picture, stimulating not only the bone marrow but also the reticuloendothelial system. Perhaps to this influence upon the latter system, concerned with the protective functions of the organism, the antitoxic or disease-resisting qualities claimed by some authors for emanation may be ascribed. We had occasion to find in some of our cases treated for their rheumatism, arteriosclerosis, or metabolic disturbances an improvement in their blood, an increase of erythrocytes, a higher hemoglobin content, or a greater leucocyte count, particularly of mononuclears. Also in some with infections as pyorrhea alveolaris, diabetic furunculosis healing was apparently hastened by the use of radiatized waters.

In several cases treated for arterial hypertension improvement also was noted. We feel that in these the lowering of pressure may be due more to the diuresis induced by radium emanation than to the direct effect upon the vascular tone. The reduction was more lasting and pronounced in some than in others, but in none permanent. We have also tried emanation in cases of lumbago, sciatic neuritis, sinus infection, chronic osteoarthritis, thyrogenous obesity, and nephritis with variable results.

CONCLUSIONS

Our experiences with radium emanation internally are not unfavorable; although we had some disappointments, the satisfactory results outnumbered the failures. We feel that radium emanation with its rich powerful alpha rays, its energizing and ionizing forces, has a place in the armamentarium of the internist, but a great deal of research must still be indulged in to establish its real usefulness, adaptability, and limitations. Even where radium is beneficial the older well-established therapeutic measures may not be disregarded, and, furthermore, the toxicity of radium emanation lately so much dwelt upon, need not, in our opinion, deter one from trying internal emanation therapy in appropriate cases.

We should not overlook this all-important fact: Whereas radium salt once deposited in the body is entirely uncontrollable, radium emanation—due to its short-life period—is controllable.

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MEMORIALS

Mr. COPELAND presented resolutions adopted by the Council of the city of Niagara Falls, N. Y., protesting against the discontinuance of the United States Naval Reserve unit, Fourteenth Fleet Division, at Niagara Falls, N. Y., which were referred to the Committee on Naval Affairs.

He also presented a memorial of sundry citizens of Buffalo, N. Y., remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

FOREIGN DEBTS

Mr. JOHNSON. Mr. President, I ask unanimous consent to place in the RECORD a tabulation concerning our foreign debts, prepared by the junior Senator from Nebraska [Mr. HOWELL] with extraordinary care and, I think, wholly with accuracy.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

Data respecting European war debts due the United States at respective dates of settlements

	1 Debtor nations	2 Dates of debt settlements	3 Pre-armistice debts due at dates of settlement	4 Post-armistice debts due at dates of settlement	5 Total debts due at dates of settlement	6 Total payments agreed to be made by debtor nations over a period of 62 years	7 Present worth of payments to be made on basis of 4¼ per cent annual interest	
1	Austria	Jan. 1, 1928		$34,631,000.00	$34,631,000	$24,614,885.00	$10,238,000	1
2	Belgium	June 15, 1925	$224,745,500.00	258,680,500.00	483,426,000	727,830,500.00	225,000,000	2
3	Czechoslovakia	do		123,854,000.00	123,854,000	312,811,433.88	91,964,000	3
4	Estonia	Dec. 15, 1922		14,143,000.00	14,143,000	33,331,140.00	11,392,000	4
5	Finland	do		9,190,000.00	9,190,000	21,695,055.00	7,413,000	5
6	France	June 15, 1925	2,577,451,086.95	1,653,325,913.05	4,230,777,000	6,847,674,104.17	1,996,509,000	6
7	Great Britain	Dec. 15, 1922	4,115,809,530.18	599,500,469.82	4,715,310,000	11,105,965,000.00	3,788,470,000	7
8	Greece	Jan. 1, 1928		19,660,000.00	[1] 19,660,000	[2] 20,330,000.00	6,425,000	8
9	Hungary	Dec. 15, 1923		1,984,000.00	1,984,000	4,693,240.00	1,596,000	9
10	Italy	June 15, 1925	1,348,768,025.36	801,381,974.64	2,150,150,000	2,407,677,500.00	528,192,000	10
11	Latvia	Dec. 15, 1922		5,893,000.00	5,893,000	13,958,635.00	4,755,000	11
12	Lithuania	June 15, 1924		6,216,000.00	6,216,000	14,531,940.00	4,967,000	12
13	Poland	Dec. 15, 1922		182,324,000.00	182,324,000	435,687,550.00	146,825,000	13
14	Rumania	June 15, 1925		46,945,000.00	46,945,000	122,506,260.05	35,172,000	14
15	Yugoslavia	do	13,874,875.00	52,289,125.00	66,164,000	95,177,635.00	20,030,000	15
	Summary		8,280,649,017.49	3,810,017,982.51	12,090,667,000	[3] 22,188,484,878.10	6,878,948,000	

	1 Debtor nations	8 Annuities for 62 years purchasable with present worth on basis of 4¼ per cent annual interest	9 Annual rates of interest which annuities would pay on respective debts for 62 years	10 Average rate of interest paid by United States to carry these debts since dates of settlements	11 Approximate cost to United States, in interest paid, to carry debts from dates of settlements to July 1, 1932	12 Total payments on debts to United States since dates of settlements to July 1, 1932	13 Approximate excess in interest paid by United States above all payments received since dates of settlements to July 1, 1932	
			Per cent					
1	Austria	$470,948	1.36	On $12,000,000,000 of United States bonds outstanding bearing the highest rates of interest, the interest rate since 1923 has approximately averaged 4⅛ per cent up to July 1, 1931, and is estimated to be 4 per cent for the year ending June 30, 1932.	$5,645,545	$862,668	$4,782,877	1
2	Belgium	10,350,000	2.14		140,338,567	31,607,234	108,731,333	2
3	Czechoslovakia	4,230,344	3.42		35,955,106	18,000,000	17,955,106	3
4	Estonia	524,032	3.71		5,650,948	1,248,431	4,402,517	4
5	Finland	340,998	3.71		3,672,723	2,654,685	1,018,038	5
6	France	91,839,414	2.17		1,228,259,000	200,386,687	1,027,872,313	6
7	Great Britain	174,269,620	3.09		1,884,114,000	1,355,848,085	528,265,915	7
8	Greece	295,550	1.5		3,796,925	262,926	3,533,999	8
9	Hungary	73,416	3.7		793,206	468,465	324,741	9
10	Italy	24,296,832	1.13		624,435,000	39,820,716	584,614,284	10
11	Latvia	218,730	3.71		2,356,142	507,899	1,848,243	11
12	Lithuania	228,482	3.68		2,073,369	1,128,579	944,790	12
13	Poland	6,753,950	3.70		72,857,070	20,603,097	52,253,973	13
14	Rumania	1,617,912	3.45		13,628,133	2,704,451	10,923,682	14
15	Yugoslavia	921,380	1.39		19,206,828	1,232,112	17,974,716	15
	Summary	316,431,608	2.62		4,042,782,562	[4] 1,677,336,035	2,365,446,527	

[1] Does not include new loan of $12,167,000 made in May, 1929.
[2] Total payments to be made over a period of 40 years instead of 62 years. However, the annuity is calculated for a 62-year period and thus included in the final result.
[3] The Hoover moratorium deferred-debt payments for the fiscal year ending June 30, 1932, are to be paid in 10 annual installments with 4 per cent interest. Column 6 does not include this interest.
[4] Items in this column and total include cash payments on dates of settlements.

REMARKS.—Inasmuch as the payments made and to be made for 62 years by debtor nations will be insufficient to pay the interest charges incurred by the United States to carry these debts, it is evident there never will be anything to apply on the principal sums. Hence, these principal sums are canceled. To determine the consequent loss to July 1, 1932, due to these debt settlements, add together the totals of columns 5 and 13. The sum is $14,456,113,527. From year to year this huge loss will increase even though the debtor nations pay their obligations in full.

REPORTS OF THE CLAIMS COMMITTEE

Mr. HOWELL, from the Committee on Claims, to which were referred the following bills and joint resolutions, reported them severally without amendment and submitted a report, as indicated:

H. R. 1778. An act for the relief of John S. Shaw (Rept. No. 998);

S. 2839. An act for the relief of the heirs of C. K. Bowen, deceased (Rept. No. 1000);

S. J. Res. 194. Joint resolution conferring jurisdiction upon the Court of Claims to render findings of facts in the claim of the Mack Copper Co.; and

S. J. Res. 197. Joint resolution conferring jurisdiction upon the Court of Claims to render findings of fact in the claim of P. F. Gormley Co.

Mr. COOLIDGE, from the Committee on Claims, to which was referred the bill (H. R. 5256) for the restitution of employees of the post office at Detroit, Mich., reported it without amendment and submitted a report (No. 999) thereon.

RENA ROSE

Mr. TOWNSEND. Mr. President, I ask unanimous consent to report back favorably without amendment from the Committee to Audit and Control the Contingent Expenses of the Senate, Senate Resolution No. 272, and I also request unanimous consent for its immediate consideration.

There being no objection, the resolution was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1932, to Rena Rose, widow of Henry M. Rose, late the Assistant Secretary of the Senate, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

EXECUTIVE REPORTS OF THE FOREIGN RELATIONS COMMITTEE

As in executive session,

Mr. BORAH, from the Committee on Foreign Relations, reported favorably several nominations of secretaries in the Diplomatic Service.

He also, from the same committee, reported favorably Executive L (72d Cong., 1st sess.), a convention between the United States of America and the United Mexican States, signed at Mexico City, June 18, 1932, extending the duration of the Special Claims Commission provided for in the convention between the two countries of September 10, 1923, together with a protocol concerning the extending convention, signed at the same time.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GEORGE:

A bill (S. 4972) granting the consent of Congress to the State of Georgia to construct, maintain, and operate a highway bridge across the Savannah River near Lincolnton, Ga., and between Lincolton, Ga., and McCormick, S. C.; to the Committee on Commerce.

By Mr. GLENN:

A bill (S. 4973) granting a pension to Robert T. Green; to the Committee on Pensions.

By Mr. GOLDSBOROUGH:

A bill (S. 4974) for the relief of the Baltimore Butterine Co.; to the Committee on Claims.

CHANGE OF REFERENCE

On motion of Mr. THOMAS of Idaho, the Committee on Agriculture and Forestry was discharged from the further consideration of the bill (S. 4953) to provide for the establishment at the seat of the Government of the United States of a bank to be known as the Government farm-loan bank of the United States, with an authorized capital stock of $150,000,000, or as much more as may from time to time be authorized, and for other purposes, and it was referred to the Committee on Banking and Currency.

EXCHANGE OF LANDS WITHIN THE WALAPAI INDIAN RESERVATION

Mr. FRAZIER submitted the following resolution (S. Res. 273), which was ordered to lie on the table:

Resolved, That the Secretary of the Interior is hereby requested to delay the final consummation of the proposed exchange of lands within the Walapai Indian Reservation with the Atchison, Topeka & Santa Fe Railroad Co., pursuant to the act entitled "An act to provide for exchanges of Government and privately owned lands in the Walapai Indian Reservation, Ariz.," approved February 20, 1925, pending further investigation of the proposal by the Senate Committee on Indian Affairs and the final disposition by the Seventy-second Congress of such additional legislation as the committee may recommend in connection therewith.

RECONSIDERATION OF EMERGENCY-RELIEF LEGISLATION

Mr. BINGHAM. Mr. President, last night under great pressure there was jammed through the Senate the so-called Democratic relief bill. I had not supposed that it was to be passed last night and therefore was not present. I desire to move that the vote by which the bill was ordered to a third reading and passed may be reconsidered, and if that vote is reconsidered I shall then move to reconsider the vote whereby the amendment of the Senator from Texas [Mr. CONNALLY] striking out Title III of the bill was rejected.

Mr. President, the other day I had occasion to refer to the appropriately named yacht on which the Democratic presidential candidate is now entering New England waters. It is called the *Myth II*. I stated then that I did not know what the first myth was. It was evident that the second myth had to do with immediate modification of the Volstead Act. The passage of the Democratic emergency relief bill last night, introduced by the leaders on the other side of the aisle, fathered by Senators WAGNER, ROBINSON of Arkansas, WALSH of Montana, PITTMAN, and BULKLEY, with its appropriation of $322,000,000 for roads, buildings, rivers and harbor projects, flood-control projects, and so forth, reveals myth No. 1. It is evident that both myths are connected with the word "immediate." The only two times the word "immediate" occurs in the Democratic platform is in connection with the Volstead Act and with "immediate reduction of governmental expenditures." The first myth relates to the immediate and drastic reduction of governmental expenditures, "eliminating extravagance and to accomplish a saving of not less than 25 per cent in the cost of Federal Government." The myth is that the word "immediate" means "now."

The leaders of the Democratic Party in the Senate, by their urgency in jamming through their so-called relief bill last night, have undone all the work we have been trying to do at this session in an effort to balance the Budget and reduce governmental expenditures. Their platform calls for "immediate and drastic reduction in governmental expenditures." Their action last night, which I am endeavoring to have reconsidered to-day, calls for immediate extravagance in Federal aid for road construction and other extravagances to the tune of many millions of dollars. The road item alone apparently provides for only $136,000,000, but actually it provides for $256,000,000 of Federal expenditure, since of the $136,000,000, $120,000,000 is to be used to help the States match another $120,000,000 now safely lying in the Federal Treasury. This project calls for $240,000,000. That is nearly $100,000,000 more than the total savings in the economy bill.

I have been informed that the economy bill will provide a saving of between $135,000,000 and, at the most optimistic estimate, $150,000,000. We passed it to help balance the Budget. We reduced the salaries of poorly paid Government workers, asking them to contribute to Government expenditures in this way. We have discharged many faithful workers in our public service, adding them to the ranks of the unemployed. By our 10 per cent cut in appropriation bills, which had previously been cut in the House and previously to that cut by the Budget, we have greatly increased unemployment, particularly in connection with the fact that all savings due to the economy bill are to be impounded in the Treasury and not used for employing other Government clerks.

Furthermore, we are about to break up many happy homes where husband and wife are both employed in the Government service, serving the Government faithfully, but one of them is now to be discharged in the name of economy. We are asking retired Army officers who have served us faithfully in the national defense, to take a diminution in their retired pay to help balance the Budget. We have caused an enormous amount of suffering in the name of economy, and now we take all the money we have saved and dump it into the building of unnecessary roads. We have laid the burden of taxation on thousands of little people.

Mr. President, I understand this is not a popular subject. I know it is not pleasant to think that by the action of the Senate last night we undid the work of months of faithful effort. The Senator from Tennessee [Mr. MCKELLAR] day after day persisted in his well-worth-while efforts to have the appropriation bills cut 10 per cent, and succeeded in so far as some of them were concerned. He, the Senator from South Carolina [Mr. BYRNES], the Senator from New Mexico [Mr. BRATTON], the Senator from Iowa [Mr. DICKINSON], the Senator from Washington [Mr. JONES], and myself spent weeks of effort trying to secure an adequate economy bill. Had I thought for a moment, Mr. President, at that time that our efforts were all to be wiped out at one fell swoop by a bill that had never gone to the Appropriations Committee, I would never have spent any effort on the Economy Committee; I would not have voted for the economy bill; I would not have voted for the cuts in the appropriation bills which will deprive scientific workers of their jobs. I so acted and voted because I felt that we were really interested in saving money; I did so because I thought that at this time it was an extravagance to have quite so much scientific investigation conducted in the Bureau of Standards, in the laboratories of the National Advisory Committee for Aeronautics, in studies made by the Department of Commerce, and in studies made by the Department of Agriculture. I voted for those economies thinking that we were really going to save money. Had I known that we were going to spend it all in one bill last night that had never gone to the Appropriations Committee and never been considered by it, I never would have voted for them.

Mr. ROBINSON of Arkansas. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ROBINSON of Arkansas. May I ask what is the pending question?

The VICE PRESIDENT. The pending question is on the motion of the Senator from Connecticut [Mr. BINGHAM] to reconsider.

Mr. ROBINSON of Arkansas. The Senator has made the motion?

The VICE PRESIDENT. The Senator from Connecticut has made the motion.

Mr. ROBINSON of Arkansas. Very well.

Mr. BINGHAM. And I have said that if I succeeded in that motion, I should then move to reconsider the vote whereby the amendment of the Senator from Texas [Mr. CONNALLY], proposing to strike out Title III, was rejected.

Mr. BYRNES. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from South Carolina?

Mr. BINGHAM. I yield.

Mr. BYRNES. I agree that in the Appropriations Committee all during the session the Senator from Connecticut has been advocating economy, but the Senator's statement now is that last night when the Senator from Utah moved to strike out the appropriation for the construction of gymnasiums and other buildings at Army posts throughout the country the Senator from Connecticut voted against striking it out, and then when the Senator from Texas moved, in the interest of economy, to strike out the whole title the Senator from Connecticut was not here to vote. It is the first time I have known the Senator from Connecticut not to be working in the interest of economy.

Mr. BINGHAM. Mr. President, I expected that that charge would be made, and I will say to the Senator that, if we are going to spend, as the bill calls for, $322,000,000 for public works, it seems to me that the War Department should receive its share. Therefore, I resented the effort of the Senator from Utah [Mr. KING] to strike out the items for War Department construction. Had I known that the bill was to come up for a vote last night—and I had been informed that it would not be voted upon, but unfortunately I was given the wrong information about it—and had I known that the Senator from Texas was going to press his motion to strike out Title III, I should certainly have been here and to have voted for it. My only recourse to-day, may I say to the Senator, is to move a reconsideration of the vote whereby the amendment was rejected.

Mr. BYRNES. May I say to the Senator I voted with the Senator from Texas, but we did not have a sufficient number to secure a roll call.

Mr. BINGHAM. It is very unfortunate we did not have a roll call, and I hope we may have a roll call on the question to-day.

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Oklahoma?

Mr. BINGHAM. I yield.

Mr. GORE. How much economy would the Senator's plan effect if carried out? I did not hear the beginning of his remarks.

Mr. BINGHAM. If we can have this bill reconsidered and have the motion of the Senator from Texas adopted it will strike from the bill $322,000,000. This will be in addition to the $120,000,000 which the Federal Government now has and which it would have to pay the States if they are now given this money to match it with. This will be added for building roads not needed, but which are to be built in the interest of providing employment. In other words, it is really $442,000,000 that I am endeavoring to save.

Mr. GORE. I hope the Senator will succeed in saving it.

Mr. BINGHAM. Mr. President, the appropriation for Federal-aid roads in this bill is more than the entire amount we appropriated for five Government departments. The Budget cut their appropriations; the House cut them; and then we cut them 10 per cent. As the bills came out of conference and as they have become law the Interior Department has about $45,000,000, the State Department about $13,000,000, the Department of Justice about $46,000,000, the Department of Commerce about $40,000,000, the Department of Labor about $13,000,000; or, roughly, a total of $157,000,000. The Appropriations Committee worked for months in the effort to save a little here and a little there in order to help balance the Budget. But yesterday, after only a few words of debate, we passed a bill, which had never been to the Appropriations Committee, providing for public works a far greater amount than we have provided for those five departments of the Government.

Mr. President, we passed a lot of nuisance taxes which I never would have voted for had I supposed the money was going to be used for the purpose of building unnecessary roads at this time. We ask every child to pay a few additional pennies for candy, for baseballs, for tennis balls, for anything used in sports. We ask every cleanly person who uses soap or a dentifrice to pay a few additional pennies in order that we may balance the Budget. We put a 10 per cent tax on industries already struggling and unable to meet their requirements. We imposed a tax of an additional penny on our envelopes for ordinary letters, an additional 10 per cent on tickets to places of amusement where the admission price is more than 40 cents, 2 cents on checks, all kinds of little nuisance taxes. Why? Because we were going to cut expenses to the bone and we wanted to balance the Budget. Now, in "one fell swoop," without the measure having been reported from the Appropriations Committee, which is familiar with the large amounts of money needed and which has engaged in trying to save money, we pass a bill which will cause the expenditure of $240,000,000 for unnecessary roads, not that they will not be useful, but they are not needed at this time, and $100,000,000 for buildings not absolutely needed at this time, but in order to give employment. Furthermore, we have asked retired soldiers and retired officers in the Army, who are living on the retired pay which they have earned through faithful years of service to give up part of their retired pay and make a contribution to the Federal Government of a few dollars each so that we may balance the Budget. Then we turn around and take the money which we have wrung from them and spend it on a so-called relief measure, which is really a road measure, because the money is not distributed in accordance with the needs of unemployment but rather in accordance with the usual laws regarding the building of roads.

Mr. President, it is really most discouraging to think that we have caused so much suffering among the faithful servants of the Government, and all in vain. I helped to do it, because I believed the money was really going to be saved; but, instead, we turn around and spend it lavishly. Why should we spend it? We spend it to provide employment, on the one hand, and we increase unemployment on the other hand; we furnish employment for somebody else. The people whom we have turned out of the Government, the people who will lose their jobs, either permanently or by furlough, will not be able to find employment in the new building and road construction projects for which we have provided. Would it not have been far better had we not pretended that we were interested in economy if we were going to pass a measure of this kind? Therefore, Mr. President, I hope that the vote may be reconsidered in order that we may cut from the bill this lavish expenditure which is provided for.

WAR DEPARTMENT APPROPRIATIONS

Mr. ROBINSON of Arkansas obtained the floor.

Mr. REED. Mr. President, will the Senator from Arkansas yield to me in order that I may ask the Vice President to lay down a message from the House of Representatives concerning the Army appropriation bill?

Mr. ROBINSON of Arkansas. I will yield if I do not lose the floor.

The VICE PRESIDENT. The Senator will not lose the floor. The Chair lays before the Senate the action of the House of Representatives on certain amendments of the Senate still in disagreement to House bill No. 11897, which will be read.

The Chief Clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES,
July 12, 1932.

Resolved, That the House recedes from its disagreement to amendments of the Senate Nos. 8, 10, 11, 12, 13, 14, 15, 16, 18, and 79 to the bill (H. R. 11897) making appropriations for the

military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, and concurs therein.

That the House recedes from its disagreement to the amendment of the Senate No. 54 and concurs therein with an amendment as follows: In lieu of the matter inserted by said amendment insert:

"Nothing in this act shall be construed to repeal or amend section 317, Part II, of the act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, approved June 30, 1932."

Mr. REED. I move that the Senate concur in the amendment of the House of Representatives.

Mr. McKELLAR. Mr. President, just what does that amendment mean?

Mr. REED. This bill, Mr. President, had a transferability clause providing that 15 per cent of any appropriation might be applied to other purposes under the authorizations of the bill. That proposal was also covered by a 12 per cent transferability clause in the legislative appropriation bill.

Mr. McKELLAR. Yes; I recall that.

Mr. REED. So the provision in the Senate bill became unnecessary if the provision in the economy bill could be held to apply to this subsequent act. The amendment just stated is to avoid any implied repeal of that clause in the economy bill.

Mr. McKELLAR. That is all right. While I am on my feet, may I ask the Senator what was done with the provision in reference to the manufacture of certain goods, I believe, in Philadelphia?

Mr. REED. The House amended that provision yesterday on the floor, and that is one of the amendments which will be read later. In substance, the provision now allows 10 per cent of the appropriation for clothing to be expended in the operation of the Philadelphia quartermaster's factory for such amounts within the total appropriation of $6,300,000 as are required for jobs in which that factory underbids private bidders.

Mr. McKELLAR. And to that amendment is it proposed that the Senate agree?

Mr. REED. Yes.

Mr. KING. Mr. President, I should like to ask the Senator a question. What disposition has been made with respect to the provision proposing to retire 2,000 Army officers?

Mr. REED. The House receded from that amendment, and the number of officers remains the same as at present.

Mr. KING. That has been agreed to without any amendment?

Mr. REED. Without any change.

Mr. DAVIS. Mr. President, I should like to inquire will the provision as adopted regarding the manufacture of clothing put Government employees engaged in that kind of work in competition with sweatshops?

Mr. REED. No; it will not. The form of contract under which the Government lets orders for uniforms and clothing makes it impossible for a sweatshop to compete in the bidding. Over and above this 10 per cent, the quartermaster's factory in Philadelphia will be in competition with legitimate private manufacturers, not including sweatshops.

Mr. BYRNES. May I ask the Senator if he is going to move to concur in that amendment?

Mr. REED. Yes.

Mr. COUZENS. Mr. President, may I ask the Senator how a "sweatshop" is defined?

Mr. REED. There are limitations as to hours of labor and conditions of labor, and that sort of thing, which make it impossible for a sweatshop to enter the bidding.

The VICE PRESIDENT. The question is on the motion of the Senator from Pennsylvania that the Senate concur in the amendment of the House to the amendment of the Senate No. 54.

The motion was agreed to.

The Chief Clerk read as follows:

That the House recedes from its disagreement to the amendment of the Senate No. 60 and concurs therein with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows:

"Not to exceed 10 per cent of the total amount that may be expended from appropriations made in this act for and incident to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army shall be expended for the manufacture and/or production of such apparel in Government factories or establishments, except that such limitation may be exceeded to the extent that it may be ascertained, after competitive bidding in accordance with law, that work of such character may be performed at lesser cost in such Government factories or establishments."

Mr. REED. I move that the Senate concur in the House amendment.

The motion was agreed to.

The Chief Clerk read as follows:

That the House recedes from its disagreement to the amendment of the Senate No. 62 and concurs therein with an amendment as follows: In lieu of the matter inserted by said amendment insert ": *Provided further*, That hereafter Arlington National Cemetery shall be administered by an officer of the Army retired from active service under the provisions of section 1251, Revised Statutes, detailed on active duty for that purpose, and, in addition, one retired officer may be continued on active duty in the office of the Chief of Finance, and the appropriation contained in this act for 'Pay, etc., of the Army,' shall be available for increased pay and allowances to other retired officers and enlisted men now on active duty to August 15, 1932, inclusive."

Mr. REED. Mr. President, the change made by the House here is to continue in active service a colonel in the Finance Department of the Army. All of our conferees agreed that under the circumstances it was wise to continue him. Because of his special legal knowledge he would have been very hard to replace.

I move that the Senate concur in the House amendment.

The VICE PRESIDENT. The question is on the motion of the Senator from Pennsylvania.

The motion was agreed to.

The Chief Clerk read as follows:

That the House recedes from its disagreement to the amendment of the Senate No. 80 and concurs therein with an amendment as follows:

In lieu of the matter inserted by said amendment insert ": *Provided further*, That the existing river and harbor project at Monroe Harbor, Mich., as authorized by the act approved July 3, 1930, and in accordance with Committee on Rivers and Harbors, House of Representatives, Document No. 22, Seventy-first Congress, second session, is hereby modified in accordance with the report submitted in Committee on Rivers and Harbors, House of Representatives, Document No. 12, Seventy-second Congress, first session."

Mr. REED. Mr. President, this amendment does not in any way change the sense of the Senate amendment, but merely describes the House documents more accurately.

Mr. VANDENBERG. As I understand the Senator, the project stands then as approved by the Senate?

Mr. REED. Yes; the substance of the Senate amendment is retained.

I move that the Senate concur in the House amendment.

The VICE PRESIDENT. The question is on the motion of the Senator from Pennsylvania.

The motion was agreed to.

The Chief Clerk read as follows:

That the House recedes from its disagreement to the amendment of the Senate numbered 87, and concurs therein with an amendment as follows: In lieu of the matter inserted by said amendment insert:

"SEC. 4. No part of any appropriation made by this act shall be used in any way to pay any expense in connection with the conduct, operation, or management of any post exchange, branch exchange, or subexchange within any State, save and except for real assistance and convenience to enlisted men and their families and troops in supplying them with articles of ordinary use, wear, and consumption not furnished by the Government: *Provided*, That excess and surplus stocks of merchandise now on hand at any exchange, branch exchange, or subexchange may be disposed of, and all goods on consignment shall be returned immediately: *Provided further*, That the Secretary of War shall make a report to the Speaker of the House of Representatives and to the President of the Senate at the beginning of the next session of the Congress covering the several exchanges, branch exchanges, and subexchanges operated by or under the supervision of the War Department."

Mr. REED. Mr. President, to explain this in a word, the amendment as put in by the Senate would have called for the abrogation of existing contracts, and would have led to a lot of litigation. That particular proviso was stricken out.

The substance of the amendment was retained, with a provision that the families of troops should also be served by these post exchanges.

For some reason, on the floor of the House, the words "and their families" were taken from the place where the conferees agreed to put them, and were put in after the words "enlisted men"; so the families of enlisted men will be permitted to buy a cake of soap at a post exchange, but the families of the officers will not. It is completely unfair; but, as it is a comparatively trivial thing, it seems wise not to hold up the whole bill in the effort to correct it.

Therefore, I move that the Senate concur in the House amendment.

Mr. GORE. Mr. President, I desire to ask the Senator from Pennsylvania a question about this amendment. Does it put an end to the competition between these post exchanges and private dealers?

Mr. REED. Not entirely; but it limits the action of the post exchanges to necessary articles for the troops—"articles of ordinary use, wear, and consumption not furnished by the Government."

Mr. GORE. And it limits the sale to the men in the Army and their families?

Mr. REED. Exactly. Civilians will not be able, under this amendment, to use the post exchanges.

Mr. GORE. I think this has been growing into an evil which ought to be stopped.

The VICE PRESIDENT. The question is on the motion of the Senator from Pennsylvania.

The motion was agreed to.

The Chief Clerk read as follows:

That the House insists upon its disagreement to the amendment of the Senate No. 32.

Mr. REED. Mr. President, amendment numbered 32 deals with expense for transportation of private automobiles, excepting where the officer is stationed abroad and is ordered back to this country.

It seemed to the Senate conferees that the Senate amendment was wise; that it was only reasonable to allow the automobile to be transported like other baggage, especially since the economy bill limited to $5,000 the amount that might be spent for that purpose during the entire year for the whole Army. However, the House has seen fit to insist upon that one amendment, and there again it seemed to us to be too trivial to justify holding up the whole bill.

I move that the Senate recede from its amendment.

The VICE PRESIDENT. The question is on the motion of the Senator from Pennsylvania.

The motion was agreed to.

UNEMPLOYMENT RELIEF

Mr. ROBINSON of Arkansas. Mr. President, throughout the present session of Congress the subject matter of unemployment relief has received consideration.

It will be recalled that early in the session the Costigan-La Follette bill, authorizing $375,000,000 for gratuities to the States, to be administered by a Federal board in the relief of persons distressed because of unemployment, was brought forward in the Senate, debated at length, and a substitute offered contemplating loans or advances to the States for the purposes of the Costigan-La Follette bill. The whole legislation then failed.

In the meantime the Senator from New York [Mr. WAGNER] introduced and had reported a bill authorizing $375,000,000 to be loaned or advanced to the States for the purposes of relieving destitution and for relief work. There was also presented by the Senator from New York a bill having relation to public works.

After it had become apparent that no progress was being made toward a conclusion on this all-important subject, and when it seemed there was little prospect for action, I took the floor on the 11th day of May and suggested and insisted that the Congress go forward with a measure designed to avoid the threatened suffering of citizens who were unemployed and who were without the opportunity to obtain subsistence from local sources.

The proposal contemplated the authorization of advances through the Reconstruction Finance Corporation to public or quasi-public agencies and others to be used in the construction of works used by the public that were of a self-liquidating character.

Thereafter a special unofficial committee of five drafted a bill incorporating provisions for certain classes of public works, while including $300,000,000 for destitution relief, and approximately $1,500,000,000 for the construction of self-liquidating projects; the theory being as to the latter that these would pay for themselves, reimburse the Government as to all expenditures, and give employment to hundreds of thousands of people who would much prefer to earn their living, if the opportunity were afforded them, to the acceptance of charity.

In the meantime the House of Representatives considered and passed a bill one of the principal features of which was to provide a large fund for the construction of public works. There were also incorporated provisions authorizing $100,000,000 to be disbursed by the President as gratuities to destitute persons, and $200,000,000 to be expended in ways comparable to those contemplated by the Senate bill.

The House bill having passed, the Senate struck out the House provisions and inserted the bill already described, known as the Wagner bill.

In the conference a unanimous agreement was reached. The conference agreement was approved by both Houses, the bill sent to the President, and a veto was issued by the Executive, principally on the ground that the bill authorized the making of loans to private persons to aid in financing commerce, agriculture, industry, and unemployment. The President himself had suggested broadening the base of the Reconstruction Finance Corporation so as to permit loans for the promotion of private enterprise under certain conditions.

When the veto message was published, it became apparent that there was necessity for quick action unless the session of the Congress was to be unduly prolonged. The Senate yesterday passed the bill which the Senator from Connecticut now moves shall be reconsidered. He made his motion, as I understood his statement, on the ground that he desired to have further discussion and a record vote on the amendment proposed by the Senator from Texas [Mr. CONNALLY].

Mr. BINGHAM. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Connecticut.

Mr. BINGHAM. I find I was mistaken. The Senator from Texas did not move to strike out Title III, as I thought he did, but Title II; and, therefore, I shall not move to reconsider that motion to strike out.

Mr. ROBINSON of Arkansas. That was just what I was about to say—that the Senator from Connecticut was so inaccurately informed as to the issues in this bill, and as to the proceedings relating to its passage, that he had declared to the Senate that he had moved a reconsideration of the vote by which the bill passed in order that he might have reconsidered the vote on the Connally amendment. He said that the Connally amendment was a motion to strike out all provisions in the bill relating to public works, including the road program; and I was just about to point out to the Senate that the Connally amendment which he wished to reconsider had no relationship whatever to the subject of public works, and was confined entirely to the provisions relating to self-liquidating projects when the Senator from Connecticut interrupted me.

The Senator from Texas [Mr. CONNALLY], in presenting his amendment, expressly stated that he believed and advocated that the public-works provision, including the road provision, should stay in the bill, that he was opposed to striking that out. What his motion contemplated was a striking out of all the provisions in the bill covering projects which it will finally cost the Government not a dollar to construct, the provisions which will enable thousands, probably hundreds of thousands, of men now walking the streets

in our cities and begging an opportunity to earn their bread, to get some relief; provisions which will enable at least a reasonable number of those so situated to have the opportunity to obtain employment.

Mr. President, this question has been before the Congress a long time. It is time some action was being taken. I have reviewed in part the history of this legislation, and of the attempt to enact it, in order that there might be freshly brought to the minds of Senators how much difficulty has been encountered in reaching a conclusion.

The Senator boldly championed provisions in this bill which many regard as the least defensible of any in the bill. He boldly insisted on retaining certain provisions for public works which could be dispensed with, and the Senate sustained him. Now he wishes to strike out the road provision—the one provision which would distribute public works pretty well throughout the United States, and give employment to people who are sadly in need of it. He wishes to strike out the provision which the Senator from Texas expressly sustained.

In view of the fact, Mr. President, that this is a mere motion for delay, unjustified, and to be condemned with every emphatic statement that can be made by those who believe that it is time for Congress to act, to stop talking, to stop wrangling, and act, I move to lay on the table the motion of the Senator from Connecticut.

Mr. BINGHAM. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. CAREY], but I understand that he would vote, if present, as I intend to vote, and I am therefore free to vote. I vote "yea."

Mr. DICKINSON (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY], who is absent on account of a death in his family. Not knowing how he would vote, I withhold my vote.

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote.

Mr. HOWELL (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I understand, however, that if he were present he would vote as I intend to vote, and therefore I feel at liberty to vote. I vote "yea."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING], who is detained on account of illness. Not knowing how he would vote, I withhold my vote.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Missouri [Mr. HAWES]. I am advised that if he were present he would vote as I am about to vote. I vote "yea."

Mr. SHORTRIDGE (when his name was called). Again announcing my general pair with the senior Senator from Montana [Mr. WALSH]. I am advised that if he were present he would vote as I intend to vote, and I am therefore at liberty to vote. I vote "yea."

Mr. THOMAS of Idaho (when his name was called). I have a pair with the junior Senator from Montana [Mr. WHEELER], which I transfer to the junior Senator from Nevada [Mr. ODDIE], and vote "yea."

Mr. WATSON (when his name was called). I transfer my general pair with the senior Senator from South Carolina [Mr. SMITH] to the senior Senator from Colorado [Mr. WATERMAN] and vote "yea."

The roll call was concluded.

Mr. SHEPPARD. I desire to announce that the junior Senator from Arkansas [Mrs. CARAWAY] has a general pair with the junior Senator from Michigan [Mr. VANDENBERG].

Mr. STEIWER (after having voted in the affirmative). I have a general pair with the senior Senator from New Mexico [Mr. BRATTON]. I understand that if he were present he would vote as I have voted, and therefore I permit my vote to stand.

Mr. DALE. I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. I am informed that he would vote as I would vote, and therefore I vote "yea."

Mr. SCHALL. I have a pair with the senior Senator from Oklahoma [Mr. THOMAS]. I understand that he would vote as I intend to vote, and therefore I am permitted to vote. I vote "yea."

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if he were present he would vote as I shall vote. I vote "yea."

Mr. COSTIGAN. I desire to announce that the Senator from West Virginia [Mr. NEELY] is necessarily absent. I am authorized to state that if present he would vote "yea."

The result was announced—yeas 60, nays 10, as follows:

YEAS—60

Ashurst	Couzens	Johnson	Schall
Austin	Dale	Jones	Sheppard
Bailey	Davis	Kean	Shipstead
Barbour	Dill	Kendrick	Shortridge
Black	Fess	La Follette	Smoot
Blaine	Fletcher	Long	Steiwer
Brookhart	George	McGill	Stephens
Bulkley	Glass	McKellar	Thomas, Idaho
Bulow	Glenn	McNary	Townsend
Byrnes	Goldsborough	Norbeck	Trammell
Capper	Harrison	Norris	Tydings
Cohen	Hastings	Nye	Wagner
Coolidge	Hayden	Patterson	Walsh, Mass.
Copeland	Hebert	Robinson, Ark.	Watson
Costigan	Hull	Robinson, Ind.	White

NAYS—10

Bingham	Gore	Metcalf	Walcott
Connally	Hale	Moses	
Frazier	Keyes	Reed	

NOT VOTING—26

Bankhead	Cutting	Logan	Thomas, Okla.
Barkley	Dickinson	Morrison	Vandenberg
Borah	Hatfield	Neely	Walsh, Mont.
Bratton	Hawes	Oddie	Waterman
Broussard	Howell	Pittman	Wheeler
Caraway	King	Smith	
Carey	Lewis	Swanson	

So the motion of Mr. ROBINSON of Arkansas to lay on the table was agreed to.

Mr. LEWIS. Mr. President, am I permitted to have my vote recorded now?

The PRESIDENT pro tempore. It is too late for the Senator to have his vote recorded, because the result has been announced, but minute may be made in the RECORD of the Senator's announcement as to how he would vote.

Mr. LEWIS. I desired to vote "yea."

The PRESIDENT pro tempore. It will be noted in the RECORD that the Senator would have voted "yea."

OPERATION OF LUMBER TARIFF

Mr. JONES. Mr. President, I submit for printing in the RECORD letters and statements with reference to the operation of the tariff that we imposed on lumber in the last tax bill. They will show that much of the argument made at that time has not turned out to be correct.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

ABERDEEN, WASH., *July 9, 1932.*

Hon. WESLEY L. JONES,
Member of Congress, Washington, D. C.

MY DEAR SENATOR: The principal argument opposing the duty on lumber offered before the Senate Finance Committee when that body was considering and conducting hearings on the lumber tariff item in the recently passed revenue bill, was that a $3 duty would in effect be an embargo and shut out Canadian lumber completely. Furthermore, the immediate result would be increasing prices to American retail lumber dealers and that these increased prices would necessarily have to be passed on to the consumer.

It was the contention of those of us who appeared before the Senate Finance Committee, representing the Pacific Northwest lumber industry that this would not be the case but that the real effect would be to raise the low point at which Canadian price cutting could go in the effort the Canadian manufacturers were making to take the United States market for themselves.

This contention on the part of American manufacturers has been clearly borne out in fact in the cedar lumber industry, which is one of the principal parts of the Pacific Northwest group. Just prior to July 1 the Canadian mills reduced their prices on ½-inch bevel siding $2 per 1,000 feet and on ¾-inch siding $5 per 1,000 feet. This was done after the recent tariff of $3 per 1,000 feet, board measure, had become effective. These siding items listed represent over 70 per cent of the lumber capacity of cedar mills. The old and new prices on principal siding items mill base value, read as follows:

June 1, 1932, Canadian cedar prices prior to tariff effective date:

½ by 6 clear cedar siding	$24
½ by 6 A cedar siding	19
½ by 6 B cedar siding	17
½ by 4 clear cedar siding	20
½ by 4 A cedar siding	18
½ by 4 B cedar siding	15
½ by 8 clear cedar siding	26
½ by 8 A cedar siding	23
½ by 10 clear cedar siding	38
½ by 10 A cedar siding	35
¾ by 8 clear cedar siding	39
¾ by 8 A cedar siding	32
¾ by 10 clear cedar siding	48
¾ by 10 A cedar siding	45
¾ by 12 clear cedar siding	60

July 1, 1932, Canadian cedar prices after tariff effective date:

½ by 6 clear cedar siding	22
½ by 6 A cedar siding	17
½ by 6 B cedar siding	15
½ by 4 clear cedar siding	18
½ by 4 A cedar siding	16
½ by 4 B cedar siding	13
½ by 8 clear cedar siding	24
½ by 8 A cedar siding	21
½ by 10 clear cedar siding	36
½ by 10 A cedar siding	33
¾ by 8 clear cedar siding	34
¾ by 8 A cedar siding	27
¾ by 10 clear cedar siding	43
¾ by 10 A cedar siding	40
¾ by 12 clear cedar siding	55

It must clearly be remembered that in addition to cutting prices $2 per thousand feet board measure on ½-inch siding and $5 per thousand feet board measure on ¾-inch siding, the Canadian manufacturers were absorbing the new $3 per thousand feet board measure tariff or excise tax.

I am further inclosing a letter written by Mr. Aird Flavelle, president of Thurston-Flavelle (Ltd.), of Port Moody, British Columbia, one of the two largest manufacturers of cedar lumber in Canada, to his salesmen, in which he states:

"Since our last list was issued, as you know the American Government has placed an excise tax on imports of lumber, amounting to $3 per thousand feet board measure, and while this will probably shut out our common cedar from the American market, we still feel that we will be in a position to continue to serve you as in the past on all items of clear cedar and siding."

Mr. Flavelle's reference to common cedar is of no importance, because probably not over 5 per cent of the cedar mills' production is in common grades, that part of the log being made into shingles which have no protection whatever.

It is very apparent from the action taken by the Canadian cedar mills and Mr. Flavelle's written statement that the tariff protection granted to the cedar-lumber-producing part of the Pacific Northwest lumber industry is not an embargo tariff—that, because of action taken by these mills in further reducing prices, they have the cost advantage and will continue to operate and supply our own United States market. Our Government is recovering much needed revenue, and we are still faced with lower-price competition from Canada.

Yours very truly,

E. C. MILLER CEDAR LUMBER CO.,
R. M. INGRAM, *Secretary and Sales Manager.*

JUNE 27, 1932.

GENTLEMEN: We have pleasure in inclosing herewith list No. 206, covering prices on our cedar products from July 1, 1932.

In sending out this list competitive conditions in cedar have compelled us to modify a number of our prices, and we trust that you will find that same are in line with general market quotations.

Since our last list was issued, as you know, the American Government has placed an excise tax on imports of lumber, amounting to $3 per thousand feet, board measure; and while this will probably shut out our common cedar from the American market, we still feel that we will be in a position to continue to serve you as in the past on all items of clear cedar and siding.

The present price list is based on the expectation of our absorbing the excise tax on all items except common lumber; and the tax will be shown as a deduction from our invoice, the same as freight charges.

We trust that we may be favored with a continuance of your valued business.

Yours truly,

THURSTON-FLAVELLE (LTD.),
By AIRD FLAVELLE, *President.*

Price list No. 205, effective June 1, 1932

	Weight	Mill	54-55c.	56½c.	62½c.	68c.	72c.	85c.	88½c.	90c.
Bevel siding: [1]	*Pounds*									
½ x 6 clear, 8 to 18 ft., N. B	700	$24.00	$27.75	$28.00	$28.50	$28.75	$29.00	$30.00	$30.25	$30.25
½ x 6 A, 8 to 18 ft., N. B	700	19.00	22.75	23.00	23.50	23.75	24.00	25.00	25.25	25.25
½ x 6 B, 8 to 18 ft., N. B	700	17.00	20.75	21.00	21.50	21.75	22.00	23.00	23.25	23.25
½ x 5 clear, 8 to 18 ft., N. B	700	24.00	27.75	28.00	28.50	28.75	29.00	30.00	30.25	30.25
½ x 5 A, 8 to 18 ft., N. B.[2]	700	20.00	23.75	24.00	24.50	24.75	25.00	26.00	26.25	26.25
½ x 5 B, 8 to 18 ft., N. B	700	17.00	20.75	21.00	21.50	21.75	22.00	23.00	23.25	23.25
½ x 4 clear, 8 to 18 ft., N. B	700	20.00	23.75	24.00	24.50	24.75	25.00	26.00	26.25	26.25
½ x 4 A, 8 to 18 ft., N. B.[2]	700	18.00	21.75	22.00	22.50	22.75	23.00	24.00	24.25	24.25
½ x 4 B, 8 to 18 ft., N. B	700	15.00	18.75	19.00	19.50	19.75	20.00	21.00	21.25	21.25
½ x 8 clear, 8 to 18 ft., N. B	700	26.00	29.75	30.00	30.50	30.75	31.00	32.00	32.25	32.25
½ x 8 A, 8 to 18 ft., N. B	700	23.00	26.75	27.00	27.50	27.75	28.00	29.00	29.25	29.25
½ x 8 B, 8 to 18 ft., N. B	700	19.00	22.75	23.00	23.50	23.75	24.00	25.00	25.25	25.25
½ x 10 clear, 8 to 18 ft., N. B	700	38.00	41.75	42.00	42.50	42.75	43.00	44.00	44.25	44.25
½ x 10 A, 8 to 18 ft., N. B	700	35.00	38.75	39.00	39.50	39.75	40.00	41.00	41.25	41.25
½ x 10 B, 8 to 18 ft., N. B	700	27.50	31.25	31.50	32.00	32.25	32.50	33.50	33.75	33.75
Bungalow siding:										
¾ x 8 clear, 8 to 18 ft., N.B	1,000	39.00	44.50	44.75	45.25	45.75	46.25	47.50	47.75	48.00
¾ x 8 A, 8 to 18 ft., N.B	1,000	32.00	37.50	37.75	38.25	38.75	39.25	40.50	40.75	41.00
¾ x 8 B, 8 to 18 ft., N.B	1,000	23.00	28.50	28.75	29.25	29.75	30.25	31.50	31.75	32.00
¾ x 10 clear, 8 to 18 ft., N.B	1,000	48.00	53.50	53.75	54.25	54.75	55.25	56.50	56.75	57.00
¾ x 10 A, 8 to 18 ft., N.B	1,000	45.00	50.50	50.75	51.25	51.75	52.25	53.50	53.75	54.00
¾ x 10 B, 8 to 18 ft., N.B	1,000	25.00	30.50	30.75	31.25	31.75	32.25	33.50	33.75	34.00
¾ x 12 clear, 8 to 18 ft., N.B	1,000	60.00	65.50	65.75	66.25	66.75	67.25	68.50	68.75	69.00
⅝ x 8 clear, 8 to 18 ft., N.B.[2]	850	35.00	39.50	39.75	40.25	40.75	41.00	42.25	42.50	42.50
⅝ x 8 A, 8 to 18 ft., N.B.[2]	850	31.00	35.50	35.75	36.25	36.75	37.00	38.25	38.50	38.50
⅝ x 8 B, 8 to 18 ft., N.B.[2]	850	21.00	25.50	25.75	26.25	26.75	27.00	28.25	28.50	28.50
⅝ x 10 clear, 8 to 18 ft., N.B.[2]	850	45.00	49.50	49.75	50.25	50.75	51.00	52.25	52.50	52.50
⅝ x 10 A, 8 to 18 ft., N.B.[2]	850	42.00	46.50	46.75	47.25	47.75	48.00	49.25	49.50	49.50
⅝ x 10 B, 8 to 18 ft., N.B.[2]	850	27.00	31.50	31.75	32.25	32.75	33.00	34.25	34.50	34.50
Square edge siding:										
½ x 6 clear-A, 8 to 18 ft., N. B	1,000	30.00	35.50	35.75	36.25	36.75	37.25	38.50	38.75	39.00
½ x 6 B, 8 to 18 ft., N. B.[2]	1,000	26.00	31.50	31.75	32.25	32.75	33.25	34.50	34.75	35.00
½ x 6 clear-A, 3 to 7 ft.[2]	1,000	15.00	20.50	20.75	21.25	21.75	22.25	23.50	23.75	24.00
California rustic (round edge, rabbeted):										
½ x 4 clear-A, 8 to 18 ft., N. B	700	16.00	19.75	20.00	20.50	20.75	21.00	22.00	22.25	22.25
½ x 4 B, 8 to 18 ft., N. B	700	11.00	14.75	15.00	15.50	15.75	16.00	17.00	17.25	17.25
½ x 4 clear-A, 3 to 7 ft	700	10.00	13.75	14.00	14.50	14.75	15.00	16.00	16.25	16.25
½ x 4 B, 3 to 7 ft	700	8.00	11.75	12.00	12.50	12.75	13.00	14.00	14.25	14.25

[1] On cars containing an aggregate of 35 M feet or more of siding a reduction in price of $1 per M will be allowed.
[2] Orders will be accepted subject to stock being on hand.

Price list No. 205, effective June 1, 1932—Continued

	Weight	Mill	54-55c.	56½c.	62½c.	68c.	72c.	85c.	88½c.	90c.
Angle rustic, D1S2E:	*Pounds*									
¾ x 4 clear, 8 to 18 ft., N. B	1,000	$24.00	$29.50	$29.75	$30.25	$30.75	$31.25	$32.50	$32.75	$33.00
¾ x 4 B, 8 to 18 ft., N. B	1,000	20.00	25.50	25.75	26.25	26.75	27.25	28.50	28.75	29.00
¾ x 4 clear, 3 to 7 ft	1,000	15.00	20.50	20.75	21.25	21.75	22.25	23.50	23.75	24.00
¾ x 4 B, 3 to 7 ft	1,000	12.50	18.00	18.25	18.75	19.25	19.75	21.00	21.25	21.50
Short bevel siding:										
½ x 6 clear, 3 feet	700	10.00	13.75	14.00	14.50	14.75	15.00	16.00	16.25	16.25
½ x 6 clear, 4–5 feet	700	18.00	21.75	22.00	22.50	22.75	23.00	24.00	24.25	24.25
½ x 6 clear, 6–7 feet	700	20.00	23.75	24.00	24.50	24.75	25.00	26.00	26.25	26.25
½ x 6 A, 3 feet	700	9.00	12.75	13.00	13.50	13.75	14.00	15.00	15.25	15.25
½ x 6 A, 4–5 feet	700	15.00	18.75	19.00	19.50	19.75	20.00	21.00	21.25	21.25
½ x 6 A, 6–7 feet	700	17.00	20.75	21.00	21.50	21.75	22.00	23.00	23.25	23.25
½ x 6 B, 3 feet	700	7.00	10.75	11.00	11.50	11.75	12.00	13.00	13.25	13.25
½ x 6 B, 4–5 feet	700	13.00	16.75	17.00	17.50	17.75	18.00	19.00	19.25	19.25
½ x 6 B, 6–7 feet	700	15.00	18.75	19.00	19.50	19.75	20.00	21.00	21.25	21.25
½ x 5 clear, 3 to 7 feet	700	15.00	18.75	19.00	19.50	19.75	20.00	21.00	21.25	21.25
½ x 5 B, 3 to 7 feet	700	9.00	12.75	13.00	13.50	13.75	14.00	15.00	15.25	15.25
½ x 4 clear, 3 to 7 feet	700	12.00	15.75	16.00	16.50	16.75	17.00	18.00	18.25	18.25
½ x 4 B, 3 to 7 feet	700	7.50	11.25	11.50	12.00	12.25	12.50	13.50	13.75	13.75
½ x 8 clear, 3 to 7 feet	700	16.00	19.75	20.00	20.50	20.75	21.00	22.00	22.25	22.25
½ x 8 A, 3 to 7 feet	700	14.00	17.75	18.00	18.50	18.75	19.00	20.00	20.25	20.25
½ x 8 B, 3 to 7 feet [2]	700	11.00	14.75	15.00	15.50	15.75	16.00	17.00	17.25	17.25
½ x 10 clear, 3 to 7 feet	700	17.00	20.75	21.00	21.50	21.75	22.00	23.00	23.25	23.25
½ x 10 A, 3 to 7 feet	700	14.00	17.75	18.00	18.50	18.75	19.00	20.00	20.25	20.25
½ x 10 B, 3 to 7 feet [2]	700	11.00	14.75	15.00	15.50	15.75	16.00	17.00	17.25	17.25
Short bungalow siding:										
¾ x 8 clear, 3 to 7 ft	1,000	20.00	25.50	25.75	26.25	26.75	27.25	28.50	28.75	29.00
¾ x 8 A, 3 to 7 ft	1,000	17.00	22.50	22.75	23.25	23.75	24.25	25.50	25.75	26.00
¾ x 8 B, 3 to 7 ft	1,000	12.50	18.00	18.25	18.75	19.25	19.75	21.00	21.25	21.50
¾ x 10 clear, 3 to 7 ft	1,000	25.00	30.50	30.75	31.25	31.75	32.25	33.50	33.75	34.00
¾ x 10 A, 3 to 7 ft	1,000	22.00	27.50	27.75	28.25	28.75	29.25	30.50	30.75	31.00
¾ x 10 B, 3 to 7 ft	1,000	15.00	20.50	20.75	21.25	21.75	22.25	23.50	23.75	24.00
⅝ x 10 clear, 3 to 7 ft	850	17.50	22.00	22.25	22.75	23.25	23.50	24.75	25.00	25.25
⅝ x 8 clear, 3 to 7 ft	850	17.50	22.00	22.25	22.75	23.25	23.50	24.75	25.00	25.25
Novelty siding, T. and G., D4S:										
1 x 4, No. 1 and 2 clear, 8 to 18 ft	1,600	28.00	36.75	37.00	38.00	38.75	39.50	41.50	42.25	42.50
1 x 4, No. 1 and 2 clear, 3 to 7 ft	1,600	15.00	23.75	24.00	25.00	25.75	26.50	27.50	29.25	29.50
1 x 4, No. 3 clear and better, 8 to 18 ft [2]	1,600	22.00	30.75	31.00	32.00	32.75	33.50	34.50	36.25	36.50
V-joint, ceiling:										
⅜ x 3 clear, 8 to 18 ft., D1S2E	700	15.00	18.75	19.00	19.50	19.75	20.00	21.00	21.25	21.25
⅜ x 3 clear, 3 to 7 ft., D1S2E	700	11.00	14.75	15.00	15.50	15.75	16.00	17.00	17.25	17.25
⅜ x 3 B, 8 to 18 ft., D1S2E	700	12.00	15.75	16.00	16.50	16.75	17.00	18.00	18.25	18.25
⅜ x 3 B, 3 to 7 ft. D1S2E [2]	700	7.50	11.25	11.50	12.00	12.25	12.50	13.50	13.75	13.75
⅝ x 3 clear, 8 to 18 ft., D4S	800	21.00	25.50	25.50	26.00	26.50	26.75	27.75	28.25	28.25
⅝ x 3 clear, 3 to 7 ft., D4S	800	11.00	15.50	15.50	16.00	16.50	16.75	17.75	18.25	18.25
⅝ x 3 clear, 2 to 2½ ft., D4S	800	7.50	12.00	12.00	12.50	13.00	13.25	14.25	14.75	14.75
⅝ x 3 B, 8 to 18 ft., D4S [2]	800	15.00	19.50	19.50	20.00	20.50	20.75	21.75	22.25	22.25
⅝ x 3 B, 3 to 7 ft., D4S [2]	800	8.50	13.00	13.00	13.50	14.00	14.25	15.25	15.75	15.75
1 x 4, 1 and 2 clear, ⅝ ft., D4S, V2S	1,600	28.00	36.75	37.00	38.00	38.75	39.50	41.50	42.25	42.50
1 x 4, 1 and 2 clear, ½ ft., D4S, V2S	1,600	15.00	23.75	24.00	25.00	25.75	26.50	28.50	29.25	29.50
1 x 4, No. 3 clear, ⅝ ft., D4S, V2S [2]	1,600	22.00	30.75	31.00	32.00	32.75	33.50	34.50	36.25	36.50
Clear finish:										
1 x 4, 6 to 18 ft., No. 2 and better, S4S	1,800	35.00	45.00	45.25	46.25	47.25	48.00	50.25	51.00	51.25
1 x 5, 6 to 18 ft., No. 2 and better, S4S	1,800	35.00	45.00	45.25	46.25	47.25	48.00	50.25	51.00	51.25
1 x 6, 6 to 18 ft., No. 2 and better, S4S	1,800	40.00	50.00	50.25	51.25	52.25	53.00	55.25	56.00	56.25
1 x 8, 6 to 18 ft., No. 2 and better, S4S	1,800	45.00	55.00	55.25	56.25	57.25	58.00	60.25	61.00	61.25
1 x 10, 6 to 18 ft., No. 2 and better, S4S	1,800	50.00	60.00	60.25	61.25	62.25	63.00	65.25	66.00	66.25
1 x 12, 6 to 18 ft., No. 2 and better, S4S	1,800	65.00	75.00	75.25	76.25	77.25	78.00	80.25	81.00	81.25
1 x 14 No. 2 and better, S2S	1,800	85.00	95.00	95.25	96.25	97.25	98.00	100.25	101.00	101.25
1 x 16, No. 2 and better, S2S	1,800	90.00	100.00	100.25	101.25	102.25	103.00	105.25	106.00	106.25
1 x 18, No. 2 and better, S2S	1,800	95.00	105.00	105.25	106.25	107.25	108.00	110.25	111.00	111.25
1 x 20, No. 2 and better, S2S	1,800	100.00	110.00	110.25	111.25	112.25	113.00	115.25	116.00	116.25
1 x 22, No. 2 and better, S2S	1,800	105.00	115.00	115.25	116.25	117.25	118.00	120.25	121.00	121.25
1 x 24, No. 2 and better, S2S	1,800	105.00	115.00	115.25	116.25	117.25	118.00	120.25	121.00	121.25
7/16 x 4 and 5, 6 to 18 ft., No. 2 and better, S2S	800	30.00	34.50	34.50	35.00	35.50	35.75	36.75	37.00	37.25
7/16 x 6, 6 to 18 ft., No. 2 and better, S2S	800	35.00	39.50	39.50	40.00	40.50	40.75	41.75	42.00	42.25
7/16 x 8 and 10, 6 to 18 ft., No. 2 and better, S2S	800	45.00	49.50	49.50	50.00	50.50	50.75	51.75	52.00	52.25
7/16 x 12, 6 to 18 ft., No. 2 and better, S2S	800	55.00	59.50	59.50	60.00	60.50	60.75	61.75	62.00	62.25
7/16 x 14 to 18, 6 to 18 ft., No. 2 and better, S2S	800	70.00	74.50	74.50	75.00	75.50	75.75	76.75	77.00	77.25
¾ x 4 to 8, $5 per M over 1 inch	2,000									
¾ x 10 to 24, $10 per M over 1 inch	2,000									
⅞ and ¾ same as ¾ stock.										
Mouldings: Standard 8000 series and B. C. Catalogue No. 5. Sizes up to 1 x 3 inclusive: 55 per cent off, delivered; larger sizes: 45 per cent off, delivered. Additional 5 points off on lots of 50 M or more of one pattern. [3]										
Pickets, square and gothic point:										
1 x 3 clear, S4S, 3 feet ... per 1,000 pieces	1,200	19.50	26.00	26.25	27.00	27.75	28.25	29.75	30.00	30.20
1 x 3 clear, S4S, 3½ feet ... do	1,400	22.00	29.50	30.00	30.75	31.50	32.00	34.00	34.50	34.50
1 x 3 clear, S4S, 4 feet ... do	1,600	27.00	35.75	36.00	37.00	38.00	38.50	40.50	41.25	41.50
1 x 3 clear, S4S, 5 feet ... do	2,000	35.00	46.00	46.25	47.50	48.50	49.50	52.00	52.75	53.05
1 x 3 clear, S4S, 6 feet ... do	2,400	42.50	55.75	56.00	57.50	58.75	59.75	63.00	63.75	64.00
Battens, specified lengths 10 cents extra:										
⅝ x 3, 6 to 18 ft., flat	17	.70	.78	.81	.82	.83	.83	.84	.85	.86
2-inch, 6 to 18 ft., O. G	20	.80	.91	.91	.93	.94	.94	.97	.93	.98
2½-inch, 6 to 18 ft., O. G	22	1.00	1.12	1.16	1.18	1.18	1.19	1.21	1.22	1.23
Lattice, D4S:										
5/16 x 1⅛ in., 3 to 18 ft., clear	8	.33	.37	.38	.38	.38	.39	.40	.40	.40
5/16 x 1¾ in., 3 to 18 ft., clear	10	.36	.42	.42	.42	.43	.43	.45	.45	.45
Lattice, D1S2E—5c less.										
Grounds, D2S:										
¾ x ⅝ clear, 3 to 18 ft	9		.35	.35	.35	.35	.35	.35	.35	.35
¾ x ¾ clear, 3 to 18 ft	11		.35	.35	.35	.35	.35	.35	.35	.35
¾ x ⅞ clear, 3 to 18 ft	13		.35	.35	.35	.35	.35	.35	.35	.35
Screen stock, D4S:										
1 x 2, clear 3 to 18 ft	1,800	30.00	40.00	40.25	41.25	42.25	43.00	45.25	46.00	46.25
1 x 3, clear 3 to 18 ft	1,800	30.00	40.00	40.25	41.25	42.25	43.00	45.25	46.00	46.25
¾ x 2 in. and 3 in., $5 over 1 in	2,000									

[2] Orders will be accepted subject to stock being on hand.

[3] Rough, same delivered price as finish. Finish in specified lengths, up to 15 feet, $5 per M more. Finish in specified lengths, 16 to 18 feet, $10 per M more. For all vertical grain add $5 per M up to 12 inch, $10 per M to 14–16 inch, $15 to 18 inch.

Price list No. 205—Effective June 1, 1932

MISCELLANEOUS STOCK

	Weight	Mill price
Sundry clears, subject to prior sale:	*Pounds*	
7/16 x 6 clear-A, 8/18 ft., bevel siding	700	$18
7/16 x 6 B, 8/18 ft., bevel siding	700	14
1/2 x 6 clear-A, 2/2½ ft., bevel siding	700	5
7/16 x 4 clear-A, 8/18 ft., bevel siding	700	16
7/16 x 4 B, 8/18 ft., bevel siding	700	13
5/8 x 10 clear, 8/18 ft., rabbeted bungalow siding	850	45
5/8 x 8 clear, 8/18 ft., rabbeted bungalow siding	850	35
1 x 4 V. G. cedar casing (run to pattern)	1,800	40

COMMON CEDAR

	Weight	Price delivered				
		Mill	55 cents	62½ cents	68 cents	88½/90 cents
Shiplap, D2S, ¾-inch:						
1 x 6, 6 to 20 ft., No. 1, common cedar	*Pounds* 1,400	$13.50	$21.25	$22.25	$23.00	$26.00
1 x 8, 6 to 20 ft., No. 1, common cedar	1,400	16.50	24.25	25.25	26.00	29.00
1 x 6, 6 to 20 ft., No. 2, common cedar	1,400	9.00	16.75	17.75	18.50	21.50
1 x 8, 6 to 20 ft., No. 2, common cedar	1,400	11.00	18.75	19.75	20.50	23.50
1 x 6/12 inch, 6 to 20 ft., No. 3, common cedar	1,400	5.50	13.25	14.25	15.00	18.00
Boards, D2S, 25/32 inch:						
1 x 6, 6 to 20 ft., No. 1 common cedar	1,500	14.50	22.75	24.00	24.75	28.00
1 x 8, 6 to 20 ft., No. 1 common cedar	1,500	16.50	24.75	26.00	26.75	30.00
1 x 10, 6 to 20 ft., No. 1 common cedar	1,500	16.50	24.75	26.00	26.75	30.00
1 x 12, 6 to 20 ft., No. 1 common cedar	1,500	16.50	24.75	26.00	26.75	30.00
1 x 6, 6 to 20 ft., No. 2 common cedar	1,500	9.00	17.25	18.50	19.25	22.50
1 x 8, 6 to 20 ft., No. 2 common cedar	1,500	9.50	17.75	19.00	19.75	23.00
1 x 10, 6 to 20 ft., No. 2 common cedar	1,500	10.50	18.75	20.00	20.75	24.00
1 x 12, 6 to 20 ft., No. 2 common cedar	1,500	10.50	18.75	20.00	20.75	24.00
1 x 5/12 inch, 6 to 20 ft., No. 3, common cedar	1,500	4.50	12.75	14.00	14.75	18.00

COMMON CEDAR—continued

	Weight	Price delivered				
		Mill	55 cents	62½ cents	68 cents	88½/90 cents
No. 1 common cedar dimension:						
2 x 4 to 2 x 12, 8 to 20 ft., S4S	*Pounds*					
¼ inch scant	$,700	$14.50	$24.00	$25.50	$26.50	$30.00
4 x 4 to 6 x 6, 8 to 18 ft., S4S	2,000	14.00	25.00	26.50	27.50	32.00
4 x 4 to 6 x 6, 8 to 18 ft., rough	2,500	12.50	26.25	28.00	29.50	34.75
8 x 8 to 12 x 12, 8 to 18 ft., rough	2,600	12.50				

NOTE.—Our common cedar is carefully kiln dried and our prices are for random lengths loading only. For specified lengths 8 to 14 feet, add $2 per thousand; 16 feet and over, add $3 per thousand.

CEDAR LATH

	Weight	Mill
	Pounds	
No. 1, 4 ft. K. D. or green 1/3 x 1½	400	$4.25
No. 2, 4 ft. K. D. or green 1/3 x 1½	400	3.25
No. 1, 3 ft. green 1/3 x 1½	400	2.75

NOTE.—Our No. 1, 4 ft. lath square packed, string tied, or wire tied.

THURSTON-FLAVELLE BRAND B. C. SHINGLES

	Mill weight	Mill base
Square pack shingles:	*Pounds*	*Per sq.*
Perfections, 5/2¼-18 inch clear, V.G. No. 1 grade	158	$1.80
Eurekas, 5/2-18 inch clear, V.G. No. 1 grade	144	1.70
XXXXX, 5/2-16 inch clear, V.G. No 1 grade	144	1.60
All clear, 5/2-16 inch, mixed grain, 100 per cent clear	144	1.35
XXX, 6/2-16 inch clear V.G. No. 1 grade	128	1.44
No. 2 Perfections (old grade)	158	1.00
No. 2 Eurekas (old grade)	144	1.00
No. 2 XXXXX, 8 inch clear butts (old grade)	144	1.00
No. 2 XXX (XX), 8 inch clear butts (old grade)	128	1.00
M pack shingles:		*Per M*
XXXXX, 5/2-16 inch clear, V. G. No. 1 grade	180	2.00
XXX, 6/2-16 inch clear, V. G. No. 1 grade	160	1.80
XX (No. 2 XXX), 6/2-16 inch, 8 inch clear butts	160	1.25
No. 2 XXXXX, 5/2-16 inch, 8 inch, clear butts	180	1.25

Price list No. 206, effective July 1, 1932

	Weight	Mill	54-55c.	56½c.	62½c.	68c.	72c.	85c.	88½c.	90c.
Bevel siding: [1]	*Pounds*									
½ x 6 clear, 8 to 18 ft., N. B	700	$22.00	$25.75	$26.00	$26.50	$26.75	$27.00	$28.00	$28.25	$28.25
½ x 6 A, 8 to 18 ft., N. B	700	17.00	20.75	21.00	21.50	21.75	22.00	23.00	23.25	23.25
½ x 6 B, 8 to 18 ft., N. B	700	15.00	18.75	19.00	19.50	19.75	20.00	21.00	21.25	21.25
½ x 5 clear, 8 to 18 ft., N. B	700	22.00	25.75	26.00	26.50	26.75	27.00	28.00	28.25	28.25
½ x 5 A, 8 to 18 ft., N. B. [2]	700	18.00	21.75	22.00	22.50	22.75	23.00	24.00	24.25	24.25
½ x 5 B, 8 to 18 ft., N. B	700	15.00	18.75	19.00	19.50	19.75	20.00	21.00	21.25	21.25
½ x 4 clear, 8 to 18 ft., N. B	700	18.00	21.75	22.00	22.50	22.75	23.00	24.00	24.25	24.25
½ x 4 A, 8 to 18 ft., N. B. [2]	700	16.00	19.75	20.00	20.50	20.75	21.00	22.00	22.25	22.25
½ x 4 B, 8 to 18 ft., N. B	700	13.00	16.75	17.00	17.50	17.75	18.00	19.00	19.25	19.25
½ x 8 clear, 8 to 18 ft., N. B	700	24.00	27.75	28.00	28.50	28.75	29.00	30.00	30.25	30.25
½ x 8 A, 8 to 18 ft., N. B	700	21.00	24.75	25.00	25.50	25.75	26.00	27.00	27.25	27.25
½ x 8 B, 8 to 18 ft., N. B	700	17.00	20.75	21.00	21.50	21.50	22.00	23.00	23.25	23.25
½ x 10 clear, 8 to 18 ft., N. B	700	36.00	39.75	40.00	40.50	40.75	41.00	42.00	42.25	42.25
½ x 10 A, 8 to 18 ft., N. B	700	33.00	36.75	37.00	37.50	37.75	38.00	39.00	39.25	39.25
½ x 10 B, 8 to 18 ft., N. B	700	23.00	26.75	27.00	27.50	27.75	28.00	29.00	29.25	29.25
Bungalow siding:										
¾ x 8 clear, 8 to 18 ft., N.B	1,000	34.00	39.50	39.75	40.25	40.75	41.25	42.50	42.75	43.00
¾ x 8 A, 8 to 18 ft., N.B. [2]	1,000	27.00	32.50	32.75	33.25	33.75	34.25	35.50	35.75	36.00
¾ x 8 B, 8 to 18 ft., N.B	1,000	23.00	28.50	28.75	29.25	29.75	30.25	31.50	31.75	32.00
¾ x 10 clear, 8 to 18 ft., N.B	1,000	43.00	48.50	48.75	49.25	49.75	50.25	51.50	51.75	52.00
¾ x 10 A, 8 to 18 ft., N.B	1,000	40.00	45.50	45.75	46.25	46.75	47.25	48.50	48.75	49.00
¾ x 10 B, 8 to 18 ft., N.B	1,000	23.00	28.50	28.75	29.25	29.75	30.25	31.50	31.75	32.00
¾ x 12 clear, 8 to 18 ft., N.B	1,000	55.00	60.50	60.75	61.25	61.75	62.25	63.50	63.75	64.00
⅝ x 8 clear, 8 to 18 ft., N.B. [2]	850	33.00	37.50	37.75	38.25	38.75	39.00	40.25	40.50	40.50
⅝ x 8 A, 8 to 18 ft., N.B. [2]	850	27.00	31.50	31.75	32.25	32.75	33.00	34.25	34.50	34.50
⅝ x 8 B, 8 to 18 ft., N.B	850	20.00	24.50	24.75	25.25	25.75	26.00	27.25	27.50	27.50
⅝ x 10 clear, 8 to 18 ft., N.B	850	38.00	42.50	42.75	43.25	43.75	44.00	45.25	45.50	45.50
⅝ x 10 A, 8 to 18 ft., N.B. [2]	850	35.00	39.50	39.75	40.25	40.75	41.00	42.25	42.50	42.50
⅝ x 10 B, 8 to 18 ft., N.B. [2]	850	23.00	27.50	27.75	28.25	28.75	29.00	30.25	30.50	30.50
Square edge siding:										
½ x 6 clear-A, 8 to 18 ft., N.B	1,000	30.00	35.50	35.75	36.25	36.75	37.25	38.50	38.75	39.00
½ x 6 B, 8 to 18 ft., N.B	1,000	25.00	30.50	30.75	31.25	31.75	32.25	33.50	33.75	34.00
½ x 6 clear-A, 3 to 7 ft	1,000	15.00	20.50	20.75	21.25	21.75	22.25	23.50	23.75	24.00
California rustic [2] (round edge, rabbeted):										
½ x 4 clear-A, 8 to 18 ft., N.B	700	16.00	19.75	20.00	20.50	20.75	21.00	22.00	22.25	22.25
½ x 4 B, 8 to 18 ft., N.B	700	11.00	14.75	15.00	15.50	15.75	16.00	17.00	17.25	17.25
½ x 4 clear-A, 3 to 7 ft	700	10.00	13.75	14.00	14.50	14.75	15.00	16.00	16.25	16.25
½ x 4 B, 3 to 7 ft	700	8.00	11.75	12.00	12.50	12.75	13.00	14.00	14.25	14.25
Angle rustic, dis2E:										
¾ x 4 clear, 8 to 18 ft., N.B. [2]	1,000	24.00	29.50	29.75	30.25	30.75	31.25	32.50	32.75	33.00
¾ x 4 B, 8 to 18 ft., N.B. [2]	1,000	20.00	25.50	25.75	26.25	26.75	27.25	28.50	28.75	29.00
¾ x 4 clear, 3 to 7 ft. [2]	1,000	15.00	20.50	20.75	21.25	21.75	22.25	23.50	23.75	24.00
¾ x 4 B, 3 to 7 ft. [2]	1,000	12.50	18.00	18.25	18.75	19.25	19.75	21.00	21.25	21.50

[1] On cars containing an aggregate of 35M feet or more of siding a reduction in price of $1 per M will be allowed.
[2] Orders for items marked thus (2) will be accepted subject to stock being on hand.

Price list No. 206, effective July 1, 1932—Continued

	Weight	Mill	54–55c.	56½c.	62½c.	68c.	72c.	85c.	88½c.	90c.
Short bevel siding:	*Pounds*									
½ x 6 clear, 3 feet	700	$9.00	$12.75	$13.00	$13.50	$13.75	$14.00	$15.00	$15.25	$15.25
½ x 6 clear, 4–5 feet	700	17.00	20.75	21.00	21.50	21.75	22.00	23.00	23.25	23.25
½ x 6 clear, 6–7 feet	700	18.00	21.75	22.00	22.50	22.75	23.00	24.00	24.25	24.25
½ x 6 A, 3 feet	700	8.00	11.75	12.00	12.50	12.75	13.00	14.00	14.25	14.25
½ x 6 A, 4–5 feet	700	14.00	17.75	18.00	18.50	18.75	19.00	20.00	20.25	20.25
½ x 6 A, 6–7 feet	700	15.00	18.75	19.00	19.50	19.75	20.00	21.00	21.25	21.25
½ x 6 B, 3 feet	700	7.00	10.75	11.00	11.50	11.75	12.00	13.00	13.25	13.25
½ x 6 B, 4–5 feet	700	13.00	16.75	17.00	17.50	17.75	18.00	19.00	19.25	19.25
½ x 6 B, 6–7 feet	700	14.00	17.75	18.00	18.50	18.75	19.00	20.00	20.25	20.25
½ x 5 clear, 3 to 7 feet	700	15.00	18.75	19.00	19.50	19.75	20.00	21.00	21.25	21.25
½ x 5 B 3 to 7 feet	700	9.00	12.75	13.00	13.50	13.75	14.00	15.00	15.25	15.25
½ x 4 clear, 3 to 7 feet	700	11.00	14.75	15.00	15.50	15.75	16.00	17.00	17.25	17.25
½ x 4 B 3 to 7 feet	700	7.50	11.25	11.50	12.00	12.25	12.50	13.50	13.75	13.75
½ x 8 clear, 3 to 7 feet	700	16.00	19.75	20.00	20.50	20.75	21.00	22.00	22.25	22.25
½ x 8 A, 3 to 7 feet	700	14.00	17.75	18.00	18.50	18.75	19.00	20.00	20.25	20.25
½ x 8 B, 3 to 7 feet [2]	700	11.00	14.75	15.00	15.50	15.75	16.00	17.00	17.25	17.25
½ x 10 clear, 3 to 7 feet	700	17.00	20.75	21.00	21.50	21.75	22.00	23.00	23.25	23.25
½ x 10 A, 3 to 7 feet	700	14.00	17.75	18.00	18.50	18.75	19.00	20.00	20.25	20.25
½ x 10 B, 3 to 7 feet [2]	700	11.00	14.75	15.00	15.50	15.75	16.00	17.00	17.25	17.25
Short bungalow siding:										
¾ x 8 clear, 3 to 7 ft	1,000	18.00	23.50	23.75	24.25	24.75	25.25	26.50	26.75	27.00
¾ x 8 A, 3 to 7 ft	1,000	16.00	21.50	21.75	22.25	22.75	23.25	24.50	24.75	25.00
¾ x 8 B, 3 to 7 ft	1,000	12.50	18.00	18.25	18.75	19.25	19.75	21.00	21.25	21.50
¾ x 10 clear, 3 to 7 ft	1,000	20.00	25.50	25.75	26.25	26.75	27.25	28.50	28.75	29.00
¾ x 10 A, 3 to 7 ft	1,000	18.00	23.50	23.75	24.25	24.75	25.25	26.50	26.75	27.00
¾ x 10 B, 3 to 7 ft	1,000	15.00	20.50	20.75	21.25	21.75	22.25	23.50	23.75	24.00
⅝ x 10 clear, 3 to 7 ft	850	17.50	22.00	22.25	22.75	23.25	23.50	24.75	25.00	25.25
⅝ x 8 clear, 3 to 7 ft	850	17.50	22.00	22.25	22.75	23.25	23.50	24.75	25.00	25.25
Novelty siding, T. and G., D4S:										
1 x 4, No. 1 and 2 clear, 8 to 18 ft	1,600	28.00	36.75	37.00	38.00	38.75	39.50	41.50	42.25	42.50
1 x 4, No. 1 and 2 clear, 3 to 7 ft	1,600	15.00	23.75	24.00	25.00	25.75	26.50	27.50	29.25	29.50
1 x 4, No. 3 clear and better, 8 to 18 ft. [2]	1,600	22.00	30.75	31.00	32.00	32.75	33.50	34.50	36.25	36.50
V-Joint, ceiling:										
⅜ x 3 clear, 8 to 18 ft., D1S2E	700	15.00	18.75	19.00	19.50	19.75	20.00	21.00	21.25	21.25
⅜ x 3 clear, 3 to 7 ft., D1S2E	700	11.00	14.75	15.00	15.50	15.75	16.00	17.00	17.25	17.25
⅜ x 3, B, 8 to 18 ft., D1S2E	700	12.00	15.75	16.00	16.50	16.75	17.00	18.00	18.25	18.25
⅜ x 3, B, 3 to 7 ft., D1S2E [2]	700	7.50	11.25	11.50	12.00	12.25	12.50	13.50	13.75	13.75
⅝ x 3 clear, 8 to 18 ft., D4S	800	19.00	23.50	23.50	24.00	24.50	24.75	25.75	26.25	26.25
⅝ x 3 clear, 3 to 7 ft., D4S	800	11.00	15.50	15.50	16.00	16.50	16.75	17.75	18.25	18.25
⅝ x 3 clear, 2 to 2½ ft., D4S	800	7.50	12.00	12.00	12.50	13.00	13.25	14.25	14.75	14.75
⅝ x 3, B, 8 to 18 ft., D4S [2]	800	15.00	19.50	19.50	20.00	20.50	20.75	21.75	22.25	22.25
⅝ x 3, B, 3 to 7 ft., D4S [2]	800	8.50	13.00	13.00	13.50	14.00	14.25	15.25	15.75	15.75
1 x 4, 1 and 2 clear, 8/18 ft., D4S, V2S	1,600	28.00	36.75	37.00	38.00	38.75	39.50	41.50	42.25	42.50
1 x 4, 1 and 2 clear, 3/7 ft., D4S, V2S	1,600	15.00	23.75	24.00	25.00	25.75	26.50	28.50	29.25	29.50
1 x 4, No. 3 clear and better, 8/18 ft., D4S, V2S [2]	1,600	22.00	30.75	31.00	32.00	32.75	33.50	34.50	36.25	36.50
Clear finish:										
1 x 4, 6 to 18 ft., No. 2 and better, S4S	1,800	35.00	45.00	45.25	46.25	47.25	48.00	50.25	51.00	51.25
1 x 5, 6 to 18 ft., No. 2 and better, S4S	1,800	35.00	45.00	45.25	46.25	47.25	48.00	50.25	51.00	51.25
1 x 6, 6 to 18 ft., No. 2 and better, S4S	1,800	40.00	50.00	50.25	51.25	52.25	53.00	55.25	56.00	56.25
1 x 8, 6 to 18 ft., No. 2 and better, S4S	1,800	45.00	55.00	55.25	56.25	47.25	58.00	60.25	61.00	61.25
1 x 10, 6 to 18 ft., No. 2 and better, S4S	1,800	50.00	60.00	60.35	61.25	62.25	63.00	65.25	66.00	66.25
1 x 12, 6 to 18 ft., No. 2 and better, S4S	1,800	65.00	75.00	75.25	76.25	77.25	78.00	80.25	81.00	81.25
1 x 14, No. 2 and better, S2S	1,800	85.00	95.00	95.25	96.25	97.25	98.00	100.25	101.00	101.25
1 x 16, No. 2 and better, S2S	1,800	90.00	100.00	100.25	101.25	102.25	103.00	105.25	106.00	106.25
1 x 18, No. 2 and better, S2S	1,800	95.00	105.00	105.25	106.25	107.25	108.00	110.25	111.00	111.25
1 x 20, No. 2 and better, S2S	1,800	100.00	110.00	110.25	111.25	112.25	113.00	115.25	116.00	116.25
1 x 22, No. 2 and better, S2S	1,800	105.00	115.00	115.25	116.25	117.25	118.00	120.25	121.00	121.25
1 x 24, No. 2 and better, S2S	1,800	105.00	115.00	115.25	116.25	117.25	118.00	120.25	121.00	121.25
7/16 by 4 and 5, 6 to 18 ft., No. 2 and better, S2S	800	30.00	34.50	34.50	35.00	35.50	35.75	36.75	37.00	37.25
7/16 x 6, 6 to 18 ft., No. 2 and better, S2S	800	35.00	39.50	39.50	40.00	40.50	40.75	41.75	42.00	42.25
7/16 x 8 and 10, 6 to 18 ft., No. 2 and better, S2S	800	45.00	49.50	49.50	50.00	50.50	50.75	51.75	52.00	52.25
7/16 x 12, 6 to 18 ft., No. 2 and better, S2S	800	55.00	59.50	59.50	60.00	60.50	60.75	61.75	62.00	62.25
7/16 x 14 to 18, 6 to 18 ft., No. 2 and better, S2S	800	70.00	74.50	74.50	75.00	75.50	75.75	76.75	77.00	77.25
¾ x 4 to 8, $5 per M over 1 inch	2,000									
¾ x 10 to 24, $10 per M over 1 inch	2,000									
9/4 and 8/4 same as 5/4 stock.										
Mouldings: Standard 8,000 series and B. C. Catalogue No. 5. Sizes up to 1 x 3 inclusive: 60 per cent off, delivered; larger sizes: 50 per cent off, delivered. Additional 5 points off on lots of 50 M or more of one pattern. [2]										
Pickets, square and gothic point:										
1 x 3 clear, S4S, 3 feet ..... per 1,000 pieces	1,200	10.00	16.50	16.75	17.50	18.25	18.75	20.25	20.50	20.75
1 x 3 clear, S4S, 3½ feet ..... do	1,400	17.50	25.00	25.50	26.25	27.00	27.50	29.50	30.00	30.00
1 x 3 clear, S4S, 4 feet ..... do	1,660	25.00	33.75	34.00	35.00	36.00	36.50	38.50	39.25	39.50
1 x 3 clear, S4S, 5 feet ..... do	2,000	35.00	46.00	46.25	47.50	48.50	49.50	52.00	52.75	53.00
1 x 3 clear, S4S, 6 feet ..... do	2,400	42.50	55.75	56.00	57.50	58.75	59.75	63.00	63.75	64.00
Battens, specified lengths, 10 cents extra:										
⅜ x 3, 6 to 18 ft., flat	17	.70	.78	.81	.82	.83	.83	.84	.85	.86
2-inch, 6 to 8 ft., O. G	20	.80	.91	.91	.93	.94	.94	.97	.98	.98
2½-inch, 6 to 18 ft., O. G	22	1.00	1.12	1.16	1.18	1.18	1.19	1.21	1.22	1.23
Lattice, D4S:										
5/16 x 1 5/16-in., 3 to 18 ft., clear	8	.33	.37	.38	.38	.38	.39	.40	.40	.40
5/16 x 1¾-in., 3 to 18 ft., clear	10	.36	.42	.42	.42	.43	.43	.45	.45	.45
Lattice, D1S2E—5c. less.										
Grounds, D2S:										
¾ x ⅝ clear, 3 to 18 ft	9		.35	.35	.35	.35	.35	.35	.35	.35
¾ x ¾ clear, 3 to 18 ft	11		.35	.35	.35	.35	.35	.35	.35	.35
¾ x ⅞ clear, 3 to 18 ft	13		.35	.35	.35	.35	.35	.35	.35	.35
Screen stock, D4S:										
1 x 2 clear, 3 to 18 ft	1,800	30.00	40.00	40.25	41.25	42.25	43.00	45.25	46.00	46.25
1 x 3 clear, 3 to 18 ft	1,800	30.00	40.00	40.25	41.25	42.25	43.00	45.25	46.00	46.25
¾ x 2 in. and 3 in., $5 over 1 in	2,000									

[2] Orders for items marked thus (2) will be accepted subject to stock being on hand.

[3] Rough, same delivered price as finish. Finish in specified lengths up to 15 feet, $5 per M more. Finish in specified lengths, 16 to 18 feet, $10 per M more. For all vertical grain add $5 per M up to 12-inch, $10 per M to 14-16-inch, $15 to 18-inch.

PROHIBITION—CONSTITUTIONAL AMENDMENT

Mr. GLASS. Mr. President, I send to the desk a joint resolution, and ask for its immediate consideration.

The PRESIDENT pro tempore. The joint resolution will be read for the information of the Senate.

The joint resolution (S. J. Res. 202) proposing an amendment to the Constitution of the United States relative to the eighteenth amendment was read the first time by its title and the second time at length, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of

each House concurring therein), That the following is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three-fourths of the several States:

"ARTICLE —

"SECTION 1. Article XVIII of the amendments to this Constitution is hereby repealed. The sale of intoxicating liquors within the United States or any territory subject to the jurisdiction thereof for consumption at the place of sale (commonly known as a saloon), and the transportation of intoxicating liquors into any State, Territory, district, or possession of the United States in which the manufacture, sale, and transportation of intoxicating liquors are prohibited by law, are hereby prohibited.

"The Congress and the several States, Territories, and possessions shall have concurrent power to enforce this article by appropriate legislation.

"SEC. 2. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress."

The PRESIDENT pro tempore. The Senator from Virginia asks unanimous consent for the present consideration of the joint resolution. Is there objection?

Mr. NORBECK. Mr. President, I want to extend to my colleague all the courtesy possible, but the farm relief bill is the unfinished business, and if this joint resolution is to lead to any debate, I do not want to have the farm bill set aside for that purpose. If it is a matter that can be disposed of without debate, I will certainly be glad to yield.

Mr. GLASS. Mr. President, I hope the Senator will withhold any objection he may have in mind and permit me to explain the joint resolution.

Mr. NORBECK. Very well.

Mr. GLASS. Mr. President, the Democratic convention of the State of Virginia, before the convention of either national party had met, adopted a declaration in favor of a resubmission of the eighteenth amendment to conventions of the people in the respective States that they might determine, after 12 years of trial, whether to repeal or to retain the eighteenth amendment as a part of the Constitution. Included in this declaration of the Virginia convention was a declaration against the return of the liquor saloon and likewise a declaration against interstate shipments of intoxicating beverages from wet to dry territory. In other words, the declaration was in favor of maintaining the integrity of State laws with respect to intoxicating beverages in the event that the people of the various States should decide to repeal the existing eighteenth amendment.

The national convention of the Republican Party, as nearly as a man of ordinary intelligence may determine its meaning, declared in favor of submitting the question with certain reservations as to the return of the saloon and as to interstate shipments of intoxicating beverages.

The national convention of the Democratic Party went a step farther and declared explicitly for repeal of the eighteenth amendment, the question to be considered by conventions in the respective States. It likewise, however, very definitely declared against the return of the liquor saloon and in favor of maintaining the integrity of State laws in the event of repeal.

Therefore the amendment which I now submit is an amendment which was definitely agreed to by the Democratic convention of my own State, the declaration of which measurably influences me. It is a proposition which no Republican who is disposed to be guided by party declarations can resent or resist, and it is a declaration in conformity largely with the platform of the national Democratic Party. I hope there will be no objection to its immediate consideration and its passage. Certainly I hope no objection will come from this side of the Chamber.

Mr. NORRIS. Mr. President, has the Senator concluded?

Mr. GLASS. Yes; and I yield the floor.

Mr. NORRIS. Mr. President, I can hardly understand how anyone would favor amending the United States Constitution by unanimous consent. Therefore I object to the present consideration of the joint resolution.

Mr. GLASS. Mr. President, I ask that the joint resolution may lie on the table. At a later stage I shall move to take it up for consideration, but chiefly to test the good faith and sincerity of the Senator from Connecticut [Mr. BINGHAM] and other Republicans who have engaged in "testing the sincerity" of the Democratic Party.

Mr. BINGHAM. Mr. President, I shall be glad to vote to take up the Senator's resolution now on the table at any time he makes the motion, and I hope he will accord me the same privilege and vote to take my resolution from the table when I make the motion.

Mr. GLASS. Oh, no.

Mr. BINGHAM. Mine is better drafted and a little easier to understand. The Senator's resolution would repeal the eighteenth amendment and immediately forbid the use of liquor, even in the home, to which it may be delivered by the agent who sells it there.

Mr. GLASS. Oh, no. The Senator does not understand. The Senate so thoroughly understood the proposal of the Senator from Connecticut that it overwhelmingly voted it down. If the Senator lacks understanding, I can give him some understanding on this matter.

Mr. ASHURST. Mr. President, I desire to discuss the joint resolution introduced by the Senator from Virginia [Mr. GLASS].

Mr. GLASS. If the Senator will yield, would he not like to have a quorum called?

Mr. ASHURST. I do not intend to speak more than five minutes; hence do not desire a quorum called.

Mr. President, from my brief study of the joint resolution I assert that it is a real and substantial compliance with the promise and pledge of the Democratic national platform recently adopted at Chicago, and I further assert that it is as near an approach as practically may be made to compliance with the Republican plank recently adopted at the Republican National Convention at Chicago—that is, so far as I am able to interpret the Republican plank on that subject.

I compliment the scholarship and historical research evidenced by the Senator from Virginia [Mr. GLASS] in his joint resolution. He has in bold strokes and in appropriate language employed the words that should be employed and has not included a superfluous word in his joint resolution, so far as my cursory and hurried examination discloses.

It proposes to repeal the eighteenth amendment and, in addition, without repeating its language, provides that the dry States shall have Federal protection and aid in the enforcement of their dry laws. It provides that the proposed amendment to the Constitution shall be inoperative, unless it shall have been ratified within seven years from its submission; and, in specific terms, in hæc verba, prohibits the return, the operation, and the maintenance of the saloon; it pledges the Federal arm to prevent the return of the saloon. The Senator has used the word "saloon" as spelled with two "o's," not with one "o." My compliment to the Senator from Virginia upon his scholarship and upon his historical researches obvious in his joint resolution.

The Senator from Virginia proposes, in accordance with the platform pledge of our party, to submit the resolution for ratification by conventions "in"—not by legislatures "of"—the several States.

In mode of ratification it follows the language of the fifth article of the Constitution, namely, by ratification by conventions "in" the several States.

We have never had an amendment to the Constitution submitted by Congress to "conventions." All the amendments thus far have been submitted to the legislatures "of" the States. The Corwin amendment, which was submitted by Congress on the 2d of March, 1861, and is still pending or is floating in the clouds, was ratified by the Legislature of the State of Maryland and the Legislature of the State of Ohio. A cursory reading of history would lead one at first impression to believe that a "convention" in the State of Illinois ratified that amendment. Indeed, a convention did pass a resolution ratifying the so-called Corwin amendment; but that convention thus ratifying claimed it was a legis-

lature. The ratifying "convention" was a constitutional convention assembled to revise the constitution of the State of Illinois, and some of the members of that convention asserted that the convention was a legislature.

Some of the ablest lawyers in that convention argued that the State constitutional convention was not a legislature, and they voted against ratification upon the ground that under the Federal Constitution Congress is restricted to two modes in which it may submit an amendment to the States for ratification. Congress may submit an amendment for ratification by the legislatures of the States, or Congress may, if it choose, submit an amendment for ratification by conventions "in" the several States, but the States must act in the mode described.

I should like to hear the able Senator from Virginia discuss his joint resolution. I am certain that having at his command the data obtained by his historical researches for which he is so justly famous, and with his well-known scholarship, he would be able to throw much more light upon his joint resolution than I have been able to do at this time.

REPEAL OF EIGHTEENTH AMENDMENT

Mr. BULKLEY. I ask unanimous consent that the motion of the Senator from New York [Mr. WAGNER] to discharge the Committee on the Judiciary from the further consideration of Senate Joint Resolution 90 be made a special order immediately following the disposition of the pending unfinished business.

Mr. NORRIS. I object.

Mr. McNARY. Mr. President, what is the request?

Mr. BULKLEY. It is a motion to discharge the Committee on the Judiciary from the further consideration of the joint resolution of the Senator from New York [Mr. WAGNER] providing for repeal of the eighteenth amendment.

Mr. McNARY. The chairman of the Committee on the Judiciary is present.

Mr. NORRIS. Yes; and the chairman of the committee has already objected to the request of the Senator from Ohio.

Mr. LA FOLLETTE. Regular order.

The PRESIDENT pro tempore. Objection is made, and the regular order is demanded.

DISTRIBUTION OF WHEAT AND COTTON TO RED CROSS

Mr. JONES. Mr. President, I desire to ask unanimous consent that the unfinished business may be temporarily laid aside in order that the Senate may consider House Joint Resolution 461, which is to carry out the resolution the Senate passed and which became a law on the 5th day of July, turning over to the Red Cross 45,000,000 bushels of wheat and 500,000 bales of cotton. I do not think it will take very long.

The PRESIDENT pro tempore. Is there objection?

Mr. KING. I object.

Mr. GORE. Mr. President, I would like to ask the Senator from Washington whether the Committee on Appropriations has submitted a report on the joint resolution in accordance with the request which I made on yesterday or the day before?

Mr. JONES. I do not know anything about the Senator's resolution, but the Committee on Appropriations did submit a report.

Mr. GORE. I have read the report, and it is entirely inadequate. It is an indefinite report. There is no hint as to the amount of money that will be required to carry out the terms of the joint resolution. I feel certain that it will take at least $28,000,000 and probably considerably more than that. I submitted a motion, which was unanimously agreed to by the Senate, directing the Committee on Appropriations to submit a report, at least an estimate, of the amount of money that would be required to carry the resolution into effect. I do not think the resolution can be adopted without considerable protest, and I object to its present consideration.

Mr. McKELLAR. Mr. President, I want to say that I objected in the committee, just as the Senator from Oklahoma is now objecting, to this remarkable proposed appropriation, and for the same reasons. We found that it would take at least $45,000,000 or $50,000,000 to carry out the proposal, and it may take more. The Committee on Appropriations voted down an amendment offered by me to fix it at $45,000,000 and likewise a second amendment to fix it at $50,000,000, so the Senator from Oklahoma is mistaken in saying there is only $28,000,000 provided, because it will take at least $50,000,000 and possibly much more.

Let me say to the Senator just one other thing. There was voted down in the Committee on Appropriations an amendment offered by me requiring that the equity the Farm Board has in the matter be deducted from the amount appropriated. In other words, this appropriation will inure to the benefit of the Farm Board. It was before that committee in the hearings held that the chairman of the Farm Board admitted that more than $250,000,000 had already been squandered—he did not use the word "squandered," but had been spent by the board—and that there would not be paid back to the Government at least $250,000,000 of the $500,000,000 that had been appropriated to the board.

Mr. McNARY. Mr. President, I understand a request for unanimous consent was made and objection was made. Therefore I demand the regular order.

Mr. JONES. Mr. President, I just want to explain in a word or two to the Senator from Oklahoma. I think he will probably withdraw his objection on that ground.

Mr. GORE. No, Mr. President; I am sure I shall not.

Mr. KING. If the Senator from Oklahoma does withdraw his objection, I shall interpose an objection myself.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the parliamentary inquiry.

Mr. McNARY. I understand the request was submitted by the Senator from Washington and that two Senators have objected to the granting of unanimous consent. Therefore I suggest the regular order and ask that we proceed with the consideration of the unfinished business.

The VICE PRESIDENT. That is the regular order. The unfinished business is debatable. Let the Senate be in order and the Chair will recognize some one.

Mr. GORE. Mr. President, I believe I have the floor.

The VICE PRESIDENT. The Senator from Oklahoma is recognized.

Mr. GORE. When I suggested that it would require at least $28,000,000 to carry the joint resolution into effect, I made the statement intentionally in a conservative form. That would be the irreducible minimum. It would require at least $10,000,000 to discharge the loans already made against the cotton and it would require $18,000,000 to discharge the private loans already in existence against the wheat. That would aggregate $28,000,000. How much it would require to liquidate the storage charges and other charges provided for in the resolution I do not know. I was not familiar with the inside history just related by the Senator from Tennessee [Mr. McKELLAR]. He said an amendment of his proposing to limit the expenditure to $50,000,000 was voted down in the Committee on Appropriations. I would not be at all surprised if it required $50,000,000.

Mr. President, I ask Senators to read the joint resolution. I do not mean to say that it intentionally conceals its purpose, but it refers to another act, paragraphs (a), (b), and (c), of the meaning in which there is no intimation carried in the joint resolution. Also, I ask Senators to read the report. There is no intimation in the report as to the amount of money that would be required to carry the resolution into effect. It looks like an effort on the part of the Farm Board to "bootleg" some of its cotton and wheat into the markets of this country. I believe the resolution, if carried into effect, to give half a million bales of cotton to the Red Cross, would demoralize not only the cotton market but would demoralize the cotton-milling business in the country, what little is left remaining. I understand it would take the value of 3 bales of cotton to spin and to process 1 bale. The joint resolution provides for 500,000 bales. Of that number 125,000 bales, when finally fabricated, would

go to the Red Cross to be distributed through the country in the form of gifts and gratuities and 375,000 bales would be used to pay the expense of that processing. I do not think the Senate should venture upon this scheme without further information upon the subject. I shall have something further to say upon it.

Mr. JONES. Mr. President, I want to say just a word or two in regard to the matter. The Senate, as a matter of fact the Congress itself, deliberately passed a joint resolution which was signed on the 5th day of July, ordering to be turned over to the Red Cross 45,000,000 bushels of wheat and 500,000 bales of cotton by the Farm Board. If the Congress, not the Senate alone, but the Congress, made a mistake in that legislation, of course I have nothing to say. I have simply brought in a joint resolution which passed the House, which was favorably reported by the House Appropriations Committee and has been favorably acted upon by the House of Representatives, to carry out the joint resolution deliberately passed by the Congress.

Now, in regard to the amount of money that it will take, nobody seems to be able to say how much money it will take, but this much is certain: The amount of the wheat and the amount of the cotton that we have ordered the Farm Board to turn over to the Red Cross is definite and fixed. What it will cost to do that, of course will simply depend upon the current price of the wheat and of the cotton. The president of the Farm Board was present before the committee. We tried to ascertain how much it would be. He said nobody could tell, that nobody can tell what the price of cotton will be at the time we want it delivered by the Farm Board to the Red Cross. Nobody can tell what the price of wheat will be when we want it delivered by the Farm Board, but, as I say, the number of bushels to be delivered is definite and the number of bales of cotton to be delivered is definite. If the Senate does not desire to carry out what it deliberately told the Farm Board to do, of course that is for the Senate to determine.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Tennessee?

Mr. JONES. I will yield in a moment. I simply want to call the attention of the Senate to the facts confronting us in this matter. Now I yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, what the Senator from Washington has said about what took place before the committee is entirely correct. I am inclined to think that the provision ought to be carried out, but I do not think this joint resolution ought to be made the indirect means of furnishing additional money to the Farm Board. I do not believe the Senate and the House ever intended that whatever equities the Farm Board has in this cotton should be paid for in cash and turned over to them by the Government. I do not believe that, and at the proper time I desire to offer an amendment covering the matter. I think there ought to be a limitation on this appropriation. It is perfectly clear that it will not take over $45,000,000, according to Mr. Stone's own testimony, and that ought to be the limit that is appropriated. In addition to that, we ought to say that any equity is to be paid over to the Treasury and not turned over, in this indirect manner, to the Farm Board.

Mr. FLETCHER. Mr. President, will the Senator allow me to interrupt him for just a moment?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Florida?

Mr. JONES. I will yield in a moment. Of course, Mr. President, the action to be taken must be determined by the Senate. If the Senate is ready to set a limit on the amount of money we are to appropriate for this purpose, in the face of what we have done in the preceding joint resolution, of course that is all right. I have no interest in the matter except to carry out the will of the Senate in regard to it. As to whether the amount shall be $45,000,000 or $50,000,000, I will say frankly that, in my judgment, forty-five or fifty million dollars would cover everything unless the price of wheat should go much higher so that the current price would be 75 cents or a dollar a bushel. In that event we could not expect 45,000,000 bushels of wheat, with the charges that are against it, to be covered by that amount; but the committee, when the matter was submitted to them, voted otherwise and ordered a report on the bill. How the Senate will amend it rests with the Senate itself, but I think that we ought to pass something along this line in order to carry out the terms of the joint resolution which the Senate deliberately enacted into law, so far as it could enact it.

Mr. FLETCHER. Mr. President——

Mr. JONES. I now yield to the Senator from Florida.

Mr. FLETCHER. I simply make the point that, because there is a matter now before the Senate, this question can not come up now, except by unanimous consent, and unanimous consent has been denied. I want to appeal to the Senator to yield long enough for the Senator from South Dakota to present a conference report and let us have that acted upon.

Mr. JONES. I will do that.

Mr. NORBECK. I ask the Senator from Florida to present the report. I do not think it will lead to any debate. The Senator from Florida has the papers, I understand.

Mr. FLETCHER. I have not the papers.

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Florida?

Mr. JONES. The Senator from Florida has not at hand the matter which he wants to call up.

Mr. McKELLAR. Mr. President——

Mr. JONES. I yield to the Senator from Tennessee.

Mr. McKELLAR. I want to say that I am going to offer an amendment fixing a limitation of $45,000,000, and I hope that the Senator will not oppose it, because I think we ought to provide such a limitation. I think it is bad legislation, under any circumstances, to appropriate an indefinite amount.

I wish to say further that I think the Senator from Washington is mistaken about the price having anything to do with this matter. The price of wheat would be wholly immaterial if the equity should go back to the Government, as it should. The price would only become material in the amount that we would pay the Farm Board for its equity.

Mr. JONES. I understand that the amount that would not go to the Farm Board would be indefinite. It would simply require, as I understand the Senator's proposal, to be paid out of the current price of wheat all the obligations and charges, and so forth, and then that the Farm Board should turn the wheat over to the Red Cross without anything being given to the Farm Board.

Mr. McKELLAR. Yes; and I was very sorry to find that the cotton and wheat both had been pledged for practically their present value, and that probably not over four or five million dollars of equities would come to the Government, but I think that four or five million dollars, small as it is, relatively, should go back to the Government and not be turned over to the Farm Board for the purpose of disposing of it as they have disposed of the $500,000,000 which was originally granted to them. I hope the Senate will agree to such a limitation as I have suggested.

The Senator from Washington will recall that Mr. Stone in his testimony gave the exact amount that was chargeable to this cotton and to this wheat, and the entire sum was $44,200,000, as I remember, and it was for that reason that I took Mr. Stone's figures as to the charges and then added $800,000 more in fixing the limitation of $45,000,000.

Mr. JONES. Mr. President, may I ask those who have objected to the consideration of the joint resolution if they would not be willing to allow it to be considered on that basis? I am perfectly willing for the Senate to pass upon the proposition of fixing a limit.

Mr. GORE. Mr. President, I would not be willing at this time to agree to that, and of course I shall oppose the joint resolution when it comes to final passage. However, one remark in connection with what the Senator from Tennessee has said illustrates to the Senate the businesslike fashion in which the Farm Board has transacted its affairs. This wheat, as I understand, is already pledged at 40 cents a

bushel, and the board will receive reimbursement in that amount in order to discharge the existing loans against it, when the Red Cross can go in the market and buy from the farmers an equal amount of wheat for 27 cents a bushel and create at least a limited market for wheat now in the farmers' hands, instead of for this wheat which is in the hands of the Farm Board. It simply illustrates the recklessness with which the Farm Board has transacted business, and the effort on the part of Congress to operate as a sort of rescuing party for the Farm Board.

I wish to add one further remark. I did not mean to impugn either the motives or the conduct of the Senator from Washington. I say that for fear my remarks might have been misinterpreted.

The VICE PRESIDENT. Objection has been made, but the Senator from Washington still has the floor. The Chair suggests that he decline to yield further except for a question, because we should get back to the business before the Senate.

Mr. JONES. As I understand, the unfinished business is before the Senate, and I will say just a word or two further. Of course I did not understand the Senator from Oklahoma as reflecting upon any member of the committee or anything of that sort.

Mr. GORE. I did not mean to do so.

Mr. JONES. The simple proposition is just this: Are we going to carry out the terms of the joint resolution which we passed a few days ago? The joint resolution for which I have sought consideration does not reflect on or confirm or commend the acts of the Farm Board or anything of that kind, but it is simply to carry out the legislation which Congress has enacted to turn over to the Red Cross for the needy people of this country 45,000,000 bushels of wheat and 500,000 bales of cotton.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield for a question?

Mr. JONES. I yield.

Mr. McKELLAR. Does not the Senator think when the Senate passed the original joint resolution—and it will be recalled that it was passed while I was away, and I did not know anything about it until this matter was brought up in the committee—evidently the Senate did not know of these borrowings by the Farm Board; it did not know that the wheat and cotton were encumbered, as they are, for practically all they are worth?

Mr. JONES. I do not know how fully the committee that had charge of the original legislation looked into the questions involved. That joint resolution, I think, came from the Agricultural Committee, but I have not any doubt that the situation was looked into very carefully.

I hope Senators will consider the various phases of this matter, and I shall try to-morrow to call it up again. Of course, if the Senate does not desire to carry out the legislation which we deliberately passed and enacted into law just a few days ago, that is all right with me. I am simply seeking to carry into effect the legislation that the Congress has deliberately passed.

RELIEF OF HOMELESS PERSONS IN THE DISTRICT OF COLUMBIA

Mr. BLAINE. Mr. President, it will be recalled that on July 1 I introduced a joint resolution to provide relief for persons temporarily in the District of Columbia, especially with respect to the temporary care of transients and homeless persons, and particularly the veterans of the World War and their wives and children.

Since then the joint resolution introduced by the Senator from Nebraska [Mr. HOWELL] has passed both Houses, and an appropriation amounting to $100,000 was made to carry it out. That joint resolution provided that the veterans could borrow on their adjusted-compensation certificates a sufficient amount of money for transportation to their homes and a certain amount for their subsistence.

I observe from the press of last evening that very few of the veterans have taken advantage of the provisions of that joint resolution. I do not recall how many; but I think the press stated, from information obtained from the Veterans' Administration, that the number was about 1,100. I may be mistaken in that.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. BLAINE. I do.

Mr. COPELAND. I think the number is much less than that.

Mr. BLAINE. Furthermore, it was stated that on yesterday very few men were making application for the transportation.

Mr. President, I have rested under the apprehension that the joint resolution of the Senator from Nebraska would not bring about the results contemplated by it, and I so stated on the floor of the Senate when it passed. I was not a prophet, but I have some familiarity with the psychology of things and of men, and I thought I had an understanding of the temperament of the veterans who are here. I was convinced then, with that intuitive sense that I had, that they would not accept the invitation that was, in effect, extended by that joint resolution.

Now, we find that the numbers coming here, the recruits, exceed the number of evacuations. By far more men are coming than are leaving. Congress is facing an adjournment. It is very obvious that this session of Congress will adjourn this week. It may be to-morrow, it may be Friday, but at least it is very apparent that it will not be later than Saturday. The appropriation under the Howell joint resolution is not available after to-morrow night. To-morrow is the 14th of July; and, as I understand, the appropriation is not available beyond that time.

I have been informed this morning, informally, that a very few men are making application to-day. We are, therefore, going to find ourselves in this situation: Congress will have adjourned without making any provision whatever to relieve the authorities and to relieve the people of the District of Columbia from that which will be necessary after Congress has adjourned—that is, to provide food for these men.

I do not know how many thousand men are here. The number is estimated at not less than 8,000, and some figures are given out as twice that number. But even 8,000 men who are without homes and without funds will constitute a serious problem for the District of Columbia after Congress leaves.

I do not know how long these men are going to remain. It is rather a baffling proposition; but I do know that they are here. I do know that these men are no longer children. They are adults. They have had various experiences. Anyone who is a veteran of the World War, of course experienced that which is not experienced by anyone else in civil life. They are understanding men. Those whom I have met I have found were men who were sensible, level-headed, moderate in their attitude; but they are men without jobs, men without homes, and they are here. I do not feel that Congress should adjourn leaving the entire burden upon local authority and the local people of the District of Columbia.

I do not know what is going to happen; but I feel that Congress ought to put itself in a position where it will have performed its immediate duty, as I look upon it, and that is to make an appropriation to the District authorities for relief of these men if the necessity continues, as it is very likely to continue.

I am not going to discuss the possibilities that may come upon these men and upon the people of the District of Columbia. These men are not living under ideal sanitary conditions—not by any means. Many of them are living in quarters that are most insanitary, of course, without sufficient food and without some of the ordinary things of life that are necessary to preserve health and some degree of comfort that will preserve the good temperament and good conduct of the men as they have exhibited their good sense, their good temperament, and their good conduct for the many weeks they have been with us.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. BLAINE. I yield.

Mr. COPELAND. The Senator will remember that on the 27th of June I introduced a similar joint resolution, but I think the proposal of my friend from Wisconsin is superior. The only objection I have heard to this proposal is that if any provision is made for food it will be an invitation to others to come here. Of course there is something in that criticism; yet, after all, no matter where these men are—whether they are here or in New York or in Milwaukee or wherever it may be—their circumstances are such that they must be provided for by the public. So whatever hesitation we may feel regarding an appropriation for this specific purpose to care for the veterans who are here in the District I think disappears largely by reason of the conditions which prevail everywhere, because we have unemployment throughout our country, not only as to these veterans, of course, but as to thousands of others. But wherever poverty exists, certainly the humane instincts of the public must be aroused to see that starvation must not be permitted.

If the Senator will bear with me for a moment, I am much concerned over what may occur here when we adjourn. There are things that one would like to say but hesitates to say; but, regardless of all that, on the question of humanity alone we can not bear to have these men starve. I have, from my private purse, contributed to the feeding of men from my State, but I want to say for them that they are not tramps. The "king of the hoboes" happens to be a friend of mine, and he has assured me that these men are not tramps. "Mr. Zero," who has done a great work in my State, tells me that they are high-grade men. I have seen the discharge papers of many of them—honor men, men who have distinguished themselves on the other side.

Certainly, Mr. President, we must find some way to provide for these young men. We may say they are misdirected and misguided. I am frank to say that I think they made a serious mistake in coming here. Their cause is not promoted by it, but they are here, they are hungry, and we must make some provision for them; and I hope the Senator will press his joint resolution.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. FLETCHER. Some days ago, when the Senator was discussing this matter so forcefully and in such an interesting way, I gathered that the Senator was proposing cooperating with some Members of the House of Representatives, or a voluntary committee, to inquire what would satisfy the ex-service men. I thought they had reached the conclusion that transportation was what was needed. I do not know whether or not the Senator absolutely undertook to make a study and investigation among the men themselves, and, with others in Congress, to ascertain what they required and what they needed and what Congress should do. I have been waiting for a report from the Senator on that subject. I do not know how far he went. My impression was that a conference was to be had with the leaders of the men who were here, and perhaps some plan would be agreed upon so that we could meet the situation.

I think we have to do something about it if they are not going away. I had the impression that perhaps the joint resolution we passed was sufficient, that the provision of $100,000 was all that was required, but they do not seem to be going away under that plan very fast, and more are coming in than are leaving, according to reports. So that we did not solve the problem by passing that joint resolution. Whether or not the measure which the Senator is about to propose would solve it I do not know. It depends on what he gathered from his conference with the people who are rather vigorous leaders on the part of the ex-service men.

Mr. BLAINE. Mr. President, at the time to which the Senator from Florida refers I did not contemplate any conferences such as the Senator has suggested. I think the Senator's impression comes from the fact that the senior Senator from Oklahoma [Mr. THOMAS], as I recall, offered a resolution providing for the appointment of a committee to confer. The only conference I had was with leaders on this side of the Senate, and also some leaders on the other side of the Senate, with respect to the possibility of getting legislation.

After the Howell joint resolution was passed, then, of course, it was very clear that I would abandon efforts which I contemplated at that time, in order to permit the joint resolution as passed to be carried out, if it could be carried out. I did not want to interfere with that situation. I did not want to discourage anyone from accepting the loans authorized by that joint resolution. I thought that was a matter entirely within the individual opinion of the several veterans who are here, and I gave no advice upon that question at all.

Therefore, I deferred calling up the resolution to which I have directed my attention until it became very plain that the provisions of the Howell joint resolution are insufficient to accomplish what the author and others thought would be accomplished. For that reason I desire to call up this resolution to-day.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. COPELAND. I take it that the Senator from Florida is aware of the fact that the joint resolution we passed appropriating money will expire to-morrow night. That money had to be advanced before the 15th of July. So I take it that the reason for the Senator speaking as he is is that it is humanly impossible to evacuate these camps before midnight to-morrow. It was hoped, when the joint resolution was passed, that thousands of the veterans would avail themselves of the opportunity to go, but, of course, they have not done so. The Senator said about 1,100 had applied. I think about 700 is the number who have applied. We have these thousands, 10,000 to 15,000, who are here, with no means of support, and what are they going to do? What is the District of Columbia going to do?

All the impulses of my heart say that these men must be fed. I do not care where they come from or where they may be, they would have to be fed wherever they came from, and we might just as well feed them here as to feed them anywhere else, as far as that is concerned. But it has become a pressing problem, not alone as far as our instincts of humanity are concerned, but on the health side it certainly is a menace to public health to have thousands of men brought together, without latrines and other sanitary provisions for the protection of the mass. If there is anything in medical science, it stands to reason that it is only a question of time when, with those men living under such insanitary conditions as exist, disease will be invited, and certainly if the camps shall be involved, the community will be in danger. So it becomes a great public-health problem.

In formulating my own resolution, which I introduced a few days before the Senator introduced his, I had in mind what we call the imminent-peril clause of the New York charter, which provides that under certain circumstances the board of health may meet and declare that there is a state of imminent peril to the public health, and then, with the approval of the mayor, may take any step necessary to guard the public health. Certainly we have a situation here which is a direct menace to the welfare of the community, as well as one which violates all of our instincts of humanity.

Mr. BLAINE. Mr. President, I would not be so insistent in the matter if it were not for the legislative program, and on account of the restrictions placed upon the Congress by its own rules. Before an appropriation can be made, it becomes necessary to have an authorization by the Congress. That means that if this joint resolution is considered to-day and passed, it will go to the House, and there be considered. If it should be passed in the House, as I understand, it will be necessary to have an estimate from the Bureau of the Budget and a transmittal of that estimate by the President of the United States.

I understand the House has a practice, although it may not be a formal rule, that it will not make an appropriation without a prior estimate on the part of the Bureau of the Budget and the transmittal of that estimate to the Congress by the President of the United States. Therefore, it is very obvious that unless we can get action upon this joint resolution this afternoon, there will be no opportunity to provide the necessary funds.

I am not going to discuss the possibilities in the situation. If these men are subjected to a diet which will promote dysentery among them, then we may have this condition facing the District. Should the health department find that there may be an epidemic of typhoid, the health department, I assume, under the District Code, would have the right to institute a quarantine. If that should occur, then the District of Columbia, under the law, would be compelled to furnish the necessary food and the necessary housing conditions for these men. In other words, it could not institute a quarantine against a group of men and permit them to starve to death or subject them to exposure. They would have to be fed and housed. So, if that unhappy situation should occur, the District of Columbia would face an enormous expenditure; and I do not feel that we should subject the people of this District, who have no representation in the Congress, who have no one to speak for them unless some Member of Congress speaks for them, to that situation. I do not believe we should leave the people of this District in that situation; and, as the Senator from New York has said, out of the dictates of humanity, Congress ought to respond to the dictates of humanity and exhibit a consideration for these men, many of whom, as the Senator pointed out, are to-day wearing the distinguished-service cross, most of them men who had service overseas during the World War.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. COPELAND. The Senator has correctly said that if there should be an epidemic of dysentery or of typhoid fever the District of Columbia then would be obligated to quarantine, and then to feed, of course, those within the boundaries of the quarantine. How much better it is to prevent the dreadful circumstance of an epidemic by maintaining these people, if they are insistent on staying here, in some degree of nourishment, so as to prevent an epidemic. Anyhow, I agree with the Senator that it would be a great pity, hardly less than a crime, as I see it, if we were to adjourn Congress and not make some provision for the material welfare of these men so long as they choose to stay.

The Senator's joint resolution is broad enough so that it would make it possible to extend the term of the transportation item, so that if the commissioners thought the public interest might be served in some other way, the fund might be used in that way, and I assume that might include transportation if necessary. Certainly we ought not to adjourn this session of the Congress without making some provision for the care of these men.

Mr. BLAINE. Mr. President, since this probably will be the last opportunity, and having no desire to trespass upon the wishes of the Senator from South Dakota, assuming that this may be disposed of very readily, I ask unanimous consent for the immediate consideration of Senate Joint Resolution 191, without displacing the unfinished business.

Mr. NORBECK. Mr. President, I would like to accommodate the Senator from Wisconsin, and I appreciate the sentiment that prompts him, but I have been here for two hours now trying to get the farm relief bill up, and it seems in this Chamber that the only thing that is not important is the unfinished business. I do not want to be giving way all the time. Two hours of the day have already gone, and I am sure this joint resolution would lead to debate. I have no doubt of it. Other Senators have told me it would lead to debate, and I am therefore compelled to object.

Mr. BLAINE. Mr. President, may I ask the Senator to withhold his objection for the present so I may call his attention to the fact that this is not my affair? I have no individual personal concern about it, except as that concern comes from a response to the demands for humanity. I have an official responsibility, and that official responsibility is likewise upon the shoulders of every Member of Congress. So, when the Senator refers to "accommodating the Senator from Wisconsin," I know that he means it in a kindly way; but the accommodation is for the benefit of the entire membership of the Congress and for the specific purposes which we have discussed here this afternoon.

I hope the Senator from South Dakota will withdraw his objection. If consideration of the matter does lead to general debate, the Senator can at once ask that the unfinished business be taken up. I am not even asking that the unfinished business be laid aside temporarily.

Mr. NORBECK. If the Senator from South Dakota had any idea that it was as easy to get action as that, there would be no objection, but I am thoroughly satisfied that is not going to be the case.

Mr. BLAINE. Let us try it for a few moments, anyway.

Mr. NORBECK. Oh, no. There are Senators who have left the Chamber who asked me not to permit this matter to come up in their absence, and I do not want to do it. If we could have gone on with the farm bill this morning, I think we would have had it out of the way by this time. There is humanity on the farms requiring attention as well as in the towns. The humanity problem is a broad one.

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). Is there objection to the request of the Senator from Wisconsin?

Mr. NORBECK. I object.

Mr. BLAINE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Reed
Austin	Dale	Jones	Robinson, Ark.
Bailey	Davis	Kean	Robinson, Ind.
Barbour	Dickinson	Kendrick	Schall
Bingham	Fess	Keyes	Sheppard
Black	Fletcher	King	Shipstead
Blaine	Frazier	La Follette	Shortridge
Borah	George	Lewis	Smoot
Bratton	Glass	Long	Steiwer
Brookhart	Glenn	McGill	Stephens
Bulkley	Goldsborough	McKellar	Thomas, Idaho
Bulow	Gore	McNary	Townsend
Byrnes	Hale	Metcalf	Trammell
Capper	Harrison	Moses	Tydings
Cohen	Hastings	Norbeck	Vandenberg
Connally	Hatfield	Norris	Wagner
Coolidge	Hayden	Nye	Walcott
Copeland	Hebert	Patterson	Watson
Costigan	Howell	Pittman	White

The PRESIDING OFFICER. Seventy-six Senators having answered to their names, a quorum is present.

FARM RELIEF

The Senate resumed the consideration of the bill (S. 4940) to provide temporary aid to agriculture for the relief of the existing national economic emergency.

Mr. NORBECK. Mr. President, the unfinished business is the farm bill and I want to explain it just briefly for the benefit of those who may have missed the previous statement.

First it applies only for one year. It applies only to three commodities. It will not be a burden on the taxpayers. It is to an extent a new thing. It is a form of allotment plan. The Secretary of Agriculture will determine how much of a crop is domestic consumption and how much is not. On the basis of that which is not domestic consumption a bonus certificate would be given. For instance, if he should decide that 90 per cent of the hogs are domestic consumption, then 10 per cent would be exported and the farmer would get 2 cents per pound on 90 per cent of his hogs, but not on the other 10 per cent because that would be exportable.

If the Secretary of Agriculture should determine that 75 per cent of our wheat is domestic consumption, then the 42-cent certificate would go to the farmer on 75 per cent of his crop. The other 25 per cent would not get the benefit of it. The fund is made up on the basis of the charge on processing. In the case of hogs there is a tax

of 2 cents a pound on the packing house, or whoever processes the hogs. In the case of wheat it is a 42-cent tax on the miller. That goes into a special Government fund.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Florida?

Mr. NORBECK. I yield.

Mr. FLETCHER. I want to inquire whether the tax is an addition to the market price, or how is that to be handled?

Mr. NORBECK. It has nothing to do with the other tax. The 42 cents is a direct bonus to the farmer to make up the difference.

Mr. FLETCHER. In other words, he gets the current price plus the 42 cents?

Mr. NORBECK. Yes.

Mr. FLETCHER. And the man with the hogs gets the current price plus the 4 cents?

Mr. NORBECK. Yes; that is it exactly.

Mr. FLETCHER. That is paid by the processor?

Mr. NORBECK. Yes. The processor pays into the Treasury the fund, which continues to run until the certificates have been paid, but the payment is withheld for a while in order that the fund may accumulate. It is expected there shall be money in the Treasury to take up the certificates as they will be presented.

I am one of those who have always believed we would have to have something like the allotment plan, and that we should get our experience on a small number of products and not try to get it on a large number. If there is any hope in the bill, it is that it is limited to one year and limited to three staple commodities. It is not so involved but what it can be handled. It is not so involved but what it can be understood. If it works out well this year, it will tend to point the way for the future. It is not a demand on the Treasury for money. It is simply insisting that if an American standard of living shall be maintained for the industrial world, that same standard shall apply to all industries alike, and agriculture should not be excluded from its benefits. It is an effort to put agricultural products on the basis of the domestic price instead of the world price. It is an effort to put American agricultural products on the same plane with American industrial products. It is not an effort to give the American farmer a wage. It is not a charity. It is simply a suggestion that might apply to all classes.

If there is anything that we have learned in the last 15 years it is that we can not depress one class without depressing others. We can not have disaster in one group without having it spread to other groups. We can not have broken banks and broken credit, and confine it and quarantine it as we would smallpox, because it spreads over the Nation. This is a feeble effort in that direction. It will not do much, but it will do something. It is rather an attempt to see whether the other sections of the United States can see the thing in the same light, whether there is now a feeling that after all we have got to get together and that there can not be two different standards in the same country, not that the farmer shall get the wage of union labor but union labor has suffered from the condition of the farmer, too. What does it avail the union man that he is to get $1.25 an hour if he is without employment? No one is suffering more from the agricultural disaster than is the laboring man. Even though he is protected by the union scale and union agreements he only finds that they are futile and that he is walking the streets.

The purpose of the bill is to correct the condition in which we find ourselves. We can not interfere with the economic laws in favor of one group and against another group. We can not give somebody a dollar without taking it away from somebody else. If the bill is to be broadened to include this, that, and the other thing, it will simply destroy it. I would rather see it beaten than to see it taking in other commodities that are difficult to handle.

Why have we chosen these three commodities? It is for the reason that these are three commodities on which the tariff is not effective and which are processed. We are asking here not to include dairy products, because 50 per cent of the dairy products are not processed but are sold in the form of milk and there would be difficulty in applying the provisions of the bill to that kind of a product. We might go on down through a list of 100 commodities and say we would like to include them all, but we would get into such difficulties that we would destroy the purposes of the bill.

Mr. President, I do not care to prolong the discussion. If there is anyone who cares to ask a question, I shall be very glad to answer it if I can. With this brief explanation I shall rest the case and ask for the yeas and nays.

Mr. NYE. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from North Dakota?

Mr. NORBECK. I yield.

Mr. NYE. In order that the RECORD may be made doubly clear, if he has not already made it sufficiently clear, what does the Senator feel would be the effect upon the general run of agricultural prices if there should be brought some semblance of stabilization to the three stable commodities which are included in his bill?

Mr. NORBECK. I think that every economist and every student of business and every good observer admits that a business recovery has got to start in the country sections. If so, God pity the towns under this situation, for agricultural products have a purchasing power of only one-fourth what they had during the war—oh, no; one-fourth of what they had before the war when we had normal conditions in the land. So if the factories are only putting out of what goes to the farm one-fourth as much, it is because the farmers only produce one-fourth as much with which to make the exchange. Therefore, under present conditions, 75 per cent of the factories that supply the farmers have got to be idle.

Not only is that true, Mr. President, but the one-fourth is being produced at a loss. The farmers have had a capital tax for a dozen years or more; they have been living on their savings; they have been living on their accumulation; they have been living on values.

What will be the effect of this proposed legislation? I will say to the Senator from North Dakota that I do not look for any hasty effect. It is impossible to retrace in a few months the steps which have been taken during ten or a dozen years, but it will have some effect on the price of this year's crop and it will give hope to people who are hopeless, and it will increase buying power. The money may quickly roll away from the farmers, but the dollars will roll to other places and begin to do business in other places all over the land. I think there will be a limited but a quick response and a very favorable one in business circles as a result of the enactment of the pending bill.

Mr. NYE. Mr. President, I think the Senator missed the particular point I was trying to make in my inquiry. I was trying to get the Senator to respond with his thought of what effect his bill would have upon agricultural prices generally by stabilizing, in a degree, the prices of the three staples which are included in his bill.

Mr. NORBECK. I beg the Senator's pardon. I realize the Senator is a student of this question and is deeply concerned about this bill. My thought is that it would have a stimulating effect all along the line. We know full well that when any one food product is cheap it tends to bring down the prices of the other food products. The farmer has nothing to sell but food products, and, if their sale price can be brought up to a pretty fair level, it will no doubt have a stimulating effect on the others and help to hold them up to higher levels.

I may explain further, Mr. President, that as the bill was introduced in the House it provided for a 5-cent duty on cotton. The committee of the Senate, of course, came to the conclusion that that would have to be stricken from the Senate bill, and, although I do not think it makes any difference in the benefit to the cotton producers, and neither do the cotton men with whom I have consulted; of course,

if the bill goes to the House, a 5-cent tariff on cotton will probably be put in it, if it is the desire of that body to do so.

Mr. BLAINE. Mr. President, I suggested the absence of a quorum before the Senator from South Dakota addressed the Senate. I did that for the reason that it was suggested that there were Members of the Senate who were interested in a resolution relating to an appropriation for the relief of veterans now in Washington, and they asked that that matter be not brought up in their absence. I assume those Senators may now be present, and I now ask unanimous consent for the consideration of Senate Joint Resolution 191.

Mr. NORBECK. Mr. President, at that time I talked with the Senator from Wisconsin, and I understood it was his opinion that he could get his resolution through in a couple of hours. It is now 2.30 o'clock and if the measure should now be taken up it would be 4.30 o'clock before it would be finished, and my bill would be put over until to-morrow, taking his own estimate of the time. I therefore have to object, or else surrender and withdraw the pending bill.

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). Objection is made.

Mr. BLAINE. Mr. President, there is no justification for the suggestion that I said it would take two hours. I said nothing about a limitation of time. I did suggest to the Senator from South Dakota that his bill would not be displaced if the other measure were taken up and that he at any time could ask that the Senate proceed to the consideration of the unfinished business; in other words, that he would control the time that might be taken for the consideration of Senate Joint Resolution 191. Of course, the Senator could control the time, and, if he wanted to let the debate run for two hours, that would be a matter wholly within his jurisdiction. My opinion was that, if there were no objection to taking up the joint resolution, it might be disposed of very quickly one way or the other. I do not want, as I said, to be too persistent, but this is the last opportunity, and, if the Senator still feels disposed to object to the unanimous-consent request I shall make a motion, not at this time but at some time during the afternoon after the debate runs along. I do not want to interfere with the Senator's bill; I have no disposition to do so; I appreciate how the Senator feels about it, and I am not going to do so, excepting as this emergency may demand that some action be taken.

Mr. NORBECK. I can only answer in the words of the Senator from Wisconsin that if this is the last chance for his measure it is the last chance for farm relief, and I can not yield. I, therefore, object.

Mr. BLAINE. Then, Mr. President, I give notice that a little later in the afternoon I shall move to displace the unfinished business and to take up Senate Joint Resolution 191.

I will not do it now, but during the afternoon I shall make that motion.

The PRESIDING OFFICER. The first amendment reported by the Committee on Agriculture and Forestry will be stated.

The first amendment was, on page 3, section 3, line 12, after the word "act," to strike out "wheat" and insert "cotton, wheat," and in line 14, after the word "resale," to strike out " and cotton shall be deemed to be marketed when ginned for the producer or when unginned and sold or otherwise disposed of by him for processing or resale," so as to make the clause read:

(b) Each producer of cotton, wheat, or hogs shall be entitled, subject to the conditions of this act, to have issued to him promptly an adjustment certificate covering the domestic consumption percentage of each lot of the commodity of his own production which, after the fifteenth day following the date of approval of this act, is marketed by him. For the purposes of this act, cotton, wheat, and hogs shall be deemed to be marketed when sold or otherwise disposed of by the producer for processing or resale.

The amendment was agreed to.

The next amendment was, on page 5, section 4, line 3, before the words "to be," to strike out "tax" and insert "charge," so as to make the clause read:

SEC. 4. (a) On and after the day following the date of the approval of this act there shall be levied, assessed, collected, and paid upon the first domestic processing of any cotton, wheat, or hogs (whether imported or of domestic production), a charge to be paid by the processor and to be known as an adjustment charge. Such adjustment charges shall be as follows: 42 cents a bushel for wheat, 5 cents a pound for cotton, and 2 cents a pound for hogs.

The amendment was agreed to.

The next amendment was, on page 7, line 2, after the word "the," to strike out "taxes" and insert "charges," so as to make the clause read:

(g) All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the revenue act of 1926 shall, in so far as applicable and not inconsistent with this act, be applicable in respect of the charges imposed by this section.

The amendment was agreed to.

The next amendment was, on page 7, after line 3, to strike out:

IMPORTATIONS

SEC. 5. (a) On and after the day following the date of the approval of this act there shall be levied, assessed, collected, and paid upon the following articles, when imported from any foreign country into any place to which Title I of the tariff act of 1930 applies, the following duties:

(1) On cotton having a staple of less than 1⅛ inches in length, 5 cents per pound; and

(2) On all dutiable articles wholly or in chief value of cotton having a staple of less than 1⅛ inches in length, an additional duty of 5 cents per pound on such cotton contained therein.

(b) During the period for which an adjustment charge is in effect with respect to any commodity there shall be levied, assessed, collected, and paid, upon importations from any foreign country into any place to which Title I of the tariff act of 1930 applies, of goods processed or manufactured from such commodity which, if domestically processed, would be subject to adjustment charge, a duty equal to the amount of the adjustment charge which would be payable with respect to such domestic processing. Such duty shall be in addition to any other duty imposed by law.

(c) The duties imposed by this section shall be levied, assessed, collected, and paid in the same manner as duties imposed by the tariff act of 1930, and shall be treated for the purpose of all provisions of law relating to the customs revenue as duties imposed by such act.

The amendment was agreed to.

The next amendment was, on page 9, section 6, after line 3, to strike out "During such period, the provisions of section 5 (relating to import duties) shall remain in effect as to the products of such commodity, and if such commodity is cotton, such section shall also remain in effect as to cotton and the products of silk and rayon," so as to make the clause read:

(c) Notwithstanding the limitation of section 2(a) on the period of duration of this act, section 4 of this act (relating to adjustment charges) shall continue in effect with respect to any commodity, for such additional period as the Secretary of the Treasury may by proclamation fix, in order to make available receipts from adjustment charges with respect to the commodity sufficient to redeem all adjustment certificates issued with respect to the commodity.

The amendment was agreed to.

The next amendment was, on page 10, section 7, line 23, after the word "cotton," to strike out (excepting section 5, relating to duties on importations) so as to make the clause read:

(4) The term "cotton" means cotton of any tenderable grade under the United States cotton futures act.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment, the question is, Shall the bill be ordered to be engrossed for a third reading?

The bill was ordered to be engrossed for a third reading.

The PRESIDING OFFICER. The question is on the third reading of the bill.

Mr. BLAINE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Bratton	Cohen	Davis
Bailey	Brookhart	Coolidge	Dickinson
Barbour	Bulkley	Copeland	Fletcher
Bingham	Bulow	Costigan	Frazier
Black	Byrnes	Couzens	George
Blaine	Capper	Dale	Glass

Goldsborough	Kendrick	Norris	Steiwer
Gore	Keyes	Nye	Stephens
Hale	King	Patterson	Thomas, Idaho
Harrison	La Follette	Pittman	Townsend
Hastings	Lewis	Reed	Trammell
Hatfield	Long	Robinson, Ark.	Tydings
Hayden	McGill	Robinson, Ind.	Vandenberg
Hebert	McKellar	Schall	Wagner
Howell	McNary	Sheppard	Walcott
Johnson	Metcalf	Shipstead	Watson
Jones	Moses	Shortridge	White
Kean	Norbeck	Smoot	

The VICE PRESIDENT. Seventy-one Senators having answered to their names, a quorum is present. The question is, Shall the bill be read a third time?

STATEMENT OF SENATOR HATTIE W. CARAWAY, OF ARKANSAS

Mr. LONG. Mr. President, I have in my hand a statement issued by Mrs. CARAWAY, the junior Senator from Arkansas, which I send to the desk and ask to have read and made a part of my remarks.

The VICE PRESIDENT. Without objection, the statement will be read.

The legislative clerk read as follows:

I have stayed at my post in the United States Senate as long as I thought I could be of any service to this country, notwithstanding the fact that I knew my campaign in Arkansas needed me if I am to be reelected. But I have stayed here, supporting every effort to secure relief for the people of this country, until finally Mr. Hoover has sounded the death knell to much of it with his veto.

I am now going back to Arkansas to campaign for reelection to the Senate on my record. I believe my people will approve of the record I have made in the Senate.

By HATTIE W. CARAWAY,
United States Senator.

Mr. LONG. Mr. President, Mrs. CARAWAY was, I believe, the first lady who has ever been elected by the people of this country to sit in this body. She has made a record here in the Senate that I think should be called to the attention of the Nation. She has been here in Washington with her husband for many years, but has been in the United States Senate for several months only.

I believe I can say, from the investigation I have made, that the record of Mrs. CARAWAY comes nearer sounding the humane sentiments and impulses, or at least as near it, as that of any Senator in this body. She had stood for what the people of her State of Arkansas needed; and it is probably due to her votes and some of her efforts that the people of that State have been protected, in a tariff on oil, against foreign oil from South American countries. She has worked hard for all farm relief proposed, and though we have failed to secure much result, she has stood steady for the farmers, none the less.

Mrs. CARAWAY voted here for the Couzens amendment to the income-tax schedule, an amendment proposed by the distinguished senior Senator from Michigan to collect higher taxes from the great incomes of the United States and from big wealthy interests.

She voted for the Connally amendment when it was defeated, and which was later accepted in the Senate.

She has voted also for such legislation as the anti-injunction bill of the Senator from Nebraska [Mr. NORRIS], which gave to this country a law to prevent the issuance of injunctions in labor disputes and in other disputes, a needed relief, well recognized for a number of years.

She supported the "lame-duck" amendment.

She supported the bill for the freedom of the Philippines.

She supported the tariff on lumber.

Mr. President, in connection with these bills which she has supported here, Mrs. CARAWAY has fought and has voted against legislation which to her mind, and I believe to the minds of the people of Arkansas and of this country generally, was injurious to the better interests of the people, particularly the common people, of the United States.

We have had in this body entirely too much representation from some of the Southern States that has not been in accord with the will and with the varied interests of the people. I believe that if the people of Arkansas are ever to be represented by what they think is to their interest and what the common people everywhere think is to their interest, when they review the record of Mrs. CARAWAY here in the United States Senate they are going to find out that the people of our entire country have never been better represented; that their interests have never been better protected; and that never was as much work done in a similar length of time by any one man who ever sat in this body as a United States Senator from the State of Arkansas as has been done by Mrs. CARAWAY.

The near infamous legislation which we had to enact here by reason of necessities that were urged by some of our distinguished colleagues, with good motives, such as putting a tax on bank checks, putting a tax on candy, putting a tax on the purchasing of automobiles—in other, words, a series of sales-tax measures—all of these were opposed by Mrs. CARAWAY in this body. She will be praised for years for that stand she took. On the contrary, she took the view that what we ought to have done—and I took the same view, Mr. President, and many of us here took the same view—was to have elevated the income and inheritance taxes on the large fortunes of this country, not only for the purpose of raising revenue for the support of the Government but for the purpose of preventing a swollen-fortune system that is now the cause of all the trouble and economic distress with which this country to-day is faced.

Mr. President, it would be a fatal error, it would be a distinct loss, it would be a march backward for the common people of this country, should Mrs. CARAWAY not be returned to this body, and if in her stead should some one be elected of the old reactionary type of which too often we have had representation from the Southern States.

It is said to be an experiment for a woman to sit in the United States Senate, but it is not an experiment for Mrs. CARAWAY, and the record that she has made shows it. It never has been my object to encourage the women of the United States to be politically minded, particularly; but I believe that to-day, with the rising tide, with the minds of our common people set toward the proposition that in order to bring back relief in these United States it is necessary to attack the system of swollen fortunes, that it is necessary to curb these large estates with inheritance taxes and with income taxes, that it is necessary to beard the lion in his den, in the words of Daniel Webster, and say that when we allow people to accumulate more than they can have any earthly need for, we are doing a great injury to the future welfare of this Republic—I believe with that sentiment prevailing, and becoming constantly more prevalent among the people to-day, it behooves many of us who sit in the United States Senate and in the halls of Congress to-day to write our friends in Arkansas and acquaint them with the great record and the great service of Mrs. CARAWAY. the first woman to sit in the United States Senate by reason of an election of the people of any State.

I do not know the opponents of Mrs. CARAWAY in Arkansas, except one of them. I believe I do know two of them. So far as I know, they are very fine gentlemen. However, Mr. President, I had occasion only yesterday evening to be with two of the most distinguished Senators who sit in this body, and for a number of hours we discussed how hurriedly Members of the Senate had had to decide upon momentous issues in this little, short session of Congress. After going over the list and discussing it from the Republican side and from the Democratic side, I was pleased to have one of those gentlemen say that in his opinion the votes that had been cast in this body by Mrs. CARAWAY came as near, if not nearer, to being right than those of anyone he knew who had ever sat in this body.

I should hate to see the day come—I should regret exceeding to see somebody come from the State of Arkansas who would give this body a vote different from what it has had in the vote of Mrs. CARAWAY. The common people of this country need that Caraway vote and the stand that Mrs. CARAWAY has taken here in this body. Knowing as I do the temper of some of us who have held office probably nearly all of our lifetimes, and hope to hold office the balance of the time, knowing the views that we all have in that kind of a way, I believe that we need this lady for the benefit of the 95 hard-boiled politicians who sit here; that it strengthens the human impulse in this body and reminds us

of things beyond our usual recollections in the common touch of humanity which a person of the type of Mrs. CARAWAY brings into this body.

We all will make mistakes here. Lots of us will make mistakes; but on the one single vote of this one Senator from Arkansas has hinged in several cases the result in several important issues and matters. The independence that has been shown by that lady is a remarkable credit, and will stand forever as a landmark to the womanhood of this Nation.

Fortunately for her, in this body her colleague from her State is the leader of the Democratic side. From long acquaintance and from leadership of this body it naturally would have been expected that the vote of Mrs. CARAWAY, from Arkansas, would have been in accordance with the vote of her colleague from Arkansas [Mr. ROBINSON]. I remember reading in a magazine when I first came to the Senate an article which gave about a little 2-line analysis of every Member of the Senate, and when it reached the name of Mrs. CARAWAY it said, "Senator ROBINSON'S other vote." To my surprise, however—and I do not at this time intend in any respect to criticize anyone's record—as I have sat in this body and observed vote after vote that has been cast by our leaders of the Republican side and by our leaders of the Democratic side, I have often watched with unerring view Mrs. CARAWAY voting contrary to the advice and suggestion of her own party leader, who comes from her own State. But in the final analysis, Mr. President, to-day as we sit here, with our hindsight much better than our foresight, we now know that the votes that have been cast here by Mrs. CARAWAY were far more wise and worthy, far more necessary for the people, and that in rejecting counsel which ordinarily would have been followed her independent course of action has been one of the things here in this body which stamps her as a courageous person, the kind of person long needed, and more of whom we are now seeking for membership in this great legislative body.

So, Mr. President, I hope and I believe that all of us here will listen to the words that come from the State of Arkansas, hoping for the sake of this country that that little woman who has been sent to the United States Senate will be returned here. I hope and I believe that many of us here who call ourselves progressives—and I believe I am one of those listed as a progressive Senator, though I hope I do not try to get myself into a family where I am not welcome—I believe that those of us who call ourselves progressive Democrats and progressive Republicans not only are hoping that the American people will assist in sending Mrs. CARAWAY back as a Member of the United States Senate but when the election returns shall have been read that there will be many more to add to the membership of this body who will vote as Mrs. CARAWAY voted on the rights of the people to have a better share in the fortunes of this land; who will vote as Mrs. CARAWAY voted against adding an extra cent on sending a letter through the mails; who will vote as Mrs. CARAWAY voted to protect the oil people and the farmers of Arkansas, Louisiana, and many other States against the slave traffic of Venezuela; who will vote as Mrs. CARAWAY has voted on such issues as the "lame duck" amendment; who will vote as Mrs. CARAWAY has voted, Mr. President, for all the progressive policies, for every issue of human uplift.

I hope that when the returns are read in November, or in September, or in August, whenever the primaries may be held, they will point to the fact that Mrs. CARAWAY, and many of her kind, have been sent here to serve for the people in this great United States Senate.

Mr. BLAINE. Mr. President, I ask unanimous consent that Senate Joint Resolution 171 be made the special order of business following the disposition of the pending bill.

The VICE PRESIDENT. Is there objection?

Mr. AUSTIN. I object.

FARM RELIEF

The Senate resumed the consideration of the bill (S. 4940) to provide temporary aid to agriculture for the relief of the existing national economic emergency.

Mr. CAPPER. Mr. President, I can not urge too strongly the adoption of legislation of the nature of the pending bill, introduced by Senator NORBECK, providing temporary aid to agriculture for the relief of farmers in the existing economic emergency. The evidence is overwhelming that the farmers of the West will soon be closed out if they do not get financial relief at once.

I am perfectly aware that the Norbeck plan is not the final solution of the farm problem, but it will help; and never in the history of this country was the farmer so greatly in need of financial assistance with which to carry on.

This Congress should go a lot further than is proposed in this bill. But first we must do something to raise the price level of farm commodities.

While discussing the need of prompt relief for the farmer I desire to ask unanimous consent to place in the RECORD a few letters from farmers of Kansas and other States urging the necessity of better farm prices and more farm credits if they are to continue to exist.

There is a general feeling in the farm country—and it is in part justified—that this Congress has been extending aid to the banks, to the railroads, to the insurance companies, to big business generally, but has done little of direct benefit to agriculture, the basic industry.

I want to emphasize that, in my judgment, the farm price level is the key log to the price jam right now. Unless and until these prices rise there is no chance for an economic recovery for the rest of the country.

This Nation can not start back the road to recovery on 25-cent wheat—that is what the new crop is bringing in Kansas to-day. Think of it, Mr. President—25 cents a bushel for wheat.

I say Congress has a duty to perform before it adjourns, and must perform that duty; Congress has no right to evade a plain duty by running away from it, even with the best intentions in the world.

This Congress has a plain duty to use its powers to enact legislation tending to restore commodity-price levels, without which prosperity can not return.

Prosperity in this Nation depends upon the people as a whole having purchasing power equivalent to mass production power.

Mass purchasing power depends, in the last analysis, upon the basic commodity prices. And the most important commodity prices, most important to the country as a whole, are farm-commodity prices.

In other words, the corner stone of national prosperity is farm prices.

In the end wages are paid by basic commodities, dividends are paid by basic commodities, interest and taxes are paid by basic commodities.

Labor applied to basic commodities produces wealth; thrift applied to wealth produces what we call capital, which really is wealth in reserve.

Our national prosperity rests upon the foundation of basic commodity prices. And in my judgment the most important of these basic commodity groups are farm commodities.

When the farmer gets the cost of production for his products the country will be on the road to prosperity, and it will not travel that road until the level of farm prices is raised to the cost of production.

Farm prices have been driven to extremely low levels. These low farm prices have paralyzed all business, all industry, have deprived 10,000,000 workers of their jobs.

Farm prices must come up before there can be any farm prosperity, therefore farm prices must come up before there can be national prosperity.

Please remember also that when farm prices rise the general price level of all basic commodities will rise at the same time.

Farm representatives think that this Congress should not adjourn until legislation intended to promote the much-needed rise in farm prices has been enacted.

I say again, until the farmer gets better prices for his products we can not have much better conditions for this country as a whole.

The farmer's buying power has been decreased 51 per cent since the war. There has been a decline of 64 per cent in basic commodity prices since 1920; a 40 per cent drop since 1929.

Before the war the farmer got $1, distribution costs were $1, and the consumer paid $2 for the product for which the farmer got a dollar. This is approximately correct.

To-day the retail price for that same amount would be $2.38, the cost of distribution would be $1.68, and the farmer would get 70 cents. In a general way, these figures apply to all basic commodities.

There we have the economics back of the decision of farm leaders. Let us try to hold this Congress in session until the country as a whole is relieved by the enactment of a sound program for the relief of agriculture.

Congress has no right to desert the ship by adjourning without doing what I am sure is its most important job on the road to prosperity through sound economic relief of agriculture.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kansas that certain letters be printed in the RECORD?

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DODGE CITY, KANS., *July 9, 1932.*

Hon. Senator CAPPER,
Washington, D. C.

DEAR SENATOR: A few lines relative to the farmers' condition in western Kansas may interest and spur you on your efforts to bring agriculture back to normal conditions. As secretary-treasurer of the Ford County National Farm Loan Association I know the straits the farmers are facing. Unless the present session of Congress does something to assist the farmers in realizing a profit on their products instead of a loss as they have been during the past two years, at least 7 farmers out of 10 will be broke. Many farmers and stockmen are on the brink of bankruptcy. If the Congress will enact the bill giving a premium of 42 cents on every bushel of wheat that the farmer had January 1 and on the 1932 crop, it sure will save many a farmer's home. The only way to bring the United States to normal conditions is through agriculture.

The farmers and laboring people of western Kansas sure appreciate your work in behalf of the people who are the very backbone of our Government. If Congress adjourns without doing anything to bring agriculture back to a paying basis, there will be fewer Republicans in the next Congress.

Respectfully yours,

G. J. STAUTH.

VIOLA, KANS., *July 4, 1932.*

Hon. ARTHUR CAPPER,
Topeka, Kans.

DEAR SIR: I have been thinking for some time that I would write you in regard to the terrible condition we wheat farmers are in at the present time.

During the war wheat would have gone to $3.50 per bushel had the Government not stepped in and set a price on only wheat, letting farm machinery treble in price. The Government urged the farmer to raise more wheat and win the war. Which they did without much complaint.

Now the State legislature imposes a 3-cent tax on gasoline to make roads and we still have mud roads. Then the Government puts 1 cent on gasoline and 4 cents on lubricating oil. But wheat stays down to 25 cents. There are any amount of the farmers here in Sedgwick County that are not going to cut their 8-bushel crop this year. Why? Because the wheat is mortgaged at the bank, the machinery is mortgaged, and the banker won't loan enough money to buy fuel and oil to cut the wheat.

Our wheat here is making from 8 to 12 bushels. How much will we make after expense and rent is paid?

Would be glad to hear from you and your opinion as to whether it will pay to bin this wheat on the farm and how long we would have to hold it to get enough to pay expenses. I have some '31 wheat on hand yet.

Yours truly,

T. M. COYNE.

HARPER, KANS., *July 5, 1932.*

Senator CAPPER,
Washington, D. C.

MR. CAPPER: You are getting letters from so many Kansas people, I, too, am prompted to write you about conditions in Harper County. People here (not only farmers but landowners) are losing their farms, deeding their farms and homes to banks or loan companies, because they can not keep their taxes and interest on their mortgages paid up when they get only 25 cents per bushel for wheat, 6 cents per dozen for eggs, 11 cents per pound for butterfat, and can not sell potatoes at any price here. My taxes are only a few cents lower (less than $1) than they were four years ago, and interest is just the same as four years ago, but grain, livestock and all farm produce has dropped from one-fourth to one-half in price in that time.

We read what is being proposed in Congress, and what Hoover and others are saying about helping the farmer, etc., but why in the world don't they do something to really help the poor man or farmer? The appropriations benefit the New York banks, and large banks, railroad companies, Wall Street, and the fellow who has money already. If a farmer gets any benefit from it he must pay back (before he gets his crop return from what he has borrowed) and is tied up in such a way he had better not get into the mess.

Germany was given a year's interest on a large war debt. I see no reason why interest on all farm loans could not be canceled for a few years. A moratorium like that would help lots of farmers and not hurt those (or companies) who hold the loans. Congress can pass laws to that effect if they really want to.

Respectfully,

C. M. NOVALL.

WASHINGTON, D. C., *July 6, 1932.*

Hon. ARTHUR CAPPER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: S. 4940 by Senator NORBECK has been reported favorably by the Committee on Agriculture and Forestry and the report to accompany this bill is attached for your information.

The American Farm Bureau Federation is anxious that this session of Congress enact some legislation which strikes directly at price enhancement for farm commodities. It seems that adjournment is about to be taken with no fundamental farm legislation enacted. It is recommended that S. 4940, which undoubtedly will benefit prices on hogs, cotton, and wheat—three basic farm commodities of interest to the whole Nation—be enacted before adjournment.

The bill is brief and is easily understood. The report thereupon also is brief and will give you a complete description of the measure.

Unless farm prices are increased the Nation as a whole can not recover its usual economic stability. This measure is worth immediate enactment.

Very respectfully,

AMERICAN FARM BUREAU FEDERATION,
EDW. A. O'NEAL, *President.*

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and to be read a third time.

The bill was read the third time.

Mr. FLETCHER. Mr. President, I was called out for a few moments. I assume that all the committee amendments have been agreed to.

The VICE PRESIDENT. They have all been agreed to. The question now is, Shall the bill pass?

The bill was passed.

MERGER OF DISTRICT STREET RAILWAYS

Mr. AUSTIN. Mr. President, I move that the Senate proceed to the consideration of House Joint Resolution 154, to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes.

Mr. KEYES. Mr. President, will the Senator from Vermont yield to me?

Mr. AUSTIN. I yield.

Mr. KEYES. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Robinson, Ark.
Austin	Davis	Kean	Robinson, Ind.
Bailey	Dickinson	Kendrick	Schall
Barbour	Fess	Keyes	Sheppard
Bingham	Fletcher	King	Shipstead
Black	Frazier	La Follette	Shortridge
Blaine	George	Lewis	Smoot
Borah	Glass	Long	Steiwer
Bratton	Glenn	McGill	Stephens
Brookhart	Goldsborough	McKellar	Thomas, Idaho
Bulkley	Gore	McNary	Townsend
Bulow	Hale	Metcalf	Trammell
Byrnes	Harrison	Moses	Tydings
Capper	Hastings	Norbeck	Vandenberg
Cohen	Hatfield	Norris	Wagner
Coolidge	Hayden	Nye	Walcott
Copeland	Hebert	Patterson	Watson
Costigan	Howell	Pittman	White
Couzens	Johnson	Reed	

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Vermont [Mr.

AUSTIN] to proceed to the consideration of House Joint Resolution 154.

Mr. BLAINE. Mr. President, this joint resolution has to do with the merger of street-railway companies in the District of Columbia. The measure came over from the House. There is also on the calendar a Senate bill relating to the same question, and the Senate bill is Calendar No. 497, and was reported out of the Committee on the District of Columbia on March 24, 1932, with amendments. I have not had time to examine the House joint resolution, but I understand it is materially different from the Senate joint resolution. I do not recall that there was any hearing on the House joint resolution. In my opinion, if the measure is to be seriously considered at this session of the Congress, consideration should be given to the Senate joint resolution.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. BLAINE. I yield.

Mr. COPELAND. Are the differences so great that they could not be reconciled by amendments on the floor?

Mr. BLAINE. As I stated, I have no information, and I understand there has been no hearing by the District Committee on House Joint Resolution 154.

Mr. COPELAND. If there have not been any hearings, I am surprised, because I have been a member of the District Committee for 10 years, and it seems to me we have spent at least half of our time in hearings on the merger measure.

Mr. BLAINE. That only states part of the proposition. I do not recall that there has been any hearing on House Joint Resolution 154.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. BLAINE. I yield.

Mr. McKELLAR. Looking over the joint resolution, it seems to be a measure of very great importance—of the greatest kind of importance—to the users of the street railways in Washington. It seems to me that to attempt to bring it up in the last days of the session is a very remarkable thing. I do not think that Congress ought to pass upon it in any hurried way such as will be necessary if the motion is agreed to and the joint resolution is to be considered to-day. I am wondering what the Senator from Wisconsin thinks of bringing it up in the last hours of the session?

Mr. BLAINE. Mr. President, this is the most important, the most complicated measure that Congress has considered during the time that I have been in the Senate. It is one that more vitally affects the people of the District, especially the street-car users, than any other bill that has been before the Congress. I submit that the Senator from Tennessee has suggested exactly what the situation is. This is too important a measure to consider in the closing days of the session and too important to amend upon the floor.

I invite the attention of Senators to the fact that there are more than 60 amendments to the Senate joint resolution and it is that joint resolution that we ought to consider first.

Mr. McKELLAR. Unless we are to remain here the rest of this month and a part of next month, I do not see how it is possible for the amendments to have consideration. The Senator from Wisconsin is a member of the District Committee. I want to ask the Senator some questions about the measure. Does it propose to reduce the fares in any way for the privilege of consolidating and combining the two companies?

Mr. BLAINE. It does not.

Mr. McKELLAR. If the people are to get no benefits from the consolidation, why is it necessary to have the companies consolidated?

Mr. BLAINE. As a matter of fact, the people of the District are to receive no benefits whatever, while on the other hand the street-car companies are to be relieved of several hundred thousand dollars of payments which they are now required to make.

Mr. McKELLAR. I recall that ever since I have been here they have been trying to get relieved from certain forms of taxation like the keeping of crossing policemen at certain important crossings, and street improvements, and matters of that kind. What I want to know is why is it we are called upon in the closing days of the session to pass an important measure like this one which means no resulting good to the street-car-using public? I remember when I came here we bought six tickets for a quarter, or 4⅙ cents a piece. The rates have been increased until now the cash fare is 10 cents. That has all taken place notwithstanding the fact that the companies had a contract with the city of Washington to carry the people at 4⅙ cents. Under these circumstances it seems to me that it is very unbecoming of the street-car companies to ask these great favors in the way of consolidation without doing something for the street-car-riding public of the District.

Mr. BLAINE. Let me add another suggestion to what the Senator has said. It not only affects the street-car riders, but it also affects every citizen of the District of Columbia who is a user of electric light or power, because in this measure we write into the law a 15-year privilege to the Potomac Electric Power Co. whereby that company is charging the electric-light users a sum greater than ought to be charged to them.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. BLAINE. I yield the floor.

The VICE PRESIDENT. The Senator from New York is recognized.

Mr. COPELAND. I wanted to ask the Senator with reference to electric power. The only reason why I say anything about it at all is because during the past years we have had this matter up time and time again. It is nothing new to those of us who have served upon the District Committee. As I understand the matter, the author of the joint resolution and those interested in it are perfectly willing to accept the Senator's views as regards electric power.

I would like to say also to the Senator from Tennessee [Mr. McKELLAR] that it is not the fault of those who have been pressing the matter that its consideration has been delayed until the last days of the session. The joint resolution has been called up in the months past time and time again. I would like to say further, as I have said in the committee, that I am sick and tired of the merger bill. We ought to get rid of it.

Mr. McKELLAR. Then let us defeat it.

Mr. COPELAND. There will be no railroads left if we delay the matter much longer, because the competition of the cheap taxis in Washington is so great that the street railways are in serious danger of going out of business, as I view it. If we are to save the street railways for those who desire to ride on them, it is very important indeed that there should be prompt action.

Further, to go back once more to the question of electric power, I am in hearty sympathy with what the Senator from Wisconsin has said about it. I am sure that the Senator in charge of the measure, who can speak for himself, will say that, so far as that matter is concerned, it need not be a matter of controversy; that while the street-railway companies would like to have certain language used in the measure, they are perfectly willing to concede that point for the sake of the advantages which will take place from the economical operation of the railroads when merged. Separately they are bound to disappear, while put together they may go ahead serving the people of the District.

Mr. NORRIS. Mr. President, this question is closely allied, as the debate already indicates, with the power question, so that if I offer a few remarks on the question of electric power and some of its diversifying trails I shall still be talking directly to the question.

Mr. President, before this session of Congress closes somebody ought to submit a partial review, at least, of the developments that have taken place in the investigation of the

Power Trust by the Federal Trade Commission. Let me say first that in my judgment the investigation has made more useful disclosures in the direction of showing the control of some of the necessities of life by the greatest combination that was ever put together by human hands, than any other investigation has ever developed or shown. The Federal Trade Commission has had difficulty for the last several years, ever since it has been investigating the Power Trust, to get sufficient funds to carry on the investigation. There has been one contest after another to take away the jurisdiction and the power of the Federal Trade Commission and to deprive it of the necessary public funds to make the investigation.

The President's Budget, to begin with, for the next fiscal year did the best it could to put the Federal Trade Commission out of business so far as this investigation is concerned. I want to read from the hearings before the Subcommittee on Appropriations of the Senate. Mr. Humphrey, the present chairman of the Federal Trade Commission, appeared before the subcommittee. He wrote a letter to the chairman of the committee in which he clearly set forth in a very few words the attitude of the present administration in regard to this investigation. In that letter, directed to the chairman of the Committee on Appropriations and dated April 27, 1932, he said:

> The Budget Bureau refused to submit any estimate whatsoever for continuing the work of the investigations ordered by the Senate—

He was speaking of this investigation of the Power Trust that was ordered by resolution of the Senate—

> The Budget Bureau refused to submit any estimate whatever for continuing the work of the investigations ordered by the Senate on the ground that the expenditure for such investigations was entirely unjustified.
>
> The Budget estimated a loan for the amount necessary to continue the regular work exclusive of such investigation, and the entire sum as given in the House bill is necessary to carry on the regular work of the commission.

In other words, the investigation would cease if the President's Budget Bureau had had their way. Senators will remember that the investigation was continued, though crippled somewhat, by the action of the Senate in putting in an appropriation in the appropriation bill so it could be continued. That investigation has shown more of the great monopoly known as the Power Trust in its activities in all branches of government than any other investigation has ever shown.

From the top to the bottom of our governmental structure this great trust has been instrumental for the last several years in trying to shape legislation, both State and National, to its interest; in trying to create and build up a large sentiment in the United States that would lead toward its point of view as to the great questions involved in the development and distribution of electricity. Every locality in the United States has an interest in this unseen force, which has become a necessity of life, which goes into every modern home and from the home on up to the largest factory, and which turns the mightiest wheels of commerce. By the investigation the hand of the Power Trust has been uncovered in its activities in school districts, in municipal elections, in State elections, in the appointment of commissioners under State laws, in the election of Senators of the United States, in the election of Members of the House of Representatives, in the framing of platforms of national conventions, and in the election of Presidents of the United States.

I shall not be able, Mr. President, this afternoon, of course, to cover all the ground. I shall be able only to point out some places of interest, to touch some of the high points; but I am going to review the activities of this great trust as it has reached forth its mighty hand into every community in the land.

One of the things that have been shown by this investigation has been the evil of the holding company, which is something comparatively new in our industrial development. Holding companies, Mr. President, are sometimes necessary; I do not want to be understood as condemning all holding companies; but the activities shown by this investigation and other investigations and other developments demonstrate that ninety-nine times out of a hundred such holding companies are only devices invented and put into effect by men who want to deceive the people as to real conditions, who want to cover up the sins of monopoly. As a rule, holding companies are parasites sucking by the millions the pennies out of the hand of labor. They have no excuse in most cases for existence. Their machinery is oiled; their enormous profits are made possible by the contribution of those who dwell in the little homes of our country. From every home, great and small, come contributions that are covered up and that in the aggregate amass large fortunes, exorbitant and unreasonable profits. It is often true that this result is brought about by the device of a holding company.

I want to read, Mr. President, several short extracts from a work entitled "Regulation of Public Utilities," by Cassius M. Clay. Mr. Clay gets most of the information embodied in this book from the various investigations of the Federal Trade Commission. On page 238 of the work I have mentioned, he says:

> According to the figures of the Federal Trade Commission, holding company groups control 76.5 per cent of a total generating capacity of the United States for the year 1925, of which 11.7 per cent was under the control of the largest single group. If we add to this percentage the generating capacity of four large companies which were listed in this tabulation as "independent companies," but which have since come under holding company control, the result is 84.6 per cent of the total generating capacity. Municipal plants account for 3 per cent of the total, leaving the balance, 12.4 per cent, listed under "independent companies."
>
> * * * The holding companies * * * are not simply the real proprietors of most of the public utilities of the country. They are not simply the parents, dependent for their income on the success of their children. They are both parents and proprietors; but more important, they are managers as well, making decisions, sharing responsibility, and in constant touch with the properties which serve the public.

Think of it, Mr. President! Over 84 per cent of the electricity generated is, in one way or another, controlled or mixed up with holding companies; and, as I said, in 99 cases out of 100 there is no more excuse for the existence of a holding company than there is for a wagon to have five wheels. I want to read further from the same book. At page 155 Mr. Clay says:

> 2. Holding company activities which are beyond the effective scope of existing regulation. The financial structure of the electric-power industry at the present time is highly organized, with a constantly increasing percentage of the entire industry under holding company management. In the State of New York, for instance, it was figured that in 1928, 98½ per cent of all kilowatt-hours sold to consumers other than electrical corporations was sold by utilities controlled by holding companies. In the development of the industry the holding company has been a means to several important economic ends.

Mr. Clay says further on:

> Instances have undoubtedly occurred, however, in which holding companies have been superimposed or pyramided on top of one another, primarily for speculative gains or in order that a relatively small financial interest might exercise control over great investments of capital.

So, Mr. President, when we take up the question of holding companies, which, as I shall show, are not regulated, effectively at least, either by State or Federal law, we have taken up one of the most important means by which the Power Trust are able to manipulate and conceal their enormous earnings and their large expenses, which often have nothing to do with the electrical business but have to do with politics, have to do with the election of a member of a school board in a little village, have to do with the election of a President of the United States, and everybody in between those two offices. They have to do also with the method by which they employ women to go into women's clubs, to deliver lectures on some proper subject, and somewhere in the lecture there will be a sentence or a paragraph that will leave the poison of the doctrine of the Power Trust to grow in the minds of the people to whom the address is made, without any of the hearers ever knowing or suspecting that their speaker has been paid big money by the Power Trust. All these expenses are paid by the people. The Power Trust has only one means of revenue and that is the sale of electricity.

From the same writer I want to give you, Mr. President, an actual case of this evil. I read now from page 240:

Of social significance—

Says the writer—

also are the apparently needless complexities of some holding company structures, the effect of which is to increase the risk to the uninformed investor.

Mr. President, it is not only the little fellow, who pays in pennies the tribute that has been levied on him but it is the deception that is practiced upon the investor; and I will show, I think, before I get through, that millions and hundreds of millions of dollars invested by the small investor have practically all been lost. Reading further:

These intricacies are in general of two kinds. One form, a lack of simplicity in the capitalization of the top holding company, is apt to arise from the accumulation of financial operations over a number of years. The Associated Gas & Electric Co. would seem to furnish the outstanding instance of such a complexity of capital issues. At the hearings before the New York Revision Commission it was brought out that this company had outstanding "three classes of common stock"—

Now, listen, Mr. President: I pause again to let the orators in the rear have their time. When they are through I will proceed, Mr. President.

The PRESIDING OFFICER (Mr. COPELAND in the chair) rapped for order.

Mr. NORRIS. There is lots of room in the cloakrooms. There is lots of room out in the lobby. There is lots of room out where the bonus boys are camped. If Senators want to talk, and talk out loud, they can find a place in one or the other of these suggested districts.

The PRESIDING OFFICER. Let the Senate be in order.

Mr. NORRIS (reading):

At the hearings before the New York Revision Commission it was brought out that this company had outstanding "3 classes of common stock, 5 series of preferred stock, 8 series of debentures convertible into stock, either at the holder's or the company's option, 6 series of debentures convertible into debentures at the holder's but not at the company's option, and 1 series of investment certificates convertible at the option of the holder for a term of years, and at the option of the holder or the company thereafter."

Can anybody understand that? Can you visualize in your mind what all of that means—25 or 30 different kinds of stock, and no reason for it except to deceive the public?

The writer continues:

To explain intelligently the status of any particular security in an instance such as this would tax a financial expert, and obviously the average bond salesman may be pardoned if he should find it beyond his powers. While this is undoubtedly an extreme example, the company is a large one, controlling, with its subsidiary and affiliated companies, together known as the Associated Gas & Electric group, properties located in a great many different States, the Philippine Islands, and Canada. In 1926 the total investment in the business of these subsidiary and affiliated companies amounted, according to the Federal Trade Commission, to nearly $171,000,000.

It will be noticed that the author refers to their affiliated companies and their subsidiaries. I have been reading only the kinds of stock. If we should follow this corporation down, and take the subsidiaries and the affiliated companies, we would have another picture that would make it impossible for anybody, unless he employed an expert, to tell which was which, and which one owned the other.

I want to give the Senate another illustration from the same author. I am now reading from page 243. He is speaking of the way these things are pyramided:

A good example—

Says the author—

of the pyramid type of structure, using the $1 par value stock as the mechanism of control, is the Lexington Utilities Co., itself a subsidiary of the Kentucky Utilities Co., which, in turn, is controlled by the International Utilities Co.

The consolidated balance sheet of the Lexington Utilities Co. and subsidiaries as of April 30, 1928, showed capital issues, as follows:

Bonds	$4,596,200
Preferred stock, par value $100 per share, with full voting rights, 1 vote per share (20,624 votes)	2,062,400
Common stock, par value $1 per share (100,000 votes), all owned by Kentucky Utilities Corporation	100,000

There are 100,000 votes, controlled by $100,000; and that controls several million dollars of capital that the common, ordinary people have contributed and made up in the way of investments.

Thus, in this instance, an investment of $100,000 out of a total of $6,758,600 controls all the rest.

On page 167 the author gives an illustration or two:

Compare the classic instance shown by the Federal Trade Commission, in which an investment of less than $1,000,000 was able to exercise the voting control over $370,000,000 of operating capital. Federal Trade Commission, Control of Power Companies, Senate Document No. 213, Sixty-ninth Congress, second session, at page 197.

That is official information. That is information given to us by the Federal Trade Commission, taken from the books and the testimony of these corporations themselves.

He says, again:

According to figures recently available, the electric power companies increased their revenues—

I wish the Senate would listen to this. This trust is dealing in a necessity of life. The depression has not affected it as it has everybody else.

According to figures recently available, the electric-power companies increased their revenues, during the depression year 1930, to $2,155,000,000 from $2,106,000,000 in 1929.

In that year of depression their revenues increased about $50,000,000.

While during 1930 industrial-power sales decreased 5.6 per cent, this decline was more than overcome by the increase of 13 per cent in residential consumption and 6 per cent in retail consumption.

So that while everybody else has been suffering, while everybody else has been trying to be as saving as possible, while millions of our people are suffering for the necessaries of life, this great monopoly, the Power Trust, during those two depression years has not only kept up its ordinary income but has increased it.

I want to read now from Mr. Clay, on page 246. Speaking of this method of controlling these great corporations, he gives a quotation from one of the reports of the Federal Trade Commission. Again, this is the official report of one of our governmental commissions that a few of us have been struggling from year to year to get money enough to keep going, while the administration has been trying to kill it and to crush the life out of it.

These controls raise certain questions as to ethics.

The commission tells us here how these various holding companies operate:

A certain operating company needs a new generating unit or a transmission line and needs funds with which to pay for the facilities. Being controlled by a company that is in turn controlled or otherwise dominated by a certain investment banking organization, the company is not free in choosing the channel through which to obtain the funds for purchasing the supplies and equipment, and in choosing the organization that is to carry on the construction work.

In other words, in plain language, a certain company manufacturing, distributing, and retailing electricity needs a new generating plant. They need more funds to extend the business; but they have not anything to say about where they shall get the funds, from what source they shall ask for funds, what kind of an improvement or different machine they shall buy. It is not within their power to say. These holding companies make that impossible.

The commission says:

Under these circumstances it is customary for the controlling service organization to provide the various service agencies and charge fees for its services to the operating companies of its group. Its banking organization arranges for and participates in the marketing of the company's plant and equipment, and collects a fee; its engineering organization designs the plant and equipment and collects a fee; its purchasing organization places the orders for the supplies and equipment, inspects the purchases, and collects a fee; its construction organization performs the construction work and collects a fee; and its consulting managerial organization supervises the management and operation of the new facilities and collects a fee. To a considerable extent, especially when the interests controlling the service organization also control the holding company, this savors of trading with and making a profit out of one's self.

And that is about what it is. Everybody and every operation makes money out of it, gets a fee out of it, and these millions of money all come from the users of electricity. Part of the money which they pay for the services which they get goes to control the Senate of the United States, the White House, the House of Representatives, every governorship, every commission in every State, and in every municipality all the officers that are to be elected. All of the money comes, in millions of pennies, from the men and the women who toil. Every student getting his lessons by the light of an electric lamp contributes something. Every washerwoman who uses an electric washing machine makes her contribution. Every school child, every home, nearly every one of the great common people of America, is contributing daily in pennies to this amount, which in the aggregate runs into the hundreds of millions of dollars, to oil this machinery and to pay the men who sit around mahogany-top tables and neither toil nor spin.

Mr. LONG. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. LONG. I would like to call the Senator's attention to something which came to light yesterday—the fact that a letter was sent by the chairman of the Power Commission inviting one of the branches of the Power Trust to sit in with them to consult over the granting of a certain franchise right up in New York State so that they might avoid disturbances from outside parties in considering the matter. Was that called to the Senator's attention? Has he seen that letter?

Mr. NORRIS. I have not.

Mr. LONG. We got practically no publicity of that letter in the papers. The public press of this country, with the exception of the Hearst papers, carried practically no mention of it. Mr. George Otis Smith boldly wrote the attorney of the Niagara Power Co. I have the letter here, and I would like to call it to the attention of the Senator from Nebraska.

Mr. NORRIS. I yield to the Senator for the purpose of letting him read it if he wants to.

Mr. LONG. This letter is from the Federal Power Commission, Washington, December 3, 1931. It was written in this connection: The city of Lockport, N. Y., was trying to get a franchise to use certain water power, and they were being opposed by the Niagara-Hudson Power Corporation. A hearing was scheduled for about December 8. On December 3, when the people from New York who were interested were coming down to appear before this Power Commission, Garsaud and Smith and the other bunch about like them, Mr. Smith wrote a letter to this corporation, as follows:

Mr. RANDALL J. LEBOEUF, Jr.,
General Counsel Niagara-Hudson Power Corporation,
New York City.

MY DEAR MR. LEBOEUF—

I want the Senator to get this. They would have hung people if such an indiscretion had been committed against the power company by anybody here. If the same kind of an indiscretion had been committed here against them, there would have been no end of punishment. The letter is as follows:

FEDERAL POWER COMMISSION,
Washington, December 3, 1931.

Mr. RANDALL J. LEBOEUF, Jr.,
General Counsel Niagara-Hudson Power Corporation,
New York City.

MY DEAR MR. LEBOEUF: At the hearing of the Niagara case next Tuesday the same procedure may be followed, if found desirable, as in recent hearings in Milwaukee and in the one now in progress here in Washington; that is, if counsel feel that disposition of any of the questions of fact at issue can be expedited by preliminary conference a continuance for that purpose may be granted immediately after the opening of the hearing.

While conferences have been open, we have experienced no difficulty thus far in the matter of disturbing interruptions from outside sources.

Yours very cordially,

GEORGE OTIS SMITH, *Chairman.*

In other words, the whole American family that is outside the breastworks, the "outside sources," are the ones who have to contribute and pay whatever total is set up on them by this nefarious combination they have over here. They want conferences and arrangements made, because they are experiencing no difficulty in keeping down the interruptions and the interferences from "outside sources."

Mr. NORRIS. I thank the Senator.

Mr. LONG. That is the kind of a situation we have here, and with that burning on the lips of the people of this country to-day the administration has had the temerity to put that Marcel Garsaud back up there to try to force that tool of the power interests on the American people here for another term.

Mr. WAGNER. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield.

Mr. WAGNER. I should like to add one item in connection with this subject matter about which the Senator from Louisiana has spoken. I think it was established beyond doubt at the hearings before the Interstate Commerce Committee that the Federal Power Commission had given what they called a temporary license to the Niagara Falls Power Co. for the diversion of 275,000 second-feet of water, in the opinion of sound lawyers, without any legal authority.

Mr. McNARY. Mr. President, will the Senator from Nebraska yield to me to prefer a unanimous-consent request?

Mr. NORRIS. I yield.

Mr. McNARY. I ask unanimous consent that when the Senate shall have concluded its work to-day it take a recess until 10 o'clock to-morrow.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. I object.

Mr. NORRIS. Mr. President, I thank the Senators for their interruptions. They only show that if we went to the full as to what could be shown we would be here a year disclosing things just like what the Senators have called to our attention.

When there is litigation, again the poor fellow gets the worst of it. Mr. Clay, on page 81 of the book to which I have referred, speaks of a case of that kind. Listen to these dates:

On May 1, 1930, the commission fixed a permanent rate schedule, cutting some rates and increasing others. This rate order the company has announced it will comply with "under protest," and while it has stated that "no further application to the courts is contemplated at this time," the original case still goes on. Down to the decision of the special master it involved 62,864 pages of testimony and 4,323 exhibits. The company alone is said to have expended $5,000,000 in the contest, yet after 10 years the question of what return the company is constitutionally entitled to as a minimum of fairness remains in doubt.

Ten years of litigation! It is stated that the company has spent $5,000,000. But let nobody misunderstand; the company has not spent a cent. That is all charged up to those who are using the telephones, this being a telephone case.

The company can spend the money without limit, it makes no difference, it is all in the rate, and the poor consumer pays it all. On the other hand, when the commission, which is supposed to represent the people in these legal contests, spends money, it is paid for by taxation; so that the people pay both sides of the lawsuit. The litigation to which I have referred lasted for 10 years, pretty nearly 63,000 pages of testimony were taken, and over 4,000 exhibits were offered. What would the attorneys' fees be in a case of that kind? How would you expect anyone to act intelligently in the case unless he read the evidence; and by the time he got through reading the evidence he would be ready to die of old age. It is endless, interminable, and all for the purpose of exasperating the people who have to foot the bills. They are made to pay for their own undoing, for their own dilemma. For the very hardships which are inflicted upon them the men and the women of the country who are abused by this kind of tactics are charged.

I read further from the book:

As additions and improvements made in the period that must necessarily intervene before the litigation is finally settled must

be valued and the question of depreciation reopened, it is evident, says the report of the minority of the revision commission, that "the case is close to where it started."

Mr. President, the question of valuation always enters into the rate base, and the litigation connected with valuation often brings about not only delay but great injustice.

I want to quote from Mr. Commissioner Eastman, of the Interstate Commerce Commission, a few sentences on that subject. He said:

The valuation doctrine has hampered and embarrassed and grievously delayed regulation to an extent which has given rise to serious and warranted concern. If the total amount which has been spent upon railroad and utility valuations could be ascertained, if the total time consumed in wrangling upon this subject before commissions and courts could be totaled, if all the lawyers and so-called experts who make a living, and often a fat living, from this hurly-burly could be placed in line, I believe that the country would be staggered by the exhibition.

Nor is this the worst aspect. The significance of the rate controversies that wearily drag their way through the courts is not to be measured by their number. More serious, perhaps, from a social standpoint is the poisoning of the relations between the utilities and the public, the undermining of the confidence of the people in "the effective capacity of government." This feeling of popular distrust has been deepened through the revelation of the ingenuity, vigor, and resourcefulness with which those representing the electrical utilities have attempted to guide and direct the dominant public opinion of the country and make it "utility minded."

Mr. President, coming from a man who has had the experience and who has the ability of Mr. Eastman, I believe that his statement ought to and will carry great weight with those who will weigh his words. It will to some extent show the reason why the men controlling the Power Trust are willing to spend the money they have wrung from the people of the United States in trying to corrupt their Government; in trying, as Mr. Eastman said, to make the public "utility minded." The people of the United States have spent hundreds of millions of dollars every year that is used for fooling and defeating the very people who pay the money.

Here is something from the Federal Trade Commission to which I have called attention several times in the past, but it is stated here briefly, and I desire to repeat it:

The recent investigation of the Federal Trade Commission revealed that the National Electric Light Association, the official organ of the industry, has used the following main avenues of communication: Advertising and news editorials; textbooks and teachers; public speeches, pamphlets; political activities. Rarely, if ever, has the general public been so consistently and thoroughly propagandized as in the recent so-called educational campaign of those representing the utility interests, except, of course, during the World War. As stated by one of the publicity experts, every known device and method has been used except sky writing. It would seem some of the more undercover methods used to present the side of the utilities to the public are due to publicity experts being given too free a hand.

Mr. President, during the two great depression years the Power Trust has been very successful financially, and the injury which has come to the great corporation structures that have been built up and pyramided one upon another has not come because they were not making the same profit in the business and doing practically the same amount of business. It has come because of the legerdemain which they have undertaken to utilize in the financial structures and in the control of finances and in the putting of water into stocks, turning water into imitation gold and selling it as real gold to the investing public.

Mr. President, probably we have all read recently of what happened to Kreuger's great match company. I want the Senate and the country to realize, if possible, just what kind of institution that was. Although it did not deal in electricity, yet the same methods were used in building up the holding companies that have been used all through the United States by the Power Trust.

In the New Republic for May, 1932, is an article on this subject written by Mr. John T. Flynn, which contains some very valuable statistics and information. Among other things he said:

We have had a string of disasters like this one—some of them arriving at their dénouement through a devastating stroke of larceny like Kreuger's, some of them through the continuous attrition of endless exploitation like the Insull companies.

I shall have more to say about the Insull companies later on.

But in all of them, the final crash has resulted primarily from the crazy form of organization which permits a few men to hide their operations under a tangle of corporations behind which no system of accounting, no form of regulation, no kind of scrutiny can penetrate.

All over the world—in 43 countries—are some 250 match factories working away in the perfectly legitimate business of making matches. There are also iron mines and coal mines, banks in France and Holland and Sweden and Germany, paper mills and power plants and telephone plants and forests and chemical plants. All these are engaged in the business of producing materials which the world needs. They employ some fifty or sixty thousand men. There is no reason in the world why they should be united in organization. There is actually no union or tie between them. But the ownership of these countless industries is seized upon by a group of clever gentlemen, who have not the slightest interest in their primary and essential functions, and is made the basis of a vast game of stock and money manipulation which enriches these gentlemen for a time, then almost ruins them and brings losses amounting to hundreds of millions of dollars to the investors who were fooled into trusting them.

The 250 match factories throughout the world are held at least in ostensible ownership by a corporation organized under the beneficent laws of Delaware and called the International Match Co. The money for this purpose is supplied mainly by investors who buy bonds and nonvoting stock. The actual ownership and control is in the hands of the concern that owns the class A stock. This stock is owned by the Swedish Match Co., and the Swedish Match Co. is controlled by the Kreuger & Toll Co., of Sweden.

It gets a bit more complicated if you examine it more closely. Thus, here in America, we have several large match-making corporations. One is the Federal Match Co. Its stock is owned by a Swedish corporation called the Vulcan Match Co. That is in turn controlled by an American company—the International Match Co. Once again control crosses the sea to the Swedish Match Co., which is finally owned by Kreuger & Toll.

I wonder if anybody can follow it and get a complete comprehension of what is actually taking place. Here is one company owned by another. That company is owned by a company over in Europe, and the company in Europe is owned by another company over in the United States, and that American company is owned in turn by a company over in Sweden, and that company is owned by somebody else, and somebody else is owned by Kreuger & Toll.

All the money taken by the publicly labeled scoundrels who peddle blue-sky securities, and on whom the better-business bureaus wage continual warfare, is but a drop in the bucket to the billions of dollars which have been lost to American investors and banks through the operations of the very respectable financiers who have been building the holding-company schemes which have been collapsing, or at least tottering, in the last two or three years. Insull and Kreuger alone will account for a loss of half a billion, but there have been numerous others—several railroads, many smaller utility tangles, many investment and finance companies, and no end of banks like the Bank of United States in New York City—all of them receiving their last fatal death blows from the weakness bred in them in the very moments of organization.

Mr. President, at this point in my remarks I ask unanimous consent to include the entire article from which I have been quoting.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

[From the New Republic, May 25, 1932]

KREUGER—ANOTHER HOLDING COMPANY DEBACLE

Wherever the story of Ivar Kreuger and his superb and masterful rascality is told—with a little awe and something akin to admiration—it will be the tale of the substituted debentures and forged concessions which will fill the foreground of the story. But these are merely incidents. They are afterbits of crooked strategy which the bewildered juggler found it possible and convenient to adopt to keep his impossible trick going a little longer. The important thing—and this we may be sure will be overlooked—is the financial device, the complicated collection of corporate implements, the initially dishonest financial structure held together by its inevitable holding company, which made possible all the things which Kreuger did.

We have had a string of disasters like this one—some of them arriving at their dénouement through a devastating stroke of larceny like Kreuger's, some of them through the continuous attrition of endless exploitation like the Insull companies. But in all of them the final crash has resulted primarily from the crazy form of organization which permits a few men to hide their operations under a tangle of corporations behind which no system of accounting, no form of regulation, no kind of scrutiny can penetrate.

All over the world—in 43 countries—are some 250 match factories working away in the perfectly legitimate business of making matches. There are also iron mines and coal mines, banks in France and Holland and Sweden and Germany, paper mills and power plants and telephone plants and forests and chemical plants. All these are engaged in the business of producing materials which the world needs. They employ some fifty or sixty thousand men. There is no reason in the world why they should be united in organization. There is actually no union or tie between them. But the ownership of these countless industries is seized upon by a group of clever gentlemen, who have not the slightest interest in their primary and essential functions, and is made the basis of a vast game of stock and money manipulation which enriches these gentlemen for a time, then a'most ruins them and brings losses amounting to hundreds of millions of dollars to the investors who were fooled into trusting them.

The 250 match factories throughout the world are held at least in ostensible ownership by a corporation organized under the beneficent laws of Delaware and called the International Match Co. The money for this purpose is supplied mainly by investors who buy bonds and nonvoting stock. The actual ownership and control is in the hands of the concern that owns the Class A stock. This stock is owned by the Swedish Match Co. and the Swedish Match Co. is controlled by the Kreuger & Toll Co., of Sweden.

It gets a bit more complicated if you examine it more closely. Thus, here in America, we have several large match-making corporations. One is the Federal Match Co. Its stock is owned by a Swedish corporation called the Vulcan Match Co. That is in turn controlled by an American company—the International Match Co. Once again control crosses the sea to the Swedish Match Co., which is finally owned by Kreuger & Toll.

In a little while Mr. Kreuger might have succeeded in creating a monopoly in America. For it has now come to light that the 350,000 shares of Diamond Match Co. common stock (a controlling interest), delivered mysteriously a year ago to four large American banks, were in reality held by them for the Kreuger interests.

Among all these numerous corporations, funds and securities were handed back and forth, dividends and interest payments to stockholders and bondholders of one company coming to them in checks of another, so that no one knew very clearly what was going on, and, apparently, no one cared. The simple and obvious fact that men do not construct impenetrable entanglements like this where their purposes are wholly proper seems to have little or no weight, though we are now slowly finding out this ancient truth.

All the money taken by all the publicly labeled scoundrels who peddle blue-sky securities and on whom the better-business bureaus wage continual warfare is but a drop in the bucket to the billions of dollars which have been lost to American investors and banks through the operations of the very respectable financiers who have been building the holding-company schemes which have been collapsing, or at least tottering, in the last two or three years. Insull and Kreuger alone will account for a loss of half a billion, but there have been numerous others—several railroads, many smaller utility tangles, many investment and finance companies and no end of banks like the Bank of United States in New York City—all of them receiving their last fatal death blows from the weakness bred in them in the very moments of organization.

Kreuger, of course, turned out to be one of the greatest of international crooks. But please let us not forget this fact, for the benefit of those who are always talking about Government interference in business. Kreuger, left to his own natural talents and devices, might have succeeded in swindling a few people out of a million or two. He was able to swindle thousands of stockholders and bondholders in America out of several hundred millions because the Government has interfered in business and has implemented business—and of course, Mr. Kreuger—with this vicious device, the holding company, which makes it possible not merely for Kreuger, but for scores of other adventurers to wreck the investments of millions of people. The law should take this implement out of their hands.

Here are some pregnant sentences from cables to the New York Times following the Kreuger debacle:

"Berlin: Germany is among the countries which would be least affected by the troubles of the Kreuger concern.

"London: British interests in Kreuger and Toll are understood to be merely a minority shareholding in the prosperous British Match Corporation (Ltd.), which is not involved in the investigation.

"Paris: Kreuger & Toll interests in France are not very important."

Not so in America. Here a prodigious volume of loose and foolish millions has been running wild under the guidance of our new supermen—those amazing wizards of finance who used to tell us to rely upon their boundless sapience. Mr. Kreuger, who had got his education in business here, beheld our golden flood and its mighty guardians. For his reckless adventures, therefore, he came to America for funds. Here is what he got and the securities on which he obtained the money:

Kreuger & Toll 5's, 1959	$48,000,000
American certificates	60,000,000
Common stock (A and B)	7,500,000
International Match 5's, 1941	50,000,000
International Match 5's, 1947	$48,000,000
International Match preferred	17,500,000
Grangesburg Iron Co.	15,000,000
Ericsson Telephone Co.	
Skandinaviska Kredit A. B.	
Stockholms Intecknings Garanti A. B.	
Total	246,000,000

To-day, all that mess of securities, held by some 32,000 American investors, is worth less than $10,000,000.

Here is a little episode which has become a bit snarled in the flood of news, but which is quite simple.

Mr. Kreuger, as may be supposed, was forever in need of funds. In the end the need became desperate. He required an immediate loan and went to the Riksbank for it. He proposed to give as security his share in the Boliden gold mine, supposedly one of the richest in the world. But he no longer had these shares. He had made a loan from the Skandinaviska Credit Bank and pledged them as collateral. The International Match Co. in America held $50,000,000 in German bonds. Kreuger wanted them. He therefore cabled the International Match Co. to send the German bonds to the Skandinaviska Credit Bank. It complied. In their place Kreuger sent a lot of Italian credit bills and alleged foreign-match-monopoly concessions. Kreuger then got his Boliden shares released by the Skandinaviska Credit Bank, which now had the German bonds instead.

He then took his Boliden shares to the Riksbank and got his loan—40,000,000 kroner.

But what of the International Match Co., which got the foreign treasury bills and concessions? These consisted of an alleged Polish match concession and three others, from unknown countries, but designated in the portfolio of the International Match Co. as countries X, Y, and Z. They were valued as follows:

Concession of X country	$28,979,596
Concession of Y country	27,830,600
Concession of Z country	9,500,000
Total	66,310,196

We are now told by the American banker, Mr. Durant, of Lee, Higginson, who sold Americans bonds worth millions and who was supposed to check up on such matters, that they were monopoly concessions from Italy, Spain, and the Diamond Match Co. They were forgeries, but apparently useless forgeries, because the astute Mr. Durant did not even ask to see them. One of these directors on the witness stand almost wept at Kreuger's demonstration in deception and his own misadventure in misplaced confidence. But what about the bondholders and stockholders who placed confidence in this director and all the other directors, who supposed they were directing and guarding the assets of the International Match Co. and who have now lost perhaps $250,000,000 through that misplaced confidence? What about the bankers who, in cold print, sold bonds with an assurance that they had fully examined all the affairs of the Kreuger interests and who had not checked them, who had taken Kreuger's unsupported word, who were even content with such tragic nonsense as his X, Y, Z countries, and who permitted the juggling of cash, checks, securities, concessions to go on between banks, subsidiaries, and holding companies with apparently no scrutiny and no curiosity?

One naturally asks what the directors of the International Match Co. were doing all this time. This is a Delaware corporation. The majority of its directors are American. It is financed by American money. It is supposed to be watched over by the great banking firm of Lee, Higginson & Co., which has sold several hundred million dollars of Kreuger securities to the trusting American people. What were these directors and bankers doing?

Well, as for the directors, they are, save for one or two Swedish gentlemen, American business men of almost overpowering intelligence, the kind that "have made America what she is to-day," and I hope they're satisfied. But one wonders during what odd moments they were directing the International Match Co. Most of them are directors in so many corporations that it is difficult to understand how even such mighty fellows could really spare the time for even a few of them. Here they are, with the number of corporations of which each is a director:

Percy A. Rockefeller	51
S. F. Pryor	41
F. W. Allen	21
H. O. Havemeyer	17
John McHugh	17
F. L. Higginson	13
Donald Durant	8
A. H. Larkin	8
B. Tomlinson	5

Mr. Rockefeller, for instance, when not directing these various 51 corporations, devotes a good deal of time to operating in Wall Street, playing bear, and we know how that uses up one's mental energies. What are these fellows doing on this International Match board, and on all those others, for that matter? They are in reality making a thoroughgoing comedy out of American business. How will they explain—and how will the president of the International Match Co., Mr. Durant, explain—how Kreuger could remove $50,000,000 worth of securities from their vaults on a simple request and substitute a handful of junk without their knowing it? Mr. Durant has testified that he accepted these al-

leged concessions from three countries without knowing what countries they were and without any scrap of evidence that they really existed.

American bondholders and stockholders were entitled to interest and dividends. Once the Vulcan Match Co., a subsidiary of the International Match Co., required $325,000 for dividends. The money was sent to the Vulcan from the Norden Export Corporation, another Kreuger concern, having no immediate corporate connection with the Vulcan.

In Amsterdam was a fictitious corporation called the Granata Co. In the remote Duchy of Lichtenstein was still another corporate ghost, the Continental Investment Co. The International Match Co. got money for its essential earnings from these two corporations in varying sums, charging them interest on some sort of nebulous claims, up to as much as 24 per cent—whatever was necessary to produce the required interest. But, oddly, the checks for these sums always came, not from the Granata or the Continental, but from Kreuger & Toll in Stockholm, or from Kreuger himself.

Now, Kreuger was not personally around actually doing these things. He merely gave orders. But the International Match Co. had a president. It had officials. It had directors.

This is only part of the story. A syndicate of American bankers headed by Lee, Higginson & Co., in September, 1928, sold in America $60,000,000 of American participating certificates in Kreuger & Toll Co. These certificates were secured by the deposits of a group of foreign securities. Here are the securities:

Yugoslavia 6¼'s, 1958	$7,000,000
Latvia 6's, 1964	6,000,000
Poland 7's, 1945	5,100,000
Ecuador 8's, 1953	1,986,900
Ecuador Mortgage Bank Gtd. 7's, 1949	1,000,000
Greece 8½'s, 1954	4,768,693
Rumania 7's, 1959	2,000,000
Rumania 4's, 1968	1,852,628
France 3's and 4's (Fcs. 344,000,000)	13,477,576
Belgian National Railway Pfd. (Fcs. 80,000,000)	2,224,460
Prussian Mortgage Bank Gold 8's (RM 12,000,000)	2,858,400
Hungarian Land Reform Mortgage 5½'s, 1979	12,000,000

They had at the time of deposit a market value well in excess of $60,000,000. The indenture under which these securities were deposited for the "protection" of the American investors provided that they might be withdrawn and others substituted in their place. Certain requirements as to substituted securities were set out, but these requirements were of course thoroughly full of holes. And so when Mr. Kreuger needed the securities deposited, as, for instance, he needed the German bonds, he merely withdrew them and substituted others. Here's what he substituted:

Ecuador Mortgage Bank 7's, 1949	$922,529
Ecuador 8's, 1953	1,879,289
Yugoslavia 6¼'s, 1958	22,000,000
Latvia 6's, 1964	6,000,000
Hungarian Cooperative Society 5½'s, 1979	23,848,753
Rumania 7½'s, 1971	2,944,000
German 5½'s, 1965	11,000
Rumania 4's, 1968	1,439,000

The last three items on this list have some market. The remainder are utterly without market value now.

The important thing to remember about this is that Kreuger, in making this substitution, acted wholly within the terms of the indenture, even though some of the substituted bonds were in default, and others were affected by the moratorium. The American bankers who, in another transaction already described, didn't know that $50,000,000 of good German bonds had been taken from the International Match Co. and had been replaced by three fake concessions, also collaborated with Kreuger in putting over on American investors American certificates secured by the defective indenture referred to, managed to soft-pedal that defective feature and later permitted Kreuger, apparently without protest, to substitute practically worthless bonds in the pledged deposit.

It is these bankers and the directors associated with them in the handling of Kreuger's affairs in this country who now seek to take charge of the job of salvaging the wreck, just as Mr. Insull, in a friendly receivership, dominates the rescue of the utility which foundered under him.

Who bought the American certificates which Lee, Higginson & Co. sold? On the directorate of the International Match Co. are two directors of the Chase National Bank, one of them chairman of the executive committee of that bank. It would be interesting to know how many depositors of the Chase National bought Kreuger & Toll American certificates on the recommendation of the Chase Bank.

To sum the matter up: We have in this unsavory mess one more beautiful example of our crowning American financial vices—holding-company abuses, directors who do not direct, worthless securities bought by trusting investors on the faith of so-called "big" bankers, "friendly receiverships" which result when the crash comes, and the secrecy which cloaks big business and behind which all these costly practices are carried on. These things constitute one of the major issues in the country now—I think the major issue. Would it not be interesting to know what some of our candidates for President have in mind about such things?

JOHN T. FLYNN.

Mr. NORRIS. Mr. President, it is only an illustration—it is not a thing that stands out alone; it is only one of thousands, one of the big ones, it is true; but it is an illustration of what is going on all over the civilized world. It is an illustration of the deceit and the trickery and the debauchery with which men of great wealth are trying to accumulate millions more of great wealth and to get it through the contribution of the pennies of the poor of every land under the sun.

Insull failed, like Kreuger, and a great deal of sympathy went out for Insull; so much so, Mr. President, that he has been pensioned, by some of the companies which he ruined, for $18,000 a year during his natural lifetime.

I have no objection to Mr. Insull's living in luxury; but, Mr. President, when I think of the millions of men whose hard-earned cash he took away from them, who followed his advice and invested their all in some of his companies which he built out of hot air and water, I must confess that I do not have very much sympathy for him, and I do not believe anybody ought to have, inasmuch as $18,000 a year ought to keep the wolf from his door during the rest of his days. But it will not keep the wolf from the doors of millions of men and women who have toiled 6 and 7 days a week, 52 weeks a year, ever since they have been big enough to work, and have put their savings in his companies and lost them all.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. How are we to distinguish this contribution of $18,000 for a lifetime in view of the fact that his services have merely been to impoverish millions of people? Is it not in reality a reward for the rascality that has been carried on by the gentleman? It is rather a guaranty to one of these rascals that if he can not get by with his crookedness he will not be the loser, but there will be some balm in Gilead left yet to keep him in mild luxury.

Mr. NORRIS. Mr. President, I wish I were able to contradict the Senator. He has drawn a picture which I think is true and one which it is not very pleasant to look at. It does make me believe that there is "a hereafter"——

Mr. LONG. I hope so.

Mr. NORRIS. Because I do not know how any of these fellows who have crucified so many millions of people who are toiling and suffering are ever going to get their due and just punishment unless there shall be "a hereafter."

Mr. President, referring to holding companies, applying now strictly and directly to electric-light companies, I want to call attention to one, and it was one of the Insull companies. Mr. Insull's companies extended over a large part of the United States. He lived in Illinois, but he undertook to control at least a part of the Senate of the United States at one time by a very liberal contribution of about $125,000 to a senatorial candidate. He contributed it to the chairman of the Public Service Commission of Illinois, who had control of the rates of his company, and who was a candidate for the Senate. We all remember that story. Mr. Insull did not get away with that job. He was up in Maine and controlled a good share of Maine.

Suppose, Mr. President, you lived in Lewiston, Me., which is one of the beautiful, prosperous cities of that great State. You, of course, would have electricity in your house, and the thought might occur to you, "Who owns this electricity; who controls it; who is running the electric-power company that supplies me with electricity in my home?" Well, it would be difficult for you, Mr. President, to find out; it would be almost necessary for you to employ an expert; but if you did employ an expert to run it down for you his report would show a very peculiar condition of things in that Maine city.

When the figures I have before me were compiled—that is, while Mr. Insull was still on his throne a year or so ago—Lewiston was supplied with electricity by the Lewiston-Auburn Electric Light Co. Remember that was the local company, but that local company did not have a thing to say and had nothing to do except what it was told to do by somebody else. The Lewiston-Auburn Electric Light Co.

is owned by the Androscoggin Electric Co., and the Androscoggin Electric Co. is owned by the Androscoggin Corporation; the Androscoggin Corporation is owned by the Central Maine Power Co.; the Central Maine Power Co. is owned by the New England Public Service Co.; the New England Public Service Co. is owned by the National Electric Power Co.; the National Electric Power Co. is owned by the Middle West Utilities Co., and that was Insull. On top of the pyramid sat the Middle West Utilities Co.—Mr. Insull's company—and other of these subsidiary corporations reached down and dealt in electric light for Lewiston, Me. That is only a sample; that is only one illustration. There are hundreds of other instances of one company owning many others. There are dozens and dozens of other subsidiary companies which are owned by each one of the companies I have named. It is no use to list them; every one of those companies owns many other companies; those other companies own some more companies; then some more companies own still other companies; and at the top of the pyramid sat the king—Insull. It was his mighty hand that controlled every one of them. Without his consent there was not a single one of them that could buy a new generating machine; and if they did so, they had to pay a commission to some other holding company. They all levied on the poor fellow who pays an electric-light bill every month.

It was the same outfit that set aside $400,000 to control the Senate a few years ago, to control it for the purpose of accomplishing three things. That was at the time when there was pending before the Senate the resolution under which the commission is still investigating the Power Trust. When that resolution was pending here $400,000 were set aside; an army of men were sent to Washington to handle us. Ex-United States Senators were employed as attorneys. I see the two Senators from Wisconsin honoring me with their presence. It was an ex-Senator from the great State of Wisconsin who got $10,000 for appearing before a committee—at least that is all I ever heard of his doing—for this great organization. That was part of the $400,000.

What did they propose to do with the Senate? They proposed to do three things: One was to defeat the resolution to investigate them, another was to defeat the bill then pending known as the Muscle Shoals bill, and the third was to defeat the bill then pending which was known as the Boulder Dam Canyon bill. The $400,000 was not more than a drop in the bucket.

There was a Republican National Convention held at Kansas City four years ago. The same ex-Senator from Wisconsin who had been paid to appear before men with whom he had been associated prior to the time he received that enormous fee, the same Senator who represented the Power Trust before the Senate, was selected by Herbert Hoover to go down and handle the delegates from the South and line them up to control the Republican National Convention. He was very successful. Nobody knows whether he was paid in money or whether he got anything at that time; but, if he was not paid in money, one of the first official acts of Mr. Hoover when he became President of the United States and sat on the throne in the White House was to appoint that same Power Trust lawyer to a position on the bench for life, where he sits to-day to render judgment pro and con in cases that may come before him. Appointing to public office is one of the ways of paying political debts. That is one of the ways by which the Power Trust worms its way into every avenue of government, by which it does its work, makes Presidents, makes Senators, buys communities, sells men on the auction block. Yet we have difficulty in the Senate in securing enough money appropriated to continue the investigation that has been carried on by the Federal Trade Commission.

Mr. President, referring further to holding companies, I have a copy here of a letter from a member of the Department of Public Service of the State of New York, which gives an illustration of the delay and expense and points out the difficulty consumers have in rectifying any mistakes and overcharges made by various utility companies.

A hearing took place before the New York commission in a case to which I now refer, and in the opinion rendered by the chairman it is stated:

The Long Island Capital Corporation was organized under the stock corporation law of the State of New York and was incorporated on or about January 24, 1924. At the time of incorporation its authorized capital stock was 10,000 shares without par value.

On April 26, 1929—

That was only a month or two after the company was organized—

the Long Island Lighting Co. had outstanding 3,000,000 shares of common capital stock.

It was proposed to acquire the capital stock of the Long Island Lighting Co. by issuing the capital stock of the Long Island Capital Corporation, share for share.

That was what they asked of the New York commission. One corporation was asking permission of that commission to buy another one. I have here the opinion of Mr. Maltbie, the chairman of that commission. It is an interesting opinion. I have read a little of it, and I wish to read a little more, to show what happens in these cases. Near the conclusion of his opinion Mr. Maltbie says:

It should be borne in mind that this testimony was given at the height of the boom period and just before the explosion in the fall of 1929 revealed the grossly inflated and unsound character of the security market.

We know that these greatly exaggerated claims of the financial superiority of holding companies were myths. Experience has shown that holding companies, which are the result of the pyramiding of security issues resulting from the acquisition of securities at high prices, are not elements of strength but of weakness, and that when crises come and stringency develops in the money market holding companies can not obtain funds. The underlying operating companies must then depend upon their own resources to raise the capital that is needed, and they can do it on much more favorable terms than the holding companies. Indeed, at present, companies that hold only securities and own no operating companies find it practically impossible to obtain funds, and the market value of their securities has descended to depths of which no investor dreamed when he was enticed by rosy prospectuses and promises of great earnings to pass by the securities of operating utilities and invest in the securities of holding companies. Experience has shown that in times of stress, when assistance is most needed, holding companies are unable to give it, and in good times, when funds can be secured at low rates, the operating companies do not need external assistance.

Mr. President, I ask unanimous consent to insert in full at this point the opinion of Doctor Maltbie in that case.

The VICE PRESIDENT. Without objection, that order will be made.

The matter referred to is as follows:

STATE OF NEW YORK,
DEPARTMENT OF PUBLIC SERVICE, STATE DIVISION.

IN THE MATTER OF THE PETITION OF LONG ISLAND CAPITAL CORPORATION (A NEW YORK STATE BUSINESS CORPORATION) FOR AUTHORITY TO ACQUIRE NOT LESS THAN 1,600,000 SHARES OR ALL, 3,000,000 SHARES OF THE OUTSTANDING COMMON CAPITAL STOCK OF LONG ISLAND LIGHTING CO., ALL OF WHICH SHARES ARE WITHOUT PAR VALUE. CASE NO. 5612

Appearances: Ellis L. Phillips, Esq., appearing for the Long Island Capital Corporation, petitioner. Henry R. Frost, Esq., secretary and attorney for the Long Island Capital Corporation. William C. Langley, Esq., for the petitioner, and John J. Hubbard, consulting accountant, for the petitioner. R. F. Van Doorn, treasurer of the petitioner.

Chairman, Maltbie. This petition, dated April 26, 1929, was received by the commission April 27, 1929, and hearings were held the following summer. No action by this commission was taken thereafter, but the matter received considerable attention by the legislative commission on revision of the public service commission law in 1929 and 1930. Although conditions have changed very markedly since the application was filed, no further testimony has been presented.

The Long Island Capital Corporation was organized under the stock corporation law of the State of New York and was incorporated on or about January 24, 1929. At the time of incorporation its authorized capital stock was 10,000 shares without par value.

Upon April 26, 1929, the Long Island Lighting Co. had outstanding 3,000,000 shares of common capital stock.

It was proposed to acquire the capital stock of the Long Island Lighting Co. by issuing the capital stock of the Long Island Capital Corporation share for share.

The reasons set forth in favor of the acquisition were stated in the petition as follows: Messrs. Phillips, Olmstead, and Childs were said to control the Long Island Lighting Co. through ownership of the common stock, such control having continued from

the inception of that company. These individuals desired to make use of the petitioner for the purpose of consolidating their interests and to utilize the petitioner as a vehicle for financing or furthering the interests of the Long Island Lighting Co.

The hearing upon the application was held by Chairman Prendergast upon May 29, 1929. The only persons appearing were for the petitioner. The proceedings covered 13 pages. The only exhibits submitted were affidavits relating to publication of notice of the hearing. Two witnesses were called, Mr. E. L. Phillips and Mr. W. C. Langley. The former was president of the Long Island Capital Corporation. Mr. Langley's relation to the Long Island Capital Corporation or to the Long Island Lighting Co. was not stated.

Mr. Phillips's brief testimony was to the effect that he and his associates were in position to turn over upwards of 1,600,000 shares of the Long Island Lighting Co. His testimony added little to the reasons or justification for the proposal, but he stated that it would probably be necessary to increase considerably the common stock of the Long Island Lighting Co. to "bring up a better balance between the bonds and the preferred stock" of that company. He explained that at that time there were about $85,000,000 in prior securities to the common stock, and he estimated that the company "ought to have something like $15,000,000 during the next two years put in through the common stock to * * * improve the balance sheet." The formation of the Long Island Capital Corporation would, in his opinion, provide a means for carrying this out and continuing the control of the three persons over the company and its policies. He also stated that the company would be willing to exchange the stock of the new corporation for the stock of the Long Island Lighting Co., share for share, in case any of the other holders of the stock desired to do so. He estimated that the Long Island Lighting Co. would need $100,000,000 of additional capitalization during the next eight years to meet its needs. Mr. Phillips also referred to rate reductions that had been made and others that were anticipated, but nothing was said to show how the proposal, if approved, would work to this end.

Mr. Langley's testimony was entirely confined to an expression of opinion as to what securities the Long Island Capital Corporation would be able to sell, these being, in his opinion, debentures, preferred stock, class A stock, or other securities having a priority over its common stock.

Apparently the petitioner appreciated that the record of this hearing furnished no basis for approving the application and attempted to strengthen the record by further testimony. Under date of June 26 another hearing was requested. Such hearing was held upon July 2, 1929. The record covered 24 pages. The only witnesses called were Messrs. Phillips and Langley, and the only persons whose appearances are noted were representatives of the petitioners.

Regarding the alleged superiority of the holding company—the Long Island Capital Corporation—in obtaining funds, Mr. Phillips testified as follows (S. M. p. 24–5):

"Q. Do you know of your own knowledge whether or not the investing public to-day are buying largely securities in holding companies?—A. They are. By holding companies I mean companies which hold a majority or a substantial control of shares of a utility operating company or companies.

"Q. Do you know whether the public have progressively increased their investments in holding-company securities during the last few years?—A. Yes; and in increasing volume during the last two years especially.

"Q. Do you know whether the class of securities sold of holding companies, such as you have described, are bonds, debentures, or preferred stock?—A. They are all of those classes.

"Q. Do you think it will strengthen the position of the Long Island Lighting Co. if a holding company could purchase its common stock and give it financial assistance through the medium of the sale of holding-company securities?—A. I think that it would strengthen the financial position of the Long Island Lighting Co. and would very materially assist it in making definite plans to take care of its actual growth requirements. It would be of great benefit to the public served by the company because of the greater assurance of ability to provide good service and better rates for our consumers."

Mr. Phillips further testified as follows (p. 26):

"Q. Can you give an estimate of the price that the petitioner would pay for the common stock of the Long Island Lighting Co. if sold at the present time?—A. This question presents a very important phase of the situation. The Long Island Lighting Co. common stock is selling at about $70 a share."

At the time this testimony was given the Long Island Lighting Co. had outstanding 3,000,000 shares of common stock, which was entered on the books of the company at $3,000,000, or $1 per share. If Mr. Phillips's testimony is correct, this stock then had a market value of seventy times its stated value, or $210,000,000. In 1928 the company declared dividends on the common stock of $1,275,000, or 42.5 per cent of the stated book value. In the first half of 1929 the company declared dividends of $900,000, or 30 per cent of the stated book value. Neither of these figures would justify a market value of seventy times the stated value. It would seem that the record must be wrong, but it has not been corrected.

Mr. Langley, when called to the stand at the second hearing, testified as follows (the italics being mine) (S. M., pp. 33–36):

"A. It is my opinion, based on association with the Long Island Lighting Co. both in financial matters and as a director covering a period of many years, that the Long Island Lighting Co. has grown to such proportions, the extent of its operations and its ramifications now and potentially have become so large, that it is desirable to create a holding company as an adjunct to the Long Island Lighting Co. to take over and assist in its financial operations. The growth of Long Island, in which I have lived personally for over 20 years in the territory served by this company, is so great and the magnitude of its future so difficult to estimate that I believe that the Long Island Lighting Co. should be supplemented by a holding company in order to assist it in its financing. This holding company could preserve, hold, and balance the proper financial structure of the operating company. *The result, in my opinion, would be that Long Island Lighting Co. would at all times be placed in a position where its financial needs could be instantly taken care of and the holding company would have such high credit that it would very advantageously sell debentures or preferred stocks or preference stock of various characters, thus creating a flexibility of financial structure which would not otherwise exist.* Consequently, through the sale of different securities, as above stated, in the market at different times money could be procured at the least possible cost.

"Q. Is your conclusion as to the desirability to the Long Island Lighting Co. of permitting the acquisition of its common stock by a holding company emphasized by the present market conditions?—A. Yes. I would say further that it is emphasized by the fact that almost every other big public-utility situation has found the necessity of the creation of such company and practice has demonstrated their economic desirability in the public interest.

"Q. If the holding company plan as you have outlined it were permitted, would the holders of bonds and stocks of such company have a good security with a stable market?—A. In my opinion they would.

"Q. Would the market value of the holding-company securities as a whole be more stable than Long Island Lighting Co. common stock if the money were raised entirely from the sale of such common stock?—A. In my opinion that would be so.

"Q. In your opinion, would the public served by the Long Island Lighting Co. be benefited by reason of the fact that the Long Island Lighting Co. would, at all times, be able to raise the necessary money at reasonable rates to serve the public with necessary facilities in the territory of the Long Island Lighting Co.?—A. In my opinion, the public served by the Long Island Lighting Co. would be benefited both in the improvement of service and rates if a company were formed of a character under discussion in this petition, because this company would be a more flexible and elastic medium of finance, having, as it would have, many different characters of securities it could issue, and because it would stand ready at all times to act as the financial adjunct of the Long Island Lighting Co. This company could, through the varied character of its issues, be in a position at all times to take advantage of varying market conditions, thus procuring money at the cheapest possible cost and on the best terms.

"Q. Do you concur with Mr. Phillips in the statement that the common stock of the Long Island Lighting Co. could be sold to the holding company at a better price than it could be sold to stockholders of the Long Island Lighting Co. or to the public?—A. Yes; because there would be no underwriting commissions to pay and because, unless the common stock of the Long Island Lighting Co. were sold at a very attractive price, the present stockholders might not subscribe and the rights to subscribe would be worth very little, so that there would be no great incentive for other people to take their place through the purchase of rights.

"Q. You mean by a very attractive price, Mr. Langley, a price considerably lower than the market for the common stock at the time the rights are issued?—A. Exactly.

It should be borne in mind that this testimony was given at the height of the boom period and just before the explosion in the fall of 1929 revealed the grossly inflated and unsound character of the security market. We now know that these greatly exaggerated claims of the financial superiority of holding companies were myths. Experience has shown that holding companies, which are the result of pyramiding of security issues resulting from the acquisition of securities at high prices, are not elements of strength but of weakness, and that when crises come and stringency develops in the money market, holding companies can not obtain funds. The underlying operating companies must then depend upon their own resources to raise the capital that is needed, and they can do it on much more favorable terms than the holding companies. Indeed, at present, companies that hold only securities and own no operating properties find it practically impossible to obtain funds, and the market value of their securities has descended to depths of which no investor dreamed when he was enticed by rosy prospectuses and promises of great earnings to pass by the securities of operating utilities and invest in the securities of holding companies. Experience has shown that in times of stress, when assistance is most needed, holding companies are unable to give it; and in good times, when funds can be secured at low rates, the operating companies do not need external assistance.

The record in this case does not show that the addition of the Long Island Capital Corporation to the corporate structure of the Long Island Lighting System of companies would be in the public interest. It would be an element of weakness, and many other systems would be better off without top-heavy holding companies.

If additional reason for denial of the application were needed, I might point out that the commission has very limited powers over holding companies and that the Long Island Capital Corpo-

ration would be subject to far less supervision (almost none) than the Long Island Lighting Co.

An order is submitted herewith denying the application.

MILO R. MALTBIE, *Chairman.*

Mr. NORRIS. Doctor Maltbie shows very clearly that what I have been saying is true, that these holding companies have no excuse for their existence. In most of the cases the only reason for their existence is to deceive the people who pay the money, and to make profits for those who sit at the top of the holding companies, and who sell stocks, made mostly of water in many cases, to the investing public, and thus deceive them as well as the customers who pay the money.

Mr. President, I desire to read just a little from one of the well-recognized authorities on this subject. I am reading now from Main Street and Wall Street, by William Z. Ripley, at page 89:

Most disconcerting is it when this latest financial development invades the field of public utilities, already sufficiently cluttered up with holding companies and trusts. The older and conservative companies are above criticism. But one takes exception to the offerings of the Southern Gas & Power Corporation, with an authorized note issue of $2,000,000, preferred stock $5,000,000, and Class A 250,000 shares, leaving the exclusive voting power, except in case of default in cumulative dividends, in 100,000 shares of "common stock without par value." It is these last which are not offered to the public at all. This organization controls operating companies in 37 communities, scattered over eight different States. Was there ever a clearer case in an essential public industry of what has been well defined by an expert as "one of the besetting sins of modern corporations * * * the custom of trading on a thin equity, control resting in the hands of common-stock holders, while the funds are supplied by the sale of preferred stocks and bonds"? Had this author written in 1925 he would have added "and even of a large number of common shares which have been stripped of voting power." Then he would have hit several nails squarely on the head with one rap of the hammer.

That is the end of the quotation from Mr. Ripley's book.

When we come to the proposition of regulating the holding company, which is at present the outstanding factor in the electric-power industry, we have no experience to serve as a guide. These companies have not yet been subject to any regulation, State or Federal, and the question arises whether their operations are of such a character that they can be said to be "affected with the public interest," and whether their activities as managers of operating companies in different States, and their issuance of and trading in securities, constitute interstate commerce. The answer which is frequently made, that these also are matters of no consequence, that the public as users of power deal only with the operating company, and that since the rates and services of the operating company are regulated the consumer, as such, is not interested in or affected by what the holding company may do, is by no means convincing. If it were to be held that the charges which a holding company may impose upon a subsidiary operating company, and which may add materially to its capital investment or its operating costs, are solely the concern of the contracting parties; that the control which the holding company, through stock ownership, may impose upon the policies and management of the operating company is subject to no public supervision or restraint; that holding companies may acquire the stocks of operating companies and may pledge such stocks as collateral for security issues of their own, and may repeat and pyramid the process, regardless of the effect upon the credit of the operating company and without being answerable therefor to any public authority; it is apparent that an important and controlling element in the electric-power industry would have escaped public regulation and that investors in their securities would be left to the mercy of speculators with no protection save such as might be afforded by "blue sky" laws.

I have been reading, Mr. President, from an address delivered at Yale University March 20, 1929, by O. C. Merrill, formerly executive secretary of the Federal Power Commission. No one will say for a moment that Mr. Merrill has ever been moved by any of the ideas that are sometimes erroneously, I think, put upon shoulders such as mine. Certainly nobody ever thought that he was anything but a conservative; but a man of ability, I think everybody will admit; a man now, I understand, working for some of the large power corporations. He tells us in this article just what the dangers are. He was for many years, as I say, executive secretary of the Federal Power Commission. He knows about these things, as a matter of fact, and he was a close student; and while he did not agree with me on many of my ideas of government, I came in close contact with him often, and I found him not only able but, I think, perfectly honest and sincere in his views. He did not hesitate to condemn this one thing that brings about a great deal of our difficulty and our trouble, and to do so in explicit terms, as I have just read.

EMERGENCY UNEMPLOYMENT RELIEF

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I desire to have a conference report acted upon, but it will be necessary to have the Senator from Connecticut [Mr. BINGHAM] here. He made a special request to be notified; so, if the Senator will yield for that purpose, I will suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Nebraska yield for that purpose?

Mr. NORRIS. I do.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kendrick	Sheppard
Austin	Davis	Keyes	Shipstead
Bailey	Dickinson	King	Smoot
Barbour	Dill	La Follette	Steiwer
Bingham	Fletcher	Lewis	Stephens
Black	Frazier	Long	Thomas, Idaho
Blaine	George	McGill	Townsend
Borah	Glass	McKellar	Tydings
Brookhart	Goldsborough	McNary	Vandenberg
Bulkley	Gore	Metcalf	Wagner
Bulow	Hale	Moses	Walcott
Byrnes	Hatfield	Norris	Watson
Capper	Hebert	Reed	White
Cohen	Howell	Robinson, Ark.	
Connally	Jones	Robinson, Ind.	
Couzens	Kean	Schall	

The VICE PRESIDENT. Sixty-one Senators having answered to their names, there is a quorum present.

MESSAGE FROM THE HOUSE

A message from the Houses of Representatives by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes.

The message also announced that the House had agreed to Senate amendment No. 1 to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, with an amendment thereto, upon which it insists; that the House had disagreed to the amendment of the Senate numbered 2 to the said bill; requested a conference with the Senate on the disagreeing votes of the two Houses on the amendments; and that Mr. COLLIER, Mr. RAINEY, Mr. DOUGHTON, Mr. HAWLEY, and Mr. TREADWAY were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 37) authorizing a correction in the enrollment of House bill 11897, the War Department appropriation bill, in which it requested the concurrence of the Senate.

CORRECTION IN ENROLLMENT

Mr. REED. I ask that the Chair may lay before the Senate House Concurrent Resolution 37.

The VICE PRESIDENT. The Chair lays before the Senate Concurrent Resolution No. 37 of the House of Representatives, which will be read.

The Chief Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House is hereby authorized and directed in the enrollment of the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, to insert, on page 9, line 15, of the bill, the sum of $5,928,389 in lieu of the matter directed to be inserted by the concurrence of the House in Senate amendment No. 14.

Mr. REED. This is a clerical error made in the course of the proceedings of the House yesterday. The concurrent resolution exactly carries out the agreement of the conferees

in striking out some language which was made unnecessary because of the passage of the economy bill.

The concurrent resolution was considered by unanimous consent and agreed to.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that to-day, July 13, 1932, that committee presented to the President of the United States the following enrolled bills:

S. 3400. An act to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia"; and

S. 4741. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.

HOUR OF MEETING TO-MORROW

Mr. McNARY. I ask unanimous consent that when the Senate completes its work to-day it take a recess until 11 o'clock to-morrow.

Mr. CONNALLY. Can the Senator give us any information as to the probable date of final adjournment?

Mr. McNARY. I entertain a very strong hope that it will not be later than Friday afternoon.

The VICE PRESIDENT. Is there objection to the unanimous-consent request of the Senator from Oregon? The Chair hears none, and it is so ordered.

EMERGENCY UNEMPLOYMENT RELIEF

Mr. ROBINSON of Arkansas. Mr. President, I ask the Chair to lay before the Senate the message of the House of Representatives on the relief bill.

The VICE PRESIDENT. Does the Senator from Nebraska yield for the purpose of having the message laid before the Senate?

Mr. NORRIS. I yield.

The VICE PRESIDENT laid before the Senate the action of the House of Representatives agreeing to Senate amendment No. 1 to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, with an amendment thereto, upon which it insisted; disagreeing to the amendment of the Senate No. 2 to the said bill, and requesting a conference with the Senate on the disagreeing votes of the two Houses on the amendments.

Mr. ROBINSON of Arkansas. Mr. President, it is my intention to make a motion to agree to the conference asked by the House. I understand the Senator from Connecticut wishes to offer an amendment to the House amendment.

Mr. BINGHAM. That is correct, Mr. President.

Mr. ROBINSON of Arkansas. I understand that the amendment is in order, so I yield for that purpose.

Mr. BINGHAM. Mr. President, I offer the amendment, which I have prepared and sent to the desk.

The VICE PRESIDENT. The amendment will be read.

The CHIEF CLERK. The Senator from Connecticut proposes to insert at the proper place the following:

That immediately after the passage of this act men of good character who are physically and otherwise qualified for the duties of a soldier, sailor, or marine, and who have had prior service in the Army, Navy, or Marine Corps of the United States, shall be permitted to enlist in the Regular Army, the Navy, or the Marine Corps of the United States until the maximum enlisted strength authorized by law has been attained.

SEC. 2. No enlisted man in the Army, Navy, or Marine Corps shall be permitted during his term of enlistment to engage in such labor or be employed upon any project in such manner as to displace or prevent the employment of equally competent civilian labor.

SEC. 3. The Secretary of War may permit the discharge without purchase to any enlisted man who submits satisfactory evidence that upon discharge he is assured of immediate employment at a gainful occupation in civilian life.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. ROBINSON of Arkansas. Mr. President, I do not wish to discuss the amendment. Considering the stage at which the bill has arrived, I see no reason why the amendment should not be permitted to go to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BINGHAM].

The amendment was agreed to.

Mr. REED. Mr. President, will the Senator from Arkansas yield to me?

Mr. ROBINSON of Arkansas. I yield.

Mr. REED. I have an amendment which I think every one would accept. A similar amendment was put in all the appropriation bills. It is the amendment requiring the use of American materials where possible. I would have offered it last night to the text of the bill, but there was no opportunity to do so. If I had then offered it, it would not have been in this substitute of the House. It is a short amendment, and, if the Senator will yield, I will ask that it be read.

Mr. ROBINSON of Arkansas. I yield.

The VICE PRESIDENT. Let the amendment be reported.

The CHIEF CLERK. The Senator from Pennsylvania proposes to amend the House amendment as follows:

After section 304, insert a new section as follows:

"SEC. —. Unless the interest of the United States will not permit contractors, subcontractors, or other agents, paid from funds made available by any title in this act, shall purchase and supply, and shall certify to the head of the department or other Government establishment concerned that they have so purchased and supplied, for use in, on, or about the work or services for which such funds are made available, articles and materials grown, produced or manufactured in the United States, although such articles or materials may cost more, if such excess of cost be not unreasonable."

Mr. REED. Mr. President, this amendment occurs in all of our appropriation bills, and I think it ought to go into this bill.

Mr. KING. Mr. President, is the amendment sufficiently broad to prohibit the use of goods which have come into the United States, on which duty has been paid, and which may enter into the channels of trade and commerce and may be purchased in connection with some contract?

Mr. REED. No, Mr. President; except where American materials can be purchased on equal terms or at a very slight increase. It has not been construed, as it appears in the appropriation bills, to forbid conclusively the use of imported goods if there is any disposition on the part of the American producers to gouge the Government.

Mr. KING. Mr. President, let me ask the Senator a question, and give a concrete illustration, to determine the significance and implications of the amendment.

Suppose some glass to have been imported from Belgium, or from any other country, into the United States, and to have been purchased by the Senator from Pennsylvania, if he is a merchant. Let us suppose he sells it to some retailer, and the retailer sells it to some person who is engaged in making one of these improvements. Would the contractor be prohibited from purchasing that glass?

Mr. REED. On equal terms, the American-made goods would have the preference.

Mr. ROBINSON of Arkansas. Mr. President, I am afraid we are getting into a complicated situation here, and I believe that we are making an error. We can not amend the House amendment and then disagree to it very well, and that is what is proposed. In order to get this bill to conference, it is necessary to move to disagree to the House amendment.

Mr. REED. We can amend it before disagreeing, can we not?

Mr. WATSON. Mr. President, will the Senator from Arkansas kindly explain just what did happen in the House?

Mr. ROBINSON of Arkansas. Yes.

Mr. WATSON. We have been trying, as the Senator knows, to find out.

Mr. ROBINSON of Arkansas. The House passed, first, a House bill, then took up the Senate bill, which passed last night, which was itself a House bill technically, struck out all after the enacting clause and inserted the House bill.

Mr. WATSON. That is to say, what we call the road bill which the House sent to the Senate?

Mr. ROBINSON of Arkansas. No; the road bill was already here. That is the one we amended.

Mr. WATSON. Yes.

Mr. ROBINSON of Arkansas. We took that up and amended it by inserting the provisions of the relief bill, with which the Senator from Indiana and other Senators are familiar. That bill passed last night. The House had already arranged to consider a House bill on the subject of relief, and, under a special rule, proceeded to pass the House bill, then took up the Senate bill which was passed last night, struck out all after the enacting clause of the Senate bill, and inserted the House bill. The motion I am about to make is to disagree to the House amendment to the Senate amendment, and to agree to the conference asked by the House. I am wondering whether that motion would be in order after the Senate agrees to amendments to the House amendment which it proposes to disagree to after having amended it. I inquire of the Chair.

The VICE PRESIDENT. Under the rule, if amendments are made, the Senate would have to insist upon its amendments and ask for a conference with the House, and appoint conferees. The Senate would have to insist upon its amendment to the amendment of the House.

Mr. WATSON. Do I understand that precludes the possibility of amendment, then?

Mr. REED. No; if we amend, as the Chair has just ruled, then we say that we insist upon our amendment, and ask a conference with the House, and when they agree, the conference is in existence.

Mr. ROBINSON of Arkansas. What will be in conference?

The VICE PRESIDENT. The Senate amendment, the House amendment to the Senate amendment, and the Senate amendment to the House amendment would all three be in conference.

Mr. ROBINSON of Arkansas. Very well. With that view of the matter, I shall proceed.

Of course, under the rule of the Senate, amendments may be proposed here to an indefinite number. That is one of the difficulties of the parliamentary situation. The matter could have been disposed of in a much quicker way, but I see nothing else to do but to proceed with this motion. The rules of the Senate give priority to a motion to amend a House amendment, so that I want the Senate to understand that the proceeding by which these amendments are being considered is not by unanimous consent, it is by right, under the rule of the Senate.

Mr. REED. The Senator is exactly right, I think.

Now, just one word more, Mr. President. I have submitted this amendment to the Senator from New York [Mr. WAGNER], and I understand that it meets with his approval. I now offer the amendment.

Mr. CONNALLY. Mr. President——

Mr. ROBINSON of Arkansas. I yield.

Mr. CONNALLY. I want to take the floor in my own right.

The VICE PRESIDENT. Does the Senator from Arkansas yield the floor?

Mr. ROBINSON of Arkansas. If the Senator from Texas wishes to discuss the amendment, I will yield the floor.

Mr. CONNALLY. Mr. President, as far as the amendment of the Senator from Pennsylvania is concerned, I would not ordinarily have any objection to it; but I have no confidence in the good faith or the fairness with which the administration would administer it. The Senator from Pennsylvania was instrumental the other day in amending the Post Office and Treasury Departments appropriation bill, and forthwith the Post Office Department violated every bit of the spirit of that amendment. I am wondering whether the Senator from Pennsylvania has any information as to why the Post Office Department, in the case of the Ludlow Manufacturing Co., of Boston, reversed its former action and bought jute produced in India as against cotton produced in the United States.

Mr. REED. Mr. President, I had no personal knowledge of that matter until after the decision was made. I understand that my office did have something to do with it; that it had at least some correspondence on it. Whether they went beyond that I have not asked. I can, in a moment or two, find out. But from what I have heard of the action of the department, I am inclined to think that it scarcely was in compliance with the intent of Congress. If I had any share in the result, I should not be particularly proud, as I now understand the facts.

Mr. CONNALLY. Whatever activity the Senator's office had was in behalf of cotton, was it?

Mr. REED. No; it was in behalf of jute, I am told.

Mr. CONNALLY. I hope the Senator will withdraw his influence with the department and let the department act unhampered.

Mr. REED. I have not had a chance to study the matter as much as I am going to look into it, but I agree with the feeling of the Senator that articles of American growth, as well as American manufacture, ought to be given preference, other things being equal.

Mr. CONNALLY. I want to say to the Senator that I am undertaking to challenge the right of the Post Office Department to thus defy the will of the Congress, and I have taken it up with the Comptroller General. I shall gladly enlist the aid of the Senator from Pennsylvania, since he shows so much interest in the matter, by offering another amendment, which probably will involve other articles, probably not produced in my State, but in the United States, and possibly some in the Senator's State.

Mr. REED. In the principle involved I am in full agreement with the Senator. We want to put Americans to work, and there is no better way of doing that than by providing that we shall use American materials in the spending of the money appropriated by the Congress.

Mr. CONNALLY. Does the Senator from Pennsylvania feel that he is quite consistent when, at the time we had the act before us in such a shape that it would be necessary for the Government to give preference in purchases to articles of domestic raw materials and manufacture, he amended by inserting the word " or " in place of " and " and then induced the Post Office Department to violate the spirit of the act?

Mr. REED. I have told the Senator the exact facts, that I had no personal knowledge that the question was pending.

Mr. CONNALLY. The Senator's office did.

Mr. REED. My office did, and I am going to stand by what the office did, and I am going to take whatever blame there may be for the action taken.

Mr. BYRNES. Mr. President, I would like to say to the Senator that the executive assistant of the Postmaster General advised me that the construction placed upon the language of the post office bill was the construction of the Senator from Pennsylvania. Subsequently I spoke to the Senator from Pennsylvania about it, and he informed me that his secretary must have taken the matter up. I would like to ask the Senator from Pennsylvania, in view of his statement now, whether he will advise the Postmaster General of what he has stated here, that he does not exactly approve the construction, because the Postmaster General decided in favor of giving a contract for twine made of jute, produced, not in the United States, but out of the United States, because of his belief that the construction placed upon it by the department was the construction of the Senator from Pennsylvania.

Mr. REED. My information on this subject has come almost exclusively from the Senator from South Carolina. I do not like the result, but I want to investigate the facts before the committee acts definitely.

Mr. JONES. Mr. President, I have a letter from the Postmaster General covering the very matter that has been referred to. I wrote him a letter after the Senator made his statement on the floor of the Senate the other day, and asked the Postmaster General to give me a statement in regard to it. It is several pages long. I do not think I should take the time of the Senate to read it. Senators who are interested may read the letter. I ask that it may be printed in the RECORD. The Postmaster General defends

his action upon the construction which he gives to the language that was put in the bill as it finally passed.

The VICE PRESIDENT. Without objection it is so ordered.

The letter is as follows:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., July 13, 1932.

Hon. WESLEY L. JONES,
Chairman Committee on Appropriations,
United States Senate, Washington, D. C.

MY DEAR SENATOR: The receipt is acknowledged of your letter of July 12, asking for the department's comment on the statement made on July 9 by Senator CONNALLY, as reported on page 15384 of the CONGRESSIONAL RECORD of that date, relating to a contract which the department has awarded to the Ludlow Sales Corporation, of Boston, Mass., for jute twine.

In the form in which it passed the House of Representatives, the Treasury-Post Office appropriation bill for the fiscal year 1933 included the following provision:

"SEC. 6. In the expenditure of appropriations in this act or appropriations hereafter made, the Secretary of the Treasury in the case of the Treasury Department, and the Postmaster General in the case of the Post Office Department, shall, unless in his discretion the interest of the Government will not permit, purchase, or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable."

Although this bill passed the House of Representatives on March 5, 1932, it was not reported to the Senate until June 21. Meantime, on April 6, the department advertised its requirements for twine for the first six months of the fiscal year 1933, specifying that either cotton or jute would be acceptable and that in making an award of contract the department would take into consideration the cost of transportation and yardage per pound of the twine, as reported by the Bureau of Standards on tests of the bid samples submitted. Bids were opened on May 5. The low bidder was the Ludlow Sales Corporation, offering jute twine. The second low bidder was the Granite Falls Manufacturing Co., of Hickory, N. C., offering cotton twine. The two bids were as follows:

Bidder:	Price per million yards, freight included
Ludlow Sales Corporation	$115.84
Granite Falls Manufacturing Co	117.45

Having before it the provision pending in the Treasury-Post Office appropriation bill dealing with the question of preference to domestic products, the department considered it advisable to postpone an award pending final action on the bill by Congress. The Granite Falls Co., in submitting its bid, had stipulated that its offer was subject to acceptance within two days. Since the decision had been reached that no award could properly be made prior to final action by Congress upon the appropriation bill, this bidder was afforded the opportunity to modify this stipulation, and its bid was permitted to stand until withdrawn. It was not withdrawn prior to the award of the contract.

In view of the pending legislation, the department had seen fit to require of each bidder a certificate regarding the origin of the twine offered. Both the Granite Falls Co. and the Ludlow Co. submitted certificates, phrased in the language of the appropriation bill as it passed the House, to the effect that the twine offered was "of the growth, production, or manufacture of the United States." At the time of the bid opening the question was thus before the department whether jute twine manufactured in the United States fell within the language of the House bill, and the department reached the conclusion that since the product offered by the Ludlow Co. was of the manufacture of the United States the product offered by the Granite Falls Co. would be entitled to no preference over it in the event the language carried in the House bill was agreed to by the Senate.

To be perfectly fair with all concerned, the attention of the Granite Falls Co. was called to this conclusion, and the company was advised that unless the language of the House bill were changed so as to make it clear and unmistakable that Congress intended that goods manufactured in the United States from imported raw materials were not entitled to the preference contemplated by section 6 of the bill the department would find it necessary to make the award to the Ludlow Co., and the suggestion was offered that the simplest way to clarify the language so as to leave no doubt that Congress intended cotton twine to be given a preference over jute twine manufactured in this country would be to substitute the word "and" for the word "or" where it occurs in the expression "articles of the growth, production, or manufacture of the United States." This suggestion was made also to numerous Senators and Members of Congress making inquiry of the department with relation to the pending award.

I have been informed that while the bill was pending before the Senate Committee on Appropriations representations were made accordingly to the committee by Senators MORRISON and BYRNES, and that the committee was persuaded by these Senators to change the word "or" to read "and" in accordance with the department's suggestion. However this may be, the bill when it was reported to the Senate on June 21 contained this change, and the department has had no doubt that the change was made for no other purpose than to require a preference to be given cotton twine as against jute twine, notwithstanding the fact that jute twine may be of the manufacture of the United States.

When the bill was under discussion by the Senate, the committee amendment was objected to by Senator REED, apparently without any particular reference to the question whether cotton twine was to be given preference over jute twine manufactured in this country, but for the obvious reason that under the phrasing involved in the committee amendment the question of preference would be raised in connection with a wide variety of articles manufactured in the United States from raw materials wholly or partly produced in foreign countries. Following a protracted discussion, the committee amendment was rejected and the language was left as it had stood in the House bill, requiring, with certain exceptions, that the Postmaster General contract for goods of the growth, production, or manufacture of the United States, and providing no preference whatever for goods entirely of domestic origin when in competition with goods of domestic manufacture from raw materials produced abroad.

It is true that the following additional sentence was added to the language of the House bill: "In giving effect to this section, special consideration shall be given to the domestic article where the raw material of which it is made is grown in the United States and the article itself is manufactured in the United States." This sentence, however, must be construed in conjunction with the sentence which precedes it in the law as finally passed, and, while there may be room for a difference of opinion concerning its exact significance, I believe that it means no more than that where an article entirely produced in this country is in competition with an article entirely produced abroad, the department shall give more particular consideration to the question of preference than in a case where an article manufactured in the United States from raw materials produced abroad is in competition with an imported article. After careful study of this language, and a full consideration of the discussion which occurred in the Senate on the subject, the department made the award to the Ludlow Sales Corporation.

I believe that you will agree that in this transaction the department showed every possible consideration to the Granite Falls Manufacturing Co. Not only did it permit that company to modify its proposal so that the company's interests might not be prejudiced by the delay in the enactment of the appropriation bill, but it made its position with reference to the construction to be placed upon the language of the bill perfectly clear to this bidder and to all interested Senators in ample time to permit an unequivocal expression of the desire and intention of Congress on the question whether a preference should be accorded an article manufactured in the United States from domestic raw materials when in competition with an article fabricated in this country from imported materials. In the absence of a plain and unambiguous provision of law on this question, it seems to me to be obvious that the department should not be expected to take action which would deprive the citizens of one section of our country of employment for the purpose of providing employment in another section of the country, particularly when to do so would add to the expenses of the Government which are borne by the taxpayers at large.

Yours very truly,

WALTER F. BROWN.

Mr. ROBINSON of Arkansas. Mr. President, it is perfectly apparent that the course that is being taken here is involving the primary question and that great confusion is going to result. I believe that these amendments, not having been offered when the Senate was considering the bill yesterday and last night, should not be tacked on now and thus add to the confusion and the delay which inevitably would result. I believe that we ought to vote down further amendments. I believe that we ought to reconsider the vote by which the amendment of the Senator from Connecticut was agreed to and then vote down that amendment, send the bill to conference, get an agreement in conference, if possible, and get the bill to the President. It is perfectly apparent that if Senators insist, an indefinite number of amendments may be offered. Nothing is being accomplished by taking them to conference except to confuse the conferees and delay final action.

Mr. GORE. And make a Christmas tree out of the bill.

Mr. ROBINSON of Arkansas. Yes; or a shamble or jungle.

I am going to ask that the pending amendment be voted down. I am going to ask that the vote by which the amendment of the Senator from Connecticut was agreed to be reconsidered, and I am also going to request that further amendments be not presented. I realize that it is a pretty bold request to make, but at the same time I shall press for that action in order that the bill may go to conference.

The bill has been before the Senate three times, at one time for more than a week. Ample opportunity was af-

forded for the presentation of any amendment that Senators might desire to consider. I feel that we ought not to put ourselves in the attitude, every time the bill comes before us, of trying to write a new bill. That is what occurs somewhere else, and it is what seemingly occurs here.

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Pennsylvania?

Mr. ROBINSON of Arkansas. I yield.

Mr. REED. I sympathize fully with the Senator from Arkansas, because if we do put on these amendments here, then we will have to disagree afresh and ask a conference.

Mr. ROBINSON of Arkansas. It will have to go back to the House.

Mr. REED. Yes; it will have to go back to the House to get them to agree to a conference, and before we have done we will have wasted a lot of time.

Mr. ROBINSON of Arkansas. The House might not agree to the conference.

Mr. REED. They might not. Furthermore, so far as the pending amendment is concerned, I am perfectly certain it will be within the jurisdiction of the conferees, if they think wise, to put it in the bill. It would not be beyond their power as conferees. Then, for two reasons, first, in order to clear up possible embarrassment at this juncture and, second, because I appreciate it is the orderly way to go about it, I am going to hand my amendment to the conferees when they are appointed and leave it to their good judgment. I shall withdraw it now and not offer it.

Mr. ROBINSON of Arkansas. I thank the Senator from Pennsylvania and I am going to ask the Senator from Connecticut to consent to a reconsideration of the vote by which his amendment was agreed to, and let it take the same course.

Mr. BINGHAM. Mr. President, I do not believe it would be within the power of the conferees to put this matter in the bill as the Senator from Pennsylvania has stated he thinks would be the case in regard to his amendment. When I introduced the amendment the Senator from Arkansas said he had no objection to it being adopted and going to conference. Therefore I did not take any time to explain it, because I do not desire to take the time of the Senate unnecessarily. It was not my understanding that it would delay the matter at all.

Mr. ROBINSON of Arkansas. It would make necessary the sending of the bill first to the House with a request for a conference on the part of the Senate and an agreement on the part of the House to the conference.

Mr. BINGHAM. The House has already requested a conference, as I understand it, and therefore it would not be necessary for the bill to go back to the House.

The VICE PRESIDENT. If the amendment is adopted the bill will have to go back to the House.

Mr. ROBINSON of Arkansas. I made that statement a moment ago and the Chair so ruled. In view of that fact, appreciating fully that the Senator from Connecticut may have the opportunity to test the sense of the Senate with his amendment in connection with other legislation, I am going to ask him again to consent to a reconsideration of the vote by which it was adopted and withdraw it, but if he can not do that I shall have to move a reconsideration.

Mr. BINGHAM. Of course the Senator will realize that I would like to get a vote on the amendment. The matter was brought to my attention to-day for the first time.

Mr. ROBINSON of Arkansas. May I say to the Senator from Connecticut that I have had at least 50 amendments presented to me since last night with the request that I try to get them on this bill. I am sure the Senator from New York [Mr. WAGNER] and other Senators have had a similar experience, so that I think we must proceed to get the bill to conference. I hope the Senator from Connecticut will consent to that arrangement.

The VICE PRESIDENT. Without objection the vote whereby the amendment of the Senator from Connecticut was agreed to will be reconsidered and the question now is on his amendment.

Mr. BINGHAM. Mr. President, I shall submit, of course, to whatever decision the Senate makes. The matter was first brought to my attention this morning that here was a means whereby 200,000 veterans now unemployed might secure immediate employment and in a manner which would redound to the benefit of the national defense and of the United States. The amendment which I have proposed was taken from a bill introduced in the House of Representatives by Representative CURRY, of California, son of the former chairman of the Committee on Territories, who served——

Mr. BORAH. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Idaho?

Mr. BINGHAM. I yield.

Mr. BORAH. Did the Senator say 200,000?

Mr. BINGHAM. Yes; 200,000. I will explain how it occurred. The amendment provides that there may be enlisted——

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Oklahoma?

Mr. BINGHAM. I yield.

Mr. GORE. I desire to inquire if the Senator has an estimate of the cost if 200,000 men should be enlisted?

Mr. BINGHAM. Yes; and I shall come to that if the Senator will give me an opportunity.

The situation is this: On the statute books——

Mr. NORRIS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. NORRIS. The Senator turns away in apparent disgust.

Mr. BINGHAM. I have tried five times to explain the amendment and have been interrupted each time.

Mr. NORRIS. I had the floor and was trying to talk to the Senate, and I yielded for all of this discussion. I had not any idea it was going to take more than a moment, but 20 minutes have been devoted to it, so the Senator must not turn his back on me in disgust. If there is anybody who ought to be disgusted, I am the one; and yet I am cheerful and happy.

Mr. BINGHAM. I apologize to the Senator. I did not realize he had the floor.

Mr. NORRIS. I want an understanding. Of course, long ago I lost the floor. I do not believe the Senator wants to take me summarily off the floor, because I had not concluded my statement. I would like to have an understanding about how long the Senator is going to keep on, when we are going to quit, and whether we expect to do any other business after this matter is disposed of. I am not complaining, because I realize this is necessary. I am not making any complaint, but I want to know where I stand before we proceed further.

Mr. WATSON. Mr. President, there is already a unanimous-consent agreement to recess until to-morrow morning at 11 o'clock.

Mr. NORRIS. Yes; but when are we going to take the recess?

Mr. WATSON. When this bill is disposed of.

Mr. NORRIS. Then we are not to proceed further this evening?

Mr. WATSON. I did not think the Senator wanted to do so.

Mr. NORRIS. I do not.

Mr. WATSON. My understanding is there is a desire to have a brief executive session after the conference report shall have been disposed of.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Virginia?

Mr. BINGHAM. I yield.

Mr. GLASS. If the Senate had information enough to agree to the amendment once, has it not information enough to vote on it again right away without an extended explanation? Either it had information enough to agree to it before, or we have been doing business in a very unbusinesslike way.

Mr. BINGHAM. Mr. President, if I may begin again at the beginning, I shall try to make a brief explanation. There was brought to my attention only this morning—and that is the reason why the amendment was not offered before—a bill prepared by a Representative from California, Mr. CURRY, which would provide for the immediate employment of 200,000 able-bodied veterans. The way in which Mr. CURRY has worked it out—and I have adopted the language of his bill and introduced it as an amendment—I believe to be of great importance. There are on the statute books now provisions for a Regular Army, Navy, and Marine Corps of more than 200,000 enlisted strength in excess of that now in existence. In order to bring the Army up to the strength that is now provided for on the statute books, it would permit the enlistment of 155,000 privates for the Army, 55,000 enlisted men for the Navy, and 10,000 enlisted men for the Marine Corps, or a total of 220,000.

The amendment provides that only those who have formerly served in the Army or Navy or Marine Corps may apply for enlistment at this time. In other words, it provides for veterans. Under the bill itself, with its provision for construction projects, it will be many months before there can be a large number of men employed, and even then there can not be many men employed under its provisions. Here is a provision whereby, beginning to-morrow, or as soon as the bill is passed, there may be enlisted in the Army, for a period of one year, veterans of the World War who served with the Army, Navy, or Marine Corps, to the number of about 200,000, who could well be enlisted and employed in the Army in regular training. It would add to the national defense. It would provide for 200,000 veterans their food, clothing, housing, drills, training, discipline, and $20 a month besides. It would cost about $100,000,000. It would provide immediate employment for the men.

Mr. ROBINSON of Arkansas. Mr. President, does the Senator mean $100,000,000 a year?

Mr. BINGHAM. Yes; $100,000,000 a year; but it is intended that it should go on for only one year. It is intended to meet the present emergency. There are hundreds of thousands of veterans seeking employment. We have tried in this bill to furnish employment on various construction projects running into hundreds of millions of dollars. It will be some time before those projects can be started; but here is a provision which would take care of an enormous number of able-bodied veterans at once and give them food, clothing, shelter, and proper training, discipline, and a small amount of money per month.

I do not know of anything that we could do which would take care of the veterans better than this legislation which has been proposed, as I said, in the House by Mr. CURRY, and which I offer here as an amendment. Had it been shown to me before, I should have offered it before. I do not like to offer amendments at the last moment; as has been suggested, it is bad practice, and I would not do it had it not been that it was the first time it was called to my attention, or, so far as I know, to the attention of any Member of the Senate. I offer it in good faith as a means of providing immediate care for about 200,000 able-bodied veterans, and I hope no Senator will object to it. Let it go to conference. It seems to me to be a matter of vital importance which meets the situation in a way which nothing else, so far as I have heard of, could meet it.

Mr. ROBINSON of Arkansas. Mr. President, I do not intend to add anything to what I said a few moments ago. It is apparent that the acceptance of any amendment to the House amendment would compel the Senate to ask for a conference and require the House to grant one before further proceedings can be had on this bill. That would result in indefinite delay and might result in wrecking the bill. For that reason I am going to ask the Senate to vote down the amendment.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Connecticut to the amendment of the House.

Mr. BINGHAM. Mr. President, may we have the yeas and nays on the amendment?

The VICE PRESIDENT. The yeas and nays are demanded. Is there a second?

The yeas and nays were not ordered.

The amendment to the House amendment was rejected.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate disagree to the amendment of the House to Senate amendment numbered 1, that it insist upon its amendments 1 and 2, agree to the conference asked by the House, and that the Chair appoint conferees on the part of the Senate.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

Mr. WATSON. Mr. President, I trust that the motion may be agreed to. We all understand that there must be relief legislation, and there is unanimity on the proposition. The House has passed the bill and the Senate has passed the bill, and now the opportunity is afforded for a conference and the presentation of a report that will consummate the entire relief situation, so far as it can be done by legislation.

I have never believed in reprisals as between the two Houses. I do not believe in making a statement that if the other House does not do that thing this House will not do this thing. I have regretted that conferees have not been appointed on the home loan bank bill, but that is a matter for the other House to determine and not this. There was some objection to the action of the House on the relief bill being presented in the Senate unless and until conferees should be appointed in the House on the home loan bank bill; but I was assured by the Speaker of the House, in the presence of a number of Senators, but a short time ago that within an hour he would entertain a request for unanimous consent to send the home loan bank bill to conference. That is all we can ask; with that I am quite content; and if objection is made, that is another proposition. It will then be necessary to proceed under the rules of the House to send the home loan bank bill to conference; but inasmuch as the Speaker has acceded to the request, nothing more can be asked on this side in that regard. Therefore, I trust that the motion of the Senator from Arkansas will be agreed to.

Mr. ROBINSON of Arkansas. I think it should be stated that the Speaker of the House announced that it had been his purpose to entertain a request for unanimous consent to send the bill to conference.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to.

The VICE PRESIDENT. The Chair appoints the following conferees——

Mr. LA FOLLETTE. Mr. President, before the conferees are appointed I should like to be recognized for a statement.

The VICE PRESIDENT. The Senator from Wisconsin.

Mr. LA FOLLETTE. Late on Monday afternoon the Senator from New York [Mr. WAGNER] introduced his amendment in the nature of a substitute, which was the relief bill which had been considered by the Banking and Currency Committee. On the following morning the Senate proceeded with the consideration of that bill, and therefore there was no time during the day for amendments made in the bill introduced by the Senator from New York to be printed. The Senate therefore was compelled to work with the copy which had been furnished following the introduction of the bill by the Senator from New York and was not in possession of any printed copy containing the amendments agreed to by the Committee on Banking and Currency.

I listened very attentively to the statement made by the Senator from New York and endeavored to make my copy conform to the changes which he suggested had been made. It is only fair to the Senator from New York to state that he was explaining the difference between the bill which he then offered and the one which had previously passed.

I make this preliminary statement, Mr. President, in order to draw to the attention of the Senate the fact that on page 9 of the bill introduced by the Senator from New

York on July 11, beginning with line 3, there was this provision:

(b) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures under this section and under the Reconstruction Finance Corporation act, together with a statement showing the names of the borrowers to whom loans and advances were made, and the amount involved in each case.

I assumed, Mr. President, and upon consultation with a large number of Senators to-day I find that other Senators who were referring to this printed copy of the bill assumed that that was the language which was adopted by the Senate, whereas, as a matter of fact, in the committee on yesterday morning the words "and under the Reconstruction Finance Corporation act" were stricken out. So the monthly report provided for in the bill as passed by the Senate relates only to the section mentioned in the relief bill.

I make that statement, Mr. President, because there are a number of Senators on the floor who had they been aware of the fact that that language had been stricken out would have at the proper time offered an amendment to reinsert it.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. ROBINSON of Arkansas. The language will be in conference, because it is in the House bill.

Mr. LA FOLLETTE. I was about to draw the attention of the Senate to the fact that the House has adopted identically the same language as contained in the bill when it was introduced by the Senator from New York on Monday; and I express the hope, Mr. President, that the Senate conferees about to be appointed when they come to consider this section of the bill will take into consideration the fact that a great many Senators assumed that language identical with that in the House bill was in the bill when it passed the Senate and that they had, under all circumstances, a perfect right to assume that such was the case.

Mr. WAGNER. As stated by the Senator, in the explanation I made at the time I was setting forth the differences between the bill as it passed and the amendment I was introducing. However, I think I should have called attention to the fact that there was a difference between the proposed amendment of the night before and the amendment which I actually offered. That was a clear inadvertence, but the matter now will be before the conferees for consideration.

Mr. VANDENBERG. Mr. President, I do not want by my silence to seem to concur in the suggestion made by the able Senator from Wisconsin [Mr. LA FOLLETTE] that the Senate conferees should feel a considerable latitude in yielding on the question of publicity for bank loans heretofore made by the Reconstruction Finance Corporation. The Senator's statement of the chronology and the fact is scrupulously accurate; but it may equally be said that if the bill had not been in the form that it was submitted to the Senate a motion would have been made to strike out the provision for publicity, and the conferees should have that in mind as well as the situation submitted by the Senator from Wisconsin. In my judgment, publicity in respect to this matter would be a violation of the entire fiduciary character of the whole transaction and would defeat all the useful purposes which the Reconstruction Finance Corporation serves.

The PRESIDENT pro tempore. The Chair announces the appointment of the following conferees on the part of the Senate: The Senator from South Dakota [Mr. NORBECK], the Senator from Iowa [Mr. BROOKHART], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Virginia [Mr. GLASS], and the Senator from New York [Mr. WAGNER].

FANEUIL HALL ADDRESS OF THE SECRETARY OF THE TREASURY

Mr. HEBERT. Mr. President, I ask unanimous consent to have inserted in the RECORD a speech delivered by the Hon. Ogden L. Mills, Secretary of the Treasury, at Faneuil Hall, Boston, on the 11th of July.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

My time being limited, I propose to confine my remarks this evening to a discussion of some of the economic questions presented in the speech of acceptance of the candidate and in the platform of the Democratic Party. Later I hope to discuss Republican principles and policies. To-night we are just taking off some of the trimmings and tin foil to get at the facts.

The basis of the Democratic appeal is now clearly outlined. They propose to place the blame for the depression on the present administration; they promise, if returned to power, that, as the candidate exclaimed, "Happy days will come again." They lay claim to being the party of liberalism and progress.

Now, the depression began shortly after President Hoover had taken office. Even before that time, it was already under way in many countries. Resulting, as it did, from the combined effects of so many economic forces so deep-seated and so violent as to defy arrest anywhere and everywhere, it eventually swept the world.

While making all allowances for the temptation to a party out of power to make full use of such an argument, to charge any government anywhere with the responsibility for such a world disaster is sheer nonsense.

In so far as the past is concerned, the real question for the American people to decide is: Has the administration, in the face of this world-wide calamity, conducted the affairs of government with that judgment and skill which would mitigate the effects of the depression and lay a foundation for recovery? It can be demonstrated beyond question that it has. I challenge Governor Roosevelt, instead of indulging in vague and unsupported attacks, to state specifically what the present administration has failed to do or has done in this emergency that is open to fair criticism, and what steps he would have taken that have not been taken to meet the successive forces that have threatened to undermine and to destroy our economic structure and to bring complete disaster to our people.

What his party, if in power, would have done and would do, is unmistakably indicated by the record of the Democratic House of Representatives under the leadership of the Democratic candidate for the Vice Presidency.

Before discussing economic questions, may I devote a minute or two to the much-abused term "liberalism"? What justifies the application of the term "liberal" to either a candidate or a party? Certainly not mere breast-beating and loud claim to the title. There must be a moral quality in true liberalism, without which it becomes an empty name. There must be real convictions and a definite program, unless it is to melt away into mere words.

I can not detect evidence of true liberalism in either the Democratic candidate or in the Democratic Party. Appeal to discontent and a program designed to catch votes can not be confused with a bold leadership that stakes its all in a battle for the triumph of deep-seated principles. In the face of the shocking system of government existing in New York City, which the great Democratic paper, the New York Times, describes as one which "thrives at the expense of justice to the poor and fair dealing to the millions that can not boast the acquaintance of a district leader"—and, remember, I am not talking about mere individual delinquencies and failures, but of a system—Governor Roosevelt's failure for three years to use the power of his great office to clean up his own party, and his failure to assert his moral leadership, bar him definitely—honest, amiable, and attractive gentleman that he is—from spiritual kinship with such liberal statesmen as Woodrow Wilson or Theodore Roosevelt or that independent and rugged Democrat, Grover Cleveland.

All parties claim to be liberal and progressive, and, in so far as their aspirations are concerned, honestly are, for the right-thinking men and women that compose them desire to see a correction of existing evils and a steady improvement in opportunities to all men for advancement. It is not too much to say that all Americans, Democrats and Republicans alike, share a common ideal in their conception of what American life holds in the way of promise.

The difference, then, is not one of purpose, but of method. The sharp line of demarcation is that under the stress and pressure of existing conditions the Democrats seem willing to try anything, whereas the Republicans are firm in their belief that a violation of well-established, sound, economic principles will not only defeat the purpose of the remedial measures proposed, but will, in fact, result in even greater disaster.

The consistent, comprehensive program carried out by the administration has been lacking in neither boldness nor originality, but it presents a complete contrast to the program of legislation passed by a Democratic House of Representatives under the leadership of Speaker GARNER, candidate for the Vice Presidency.

Measures actually passed by the Democratic House of Representatives provide for: The printing and issuance of fiat currency; the immediate payment of the bonus; an appropriation of over a billion dollars for post offices, rivers and harbors, roads, etc., these two items alone aggregating over $3,000,000,000; the guaranty of bank deposits; instructions to the Secretary of the Treasury and Federal Reserve Board to manipulate commodity prices; the unbalancing of a Budget balanced by great effort; and putting the Government into the general commercial banking business on a huge scale.

All were doubtless well-meaning remedial efforts. Yet they would bring ruin and disaster, running counter, as they do, to sound economic and financial principles, and being destructive, as they are, of the confidence so badly needed throughout the country.

Governor Roosevelt takes exception to this very Republican insistence on adherence to sound economic principles. He said sarcastically in his speech of acceptance: "Our Republican leaders tell us economic laws—sacred, inviolable, unchangeable—that these laws cause panics which no one could prevent. But while they prate of economic laws men and women are starving. We must lay hold of the fact that economic laws are not made by nature. They are made by human beings."

If by the words, "made by human beings," the governor means to express the belief that economic laws are the result of a conscious, deliberate purpose, he is entirely mistaken. They are, however, based in large measure on human nature, of which, if I may quote Burke, "reason is but a part, and by no means a preponderant one." From which it follows that we can not run counter to them without running counter to human nature itself.

Why do we resist the printing of fiat currency? Not simply because it offers no solution, or because a limited amount would necessarily be harmful, but because all experience demonstrates that once the printing presses are started, human nature being what it is, there is no stopping them short of disaster.

Why did we fight for many long months to establish the principle of a balanced Budget? Not because denial of that principle means necessarily the immediate impairment, but, human nature being what it is, the ultimate destruction of the public credit.

Here, then, is the first great line of cleavage between the Democratic and Republican Parties. The Democratic House of Representatives, speaking with greater authority for the Democratic Party than any party convention can, has demonstrated its willingness to disregard economic law and sound financial principles. The Democratic candidate scoffs at them. By what compass or chart, I wonder, do they propose to direct the economic life of the Nation in these perilous times?

Taking up now the few definite suggestions to be found in this long speech, the governor points out that credits "issued in the form of bonds and mortgages, Government bonds, bonds of all kinds" are all interrelated. He then asks, "Why has Washington failed to understand that all of these groups * * * must be considered together; that each and every one of them is dependent on every other; each and every one of them affecting the whole financial fabric?" "Statesmanship and vision," he says, "require relief to all at the same time."

Does the governor think he is making an original discovery? Where has he been these many months? Doesn't he know that at the President's suggestion the Congress has provided additional capital for the Federal land banks, and made provision through the Reconstruction Corporation for additional credit to joint stock land banks, intermediate credit banks, and livestock loan companies, all in the interest of strengthening agricultural credit? Doesn't he know that the Reconstruction Finance Corporation has been created with $2,000,000,000 of available funds to underpin the whole credit structure of the Nation by providing necessary credit for banks, for insurance companies, for mortgage companies, for building and loan associations, and for the railroads, whose securities are held by the billion by the great fiduciary institutions of the country, to whom are intrusted the savings of the Nation? Doesn't he know that the President has recommended the creation of home loan discount banks to take care of the credit needs of home builders and home owners?

Of all the credit groups that he mentions, the only ones that haven't been provided for by the Federal Government are the States and municipalities. Are we to understand from his criticism that he would make the credit of the United States Government available to 16,000 municipalities? If so, I say to him that if he ever gets the opportunity to carry out that purpose he will undermine the credit of the United States Government itself.

Governor Roosevelt states that Republican tariff legislation has erected an impregnable barbed-wire entanglement around our borders, and that he accepts the admirable tariff statement in the platform, adding that "it would protect American business and American labor." The Democratic platform promises "a competitive tariff for revenue," which, if we add the Governor's words, would read: "A competitive tariff for revenue to protect American business and American labor." If anyone can tell me what sort of a tariff this means, I shall heartily welcome an explanation.

During the Democratic convention they decried ad infinitum iniquities of the Smoot-Hawley tariff, and the Democratic keynoter, Senator BARKLEY, fairly spread himself on this subject. But not once was there mention of the tariff of 1932, which imposed specific rates equivalent to anywhere from 16 to 61 per cent ad valorem duties on crude petroleum, fuel and gas oil, gasoline, paraffin, coal, lumber, and copper. A tariff which, by the way, the distinguished keynoter from Kentucky worked and voted for, as did the permanent chairman, Senator WALSH. When Governor Roosevelt goes to Texas, Kansas, and Oklahoma and condemns the protective tariff on oil; when he goes to Kentucky and condemns the tariff on coal; when he goes to Arizona, Utah, and Montana and condemns the 61 per cent tariff on copper; when he goes to Oregon and Washington and condemns the protective tariff on lumber, I will believe in the sincerity of his criticisms of barbed-wire entanglements.

I don't know any subject in American political life that is responsible for more buncombe than the tariff controversy. Let this be said in favor of the Republican Party: It has stood steadfastly and still stands by the protective principle, and can without violation of policy apply this principle to natural resources; whereas our Democratic brethren, of whom Senator BARKLEY is a typical example, attack the principle of protection, but inevitably logroll and vote for the protection of every article produced in their States. This may be the reason why they are so strongly opposed to placing in an independent board the authority to make adjustments in the light of ascertained facts without congressional interference. They don't want scientific tariff-making. They want logrolling.

Governor Roosevelt, in spite of past experiences, would abandon our well-established policy of treating all nations alike under the most-favored nation clause and enter into a series of bargaining tariffs according to the European practice. He would invite representatives of foreign nations to sit around a table as friends and discuss these problems, we on one side of the table, and the rest of the world, hungry for the American market, on the other. The American people will want to know whether he proposes to consult foreigners as to what the rates of an American tariff law are to be. If so, we take definite issue with him, for the Republican Party holds that the rates in our tariff laws are a purely domestic question to be determined by the Congress of the United States without consultation with foreign governments.

In any event, is this the time to make our reduced purchasing power fully available to foreign manufacturers, rather than to preserve it in the interest of our own unemployed?

In so far as the farmer is concerned, the Governor makes the original discovery that the prosperity of this country is dependent upon a prosperous agricultural population. I had supposed that this was a self-evident, universally recognized economic fact. Other than his suggestion that interest rates on farm mortgages should be reduced, without saying how it is to be done, I find nothing in his program which does not constitute a mere indorsement in principle of what has and is now being done, and nothing to indicate how he would proceed to carry out these principles.

Both Governor Roosevelt and the Democratic platform pledge themselves to drastic economy and an immediate program to abolish useless offices and to consolidate bureaus and subdivisions of government. If the American people have any sense of humor left, they must have had a laugh out of this. What does the record show? Under Governor Roosevelt, the already swollen expenditures of the State of New York increased from 1929 to 1931 by more than one-third. The Democrats of the House voted 194 to 10 for Speaker GARNER's pork-barrel measure with its 60 closely printed pages of specifically named post offices. They whittled an economy bill from $150,000,000 to a bare $30,000,000. They then proceeded to pass two measures that would have involved an expenditure of over $3,000,000,000. They declined to give the President the necessary authority to abolish useless bureaus and consolidate others. In the face of this record, what is their economy promise worth?

The Democratic platform and the Governor declare themselves in favor "of a sound currency to be preserved at all hazards." Yet the Democrats in the House of Representatives within the last two months voted 152 to 50 to start the printing presses going and to issue fiat currency, and voted 172 to 3 to instruct the Federal reserve system and the Secretary of the Treasury to manipulate commodity prices.

The Democratic platform and the Democratic candidate pledge themselves to the maintenance of the national credit by a Federal Budget annually balanced. Yet the Democratic House of Representatives has already voted to unbalance it by over $3,000,000,000 this fiscal year, and within the last four days the House has passed a bill providing for $322,000,000 of expenditures with no revenue to cover them.

Such promises must be made on the assumption that the American people either have no memory or no humor.

Finally, we come to relief, as to which we would have thought the Democratic candidate had definite ideas and definite remedies. But we find that, aside from the fact that he would plant trees where his running mate would plant post offices, all Governor Roosevelt has to say is that he favors the use of certain types of public works and the issuance of bonds. But he is not very sure, for the works are, "in so far as possible (whatever that may mean) to be self-sustaining if they are to be financed by the issuing of bonds," and no economic end is served "if we merely build without building for a necessary purpose."

The Governor favors shortening the working day and the working week, thus indirectly—though, of course, without giving him any credit—indorsing the lead taken by the President in urging furloughs rather than pay cuts in the Federal service.

It is apparent that in so far as relief is concerned the Governor has no program at all. And yet when he spoke there were three definite programs before the Congress, any one of which he might have accepted as his own. Here is one of the great problems of the day—a problem running deep into our very structure of Government and involving not only immediate difficulties, but having far-reaching effect on the future policies of our country; a problem in which it might be supposed a true liberal would have been more intensely interested than any other. And yet in this, the most important speech which he will make, for it is one in which he outlined his creed, with all of the space which he found for the criticism, and abuse of his opponents, he found none for a program of unemployment and destitution relief.

To the casual listener, the program and speech were appealing, but when we subject them to the acid test of careful analysis, except for that part of the program which is indistinguishable from ours, they dissolve into vague aspirations, commonplace generalities, and a few promises that had already been broken by his party in Congress even before they were made.

I do not happen to be one of those who believe that Government, whoever may control it, is the possessor of a magic wand, the mere waving of which will bring back normal times. But it is undeniable that under the present critical conditions the part played by Government is more vital than ever, and that the wise management of public affairs, not only in the meeting of emergencies but in the protection of fundamental principles of government and of those conditions essential to recovery, is of supreme importance to the Nation. What I mean is exemplified by the actions taken by the President to meet from time to time new problems arising out of the various phases of the depression, such as the cushioning of the earlier stages of the depression by securing an agreement between industry and labor for the maintenance of wages and by the stimulation of construction programs; the nation-wide organization to relieve the distress that was brought into being; the suspension of intergovernmental debts for one year with a view to preventing the economic collapse of Central Europe; the creation of the National Credit Corporation; the bringing into being of the Reconstruction Finance Corporation; the mobilizing of the resources of the Federal reserve system so as to make them more effective; and above all, the maintenance of the national credit in an impregnable position through sound public financial policy; and his unyielding resistance to those measures prompted by expediency that would have undermined American traditions and principles of government. These are but illustrations, yet they serve to emphasize the overwhelming necessity of assuring wise and experienced leadership during a period when we may be faced with events that are literally unforeseeable.

In my opinion, no man living has the qualifications for the task equal to the qualifications of President Hoover. Himself a veteran in Government service, he is the leader of a seasoned organization, which for three years has been waging on many fronts the battle against depression. Say what you will about us, we are an experienced force, and while under the irresistible pressure of circumstances we have had to give ground, we have preserved intact the essential integrity of the economic fabric of the country and maintained the principles upon which the American form of government rests. Is this the time, at the very peak of the struggle, to order the veterans to the rear and to put raw recruits in charge? I think not.

APPOINTMENT OF MR. GARDNER COWLES TO RECONSTRUCTION FINANCE CORPORATION BOARD

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Chicago Tribune of July 12, 1932, entitled "A Sound Appointment," referring to the appointment of Mr. Gardner Cowles, of Des Moines, Iowa, to the Board of the Reconstruction Finance Corporation.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A SOUND APPOINTMENT

The appointment of Mr. Gardner Cowles, of Des Moines, to the board of the Reconstruction Finance Corporation met with prompt confirmation from the Senate, as it should have. As a banker, Mr. Cowles has had wide experience in financial affairs, particularly as they touch the farmers of the Corn Belt. Many men might undertake to speak for the farmer, but few are as well equipped as Mr. Cowles is to state the farmers' claims for relief in language which will be intelligible to men whose training has been largely financial.

Mr. Cowles's principal qualification for the post, however, is his long experience as a newspaper publisher. He knows conditions in the Central States as no man whose viewpoint is merely that of a banker can know them. He knows people as well as balance sheets and the humble people among his subscribers as well as the wealthier clients of the banks. When people are clamoring for relief the instinct of the banker is to say "No," and the instinct of the publisher, aware as he is of the difficulties under which his people are laboring, is to say "yes." Coming to his high office with training in both fields, Mr. Cowles may be counted upon to say, "Let's see what can be done for this bank and its depositors without too great a sacrifice of the principles of sound finance."

That is the attitude which led to the creation of the Reconstruction Corporation and which should determine its policies. Mr. Cowles's appointment is an assurance that the resources of the corporation will be lent where they will do the most good without placing an undue risk upon the taxpayers.

DUMPING OF FOREIGN OIL AND GASOLINE

Mr. GORE. Mr. President, I ask unanimous consent to submit a Senate resolution and ask for its present consideration. I am sure it will take no time.

The PRESIDENT pro tempore. Without objection, the resolution will be read for the information of the Senate.

The legislative clerk read the resolution (S. Res. 274), as follows:

Resolved, That the Federal Trade Commission be directed to complete at the earliest practicable date its final report in relation to the dumping or alleged dumping of foreign oil and gasoline, particularly Russian oil in the city of Detroit, etc.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. GORE. In connection with the resolution I ask to have printed in the RECORD a statement prepared by the Independent Petroleum Association of America as to the situation in Detroit.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The statement referred to is as follows:

EFFECTS OF IMPORTED GASOLINE ON DETROIT MARKET

Detroit is the perfect illustration of the way in which imported petroleum products prepare the way for an effective oil monopoly, break independent wholesalers, herd independent retailers into the camp of the major oil companies, lower wage scales, divert trade from community retail stores to downtown city centers, promote bankruptcies, multiply the lists of tax delinquents, load banks with frozen assets in the form of notes of distressed oil dealers and merchants, and pave the way for the ultimate complete domination of the trade in an essential commodity with the eventual price increases to the consumer.

The effect of this disaster is not limited to the city of Detroit. It affects the whole State. It involves lines of industry utterly unrelated to the oil business. It reaches out and touches States on the Pacific coast and on the Gulf of Mexico. Through its effect on the independent petroleum production of the Nation, it retards our economic recovery. It even threatens to intensify the current depression by decreasing the general purchasing power when increased consumption and an outlet for our manufactured products is vitally necessary.

How far this will spread no one can tell. What is happening to-day in Detroit can and may happen anywhere.

Whether the major oil companies are or are not behind this situation is not of primary importance. That they profit by it is self-evident. As rapidly as independent distributors are driven to the wall through the hopeless competition with the cheap imported gasoline, the major companies sign them up on long-term "100 per cent contracts," by which they are bound to handle none but the products of the major companies.

Laws are ineffective in meeting the situation, evidently. Detroit city authorities, county prosecutors, the Michigan State government, the State utilities commission, the Federal district attorney, the Federal Trade Commission have all been invoked in vain. The city endeavored to prevent the construction of a 3,000,000-gallon gasoline-storage tank on the Detroit River just west of the Grand Boulevard. It failed. Just why it failed is an interesting story—if one-tenth of the prevalent stories are true.

Michigan has a law that exactly covers the existing situation. It imposes heavy penalties on those guilty of unfair price discrimination in the traffic in petroleum products. It has been effective, nominally, since August 14, 1913. The United States Government has the Sherman Act and the Clayton Act. Both have long been on the statute books. Each is intended to meet situations such as those prevailing in Detroit. The Federal Trade Commission has broad powers. It has been requested to withdraw approval of the so-called National Code of Practices and to refuse approval of any new code which does not contain a clause declaring unfair the "100 per cent contracts" by which major oil companies gather in the independent retailers as fast as competition with foreign oil importers ruins them. No action has been taken under any of these measures. Repeated investigations have been made. Files of evidence have been gathered. Meanwhile the situation grows steadily more acute while the great oil-monopoly group add to their number of scalps taken.

Last year a Detroit dealer made a contract with Steaua Romana, a Rumanian concern, and began importing gasoline from Rumania, The original source of this gasoline is in dispute. It is commonly believed in Detroit that the gasoline is of Soviet origin. Whether this be true or not, color is loaned to the rumor by the earlier contract made directly with the Amtorg, under which the first shipment of gasoline was started to Detroit but which was held up by the Canadian authorities and denied access to the Detroit port. That cargo was sold to a New York firm and did not enter the market at Detroit. The contract with Steaua Romana followed. Under it shiploads of gasoline have been received by this dealer, arriving at the port of Baltimore in the winter for rail shipment to Detroit, and coming through the Lakes and the Detroit River by barges in the warm weather. The latest cargo, consisting of 3,800,000 gallons, is scheduled to reach Detroit the latter part of June.

The price of this gasoline, Soviet or Rumanian, was far below the American cost of production. On one cargo, including delivery at the port of Baltimore, it amounted to only 1.96 cents per gallon. At the usual freight rate of 1.90, the cost of this gasoline laid down at Detroit would be 3.86 cents. With the addition of the State tax of 3 cents, the gross cost of this gasoline per gallon to this importer-distributor was 6.86 cents. He inaugurated a new low price at the stations he controlled, approximately 4 cents per gallon below what is considered the normal price structure for Detroit. This imported gasoline was put on sale at 7 gallons for 95 cents, or about 12.05 cents per gallon, giving him a gross profit of 5.19 cents.

It was impossible for those handling American gasoline to compete with this imported gasoline except at a loss. The independent group were paying the market price of 5.75 cents per gallon, with 3.82 cents freight from Oklahoma fields. This, with the 3 cents State tax, made their actual costs 12.57 cents per gallon, or

just ½ cent more than the selling price established for the foreign product, ignoring such details as rental, local taxation, labor costs, allowances for waste, evaporation, etc. It was possible for them to obtain some gasoline at 1 cent lower than the Oklahoma price, but neither the quantities obtainable nor the uncertainty of continuous delivery made this dependable as a basis for competitive marketing.

The imported gasoline quickly took possession of the Detroit trade. Assuming that the situation was temporary and that conditions would adjust themselves normally as soon as this shipment had been sold, other dealers cut prices and sold at a loss in the endeavor to hold their trade. The number of stations controlled by the importer-distributor of the foreign gasoline increased and his sales mounted until they constituted approximately 20 per cent of the total sales in the Detroit area.

The major oil companies, themselves importers of foreign oil, were not slow to recognize the ready-made opportunity created by this situation. The independent retailers were unable to obtain supplies at any price comparable to that enjoyed by the new controlling force in the Detroit gasoline trade. They quickly lost whatever financial reserves they possessed in the vain attempt at competition. There was practically no general market at all in the Detroit area for domestic gasoline, while the effect of this competition was felt for many miles outside the city, customers coming from remote sections to fill their tanks and their reserve cans with the foreign product while their home gasoline stations stood idle.

There had been over a score of independent Michigan refiners when the competition with this foreign gas began. These steadily closed up or were taken over by the major companies as their outlets to the retail market vanished. Out of 22 independent wholesalers, only 2 survived. Sixty per cent of Detroit's gasoline stations were owned by their managers. With the disappearance of the wholesalers these were left without sources of supply except at prices above the retail selling price established by the foreign gasoline.

The representatives of the major companies began to collect the spoils of the war. Agents visited the independent stations and offered a long-term contract by which the station would handle exclusively the products of the major company, which proposed to meet the competition established by the foreign oil by shutting in this low-price section by a zone within which it would sell at a low cost to the station representatives, assuming the loss itself in order to meet the competition which was supposed to be purely temporary, while outside this low-price zone, which was to include the city of Detroit, higher-price zones were to be established, in which all the stations were to sell at a uniformly higher price. The sales price of gasoline to the stations outside Detroit was to be higher in order to reimburse the major companies for the losses sustained in meeting the foreign-oil prices in the city.

This zoning proposal was not novel. It has been essayed, unsuccessfully, several times. The State law made its operation difficult if not hazardous. Act 125, 1913, contains these two significant sections:

"An act to prevent unfair commercial discrimination between different localities for the purpose of ruining the business of a competitor:

"The people of the State of Michigan enact:

"No. 16683—Unfair discrimination; acts deemed, unlawfulness. (Sec. 1.)

"Any person, firm, or company, association or corporation, foreign or domestic, doing business in the State, and engaged in the production, manufacture, or distribution of any petroleum products, that shall intentionally, for the purpose of destroying the business of a competitor in any locality, discriminate between different sections, communities, or cities of this State, by selling such commodity at a lower rate in one (1) section, community or city, than is charged for said commodity by said party in another section, community, or city, after making due allowance for the difference, if any, in the grade or quality and in the actual cost of transportation from the point of production, if a raw product, or from the point of manufacture, if a manufactured product, shall be deemed guilty of unfair discrimination, which is hereby prohibited and declared unlawful.

"No. 16684—Penalty—Section 2. Any person, firm, company, association, or corporation violating any of the provisions of the preceding section, and any officer, agent, or receiver of any firm, company, association, or corporation, or any member of the same, or any individual found guilty of a violation thereof, shall be fined not less than five thousand ($5,000) dollars or be imprisoned in the county jail not to exceed one year or suffer both penalties."

The new gasoline situation in Detroit promised better success in the attempt to create the proposed zones. Since the only apparent alternative was to close down as soon as their cash reserves were exhausted in the price-cutting war, independent-station owners began to sign up on the "100 per cent contracts" offered by the major companies and the new scales of prices were declared in effect. Zone A, including the central part of the city of Detroit, had, as its set price, when the scheme was put in operation, eight gallons of gasoline for $1. Zone B, surrounding Zone A, had a price of 1 cent per gallon higher. Zone C had an advance of a cent and a half over Zone B. Zone D was a cent above Zone C, while the sections outside Zone D were to pay from a half cent to a cent more than in Zone D.

Neither these terms nor the "100 per cent contract" were accepted willingly by the independent stations' owners. They foresaw the consequences. As soon as the new zones and the stairway of prices were announced, protests went up. Auto users made complaints. They complained to station managers, to business associations, to State or county prosecutors, to the Federal authorities. They complained to and through the newspapers. Their complaints were futile. The State law seemed clear enough, but the word "intentionally," while essential to make the statute good law, was also a stumbling block. The ostensible "intent" of the zoning program was not to destroy a competitor but to enable the general gasoline distributors to meet the destructive competition of the cheap foreign gas by establishing higher prices for the outer sections, the excess rates charged in these districts providing the funds to meet the "less-than cost" sales in the Detroit area.

Associations of the retailers took up their difficulties with the major companies. In Oakland County, for illustration, many affidavits were presented from retailers showing the effect of the higher zone prices on their trade. The following quotations from these affidavits show the situation which developed:

Stephen P. Collier, Woodward Avenue and Square Lake Road, lost 90 per cent of his trade; 50 per cent of his regular customers drove out of his station without buying when they learned of the higher price, while the other 50 per cent bought only from 1 to 3 gallons in order to get them to the nearby lower-priced zone.

M. F. Lokinski, 806 Saginaw Street, Pontiac, lost 70 per cent of his trade; 450 customers driving out without buying, while 75 bought only 1 to 3 gallons.

G. H. Wilderson, 849 Baldwin Avenue, Pontiac, lost 85 per cent of his trade.

Jacob Ernst, 830 South Woodward, Pontiac, lost 60 per cent.

Loda G. Lewis, Elizabeth Lake Road, Pontiac, lost 75 per cent.

The Cousins Auto Service, Keego Harbor, lost 65 per cent.

William G. Eisenrath, Commerce, lost 78 per cent.

These decreases occurred at the very time that past records of these stations showed a normal seasonal increase of 35 per cent in gasoline sales.

These petitions were sent to the major oil companies by the committee appointed by the Oakland County dealers urging their consideration of the plight of the dealers.

In other sections petitions were drawn up or resolutions were adopted by the gasoline dealers pointing out the same loss of business. The major companies, however, held to their program of advanced prices now made possible by the practical destruction of the independent gasoline business in Michigan.

In spite of their contracts, many of the gasoline-station managers cut their posted selling price in order to hold some portion of their trade. They paid the higher price demanded by the major company which had taken over their station and met the loss out of their own receipts. In order to do this, many of the station owners have discontinued paying rent to the owners of the ground on which the station stands. Countless others have abandoned tax paying. Practically all have dismissed station employees and have greatly reduced the wages of those still at work.

The effect of this reduced consuming power of workers connected with gasoline stations was made the subject of a special study by the Buyers' Research Association, a nonprofit corporation of Detroit. In view of the fact that there are between 2,500 and 3,000 filling stations in Zones B and C, the importance of this reduced purchasing power of gas-station workers is self-evident. The research association in its nonconfidential bulletin for May, 1932, printed the results of its survey of wages paid gasoline-station attendants in Detroit where the foreign gasoline competition has resulted in the cutting both of prices and wages. This survey shows eight major companies paying wages from $110 to $140 per month. Only one major company, the Gulf Refining Co., is listed as paying less. That company pays from $75 to $100 per month. The company handling the imported foreign gasoline is listed as paying from $60 to $75 per month. Out of this they pay laundry costs of $4.20 to $5.25 per month, according to this bulletin's figures.

This bulletin of the Buyers' Research Association calls attention to the "vicious circle" established by lessened buying power with its demoralization of our economic structure and its part in creating illogical depressions. On page 5 it develops the point in a strong editorial expression, embodied in the news article itself, saying:

"ROBBING PETER TO PAY PAUL

"Mr. Purchaser, you lose as much as you gain when you buy goods or services made or dispensed by employees receiving low wages. Suppose you are a rental landlord. On the basis of paying one-quarter of gross income for rent, a Sunny Service Station attendant can afford to pay only $15 to $18.75 per month rent and a Gulf attendant can pay only $18.75 to $25, while other station attendants can afford to pay from $27.50 to $35 per month. To which employee would you rather rent? From which employee can you obtain sufficient payment to get a fair return on your investment, whether it be in houses, apartments, professional services, or merchandise on the store shelves? Think it over and spend your gasoline dollar accordingly.

"Until such time as the Sunny Service Oil and the Gulf Refining Cos. give evidence that their employees are receiving at least the average wage paid by other oil companies in the Detroit area, the Buyers' Research Association does not consider the money spent for 'Zip' and 'Gulf' gasolines to be well directed."

This survey covers the city of Detroit. Conditions outside the city became even worse. There the station operators, bound by contracts to the major oil companies, were forced to pay a higher price for the gasoline they dispensed. The Detroit-zone retail price was a cent below the wholesale price at Pontiac, 20 miles away. In order to hold even a fraction of their trade, they were compelled to cut their selling price to at least the figure set at the

next zone nearest Detroit. The remaining margin was so small that they either dismissed their employees, relying on the services of members of their families, or else cut the wages to the bare bone.

The retail merchants in the communities outside Detroit's shopping center naturally suffered from this lessened buying power of the gasoline-station employees in their neighborhood. Even more important, however, was the loss of sales to the hosts of customers who drove through to Detroit, bought the cheap gasoline there at the price established by the foreign product, and then did the family shopping at the lower Detroit prices. Those prices alone would not have attracted this trade from the communities 15 to 30 miles away; but when coupled with the possible saving of 4½ cents a gallon on a tankful of gasoline (with extra tins carried in the car), they constituted a trade attraction which was irresistible to many. The local retail store in many sections has suffered in consequence.

The banks, too, have felt the disastrous effect of the general situation developing out of the demoralization which followed on the invasion of the foreign gasoline. Many of the independent gasoline wholesalers had their capital tied up in accounts receivable. They relied on bank loans for operating funds. This was good practice when business conditions were normal. They ceased to be normal when the Rumanian or Soviet gasoline, whichever it was, began upsetting business. Then the independent wholesalers began to close up. Numbers of them became bankrupt. Their notes, often in large sums, were still at the bank, uncollectible. Of those still operating with the gasoline part of their business eliminated, there are quite a few who are forced to let their notes stand, uncurtailed, with past-due interest accumulating. The banks "hold the bag." Their only alternative would be foreclosure, which would mean putting the banks into the general petroleum business without the slightest prospect of getting out again or realizing any important part of the loans represented by the notes they hold.

Protests made by the independent gasoline dealers to the Detroit city government resulted in a public hearing being held on the legality of the zoning system and the monopoly developing out of it. At that time the corporation counsel held that the question should properly be considered by the State utilities commission. The sole result of this hearing was an official letter sent to some of the major oil companies by the city council asking for information, to which a polite but unsatisfying reply was made by the companies addressed. The council did not grant the petition for an antizoning ordinance. The natural result of this inactivity was a series of rumors explanatory of that refusal and hardly complimentary to either the council or to the major companies.

The next step of the distressed dealers was a petition addressed to the State utilities commission citing by names the various major oil companies involved and asserting:

"We believe that one of the most vicious forms of strangling competition ever devised or inaugurated in the history of American business has been forced upon us by the major oil companies."

The petition includes this very suggestive section:

"The menace is double-edged. It affects all independent retail business men, for if this stranglehold can be fastened on independent oil men, it can likewise be fastened on any other retail business line—drugs, groceries, hardware, or whatnot. It affects all consumers, for if a small body can be made to pay a higher price, it permits collusion to meet competition (unfair as the competition may be) and it permits isolation of a small group of ultimate buyers so that they can be soaked any price the big business men, operating nationally, care to dictate."

This petition was signed by 80 dealers and forwarded to the State utilities commission, April 12, 1932. No relief from that source had materialized when this article was written.

The same facts were set forth by these dealers in a petition to the Federal Trade Commission which they presented through Senator COUZENS of Michigan. The commission, which had previously made a study of Michigan conditions during a previous attempt to establish "zoning" sent an investigator to Detroit who made a survey of the situation.

There are many other interesting angles to the Detroit situation. The question as to the interest of the major oil companies in the firm whose selling of imported gasoline at prices below American production figures arises in every discussion. Whether these companies are or are not interested in this importation, they are benefiting by it, are eliminating independent dealers, and are closing Michigan to the independent petroleum producers. Another curious feature lies in the fact that reports of the importer-distributor of this cheap foreign gasoline show that immense quantities of the foreign gasoline never reaches the Detroit market. In one month alone 203 cars (normal capacity from 8,000 to 10,000 gallons or more each) were reconsigned and were not delivered to the Detroit plant. The records of the gas division of the Secretary of State's office at Lansing also show the sources of much of the gasoline distributed by this importer-distributor. According to these records, the major oil companies are supplying large quantities of gasoline to the very concern which is, on the surface, giving them such disastrous competition that they have been forced to establish the zoning system, with its ruin of independent competitors and its tightening of the oil monopoly's grasp of Michigan's gasoline business.

The essential point, however, is clear. Gasoline shipped from Rumania, whose cost delivered at the port of Baltimore is only 1.96 cents per gallon, can drive the independent American product out of the market long enough to enable a few major companies (some of whom are also importers of foreign oil or gasoline) to obtain control of practically all the retail outlets. Then follow decreases in wages paid labor, diversion of retail trade from outlying communities to some city center, loss of purchasing power, drop in rental values and in rental receipts alike, loss to the State in taxable sources and also in actual taxes paid, with an eventual steady increase in the price paid by the gasoline consumer.

What is happening to-day in Michigan may happen next month in any State in the Union so long as cheap foreign petroleum or its products are admitted to this country either on payment of a small excise tax or even under a tariff which does not at least equalize the differential in production costs between the American product and the foreign goods.

Mr. JONES. Just a moment, Mr. President. I desire to make an inquiry regarding the resolution of the Senator from Oklahoma.

Mr. GORE. If the Senator from Washington wishes to propound a question, I yield to him.

Mr. JONES. As I understand, the resolution will require considerable investigation by the Federal Trade Commission?

Mr. GORE. The commission have had the matter under consideration for about a year, and I assume must be approaching some sort of a final report. The resolution simply directs them to complete the final report at as early a date as practicable.

Mr. JONES. Does the Senator understand that the investigation, or whatever it is, is being carried on under the appropriation the commission now has?

Mr. GORE. That is my understanding; yes, sir.

Mr. JONES. Then, it would not require a new appropriation?

Mr. GORE. No; I assume that they have practically finished the work, and the resolution relates to a very acute situation in Detroit.

Mr. JONES. Very well.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. ASHURST. Mr. President, I have no objection to the resolution proposed by the Senator from Oklahoma, but the Senate from time to time has dumped upon the Federal Trade Commission requests for investigations and for reports without making an appropriation to enable the work thus devolved upon the commission to be done. I am asking, because the able Senator from Oklahoma would not overlook the fact, if he has investigated, to ascertain whether the Federal Trade Commission has the money with which to make this report. Let us not fall into the same pit into which we fell a few months ago by calling for reports and data when there was no money with which to do the work. I ask the Senator that question.

Mr. GORE. This particular investigation has been under way by the Federal Trade Commission for something like a year. The resolution directs them to conclude that investigation and to submit their report at as early a date as practicable. I am sure it will not require any additional appropriation. It relates, as I have said, to a very acute situation in Detroit.

Mr. ASHURST. Very well.

Mr. GORE. Mr. President, while I have the floor I wish to introduce a Senate joint resolution and ask that it may be read and lie on the table.

The PRESIDENT pro tempore. Without objection, and out of order, the joint resolution will be received, read, printed, and lie on the table.

The joint resolution (S. J. Res. 203) to extend the operation of Public Resolution No. 35, Seventy-second Congress, was read twice by its title and ordered to lie on the table.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. McNARY. Was consent given to the Senator from Oklahoma for immediate consideration of his resolution?

The PRESIDENT pro tempore. Not yet.

Mr. GORE. I ask that it lie on the table.

The PRESIDENT pro tempore. Very well. The request for unanimous consent is withdrawn, and the resolution will be printed and lie on the table.

ANNUAL LEAVE OF GOVERNMENT PRINTING OFFICE EMPLOYEES

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter from the Public Printer with reference to Senate Joint Resolution 200, now on the table.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter is as follows:

UNITED STATES GOVERNMENT PRINTING OFFICE,
Washington, D. C., July 13, 1932.

MY DEAR SENATOR: In response to your telephone request of yesterday, I am submitting the following statement regarding leave of absence with pay in the United States Government Printing Office.

Authority for leave of absence with pay in the Government Printing Office is as follows:

"Leaves of absence: The employees of the Government Printing Office, whether employed by the piece or otherwise, shall be allowed leaves of absence with pay to the extent of not exceeding 30 days in any one fiscal year under such regulations and at such times as the Public Printer may designate at the rate of pay received by them during the time in which said leave was earned; but such leaves of absence shall not be allowed to accumulate from year to year. Such employees as are engaged on piece work shall receive the same rate of pay for the said 30 days' leave as will be paid to day hands. It shall be lawful to allow pay for pro rata leave to those serving fractional parts of a year; also to allow pay for pro rata leave of absence to employees of the Government Printing Office in any fiscal year, notwithstanding the fact that 30 days' leave of absence, with pay, may have been granted to such employees in that fiscal year on account of service rendered in a previous fiscal year. The Public Printer is authorized to pay to the legal representative of any employees who may die, and may have any accrued leave of absence due them as such employees, said claims to be paid out of any appropriations for leaves of absence. (44 U. S. C., sec. 45.)"

Employees in the Government Printing Office are not allowed leave of absence with pay during the fiscal year in which appointed. They earn leave during that year and it is granted to them in the succeeding year. On July 1 of each year all employees have to their credit a definite amount of leave earned up to that time. This so-called "earned" leave has always been treated as a definite asset which by law is payable to the employee on his separation from the service or to his estate on his death. In this regard the leave to which employees of the Government Printing Office have been entitled by law is entirely different from the leave allowed employees in the departmental service where leave with pay is not regarded as an "earned" right but is privilege granted in the discretion of head of the department and is coincident with the year of employment but not allowable in cash to the employee or his estate.

Section 103 of the legislative act for 1933 suspends for the fiscal year 1933 all rights to grant leave of absence with pay.

In reply to my inquiry, the Comptroller General of the United States advised me, in effect, that in the absence of any provision in the legislative act for 1933 limiting the suspension to only the annual leave which would be earned or accrued in fiscal year 1933, there was no alternative but to hold that the suspension must apply to rights to annual leave accrued or earned and unused prior to July 1, 1932.

It is my opinion that employees of the Government Printing Office are legally entitled to reimbursement for the leave of absence earned in 1932 under authority of the specific law above quoted, and which can not be granted to them under section 103 (supra). The exact amount of this earned leave has not as yet been computed because of the varying rates at which it was earned in 1932, but is estimated at approximately $995,000. To provide this money by appropriation would require an estimate.

The fund impounded and returned to the Treasury by authority of the furlough requirements in section 101 of Public Act No. 212, Seventy-second Congress, is estimated to be about the amount required to pay employees the leave earned in 1932.

In order to handle this matter expeditiously and without an appropriation, and in a manner I believe feasible and workable, I submit for your consideration the attached amendment to Senate Joint Resolution No. 200.

Should the moneys returned to the Treasury under section 110 be insufficient for the purposes of this amendment, future consideration could be given to an appropriation to cover any deficiency.

Respectfully,

GEORGE H. CARTER, *Public Printer.*

Hon. HENRIK SHIPSTEAD,
Chairman Senate Committee on Printing,
United States Senate, Washington, D. C.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

Mr. GORE. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. GORE. I understood that the Senate resolution which I introduced was adopted by unanimous consent.

The PRESIDENT pro tempore. No; unanimous consent was not granted, as the Chair understood.

Mr. GORE. I did not so understand. The Senator from Arizona [Mr. ASHURST] did not object. Neither did the Senator from Washington [Mr. JONES].

Mr. McNARY. Mr. President, to relieve the situation, I shall object, and ask that the resolution go over under the rule.

The PRESIDENT pro tempore. Very well. The Chair understood the Senator from Maryland to have objected.

Mr. LA FOLLETTE. I call for the regular order.

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Oregon, namely, that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of M. Pearl McCall, of the District of Columbia to be judge of the juvenile court of the District of Columbia, to succeed Kathryn Sellers, whose term expired March 2, 1931, which was referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

Mr. REED. Mr. President, from the Committee on Military Affairs I report back favorably a number of purely routine nominations and ask unanimous consent for their present consideration.

The PRESIDENT pro tempore. Is there objection? Without objection, the nominations are confirmed.

Mr. HEBERT and Mr. DALE, from the Committee on Post Offices and Post Roads, reported back favorably sundry nominations, which were placed on the Executive Calendar.

TREATIES

The PRESIDENT pro tempore. The calendar is in order.

The legislative clerk proceeded to read Executive A (71st Cong., 3d sess.), protocols concerning adherence of the United States to the Court of International Justice, transmitted by the President of the United States on December 10, 1930.

Mr. McNARY. Let the protocols go over.

The PRESIDENT pro tempore. The protocols will be passed over.

POSTMASTERS

The legislative clerk read the nomination of Charles J. Moos to be postmaster at St. Paul, Minn.

Mr. BLAINE. Mr. President, it will take considerable time, perhaps, to discuss this nomination. I have no personal or political objections to the nominee; but matters material to the nomination have come to my attention while serving on the select committee respecting post-office leases which will require a considerable time to present. I, therefore, ask that the nomination be passed over.

Mr. SHIPSTEAD. Mr. President, I have very great respect for the views of the Senator from Wisconsin, and I think he ought to have a chance to present them.

This nomination has been on the calendar since June 13. We are drifting toward the end of the session. I should like to know if an arrangement can be made by which some time can be set aside for the consideration and disposal of this matter.

If there is any legitimate reason why this nomination should be rejected, we ought to know it and reject it. If there is no legitimate reason for rejecting it, the nomination ought to be confirmed. We ought to dispose of this business.

I ask unanimous consent that the Senator from Wisconsin, if he will agree to it, be given time to-morrow afternoon to present his views on this nomination. Will the Senator agree to take it up to-morrow at 3 o'clock?

Mr. BLAINE. Mr. President, I am not in control of the program of the Senate. The leaders on either side know what that program is. I am not asking for any privilege to present my views, excepting at some regularly appointed time for an executive session. I assume that to-morrow we shall be engaged in debate on the merger bill, and I assume that will be a long and protracted discussion. I should not like to be thrown into a debate upon a nomination during the consideration of that bill.

Mr. SHIPSTEAD. Mr. President, I will ask the Senator from Oregon if he has any idea when we will have another executive session.

Mr. McNARY. I can promise the Senator from Minnesota that there will be at least one more executive session.

Mr. SHIPSTEAD. Can the Senator give us any idea as to what day that may be?

Mr. McNARY. If there is a possibility of adjournment Friday, I will have the next executive session late to-morrow afternoon.

Mr. SHIPSTEAD. Then, I give notice that at the next executive session I shall move that this matter come before the Senate and be disposed of.

The PRESIDENT pro tempore. The nomination will be passed over.

The legislative clerk read the nomination of Doyle M. England to be postmaster at New Tazewell, Tenn.

Mr. McKELLAR. Let that go over until to-morrow.

The PRESIDENT pro tempore. The nomination will be passed over.

The legislative clerk read the nomination of Walter C. Price to be postmaster at Huntington, W. Va.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

CUSTOMS SERVICE

The legislative clerk read the nomination of Fred A. Bradley to be collector of customs, customs collection district No. 9, headquarters at Buffalo, N. Y.

Mr. GEORGE. Mr. President, the Senator from New York [Mr. COPELAND] is not present this afternoon. He has objections to the confirmation of this nomination. I am quite sure that he desires it to go over until to-morrow at least.

Mr. ROBINSON of Arkansas. Yes, Mr. President.

Mr. GEORGE. I ask that it be passed over.

The PRESIDENT pro tempore. The nomination will be passed over.

POSTMASTERS

Mr. CONNALLY. Mr. President, have all the postmasters in this list been confirmed?

The PRESIDENT pro tempore. No. They are being taken up one by one.

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. McKELLAR. Mr. President, I ask that, with the exception of the Hebbronville, Tex., postmaster—Mr. John D. Fatheree—the entire list of postmasters be confirmed en bloc.

Mr. CONNALLY. Mr. President, reserving the right to object, I desire to state that at my request the Senator from Tennessee has excepted from the list the nomination of John D. Fatheree to be postmaster at Hebbronville, Tex., which I desire to have held up for the present.

Mr. McKELLAR. With the exception of that one, which is excepted at the request of the Senator from Texas, I ask that the other postmasters' nominations on the calendar be confirmed en bloc.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the other nominations of postmasters will be confirmed en bloc.

IN THE NAVY

The legislative clerk proceeded to read the nominations of sundry officers of the Navy.

Mr. KEAN. Mr. President, I ask that the nominations in the Navy be confirmed en bloc.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read the nominations of sundry officers in the Marine Corps.

Mr. KEAN. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

Mr. McNARY. Mr. President, does that conclude the calendar?

The PRESIDENT pro tempore. That concludes the calendar.

Mr. McNARY. In view of the situation, I ask unanimous consent that the President be notified of all of the confirmations.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

The Senate resumed legislative session.

COAL MINING IN ALASKA—MOTION FOR RECONSIDERATION

Mr. HOWELL. Mr. President, House bill 12281, to encourage the mining of coal adjacent to the Alaska Railroad, in the Territory of Alaska, was passed by the Senate, but has since been recalled from the House, and now lies on the table. I ask unanimous consent for the reconsideration of the votes whereby the bill was ordered to a third reading and passed.

Mr. ROBINSON of Arkansas. Mr. President, I think the Senator ought to give some reason for his request.

Mr. HOWELL. The reason for it is this:

The Senate added an amendment to the bill. The bill was sent to the House. It seems that the possibilities of getting the bill through the House with the Senate amendment are not favorable, and it is important that the bill should be passed as passed by the House.

Mr. ROBINSON of Arkansas. Very well. I make no objection to the request.

Mr. HOWELL. I now ask unanimous consent for reconsideration of the vote whereby the bill was ordered to a third reading and passed.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. McNARY. If this matter should be taken up, would it displace the motion now pending?

The PRESIDENT pro tempore. No; because the Senator from Nebraska has asked unanimous consent.

Mr. BINGHAM. Mr. President, I do not want to interfere with what the Senator from Nebraska is trying to do, but I should like to call the attention of the Senate to the fact that the amendment which we put on the bill limited the price of the coal. For some reason or other the House does not seem to want to limit the price which the railroad will have to pay to these coal-mining companies. I think the matter ought to be threshed out a little more carefully in legislative session, in order that we may understand it more fully.

The PRESIDENT pro tempore. Does the Chair understand the Senator from Connecticut to object?

Mr. BINGHAM. If the Senator from Nebraska is asking to pass the bill at the present time, without the amendment, I shall be obliged to object. I did not fully understand his request.

Mr. HOWELL. I trust the Senator will withhold his objection. The matter has been very carefully gone into. The committee to which the bill was referred have considered the matter, and they have deemed it wise to pass the bill without this amendment. Under the circumstances, it ought to be done, because it is costing the Government now a considerable sum of money to pump one of these mines, to keep it operating; and it will continue to pump the mine all summer unless some provision of this kind is made.

Mr. BINGHAM. Will not the Senator let it come up at the next legislative session?

The PRESIDENT pro tempore. Objection is made.

RECESS

Mr. McNARY. I move that the Senate carry out the previous order and take a recess at this time until 11 o'clock to-morrow morning.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Oregon.

The motion was agreed to; and (at 5 o'clock and 45 minutes p. m.) the Senate, under the order previously entered, took a recess until to-morrow, Thursday, July 14, 1932, at 11 o'clock a. m.

NOMINATION

Executive nomination received by the Senate July 13 (legislative day of July 11), 1932

JUDGE OF THE JUVENILE COURT OF THE DISTRICT OF COLUMBIA

M. Pearl McCall, of the District of Columbia, to be judge of the Juvenile Court of the District of Columbia, to succeed Kathryn Sellers, whose term expired March 2, 1931.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 13 (legislative day of July 11), 1932

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Kenyon Ashe Joyce, Cavalry.
Francis Joseph Behr, Coast Artillery Corps.
Fred Hays Turner, Infantry.
Howard Carlyle Tatum, Cavalry.

To be lieutenant colonels

Robert Christie Cotton, Infantry.
George Barrett Glover, jr., Infantry.
Roy Alison Hill, Infantry.
Charles Kilbourne Nulsen, Infantry.
Theodore Kendall Spencer, Infantry.
Edwin Martin Watson, Field Artillery.

To be majors

James Louis Guion, Ordnance Department.
George Douglas Wahl, Field Artillery.
Basil Harrison Perry, Field Artillery.
Harold Rufus Jackson, Coast Artillery Corps.
Ray Hartwell Lewis, Field Artillery.
Augustus Milton Gurney, Field Artillery.
John Trott Murray, Infantry.
Morris Keene Barroll, jr., Ordnance Department.

To be captains

Vernon Leslie Nash, Infantry.
Neal Dow Franklin, Infantry.
Harold W. Smith, Coast Artillery Corps.
Henry Joachim Boettcher, Infantry.
Lonnie Ottis Field, Field Artillery.
Melvin B. Asp, Air Corps.
Maurice Stewart Kerr, Infantry.
Orley DeForest Bowman, Coast Artillery Corps.

To be first lieutenants

Rothwell Hutton Brown, Infantry.
Irvin Schindler, Field Artillery.
Charles Owen Wiselogel, Field Artillery.
Albert Jerome Thackston, jr., Infantry.
Joseph Roy Dougherty, Infantry.
Arthur Hodgkins Bender, Coast Artillery Corps.
Clarence Daniel Wheeler, Air Corps.
Walter Sylvester Lee, Air Corps.
Manning Eugene Tillery, Air Corps.
Cleo Zachariah Shugart, Infantry.

MEDICAL CORPS

To be captains

Jesse Benton Helfrich.
Thomas Albert Wildman.
Duran H. Summers.
Frederick Stephen Craig.
James Hedges Forsee.
Walter Atwater Carlson.
Clarke Horace Barnacle.
Robert Moore Allott.
Steven Vincent Guzak.
Thomas Christy Gentry.
Edward Joseph Tracy.
Arnold Achibald Albright.
Robert Cabaniss Gaskill.
Dan Clark Ogle.
William Spencer Stone.
Milford T. Kubin.
John Edward Pluenneke.
James Donley Gardner.
Emmett Bryan Litteral.
Austin Lowrey, jr.
Jasper Newman Knox, jr.
Carl Willard Tempel.
Nuel Pazdral.
George Dewey Newton.
George Edward Leone.
Albert Henry Schwicktenberg.
Ehrling Lloyd Bergquist.
Wendell Axline Weller.
Clinton Stone Lyter.
Walter Lee Peterson.
Russell Samuel Leone.
Dwight Moody Kuhns.
Lawrence Abraham Matternes.
Arthur Lyman Streeter.
John Alexander Isherwood.
Harold Bradley Luscombe.
Charles Lewis Baird.
Thomas Neilson Page.
Samuel Leonard Cooke.
Harold Eastman Coder.
Victor Allen Byrnes.
William Smith George.
Kenneth George Gould.
Gustave Everett Ledfors.

DENTAL CORPS

To be lieutenant colonel

Charles DeWitt Deyton.

PROMOTIONS IN THE NAVY

To be captain

Felix X. Gygax.

To be commanders

Andrew C. Bennett.
Anton B. Anderson.

To be lieutenant commanders

John A. Rogers.
Arthur L. Karns.
Thomas G. W. Settle.
Ralph A. Ofstie.

To be lieutenants

Francis L. McCollum.
John K. B. Ginder.
Beverley R. Harrison, jr.
Charles W. Wilkins.
Eugene C. Rook.
Robert L. Campbell, jr.
Elmer E. Yeomans.
Maurice M. Bradley.

To be lieutenants (junior grade)

Corben C. Shute.
Henry S. Persons, jr.
Harold A. MacFarlane.
Gerald L. Huff.
John R. Moore.
Joseph P. Canty.
Jacob W. Waterhouse.
Marvin G. Kennedy.
Edward R. Hannon.
Clayton C. Marcy.
Joseph B. Duval, jr.
William J. Galbraith.
Royce P. Davis.
David J. Welsh.
Nickolas J. F. Frank, jr.
Edwin G. Conley.
Albert D. Lucas.
Cleaveland D. Miller.
Richard G. Visser.
Charles F. Phillips.
Dominic L. Mattie.
Albert F. White.
Jack W. Ames.

To be passed assistant surgeons

Harold V. Packard.
Leon D. Carson.
Franklin V. Sunderland.
Arthur W. Loy.
Albert T. Walker.
Thomas Jackson, jr.
Henry M. Walker.
Herman M. Maveety.
Charles R. Wilcox.
French R. Moore.
Joseph W. Kimbrough.
Theophilus F. Weinert.

To be dental surgeon

Edwin N. Cochran.

MARINE CORPS

Fred D. Kilgore to be colonel.
Russell H. Davis, jr., to be assistant quartermaster.
Frank Whitehead to be major.
Alfred H. Noble to be major.
Alexander Galt to be captain.
William D. Bassett to be captain.
Lofton R. Henderson to be first lieutenant.
Walter H. Troxell to be first lieutenant.
Thomas G. McFarland to be first lieutenant.
William H. Tyerman to be chief marine gunner.

POSTMASTERS

ALABAMA

James A. Sanders, Beatrice.
Oscar Sheffield, Pine Hill.

ARKANSAS

Bernard R. Holbrook, Huntington.

INDIANA

Joseph H. Coffelt, Boswell.
Harlan C. Dodd, Charlestown.
Otto B. Childress, Lowell.
Bernice G. Hayworth, Morocco.
Pearl B. McCord, Winslow.

IOWA

Otto H. Henningsen, Clinton.
George E. Missildine, Galva.
Clarence W. Broeker, Gladbrook.

LOUISIANA

Clifford O. Williams, Good Pine.

MARYLAND

Charles F. Noble, Preston.

MINNESOTA

Edne O. Thorson, Chatfield.
George E. Van Buren, Le Roy.
Adolph S. Larson, Sandstone.

NEBRASKA

Mabelle C. Wakeman, Cook.
Forrest E. Bottenfield, Nelson.
Arnold V. Widergren, Newman Grove.

NEW JERSEY

Joseph H. Rainear, Ocean Grove.

NEW MEXICO

Charles J. Kelly, Deming.
Helen B. Hickman, Hurley.
James A. Shipley, Silver City.

NEW YORK

George G. Taylor, Canaan.
Enoch E. Carpenter, Chestertown.
Kenneth T. Webber, Morrisville.
Frank R. Hanson, Sea Cliff.
Leona O. Newton, Stony Brook.
Stilson J. Ford, West Winfield.

NORTH DAKOTA

Edwin O. Moe, Galesburg.

OHIO

Walter E. Carter, Bainbridge.
Joseph T. Scheutle, Beaver.
Harry R. Hebblethwaite, Berlin Heights.
Everett Cole, Botkins.
Charles R. Ames, Bryan.
Harold E. Dornbirer, Chatfield.
Clyde W. Phillips, West Lafayette.

PENNSYLVANIA

Glenn V. Rice, Eldred.
Judson G. Young, Falls Creek.
James E. Franklin, Slickville.
John C. Moyer, Telford.

SOUTH CAROLINA

Percy C. Crayton, Anderson.
Mamie L. Bush, Ellenton.
Lucie S. Hope, Union.

SOUTH DAKOTA

Alfred C. Schroeder, Miller.

TENNESSEE

Clara M. Cain, Bradford.

TEXAS

Dayton W. Hanson, Friona.
Robert F. McDermott, Goldthwaite.
John P. Howe, Midland.

WEST VIRGINIA

Walter C. Price, Huntington.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 13, 1932

The House met at 12 o'clock noon.

The Rev. Carl C. Rasmussen, D. D., pastor of the Luther Place Memorial Church, offered the following prayer:

O Lord, we are mindful that again returning day has called us back to the ways of duty and service. Ere we go forward we wait reverently under the shadow of the Almighty, for Thou art here in our midst. We can not see Thy face with these mortal eyes, but in our hearts there is the sense of a divine presence, vibrant and transforming. We pause that we may feel Thy cleansing power. We wait that we may see Thy revealing light. Illumine our way this day, O God, and so direct us that everything that enters into our life, individual and corporate, may be consonant with Thy holy will. Thy purposes for Thy children are ever gracious and beneficent. The statutes of the Lord are right, rejoicing the heart. More to be desired are they than gold. And in keeping of them there is great reward. As the servants of God's tender purposes for all mankind, make us each day to be workers together with Thee for the reclaiming of Thy land of promise. And may Thy kingdom come and Thy will be done on earth as it is in heaven. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 12280. An act to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The message also announced that the Senate insists upon its amendments to said bill, requests a conference with the House thereon, and appoints Mr. NORBECK, Mr. WATSON, and Mr. FLETCHER to be the conferees on the part of the Senate.

"LET UNCLE SAM DO IT"

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my own remarks on the national Democratic platform.

The SPEAKER. Is there objection?

There was no objection.

Mr. McSWAIN. Mr. Speaker, for the information of the country, and especially for many of my constituents, I am having printed herewith, as a part of my remarks, two letters that I have written to influential and responsible citizens within my district, concerning the proposal in the recent Democratic platform to submit to the States an amendment to the Federal Constitution, seeking to repeal the existing eighteenth amendment.

For further information, I am printing herewith a copy of the pledge which is referred to in said correspondence. This pledge is required by all the Democratic candidates for Congress in South Carolina.

PLEDGE OF DEMOCRATIC CANDIDATES IN SOUTH CAROLINA, FOR UNITED STATES HOUSE OF REPRESENTATIVES OR UNITED STATES SENATE

As candidate for the office of Representative in Congress in the Democratic primary election, to be held on the last Tuesday in August, 1932, I hereby pledge myself to abide by the results of such primary and support the nominees of the party, State and National, and I declare that I am a Democrat and that I am not, nor will I become, the candidate of any faction, either privately or publicly suggested, other than the regular Democratic nomination. I will support the political principles and policies of the Democratic Party during the term of office for which I may be elected, and work in accord with my Democratic associates in Congress on all party questions.

This, the 30th day of May, 1932.

J. J. McSWAIN.

Filed the ——— day of ————, 1932.

———— ————,

Treasurer State Democratic Executive Committee.

All pledges must be filed on or before 12 o'clock m. on the day preceding the day fixed by the State executive committee for the first campaign meeting.

JULY 13, 1932.

MY DEAR ——— ———: In order that you may better understand my reasons for the answers I shall make to the questions in your letter of July 9, let me state some preliminary and personal facts.

I have been living in South Carolina for more than 57 years and shall finish my earthly career as a citizen of that State. Four generations of my forefathers lie buried in her soil, and I, too, shall join them there—it may be soon or late. Till I was 17 years old we had barrooms in South Carolina, many of them, and I hope and pray that we may never have barrooms in our State again. From 1892 until about 1900 we had the State dispensary, with branch dispensaries in all parts of the State, except Marlborough County. I sincerely trust that we may never have anything like the State dispensaries. Next we had county option as to county dispensaries, the matter being left to the law of the people by counties. These were finally abolished, and we had the quart a month law, providing that any citizen might order, through interstate commerce not exceeding 1 quart a month for personal use. Then finally came bone-dry state-wide prohibition, under the Carey-Cothran law, which, with various amendments, is still the statutory law of South Carolina. Under the Webb-Kenyon Act of Congress, each State is permitted to restrict or forbid the importation, by interstate commerce, of intoxicating liquors. This act of Congress has been sustained by the Supreme Court of the United States as constitutional and is now the law upon that subject.

However, each State can be just as dry as her own legislature, and her own governor, and her own sheriffs, and all her law-enforcement officers, together with citizens as witnesses and jurors, see fit to make that State. Why is the South Carolina statute not being enforced generally in our State courts? Simply because everyone says, and naturally so, "Let Uncle Sam do it." Herein is the strength of local responsibility under local self-government, so dear to the Anglo-Saxon heart. When there is no chance to pass the buck to some other agency, the citizen must directly assume and discharge his responsibility.

Now, as to the questions. Granting that every South Carolina Senator and Member of Congress is bound by his pledge, of which I inclose a copy, you ask, "Who is the proper interpreter of these principles and policies? Is it the Democratic National Convention? If so, is the voice of that convention infallible in 1928, when it was dry, or 1932, when it was wet? Is the national convention to override the South Carolina convention, which I believe took no position on the question of repeal?" Of course, it is always the latest Democratic convention that declares the policies and principles binding on South Carolina Members of Congress under our pledge. The latest utterance by any representative body, whether fraternal, political, or ecclesiastical, is the one that binds all adherents. Certainly the South Carolina Congressmen were bound by the National Democratic Convention of 1928, which declared for law enforcement, and for that reason, among other good and sufficient reasons, I voted against submitting to the States during the past winter the proposal known as the Beck-Linthicum Act. Under my view the Democratic Party was still dry, and certainly the policy of South Carolina, as expressed by her statutory law, was dry. The failure of the State Democratic convention to express a sentiment in reversal of these views properly confirmed our view.

Of course, no convention, political or otherwise, is infallible. Nothing human is infallible. But in this practical world, especially in a Republic controlled by political parties, there must be political authority vested somewhere. Hence the reasons why Senator Tillman insisted that our South Carolina Democrats in Congress be specifically bound to recognize the authority of the party in convention assembled. Of course, all South Carolina Congressmen were bound under their pledge by the National Democratic Convention of 1928 until the convention of 1932.

Again you ask, "Is it possible for the drys of South Carolina to elect a Democrat who will in the National Congress represent their views on the dry question, or will they have to turn to a Republican to obtain representation?" Of course, any Democrat would be bound by his pledge, and I must assume that any Democrat would respect and observe his pledge. Now, as to turning to a Republican, I must express the sincere hope that you do not seriously consider that alternative. For over 100 years the white people of South Carolina have been nearly 100 per cent Democratic. It is both a fixed tradition and a firm conviction. Furthermore, I do not believe that any responsible citizen of South Carolina would be willing to change from the Democratic Party to the Republican Party and run for Congress as a Republican and as a dry. Of course, I may be mistaken; but if I am mistaken, he would surely find that he had made a mistake.

In the first place, the national Republican Party is not dry and never was squarely and sincerely dry. Mellon and Mills, who are the patron saints of the Republican Party, are as wet as the Atlantic Ocean. I know Mills well, having served with him in the House for several years, and his office was almost directly across the hall from my office. I am ten thousand times drier than Ogden Mills, and yet to-day he is the spokesman and mentor for the Republican Party. I never use intoxicants in any form. Furthermore, I do not use tobacco, coffee, tea, or coca cola. This temperance on my part is solely and simply for my health's sake. I am conserving every ounce of my strength and energy the better to serve my family and my fellow men.

In the next place, the Republican platform is a mere straddle on the liquor question. Anyone here acquainted with the whole situation regards it as utterly insincere and almost ludicrous. It tries to look both ways but goes nowhere. Many Republican Members of Congress confess it to be a monstrous joke. I stake my reputation for fair judgment of men upon this prediction: In the next Congress the percentage of Republicans who vote for the submission of a repeal amendment will be just as high as among the Democrats. About one year from now, if we both are alive, we will check on this prediction.

You will be interested to note the inclosed clipping from the morning paper, in which a very prominent Republican, formerly chairman of the Naval Affairs Committee of the House, asserts that President Hoover would approve at this time a beer bill of 2.75 per cent..

Here I might well end this letter; but being sincerely devoted to true temperance and to genuine law observance and enforcement, I venture to add one consideration which, to my mind, appears vital, and I beg your most earnest consideration of same.

Undoubtedly, irrespective of which party wins the November election, the repeal question will be submitted during the next Congress to the States. That will require only two-thirds of both Houses, and as both parties are practically committed, and as a Democratic victory is almost certain, submission by Congress seems still more certain. But this act of submission by Congress is a mere formality. Undoubtedly the contest is immediately transferred to the States. Each State can be just as dry as its own citizens by a majority action at elections and in the jury box see fit to make it.

If legislators shall be elected who will not repeal the existing prohibition statutes; and if governors, sheriffs, solicitors, and magistrates are elected upon pledges to enforce the existing prohibition laws, and if citizens will prosecute violations and will testify against violators, and if jurors will convict on evidence, then there will be genuine prohibition in South Carolina.

Again the battle of ratification must be fought in the States, and nowhere else. Thirteen States will have a complete veto power upon repeal. Even if 35 of the largest and strongest States should ratify, it would be insufficient. There must be at least 36 States to ratify a repeal amendment. Whether or not South Carolina will ratify or refuse to ratify such repeal amendment will depend upon who are members of the State legislature or delegates to the convention called for that purpose, as the one method or the other may be chosen. It is manifest, therefore, that the place for intense activity on the part of all who oppose the repeal of the eighteenth amendment must be in the States themselves.

I believe with all my being in the principles of the Declaration of Independence, and especially as it was incorporated, in substance, in that provision of the Federal Constitution authorizing amendments to same. In America the people are sovereign. The people can raise up and put down. They can add other amendments to the Constitution or they can strike out existing amendments to the Constitution. George Washington, in his Farewell Address, pointed to the power of amendment as the best guaranty of free government. Thomas Jefferson thought that one generation should never seek to bind another generation. The only escape from the binding force of law enacted by a past generation is the right and power of repeal by the living generation. It is therefore perfectly manifest that the issue is squarely up to our own people.

To illustrate what I mean by doing our duty as citizens I heard of one South Carolina citizen who charges that the prohibition laws ought to be repealed for the mere reason that they can not be enforced. It is reported that he said a bootlegger left a crate of whisky at his home during his absence and in about a week the bootlegger returned and, failing to sell the liquor to the citizen, gave him a bottle and carried the balance away.

What was the plain duty of that citizen who now complains that such laws, even the laws of South Carolina, can not be enforced? It was not only a Federal law that was flouted, it was the solemn statutory law of the sovereign State of South Carolina. Surely it was the duty of that citizen to give information upon which a warrant should be issued, and to furnish his testimony at the trial of the violator. Undoubtedly this citizen would prosecute vigorously a mere trespasser on private property, or a petty thief, or a burglar. No bootleggar has ever left any liquor at my house or your house. But the world knows that if it should happen we would not ignore the incident. Laws can not enforce themselves. Human beings must invoke the processes of the law. Our best citizens must consent to testify to what they know, and to serve on juries.

In conclusion, it is manifest that we are dealing with a practical problem, involving the conduct of human beings, and especially of public officers. The sense of civic duty must be aroused in order to enforce all our State laws. All experience shows that citizens will respect, observe, and enforce their own State laws better than a Federal law. For some strange reason people erroneously but actually regard a Federal law as somewhat alien. Any lawyer of long and varied experience will confirm this statement. Since we must deal with men as they are, and not as we would have them to be, it is sound sense to put our chief reliance for making South Carolina dry in fact upon South Carolina statutes, upon South Carolina officers, upon South Carolina jurors, and upon South Carolina citizens as witnesses.

It was formerly the case in South Carolina, before "Let Uncle Sam do it" became the rule, that we enforced our own laws. Bootleggers and blind tigers were then at a minimum. Drinking was slight, compared with what goes on now. If each State will keep her own yard clean then there will be more efficient enforce-

ment of law over the Nation as a whole. Then the bootlegger and the racketeer will be driven to cover, will be cornered, and will be finally destroyed. These Southern States did that very thing formerly, and they can and must do it again. Local self-government, local responsibility, local accountability of public officials, local pride in decent government, and local shame for crime, these are the best weapons with which to fight the lawless traffic in liquor.

I am not writing as a candidate for office in order to curry favor or to evade any issue, but I am taking seriously my responsibility as a citizen at this critical time. I once swore out a warrant involving the death penalty. The path of duty for a good citizen is not always smooth.

I have gone beyond the scope of your questions because I know your own deep concern for true temperance and for genuine observance and enforcement of laws. As a citizen who has lived all his life in South Carolina, as a lawyer in that State for 33 years, as a total abstainer, as one who has observed these matters in all parts of our own Nation, in Canada, and in several European countries, I am now trying most earnestly to draw sincere conclusions in the matter.

I realize that this letter will probably exist long after I am gone. In a certain sense it is therefore a solemn testament. I sincerely believe my conclusions are sound. By them I will and must stand. Time will prove them to be either right or wrong. But my close observations for more than 40 years now indicate to me that I am right. I await the final verdict of events.

With great respect, I am, yours most sincerely,

J. J. MCSWAIN.

JULY 14, 1932.

MY DEAR ————: I have your letter of July 11 and hasten to answer in the same frankness and candor that prompted you to write.

I can understand how you feel about those eight words which open the Democratic platform. You certainly are fair, and manifest the true American spirit when you state that you and the other drys of our section do not oppose a resubmission of the prohibition question to the people of the Nation. Naturally you object to having the issue prejudged against you in advance by your own party platform.

I am sure you must have heard over the radio or read in the paper of the fight which Senator CORDELL HULL, of Tennessee, made in the convention against the use of those eight words committing the party, as a matter of party policy, to the repeal of the eighteenth amendment. He argued to the convention, just as you have done in your letter, that the fair thing would be to bind the party to submit the question of repeal without any recommendation for or against, and thus allow the people to pass judgment independently of any previous party commitment. Senator HULL wisely foresaw the feelings now in your heart, and, as I listened to his speech over the radio, I could foretell that this very situation would arise. But what are Senator CORDELL HULL and I going to do about it, since the convention has overwhelmingly voted down his motion to strike out those eight words?

Certainly we are not going to quit the party and refuse to support its platform and candidates because we could not have our way. The Democratic Party, with all its faults, present, past, and future, is still far superior to the Republican Party, with all the privileged-seeking and favor-getting groups in control of that party, with all the administrative crookedness and official corruption in high and low places, with all the waste and extravagance of the last 12 years. Millions and millions of our good American citizens are quitting the Republican Party to-day, to seek social justice and economic fair play for our distressed country through returning the Democratic Party to power.

Senator BORAH sulks in his Republican tent because his party has gone wet; and he knows that it is just as wet as the Democratic Party, and is worse, because the Republican Party was not honest enough to confess fairly and squarely its true attitude.

Senator NORRIS, a vigorous and courageous dry, has openly quit the Republican Party. Many Republican Congressmen freely state in private conversation that the Republican platform, on the whisky question, is worse than a monstrous joke. It is a huge fake. Obviously the Republican Party is not trying to carry water on both shoulders, but is trying to carry water on one shoulder and whisky on the other shoulder. What does Senator HIRAM JOHNSON, from Hoover's own State, think and say about Hoover?

You express regret that I feel bound to follow our national Democratic platform. You and I are about the same age, and I know that you must remember when Senator Tillman and Senator McLaurin had a fist fight in the United States Senate Chamber. It grew out of a charge that Senator McLaurin had deserted the Democratic Party. Following that unpleasant affair and to prevent its repetition the South Carolina Democratic Party at its next State convention adopted a rule requiring all Democratic candidates for Congress, and that includes Senators, to sign a pledge to support the party principles and policies and to cooperate with their Democratic colleagues in furtherance of same. I have known of that rule for about 32 years and have myself signed it seven times. I inclose you a copy of the pledge which I signed on May 30, 1932. I know you would not have me violate my pledge. It is doubtless different in most other States, but the South Carolina Congressmen are certainly bound by an express written pledge. I intend to continue in the Democratic Party as long as I live. It was dear to our fathers and forefathers, because it voices the aspirations of the otherwise voiceless millions for economic and social justice. With all her faults and failings, past, present, and future (because I know our party will make mistakes in the future), I still love the Democratic Party and shall ever do so. Therefore I must and will stand by my pledge and my party.

If any South Carolina Democrat is thinking of quitting his party on this repeal issue, where would he go and what sort of political fellowship would he find in any other party? To fellowship with South Carolina Republicans would be unthinkable. Our people should stay with the noble and liberal party of Jefferson, Calhoun, Jackson, Cleveland, Hampton, Tillman, and Wilson. Note that five out of these seven stars were South Carolina sons. We claim Wilson because he came in early childhood to South Carolina, and she remained his home until he was about grown. Our people should stick to this party and go to its ward meetings, to its county conventions, to its State conventions, the national conventions, and thus help to guide its destiny.

Since I was not a delegate to either the State convention or the national convention, I am foreclosed from protesting against the action of my representatives in these conventions. Once in convention assembled, the majority must rule. In no other way can representative bodies, whether business, fraternal, political, or ecclesiastical ever expect to function. Without organization and its binding authority on members, we could never get anywhere. It is the same thing in a meeting of the stockholders of a business corporation. It is the same thing in the board of trustees of an educational or charitable organization.

I confess that at times my church authorities have done things that I did not approve, but I continue to stick to the church. The late and now sainted Dr. James H. Carlisle, of Wofford College, once protested most vigorously against some things said and done by certain church agents in relation to congressional action about 40 years ago. But Doctor Carlisle stuck to his church.

Under free government we must have political parties in order to function. Two major, dominant parties are best. More than two powerful parties lead to the confusion and chaos now witnessed in most European countries. As between the Democratic Party and the Republican Party, I do not see how South Carolinians can hesitate to follow both tradition and conviction and stand by the party that sustained the State through the awful years of reconstruction, the party which stands for the greatest good to the greatest number.

We are now on the eve of a great Democratic victory. Since you and so many of my fellow Democrats elected me to Congress 12 years ago, I have belonged to the hopeless minority.

Only since December, 1931, have we had a small Democratic majority in the House. But the Republican Senate and White House, and every department of Government, and every post office and minor Federal office in the land are under the absolute control of the Republican Party. Many times during these 12 years we, as American citizens, have hung our heads in shame at Republican corruption, even down to selling post office appointments as a butcher sells meat. The Democratic Party will clean out this mess. We will lower the tariff, and restore world trade, and then restore the price of cotton. Our cotton mills will again run at capacity and pay good wages. A safe and sound banking system will be built about the framework of the Federal reserve system, that monumental achievement of the Democratic Party. Under the new law both banks and depositors will be protected. Furthermore, the purchasing power of the dollar will be restored to the average of what it was when most of the bonds, mortgages, and other debts now hanging over the Nation, the States, the municipalities, corporations, and individuals were given. Then the value of the dollar will be stabilized, and these periodic cycles of depression, panic, misery, starvation, and suicide will disappear.

Every great economist in the world knows that this can be done. It has not been done because the selfish interests in control of the Republican Party would not permit it to be done. There have been no bank failures in Canada, England, or France, and few anywhere else. But there have been nearly 10,000 bank failures in America in 12 years.

Many other vital problems of human welfare will be solved by the Democratic administration, led by Roosevelt and GARNER. Then there will be honesty, square dealing, and justice in the departments and bureaus in Washington. Then the small taxpayers will receive fair consideration, and the big taxpayers will no longer receive all the refund of billions of taxes.

My close study and work here for nearly 12 years fit me to help lead in this great program of reconstruction. I sincerely hope that despite the differences between us, pointed out in your letter, that you will stand by me in the coming primary election. Since you know that I will stand by my written pledge, so you also know that I will stand by the great unorganized masses of producers and consumers, whom our Democratic Party seeks to serve. My private life of 57 years, lived entirely in Laurens and Greenville Counties is some proof that I will continue to keep the faith. My record of achievement here, even under Republican administration, and with a Republican majority in both Houses of Congress, is not unworthy. By close attention, and courageous effort, I have blocked many raids upon the Treasury. The Democratic platform pledges us to cut the expenses of the Federal Government by 25 per cent, and I assure you that we will keep that pledge also. Even during this present Congress, we Democrats have forced reductions in expenses over last year of more than $627,000,000. Our party is the only hope of the average man. We will open the door of opportunity to every boy and girl in the land. Under Democratic control the future is bright.

But woe to the people if the Republican Party should be retained in power.

I have written at length, and very frankly, because I know that naturally you are deeply interested in these matters, and that probably you will show this letter to many of our mutual friends. Of course you, and they, know that I am a total abstainer of the strictest sort. I do not use even the stimulants of tobacco, coffee, and tea. I conserve every particle of my strength in order to serve my family and fellow men.

This letter will probably be preserved by you, and will probably survive me. Therefore it is something of a solemn testament. Perhaps long after we both are gone, this letter may be read and discussed by your children, and mine, and by this fact I am attesting my sincerity in every statement I have made.

With very kind personal regards to you and yours, I am,

Yours sincerely,

J. J. McSWAIN.

HOUSE RESOLUTION 285

Mr. O'CONNOR. Mr. Speaker, I call up the resolution, House Resolution 285, a privileged resolution from the Committee on Rules.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 12946, a bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program, and any points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 40 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill, except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, this is a rule providing for the consideration of the new relief bill.

I understand the Senate has passed a similar bill, but there is a motion pending in the Senate to reconsider the same. For this reason we are calling up the House bill, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the passage of the resolution.

The resolution was agreed to.

Mr. RAINEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 12946, a bill to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 12946, with Mr. TAYLOR of Colorado in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. RAINEY. Mr. Chairman, I yield two minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, I desire to call to the attention of the House one section of this bill especially.

Subsection C of section 201, on page 9, of the emergency relief and construction act of 1932 is the section fraught with a great deal of danger both to American agriculture and to American industry. This subsection provides that the Reconstruction Finance Corporation is authorized and directed to make loans for the purpose of financing sales of such surpluses of agricultural products as can not be financed in the normal course of commerce.

As everyone knows, all textile mills in the United States, or the great majority of them, are having a difficult time during this present depression or panic. And this provision, if enacted into law, means that the United States Government, through one of its agencies, the Reconstruction Finance Corporation, will finance the foreign textile plants in their purchase of cotton. It means that credit will be extended to the textile plants in foreign countries for the purpose of these plants operating in competition with American textile plants. The amount that can be advanced under this subsection by the Reconstruction Finance Corporation is unlimited. Nor will the enactment of this subsection into law in any way help agriculture. It will not help agriculture to have any considerable amount of cotton or of wheat placed upon a foreign market upon easy credit terms by the United States Government.

My information is, and I think it is correct, that the Federal Farm Board sought to have, and did have, placed in the other relief bill a provision of $40,000,000 for the purpose of financing sales of cotton and wheat to foreign countries. And that the illustration was used that China, if it could obtain credit, would buy a great amount of cotton. For the last 12 months or more China has bought as much cotton, if not more, than it did in any similar period of time; but when that provision was inserted in the former bill China stopped buying American cotton, in order to wait upon the credit which the United States Government would extend them. I can not sit idly by and permit this bill to pass without my protests and without my denunciation of a provision which not only affects the three hundred and odd cotton textile plants in my district but the entire industry in America, and which not only affects the welfare of the cotton planters of my district but likewise affects very seriously all the cotton growers of the Southern States.

Under the rule that is brought in for the passage of this bill, it is impossible for me to offer an amendment, striking out this provision.

May I not in conclusion call to the attention of the House that the increased taxes necessary to balance the Budget has added a heavy burden, both to agriculture and other textile industries; and that under no circumstances should foreign textile plants receive benefits from the Federal Government when our domestic plants are denied those benefits. All commodities should be distributed through the normal channels of trade, and a preference should be given in the distribution of these commodities to the American manufacturers, which has not been done under this provision of the bill.

Therefore, knowing the detriment to American agriculture and to American industry and to American labor under this provision, I can not, Mr. Chairman, vote for this bill on its final passage.

Mr. RAINEY. Mr. Chairman, I yield three minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, the Hoover relief bill is before the House. I repeat, the Hoover bill is under consideration. Such a surrender on the part of the legislative branch of the Government has seldom been witnessed, but due to the power of veto we find ourselves in the position where we must take what the President says or there will be no relief measure enacted at this session. The responsibility rests with the President. If this measure fails to meet the needs of the stricken Nation then he alone must answer to the people.

When confronted with conditions such as exist to-day is it not reasonable that we advance relief in measures such as we would not think of providing in normal times? The foundation upon which the country rests is in need of repair. We sought to extend relief in a measure where it would be beneficial and hasten a return to prosperity, but we are told by the President he will not accept our suggestions and it will be necessary for us to eliminate certain provisions of the bill or it will not receive his signature.

Mr. Chairman, I never thought I would ever live to see the day when hungry people were demanding food through-

out my country. That day is here and try as the people have they find that they have been unable to meet the situation. Drive after drive in my city has enabled thousands of families to receive assistance. The announcement comes now there is no more money available. One hundred thousand people out of employment in St. Louis is the answer to the question as to why such conditions exist.

I am going to support this bill because it is all we can get. I am assured that regardless of the prohibition in our State constitution or in the charter of the city of St. Louis, my city can receive recognition and borrow money provided the governor will show that an emergency exists. Of course I can not speak for the governor, but if it becomes necessary there will at least be a way to secure help.

There are certain provisions in this bill to which I seriously object. It is always the way, when some special bill is before the Congress, to take advantage of the situation by inserting some unpopular provision which could not be agreed to in a separate bill. I refer to the paragraph which enables the Reconstruction Finance Corporation to make advances for the purpose of financing sales of surpluses of agricultural products in foreign countries. I can see now the Stabilization Corporation of the Federal Farm Board reaching out for money under this paragraph. We had hoped we had put an end to their activities.

Mr. Chairman, I have repeatedly stated on this floor that what the people of this country want is work, not charity. The bill provides for loans to private corporations, States, municipalities, and so forth, for the purpose of aiding in financing self-liquidating projects. When it comes to the Government embarking upon a building program so as to give work to the unemployed, we find a proviso that no such work shall be undertaken until the Secretary of the Treasury says the money can be secured. The exact language follows:

No part of the sum appropriated—

Speaking of the public works—

shall be expended unless the Secretary of the Treasury certifies to the President that the amount necessary for such expenditure is available or can be obtained without interference with current financing operations of the Government.

That language, in my opinion, precludes the possibility of securing a public-works program. The President does not want a public-works program to place the unemployed to work, but he will accept the bill because of the proviso quoted, as he will have full control and can delay the inauguration of such a program as long as he desires.

Speaking of self-liquidating projects for which money can be advanced to private corporations, I would like to compare the private project with the projects in my city—Federal projects. We are now paying over $75,000 a year for rent of buildings for Government agencies in St. Louis. Construct a 10-story Federal building there and the rent bill disappears. In other words, the Government saves $75,000 a year when it has its own building to house its workshops. No provision in this bill provides the proper building for St. Louis. We have money in the Treasury to build a 6-story building, and the Treasury Department wants a little over a million more to make it 10 stories, but the section in the Garner bill, section 302, which would have made this possible, is missing from this measure. It would not have required a dollar for over three years, but would have enabled the Treasury to go ahead and start the work. Eleven other such items were in section 302 of the Garner bill. The President promises to make the recommendation for the change in December. If it is sound and he can recommend it in December, why not do it now. The reason is the President has stated he will not permit any recommendations to come to Congress for public buildings at this session.

Mr. Chairman, the country needs a relief bill. This is the best we can get. We must bow to the will of the President. So that some good may result, no matter how small, I am going to support the bill, although I know it is inadequate.

You all read in the papers day before yesterday what occurred in St. Louis at the door of the mayor's office. If something is not done, the same reports will be carried from the four corners of the country. [Applause.]

Mr. Chairman, I hope I am wrong; I hope this bill will be sufficient, but I can not bring myself to the point where I can say it is enough. As I said before, we are forced to take it; we have no other recourse. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield myself five minutes. The bill now before the House is a complete agreement on the part of the Democratic and Republican members of the Ways and Means Committee. It is a complete agreement as the bill stands, but an amendment will be offered to which the Republican members object.

Title I of this bill is exactly the same as in the bill contained in the conference report and sent to the President and vetoed by him. Title III is the same with this exception: The $120,000,000 for roads of public character and the $16,000,000 for roads and trails in the forests are absolute appropriations and are to be expended in an orderly course. The remaining money provided for in Title III, however, is subject to the limitation which you will find on pages 28 and 29 of the bill, which I read:

No part of the sum appropriated by this section, except the amount for expenditure under paragraph (1) or (2) of subsection (a), shall be expended unless the Secretary of the Treasury certifies to the President that the amount necessary for such expenditure is available or can be obtained without interference with current financing operations of the Government.

That is, the remainder of the money provided in Title III can not be expended unless the Secretary of the Treasury finds the condition of the finances of the country warrants that expenditure.

Mr. MAPES. Will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. MAPES. Why was not that same condition attached to the appropriation for highways?

Mr. HAWLEY. There is another body to which this will go, which absolutely insists that the money for the highways be appropriated and available.

Mr. MAPES. The House has voted upon that proposition and a very considerable number voted against it—is not that true?

Mr. HAWLEY. Yes; but not a majority.

Mr. GARBER. Will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. GARBER. To what projects does this refer?

Mr. HAWLEY. Projects in Title III, and the remarks I have just made refer to the provisions in Title III.

After the veto message was received by the House the gentleman from Illinois [Mr. RAINEY], the majority leader, Mr. TREADWAY, and myself had a conference with the President. We went through all the provisions of the bill, printed as H. R. 12946, and they have the approval of the President.

The provisions in Title II enable the Reconstruction Finance Corporation to make loans to various public organizations which are engaged in a business that is self-liquidating in character, and which employ labor. In order to enable them to do this the amount of money the corporation can use has been increased six and three-fifths times the capital stock of $500,000,000. That would increase it to $3,300,000,000. The present law provides for $1,500,000,000, to be sold as debentures or other evidences of indebtedness.

We add $1,800,000,000 to that in order to enable the Government, through the Reconstruction Finance Corporation, to assist the States, municipalities, or other organizations of a public character created under Federal, State, or municipal law to engage in public works of a self-liquidating character, which employ labor.

These are the provisions of the bill stated in a few words. I do not think it is necessary to now discuss the matter in extenso.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Chairman, the remarks I am about to make are based on the bill in the form in which it is on the Speaker's table and not as it may be after the gentleman from Illinois [Mr. RAINEY] offers the amendment which was agreed to by the Democratic members of the Ways and

Means Committee a few moments ago. I am absolutely and definitely opposed to that amendment, but we will discuss that when we come to it.

The bill before us to-day, when approved by the other branch, is as sure to secure Presidential favor as the bill we had before us last week was sure of a veto from the President. Two men are largely responsible for this result. The gentleman from Illinois [Mr. RAINEY], instead of showing pique at the defeat of the bill of which he was the author, assumed a statesmanlike and constructive attitude yesterday in coming forward and saying that we want a bill that will absolutely conform with the wishes of the President and of the administration, in order to secure needed relief. [Applause.] I congratulate the gentleman from Illinois on that position. The other gentleman responsible for the bill before us to-day is the President of the United States. He was willing to meet the representatives of the Ways and Means Committee, also send his representative, the Acting Secretary of the Treasury, to us, and help us to iron out all differences so that we could present an absolutely unanimous report and bill for the House to act upon here this morning. [Applause.] So these two men, in my judgment, are responsible for the bill before us to-day, the gentleman from Illinois and the President of the United States.

It is to be hoped that the other branch will approve this measure as quickly as we will here to-day. Speed it on, get it passed by both branches unanimously, if we can, and it will be law before night. This is the attitude we are taking by pushing this bill now to speedy enactment and having it placed on the statute books.

The expected happened when the so-called Wagner-Garner bill was vetoed. Nobody was deceived about the fact that that bill invited a veto, and deservedly so. Some felt that it would not be vetoed because, as was stated by one of the leaders in the other branch—

> The differences are so minute that there is no occasion for a veto, and the President should approve the bill.

This was incorrect. The differences were not minute. The President never offered any suggestion that he would approve loans by the Reconstruction Finance Corporation to individual borrowers. The language quoted in the President's address of December 4 is the basis for this statement. Let me read it to you:

> The Reconstruction Finance Corporation should be in a position to facilitate exports by American agencies; make advances to agricultural credit agencies where necessary to protect and aid the agricultural industry; to make temporary advances, upon proper securities, to established industries, railways, and financial institutions which can not otherwise secure credit, and where such advances will protect the credit structure and stimulate employment.

There is no reference whatever to a loan to an individual, and there is exactly where we differ from the statement made by the distinguished Senator from New York [Mr. WAGNER] when he said the differences were minute. They were vital. The President in his veto message stated there were six definite reasons why he could not approve the original Wagner-Garner bill. I commend these six reasons to the careful attention of the Congress and of the people of the country. They are absolutely convincing as to the merits of the veto which he transmitted to this House.

We now face this situation. We are absolutely assured by the President himself and by representatives of the President that he approves the present bill. I therefore ask that we adopt it as submitted and send it on its way to quick enactment into law. [Applause.]

Mr. RAINEY. Mr. Chairman, I yield three minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, notwithstanding this bill does not provide the relief for which I had hoped, in view of the great distress prevailing throughout the country I shall support it.

For nearly two years I have been calling existing conditions to your attention and to the attention of the country. We passed the Reconstruction Finance Corporation bill in the hope that the officers of that corporation would bring about relief and aid the banks and the Nation. Instead of helping, as we had expected, it has delayed and delayed. True, it has made some loans, but, as I have previously stated, it has delayed making them, and when they did make them they were so small that instead of helping some of the smaller banks they have destroyed them. In my city alone 32 banks have been closed within the last two weeks. Ten million dollars would have saved these institutions, but they refused to lend them the money; but when the ex-chairman, General Dawes, of that corporation, asked for relief for his own Chicago bank within a few days after he resigned there was $80,000,000 forthcoming for him. I think such action is unjustifiable and unwarranted and must be subjected to severe criticism.

Now, what hope have we and what may we expect in the future from these Reconstruction Finance Corporation officials? But I hope that in the future they will act more judiciously and more speedily and really carry out the wishes of the Congress by not discriminating, this due to the fact that we will insert a provision in this bill that will compel these officials to make full reports on all future loans—to whom and under what conditions they are made.

Mr. Chairman, eliminating the provision making possible the opportunity for an individual to secure a loan is, I think, outrageous. Why should a corporation be permitted to obtain a loan and an individual who is not incorporated, but who may have as large a business, be deprived of the same privilege?

The bill that the President vetoed, I am satisfied, could have made possible loans to municipalities and subdivisions thereof not only for self-liquidating projects but for any projects that would have created employment, thereby giving opportunity to at least some of the thousands upon thousands now unemployed. Also it would have made it possible for some of the subdivisions and other bodies like the county and the sanitary-district trustees to have obtained aid and relief. Not only would the city of Chicago but other municipalities as well have been aided. I am certain that the sanitary-district trustees would have been entitled to a loan under the provisions of that bill to enable it to proceed with the construction of the sewage-disposal plants ordered by the United States Supreme Court; and I am just a little fearful that the Reconstruction Finance Corporation may try to construe the language of this pending bill so as to enable it to deny the absolutely necessary relief required by the sanitary-district board, which also would have created employment for several thousands of our unemployed; but the President will have his way, and I shall greatly deplore it if under this bill the relief that I have been tirelessly seeking shall not be forthcoming.

[Here the gavel fell.]

Mr. RAINEY. Mr. Chairman, I yield three minutes to the gentleman from North Carolina [Mr. DOUGHTON].

Mr. DOUGHTON. Mr. Chairman, well may the gentleman from Massachusetts [Mr. TREADWAY] assure the House that this bill, if it is passed by the House and concurred in by the Senate, will meet with Executive approval. Why not? Because every line of it has been written by or approved by the Executive.

The gentleman from Massachusetts compliments the gentleman from Illinois [Mr. RAINEY] on his statesmanship in agreeing to this bill. What else was there to do? Should he stand out stubbornly, as the President of the United States has done, and say if he can not have his own way there will be no relief measure passed at this session of Congress?

When we passed through the House the conference report which expressed the viewpoint of the Congress, with the approval of 35 Members on the minority side, as to the nature and extent of relief which should be granted under present conditions, that was not acceptable to the President of the United States. He would not consent. Now, we must pass what he will approve or we will have no relief whatever.

This bill reminds me of what an old colored soldier said to me this morning. He was one of the number that spent the night out here on the Capitol Grounds. He had slept

on the concrete without any bedding. I remarked to this old colored man that he must have had rather a hard bed. He said, "Boss, it beats nothing." [Laughter.]

And that is what this bill does, it beats nothing, but it is the best we can get to meet the present emergency. We are not showing an obstinate, stubborn disposition, but are manifesting a disposition to do the best we can for the country. It will not be sufficient, but it will help to relieve distress and starvation, and if it is inadequate the responsibility for that inadequacy is at the White House and not with Congress. [Applause.]

Mr. RAINEY. Mr. Chairman, I yield two minutes to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Mr. Chairman, I am glad that we have at last virtually agreed upon this measure of relief. I hope it will be so administered as to give relief to business and relieve unemployment.

I am delighted that the bill includes the emergency highway bill that was passed by the House on the 27th of January last. It not only makes the authorization but the appropriation. There is $120,000,000 to be allotted among the various States that can be used to match the Federal aid available to the States.

But the thing I want to call attention to—and especially attention of the gentleman from Illinois, Mr. RAINEY, who will be one of the conferees on the measure—is that there should be an amendment on page 16, line 25, so as to extend the time that the expenditures may be had of this amount to January 1, 1934. It can not be expended by July 1, 1933. If you do not extend it, it will have to be done when we meet in December. I believe when called to the attention of the conferees they will amend it so as to extend it until January 1, 1934—about 18 months' time in which to spend the amount made available for highway construction. [Applause.]

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield four minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, when there is a sharp division in the House the small progressive group can throw its strength on the side which we believe is in accord with the best interests of the country. It is apparent that both sides of the aisle are in favor of this bill as it is drawn. Therefore we can do no more than express our belief that the provisions of the bill are not sufficient or adequate to meet existing distressing conditions, though we sincerely and earnestly hope that we are mistaken in that belief. The fact remains that the economic condition of the country is such that heroic measures and relief of great magnitude are necessary in order, first, to effect any relief at all, and second, to stimulate industry and provide employment.

In order that there may be no misunderstanding as to the intent of Congress in certain provisions of the bill, I desire to specifically request the gentleman from Illinois [Mr. RAINEY] and the gentleman from Oregon [Mr. HAWLEY] for an expression of clarification. I point out that on page 8 there is provision which is clear and unequivocal that all loans and contracts made in respect of projects of the character specified in paragraphs 1 to 5 of that subsection shall be subject to the conditions that no convict labor shall be directly employed on any such project. That is clear, Mr. Chairman, but when we turn to page 17, where we have the roads provision, that clear and unequivocal limitation is conspicuously missing. There is the provision that contractors shall pay to skilled and unskilled labor such minimum rates as shall be stated in the invitation for bids, and I pause now to ask the gentleman from Illinois [Mr. RAINEY] if I am correct when I state that it is not the intent of Congress in passing a relief bill to permit the employment of convict labor on these roads herein authorized and appropriated for.

Mr. RAINEY. Section 307 of the bill covers what the gentleman is talking about, on page 37. If the gentleman will read that, he will find a complete answer to his question. That is a clear inhibition, and that is what the bill means.

Mr. LAGUARDIA. That no convict labor may be used?

Mr. RAINEY. Yes; that is correct.

Mr. LAGUARDIA. That provision is satisfactory, and I am glad to get the gentleman's construction that convict labor is not to be used or employed in any project under this bill. I am sure the gentleman from Oregon agrees with that construction.

Mr. HAWLEY. Yes.

Mr. LAGUARDIA. In the limited time I have I can only repeat that sooner or later we will be confronted with the necessity of dealing courageously in order to bring about an economic readjustment in this country. All these measures of relief are simply palliative, necessary, of course, but even in their necessity we do not go far enough. I would like to see the original hundred million dollars for direct relief added to this bill and without limitations or condition of being a loan. That is the only way to effectively and immediately give partial relief to the distressed people of the country. I fear the loan feature will prevent many communities that are now in dire need from getting any relief, because of State constitutional inhibitions. I realize that the few progressives of the House are helpless in this instance and can only warn, and hope that I am mistaken when I say that we will sooner or later have to provide adequate relief and pass corrective legislation to permanently end existing inequities in our economic system and affirmatively bring about a new deal. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield two minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I rise to call attention particularly of the Republican Members of the House and ask their support in getting a roll call on this bill. It has been rumored that we may not ask for a roll call. I rise to point out to the Republican Members that many of us who are wholeheartedly in favor of relief legislation were forced to vote against the Garner bill because we did not agree with the vast amount of pork that was carried in that bill for small and not-needed Federal post-office buildings, and we voted against the Wagner-Garner bill because of the provision for loans to individuals. This is the only time that we will have an opportunity to go on record in favor of relief legislation, and I propose to ask for the yeas and nays and hope that the Republican Members will stand up and be counted so that we can get the yeas and nays and afford an opportunity for a record roll call on the final passage of this unemployment and relief bill.

Mr. RAINEY. Mr. Chairman, I yield one minute to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Chairman, it seems to me it would be far better than this bill if the Congress had received a message from the Chief Executive requesting that he is now in favor of lowering the manufacturers' tariffs, and of the Congress staying here until we can work out a relief bill that will actually bring relief. You have passed appropriation bill after bill until you have piled up a deficit in the Treasury of two or three billion dollars, and you would now add to that deficit. I have voted against unnecessary appropriations because I believe what the American people need is tax reduction, not additional tax burdens. This bill will not carry relief to my needy constituents but will add to their tax burdens. It will authorize nearly two billion additional funds for the Reconstruction Finance Corporation, and I fear they will loan it mostly to the favored few. Perhaps others like General Dawes will obtain a few more $80,000,000 loans. A few of those select interests and groups may benefit, but what will my average taxpayer receive from it? I want relief that will reach to him, that will reach to the ones really in need.

These billions of debts must eventually be met by taxing of the American people. Although we have trimmed the Budget by some 20 per cent, we should trim it at least another 30 per cent, and also abolish departments, commissions, and bureaus not absolutely essential for the welfare of our Government. My colleagues, the cost of government—local, State, and National—must be substantially reduced before things return to even half normal. I would vote for

relief of our people if we could get such proposal submitted and signed by the President. He vetoed the only measure that looked to real relief for our destitute and suffering. This substitute measure, I fear, is misnamed. It will not bring relief to our people, and I, for one, am willing to stay here until December 1 in order to pass a real relief bill that will benefit all the people of our country.

Mr. HAWLEY. Mr. Chairman, I yield now to the gentleman from Kansas [Mr. GUYER].

Mr. GUYER. Mr. Chairman, I merely want to voice my approval of this relief bill, which we are able to agree upon to-day. I think it will work a decided change for the better in our economic affairs, and, with other remedial measures, will help to bring to our distressed and depressed country a better day and a more promising future.

The work of this Congress is drawing to a close and much of its work has been constructive and helpful; but I am forced by the facts to confess that we have been particularly ineffective and inadequate in our attempt to reduce the cost of government. At every turn we have been met with the protests from interested groups whose selfish interests were being interfered with by our efforts to balance the Budget and wipe out a colossal deficit.

Added to these selfish protests were the efforts of Members of this House to further embarrass the Government and wreck its fiscal structure by gigantic raids on the Treasury which, instead of balancing the Budget, would have undermined what little confidence there remained in the financial stability of the country and caused a panic which would have outweighed all the benefits derived from these enormous appropriations of the people's money. We have levied a tax of a billion dollars on the people while we have not in proportion reduced the expenses of government. That is the severest indictment that can be rendered against this Congress, whose supreme duty was to balance the Budget properly by meeting most of the deficit with sweeping reductions in the cost of Government. This, as a Congress, we have failed and declined to do.

It was with regret that I withheld my vote of approval for the revenue act recently passed by Congress. I regret that it should have been considered necessary to force it through with one of the most arbitrary rules ever invoked in the House of Representatives. The colossal blunder of the Democratic majority which is in control of the House was that, when the responsible and able leaders of both parties had agreed upon a good bill, which temporarily would have raised the proper revenue to balance the Budget and wipe out the deficit, it reported the bill under a rule which subjected it to the attack of every group of interested taxpayers with the result that it was scuttled, leaving it a mere skeleton unworthy of the pride of its creators. That bill, in its original form as submitted to the House by the Ways and Means Committee, was just and fair, was not a burden to anyone, and was so written that the poor man would have had little or no tax whatever to pay. Food, clothing, medicines, farm implements, and farm products were excepted and made exempt from taxation.

As passed in the House the bill was so inadequate that the Senate had to rewrite it, and it came back filled with nuisance taxes which will be a real burden to the laboring man and the farmer, as well as the business man. These taxes are not only awkward and burdensome, but many of them will not produce the revenue expected. Take the foolish and aggravating 3-cent postage on first-class mail. It will, in my opinion, fail to produce as much revenue as the 2-cent stamp did. People will carry on correspondence on cards, and business men will use open letters instead of these new 3-cent stamps. They sealed their letters used in advertising and used a 2-cent stamp for the dignity and privacy and the personal touch which a sealed letter carries. Instead the business man will now send out his advertising in open letters either with a permit which can go for a cent, or at most use a 1½-cent postage stamp with the envelope open. Almost any sort of advertising can go out in this way and the Post Office Department will actually receive less money than if a 2-cent stamp had been permitted to carry it as first-class mail. The writer of letters will, of course, have to pay 50 per cent more in postage, which will be a real burden to the great mass of the people who write personal letters of a social or a business nature. We had a like experience with 2-cent postage on post cards. It was found that the cards were not used so frequently and the Government made less out of the 2-cent postage than it did with the former 1-cent rate, hence the 2-cent postage on post cards was changed back to the usual 1-cent postage for post cards.

Another unwise provision of this conference report is the awkward and inconvenient tax on checks. It is a further burden on business and, while we have been trying to discourage hoarding, this stamp tax on checks will undo any good work that has been done heretofore to prevent or at least to deter hoarding. Its tendency will be to encourage people to keep cash in their possession and not in the banks.

Added to these burdensome stamp taxes is the consumption tax on gasoline and electricity. The objection was made to the original House bill that it contained a sales tax, so designating the manufacturers' excise tax. This consumption tax is purely a sales tax and one that falls with severity upon the home owner and the man who uses an automobile in his business—and who does not? In addition to this tax on gasoline and electricity users this bill imposes a sales tax on automobiles, trucks, tires, and tubes, all motor accessories, radios, chewing gum, candy, matches, and other articles which are necessities in the life and business of every individual and community.

There is one good feature in this law, and that is the tax on imported oil and gasoline. This will be of great benefit to producers of oil in Kansas for which Kansas Senators and Representatives have been fighting so long. It should have been a higher tax, but it was the best that could be obtained and will be gladly received by the distressed Kansas oil men who have waited so long for a measure of justice at the hands of Congress.

Mr. HAWLEY. I yield now to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Chairman, I have asked for this time only for the purpose of making an inquiry of the gentleman from Illinois in regard to an amendment which was proposed in the Senate to prevent loans under this bill to institutions whose officers and employees include men who receive a salary of over $25,000 per year. Is it intended to put in such a limitation in the amendments which the committee proposes?

Mr. RAINEY. No; that is not in this bill, and it is not proposed to put it in, and it is not in the Senate bill.

Mr. EATON of Colorado. Would the gentleman permit such an amendment?

Mr. RAINEY. No; I can not. I can permit only committee amendments. That is all the rule permits. The gentleman's proposition is not in this bill, nor is it in the Senate bill.

Mr. EATON of Colorado. Well, perhaps here is one that is in the bill. In paragraph "c" of section 1, under Title I, it is provided that governors may make applications for funds upon certification that the same are needed not alone for State purposes but for the political subdivisions thereof whose funds are inadequate to meet its relief needs. In the next paragraph, "d," constitutional and other legal inhibitions are set aside, in so far as a State or Territory is concerned, by use of the following language:

(d) Nothing in this section shall be construed to authorize the corporation to deny an otherwise acceptable application under this section because of constitutional or other legal inhibitions or because the State or Territory has borrowed to the full extent of the law.

The next paragraph, "e," is in the following language:

(e) Any portion of the amount approved by the corporation for payment to the governor of a State or Territory shall, at his request, and with the approval of the corporation, be paid to any municipality or political subdivision of such State or Territory if (1) the governor makes as to such municipality or political sub-

division a like certificate as provided in subsection "c" as to the State or Territory, and (2) such municipality or political subdivision enters into an agreement with the corporation for the repayment * * * as may be agreed upon between the corporation and such municipality or political subdivision.

I submitted the question to the Ways and Means Committee, if there should not be an amendment in paragraph (d) so that the construction therein provided for might be made also applicable to municipalities and political subdivisions of a State. I was informed by members of the committee that the language was sufficient, just as it was written, to cover every political subdivision of a State for which any governor would apply for funds. I am still in some doubt, but as I have directed your attention to the matter, I wish you would state in this RECORD if that conclusion should not be followed. In other words, if the language is not sufficient to permit a governor to make an application for funds for a municipality or political subdivision of a State which has borrowed to the full extent authorized by existing law, will you so state; and whether such condition exists on account of constitutional or other legal inhibitions? I have used the exact language of the sections as I find them, and in the absence of any answer to the contrary, I will understand that no amendment is necessary in paragraphs (d), (c), or (e) to accomplish this purpose.

Then in the Senate bill is another provision in regard to permitting the Federal reserve bank to make a new and special rule for rediscountable paper.

Mr. RAINEY. That provision concerning rediscountable paper is out of the Senate bill also. It is not in there. I mean at least it is not in the present bill. It is in the Senate bill.

Mr. EATON of Colorado. Will the gentleman put that in here?

Mr. RAINEY. No, sir.

Mr. EATON of Colorado. Will the committee permit that amendment?

Mr. RAINEY. No, sir. That would be loans to individuals.

Mr. EATON of Colorado. Would the committee permit an amendment to limit the salaries of officers of organizations borrowing money to $50,000 a year?

Mr. RAINEY. No, sir.

Mr. EATON of Colorado. Will the gentleman consider an amendment that will make any limit on salaries?

Mr. RAINEY. I can not put in any amendments under this rule except committee amendments. It is impossible for the committee to consider the gentleman's amendment. The committee met this morning. If the gentleman had submitted his amendment to the committee this morning, the committee would have considered it.

Mr. EATON of Colorado. I submitted the proposed amendment to paragraph (d) to one of the members of the Ways and Means Committee at the meeting yesterday morning. I was personally present and stayed until the committee went into executive session. After the session was concluded I received the report stated a few moments ago. This morning I telephoned personally to the office of the committee and was told there was no meeting at which I could appear, so that I have done all that the gentleman has suggested.

I, therefore, take it that the construction of the Ways and Means Committee is that there is no necessity for any amendment to paragraph (d) so as to expressly include therein the words "municipalities and other political subdivisions," so as to permit their requests for funds to be given full consideration by the corporation and that the only requirement is that the governor of any State shall make the request, and if a governor does make a request for funds for any municipality or any political subdivision such as a municipal water board or a board of regents of a university, the corporation will be sufficiently justified in considering the request and acting upon the same without taking into their consideration whether such municipality or political subdivision has borrowed to the full extent authorized by law, or whether there are any existing constitutional or other legal inhibitions. Therefore, Mr. Chairman, I yield back the balance of my time.

Mr. HAWLEY. Mr. Chairman, I yield the balance of my time to the gentleman from Montana [Mr. LEAVITT].

Mr. LEAVITT. Mr. Chairman, some question has been raised as to the value of the items in this bill having to do with construction of highways, including the building of roads in national forests and national parks, the approaches to national parks upon the public domain, and across Indian reservations. To many of those representing the Western States that item offers the greatest promise of employment of any item in the bill. It is the one thing that strengthens the measure and makes it effective as far as the western part of the country is concerned.

Mr. Chairman, the testimony before the various committees has been to the effect that a greater percentage of the appropriations for the building of roads goes directly for labor than is the case with appropriations for any other form of public works. That is particularly true in the construction of roads and trails built in the mountains upon the national forests, the national parks, on the Indian reservations, and the public domain, where the character of country and the type of roads built make hand and team labor effective. But it is also true with regard to the roads on the entire Federal-aid system.

There is also the very valuable provision in this bill, found on page 19, reading as follows:

The Secretary of Agriculture and the Secretary of the Interior, respectively, are authorized to make rules and regulations for carrying out the foregoing provisions of this section with a view to providing a maximum employment of local labor consistent with reasonable economy of construction.

Those words are a further guaranty that local labor will benefit. The requirement on page 17, that all contracts shall contain provisions establishing minimum rates of wages to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor, with such minimum rates stated in the bids and proposals for the work, is a still further protection to labor, as is the clause forbidding the use of convict labor.

There are other provisions of great value to my State in this bill, as well as to the entire country, and I am interested in them all. But I have chosen to use what time I have in discussing the value of these road items because the gentleman from Michigan [Mr. MAPES] raised some question about them just a moment ago in this debate. The need of unemployment relief is universal, but the form of such relief most effective will vary with differences of conditions in the various sections.

The items for Army posts, river development, and numerous other proposals are required in some places, and they therefore have my support. Roads and trails, however, offer much-needed relief to Montana and similar States, and all of us should therefore favor them. I am sure we nearly all do.

A letter I have just received from the chairman of the Montana Highway Commission says that this bill, with its provisions which will make available funds of the Reconstruction Finance Corporation for the handling of State debentures, will enable about $3,400,000 in Federal-aid contracts to be entered into in Montana, putting 2,000 men to work, directly and indirectly; and that these other emergency road items will allow further contracts so that within from 60 to 90 days 5,000 men can be put to work in my State. To do that would take care of probably 25,000 people through the working season.

In addition to that there is a due proportion of the $3,000,000 here appropriated under authorization of the act of January 31, 1931, for national park approach roads and roads in the national parks. That act is one I introduced, and this appropriation under it will give added employment to some hundreds of men. There are also funds for roads on Indian reservations, for the development of the lands of the Indians and the employment of the Indians. That item is $1,000,000, and it will mean many thousands of dollars on the Montana reservations. Allocations under these

two items are not made by the highway commission, and are therefore not included in the total estimated labor referred to by our highway chairman.

Mr. Chairman, I use my State only as an example of what good these road items will accomplish in many States. The emergency funds for roads and trails in the national forests will not only furnish work but will add to the safety and protection of these great reservoirs of national wealth. They are an enduring investment.

Let no one, Mr. Chairman, belittle the value of these road and trail items in this relief measure. They not only provide for labor on the Federal aid system in every nook and corner of the entire United States, but in their particular reference to national forests, national parks, and their approaches, Indian reservations, and the public domain they provide the element of balance to make this measure effective in the West as well as in the East and the South.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. RAINEY. Mr. Chairman, I yield one minute to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I just requested one moment in order to ask the gentleman from Illinois [Mr. RAINEY] a question as to the agricultural provisions of this bill. I wish to point out that the Senate yesterday, in considering the Wagner relief bill, concerning the use of $40,000,000 for financing the exporting of agricultural products, of which products we have surpluses, eliminated cotton from such scheme of financing. I would like to ask the gentleman from Illinois what provision there is in this bill having reference to the exportation of agricultural products.

Mr. RAINEY. The provision in this bill would apply to cotton and to all agricultural products.

Mr. CELLER. In one bill the limitation as to kind of products and amount of money to be expended is left to the discretion of the Reconstruction Finance Corporation.

Mr. RAINEY. Yes, sir.

Mr. CELLER. I desire to insert at this point a wire which I have received from the president of the New York Produce Exchange concerning this important matter, which reads as follows:

NEW YORK, *July 12, 1932.*

Hon. EMANUEL CELLER,
House of Representatives, Washington, D. C.:

The New York Produce Exchange, comprising over 1,500 members, regularly engaged in purchase and sale of export commodities, primarily grain, cotton, by-products, provisions, and flour, urge you to vigorously protest against the employment of Reconstruction Finance Corporation funds in any manner, direct or indirect, for the purpose of selling foreigners our commodities of whatever description on credit. There is not the slightest necessity for accepting doubtful I O U's from foreigners who have been accustomed to pay cash for decades and can well afford to continue so doing. Course contemplated by Reconstruction Finance Corporation would demoralize export trade of our country, cripple our marketing machinery, and as usual our taxpayers would foot the bill. Other leading world commodity exporting countries, namely, Canada, Australia, Russia, and Argentina sell their export surpluses in world markets for cash and never deviate from it. Why should we?

SAMUEL KNIGHTON,
President New York Produce Exchange.

In this connection also I wish to include in the RECORD a very important letter sent to Senator R. F. WAGNER, of my State, by Mr. W. W. Cohen, of New York, a former Member of this House and a gentleman for whose wisdom I have the most profound respect. The letter is as follows:

JUNE 24, 1932.

Hon. ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: I notice in the newspapers that there have been $40,000,000 allocated in your bill for financing the exporting of commodities.

I am terribly surprised that this was put into the bill, because if commodities are sold to good merchants in Europe they do not need credit; and if they are sold to merchants whose credit is not good, it merely means that the Government will not be paid for their merchandise, and these people will be able to injure and kill the reputable merchant who is now doing business in Europe, and upon whom the Government depends for part of its tax income.

Every pound of cotton and every bushel of grain that is needed by the foreign merchant is being supplied by this country in cotton and other countries in grain.

The reason we can not compete with them in grain is that, being on a gold basis and the other countries being on a bimetal basis, they automatically have an advantage over us on account of exchange, and our wheat is selling in Chicago within about 2 cents of what it is selling in Liverpool, and from which must either be added or deducted the cost of transportation, which is the normal difference of about 11 cents.

Regarding our cotton, the spinners of Europe are in the same condition as the spinners here, namely, "buying from hand to mouth," and this attempt to stimulate business is not going to make any new channels of business, but merely choke up the old channels, and will dislocate regular business, the same as the Farm Board activities have been doing for the past three years.

I sincerely hope that you can see your way clear at your conference meeting to in some way or other have this $40,000,000 taken out of your bill for foreign farm credits. This $40,000,000, used in New York for building purposes, would give much more employment and do much more good, and being used for this purpose would automatically give just that much greater buying power to our own country, which would certainly use up some of our wheat and cotton through the regular channels of business.

Hoping you are in position to change this part of your bill, I am,
Sincerely yours,

WILLIAM W. COHEN.

I herewith serve warning that there is dynamite in these provisions. The Reconstruction Finance Corporation has given us no cause for alarm. I believe it has conducted itself with considerable efficiency. I know of nothing to the contrary. I do know, however, that the administration, in the ordinary course of events, has a strong influence over it. This is natural. Mr. Hoover is running for reelection. It looks at the present time as though the Democratic candidates would carry several of the western wheat States. The farmers are dissatisfied with the low condition of affairs and the ruinous prices of their crops. It would be possible under these provisions of the bill for the administration to force the Reconstruction Finance Corporation to spend a great sum of money just prior to election in purchasing vast quantities of wheat, and thereby advance its price. This would have the effect of making the farmers in those States happy and contented. It might have the result of winning those States for the Republican Party. This would be done at the cost of the taxpayers. It would be a shocking thing to do, yet it is possible. I do not believe the Republican managers would hesitate to take such a step, bold and dastardly as it is.

Mr. RAINEY. Mr. Chairman, I yield the balance of my time to the gentleman from Illinois [Mr. KELLER].

Mr. SABATH. Will the talented and accommodating gentleman yield to me one minute to ask the chairman a question?

Mr. KELLER. I yield to the gentleman from Illinois with pleasure.

Mr. SABATH. I desire to ask the chairman of the committee a question for the purpose of securing information. Under the mandate of the Supreme Court of the United States, the Sanitary Board of Cook County is obliged to proceed with certain sewage-disposal improvements that will require a great deal of labor. This act provides that self-supporting and financially solvent corporations or municipalities may borrow money. I want to know from the gentleman from Illinois [Mr. RAINEY] whether he is of the opinion that, under this provision, the Sanitary Board of Cook County will be able to qualify for a loan. I believe it can, and should.

Mr. RAINEY. I am under the impression that if they have a self-liquidating project, they can borrow money. I think that is about the end of it.

Mr. KELLER. Mr. Chairman, there are in the United States at the present time no less than 10,000,000 men who are unwillingly idle. It was within the power of this Congress and the President of the United States to have provided work for that number of men, if we had had the courage and the vision to do it.

Our adjournment without providing for that shows entirely our lack of vision and our lack of courage in this crisis. I say to you very frankly that if I vote for this bill I shall do it under protest, because it is a shameless surrender of the right of this House to provide the jobs that are absolutely required in this country if we are to meet this terrible emergency.

The gentleman from Missouri [Mr. COCHRAN] has made a suggestion to you that I want further to call to your attention. The gentleman called attention to what occurred a few days ago in the very conservative city of St. Louis. In my judgment, in the next three months this body will be called back here and directed by the sentiment of this country, that will brook no delay, that will accept no alibi from Congress or the President, to provide the very jobs that we ought to provide at the present time.

We have done only five things here that gave promise, and none of the five has been carried through. The first was the emergency currency law, known as the Glass-Steagall bill, the original of which was hamstrung at the orders of the President, because instead of being left automatic in its operation it was turned over to the tender mercies of a Federal reserve system entirely out of sympathy with the idea of an automatic, certain, but properly limited expansion of the currency. It has not, therefore, been of any use, and is not being used, even though it was announced as the President's trump card for the restoration of prosperity.

The second one is the Goldsborough bill, which provided for the general policy of restoring the commodity-price level. This bill passed the House by an overwhelming vote, but the Senate appears to fear to announce a general policy along this line, even though it be clear that nothing less can hope to stem the financial flood sweeping us constantly toward the abyss of economic ruin. I am going to vote for the Senate substitute because it is better than nothing. The increase of money, however, will go into the banks—nearly a billion dollars of it—but it will there be largely hoarded and frozen from service to the people, because the banks are not loaning and can not loan money unless and until it is made absolutely certain that the Government is going to expand and keep on expanding currency until it becomes more profitable to invest money than it is to hoard money.

The third bill which gave promise was the Steagall bank guaranty bill which also passed this House. It recognized the all-important fact that the restoration of prosperity depends to a large extent upon the restoration of the national credit stream—the restoration of the use of bank checks, the people's money, back to the level of 1928 and 1929, when more than a trillion dollars of business was carried on within the United States in each of those years. It wisely provided for the security of the money of the depositors in our banks, the same as is now provided for the United States Government, the States, counties, municipalities, school treasurers, and other official trustees of moneys.

The fourth was the Patman-Owen bill for the payment of $2,200,000,000 to the holders of bonus certificates. Be it said to the credit of this House that that bill also passed this body. More than any other bill, this bill, if it had been enacted into law, would have provided the wide distribution of new money, which must be had before we can hope for a return of prosperity.

The fifth was the Garner bill that provided for a widespread public-works program that would have put more than a million men to work. However, as soon as that proposal to put men to work was put forward, the same shadow at once appeared that has cast its gloomy image over the activities of this body from the beginning of the session in December.

At the very moment that Congress met the same administration, under whose control had arisen and developed the most devastating panic and succeeding depression in all our history, appeared before the committees of this body and behind closed doors presented a program for the cure of those very conditions for the coming of which this administration was solely responsible. These Representatives of the administration warned us most ominously that unless the President's program were followed that still greater disaster would overwhelm us.

Instead of understanding and announcing the truth that an administration which permits the coming of such conditions is clearly incapable of curing those conditions and ourselves launching out on an independent course of the heroic proportions necessary to meet this gigantic cataclysm, we quite mistakenly agreed to follow the administration which had failed.

We have carried out the President's program in full, and with what results? The commodity-price level has sagged enormously; property values have reached the lowest point in our history; the sale of farms and homes for nonpayment of taxes in these seven months is greater than in all the years of our history combined. We are in the grasp of the deluge, grabbing only at straws.

The President of the United States, instead of awaiting the program to be worked out by the conference committee of the House and Senate on the Garner-Wagner bill, constantly interfered by advising what he would or would not accept. Even when the conferees had come to final agreement, he insisted that a committee should wait on him and receive their orders from "the man with the veto." This committee gave up most of the things for which the House and Senate had contended. Even this was not sufficient; the President would only have what he wanted without regard to what the legislative branch of the Government wanted, and as a result vetoed the bill upon which the conference committee had unanimously agreed. We have therefore finally done, with the passage of this bill, all the things which the President has asked us to do. He apparently believed that his prescriptions would remedy all our difficulties. Let us see what was the result. The President took charge of his very own depression, of his own unemployment, of his own starvation. He proposed his own remedies for his own diseases. He announced he would not stand for doles. By his own acts he has now denied work to men. He denied the right of the United States Government to prevent starvation. I ask, therefore, when a man is denied work and at the same time denied food, what is he to do? By his veto the President has accepted full responsibility for himself and his party, not only for the panic and depression which they at least permitted to come about, but he and his party have also accepted full responsibility for the failure to remedy those conditions. Every man in enforced idleness has been denied any remedy except those which the President has suggested, every one of which has ignominously failed. They told us we can not sell bonds to put men to work; that the United States was broke; that we had no credit left; that it would ruin the bond market. But this Congress at the behest of the President has granted to the Reconstruction Finance Corporation $4,000,000,000 of the people's credit to be used to save the financial institutions of this country.

If $4,000,000,000 had been voted last December or January to the putting of men to work what a different story there would be to tell. We would be climbing out of this slough of despond all along the line. I want to contrast these two plans. The latter, which I proposed upon my entrance into Congress, and for which I have stood from that day until this. Because I see clearly that only by putting men to work can they buy the farmer's produce. Only by restoring the commodity-price level can the farmers of this country hope to pay their debts. I have worked to bring about these two requirements by every means which would contribute to these ends, in cooperation with a majority of this House, but have been overshadowed by the threat of a veto of the administration, which, more than any other administration in history, proves how deeply a failure of government may affect the people of it.

This President's bill may be a little better than nothing, but it is so bad, it falls so far short of the requirements to meet this unprecedented condition, that every man here today will, before the next three months have passed, regret down deep in his heart that this body has failed completely and entirely to provide the work that we should have provided here before we agreed to adjournment.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

All time has expired.

Mr. RAINEY. Mr. Chairman, I offer an amendment which I have sent to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. RAINEY: On page 9, line 6, after the word "sec." insert the following: "and under the Reconstruction Finance Corporation act."

Mr. RAINEY. May I ask the gentleman from Oregon if we can agree on the time?

The CHAIRMAN. Under the rules there are only five minutes on the side allowed for debate on each amendment.

Mr. RAINEY. The rule is satisfactory.

Mr. HAWLEY. Will the gentleman agree to 15 minutes on the side?

Mr. RAINEY. The rules limit debate to five minutes a side.

Mr. KVALE. Mr. Chairman, may the amendment be again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk again reported the amendment.

Mr. RAINEY. Mr. Chairman, it will hardly be necessary for me to take five minutes to explain this amendment. It affects loans hereafter to be made.

The text of the bill requires an accounting, a statement only as to loans made under this act. The object of the amendment is to compel the filing of an account or statement of loans hereafter made under the original Reconstruction Finance Corporation act in order that the people of the United States who may possibly sustain losses at some time in the future on account of the operation of this act may know what becomes of their money.

The charge is being made throughout the country that $80,000,000 of this money has been loaned to the bank of a former member of the board of directors of the Reconstruction Finance Corporation. As a matter of fact, my information is that the amount was only $10,000,000, although more than that could have been obtained by his bank if it needed it. Now, if this statement were made it would relieve this particular bank of the charge of having obtained on account of the influence of its president this large amount of money.

It is contended as to future loans, made to small banks throughout the country, that if through information filed here with the Clerk of the House of Representatives it becomes known that a small bank has borrowed $100,000, it might have the effect of making a run on that bank. I do not agree with this statement at all.

It will have the effect of showing that the bank is solvent and can borrow because banks are compelled to borrow on adequate security under this act, and under the old act. This amendment simply broadens the accounting requirements in order that the people may be fully advised as to what is being done with their money—the use that is made of it.

Mr. PARSONS. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. PARSONS. If future loans are to be made public why should not the same requirement apply to loans that have already been made?

Mr. RAINEY. Maybe it should, but the amendment I am requested to present by the committee only covers loans made in the future.

Mr. PARSONS. Why should it not also cover loans that have been made?

Mr. RAINEY. All I can say to the gentleman is that the amendment does not cover them.

Mr. STEAGALL. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. STEAGALL. The situation is that under the original law loans were not required to be published, and borrowers borrowed with this understanding. There might be—although I do not think there are—instances where applicants would not want it known and who might not have applied for loans had they known the facts had to be published.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TREADWAY. How much time is there on this amendment?

The CHAIRMAN. Under the rules there are five minutes of debate on each side. The gentleman from Illinois has consumed five minutes.

Mr. TREADWAY. Mr. Chairman, I ask for recognition in opposition to the amendment.

Mr. Chairman, the amendment offered by the gentleman from Illinois is directly contrary to the agreements that have been entered into by both sides on this rule in connection with the passage and early approval of this bill.

It is contrary to the wishes of the Treasury Department that this amendment be adopted. It is perfectly fair to state that the amendment is being insisted upon by the Speaker of this House. We might just as well know exactly where we stand.

Mr. McDUFFIE. Will the gentleman yield?

Mr. TREADWAY. I would like to complete my statement.

Mr. McDUFFIE. I would like to ask the gentleman if the President will veto the bill if this amendment is included.

Mr. TREADWAY. I have nothing to say as to that feature of it; but I do say it would be absolutely destructive of the banking industry of this country to adopt this amendment. No bank is coming to the Reconstruction Finance Corporation and ask for a loan when it knows its name and the amount borrowed will be broadcast over the country. It is an admission of weakness on the part of a bank to do that, and therefore you are absolutely tying up the proposition and spoiling the merits of the loans which banks may secure under the broadening of the base of this item.

I think it is a vicious amendment that ought to be voted down. It ought to be voted down not only on its merits, but likewise it ought to be voted down in view of the fact we are endeavoring here to-day to secure a bill absolutely in harmony with the wishes of the administration. This is in harmony with somebody who has been beaten in his efforts in the past and it will cause indefinite runs on banks.

Mr. SNELL. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. SNELL. Was it not understood that we were going to bring this bill out exactly as it had been agreed upon?

Mr. TREADWAY. That was the positive understanding; it was the absolute understanding of the Democratic members of the Ways and Means Committee; and it was the understanding at the White House conference in which the gentleman from Illinois [Mr. RAINEY] participated yesterday. I venture to say that the offering of this amendment is not in conformity with the personal wishes of the gentleman from Illinois.

Mr. SNELL. I had that understanding no later than this morning and this amendment ought to be beaten.

Mr. TREADWAY. The gentleman's understanding was with the Speaker of the House, who is now trying to force this down our throats.

Mr. PARSONS. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. PARSONS. Is it the duty of the Congress of the United States to legislate for all the people of the country, or for a few people, or, in this instance, for one man?

Mr. TREADWAY. Yes; but it is not our duty to legislate in accordance with the absolute dictation of the vice presidential candidate.

Mr. PARSONS. Nor for the presidential candidate either.

Mr. TREADWAY. The President of the United States is in authority. The other man wants to get there, but he will not get there through these methods. Those are the facts of the case, and this will come back home to the American people.

Mr. PARSONS. Will the gentleman yield further?

Mr. TREADWAY. If the gentleman will ask a sensible question, I will.

Mr. PARSONS. Is the President as much of an authority on this question as he has been on prosperity for the last two years?

Mr. TREADWAY. He is an authority and in authority, and he will exercise that authority. [Applause.]

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back one minute.

Mr. CHINDBLOM. Mr. Chairman, I ask unanimous consent to proceed for five minutes on the merits of this amendment.

The CHAIRMAN. Is there objection?

Mr. RAINEY. Mr. Chairman, I object.

Mr. CHINDBLOM. Then, Mr. Chairman, I ask recognition for the one minute remaining.

The CHAIRMAN. The gentleman is recognized for one minute.

Mr. CHINDBLOM. Mr. Chairman, this provision has not been in any bill that has passed either the House or the Senate up to the present moment. It simply means this, so far as the banks are concerned: Whenever a bank wants a loan to cover its assets and to protect its depositors, it will be heralded throughout the locality in 30 days or less thereafter that such a bank has found it necessary to obtain a loan from the Reconstruction Finance Corporation in order to meet its obligations. You will destroy the safety and security of that bank if you permit that information to become immediately public.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken; and the Chair being in doubt the committee divided and there were—ayes 125, noes 138.

Mr. RAINEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. RAINEY and Mr. HAWLEY.

The committee again divided and the tellers reported that there were ayes, 158; noes, 152.

So the amendment was agreed to.

Mr. MAPES. Mr. Chairman——

Mr. RAINEY. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. For what purpose does the gentleman from Michigan [Mr. MAPES] rise?

Mr. MAPES. To submit a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MAPES. Title III of the bill appropriates $322,224,000 for the construction of roads and trails, and for the construction of certain buildings, and for other purposes. My information is that $136,000,000 of this total are appropriated unconditionally for the construction of roads and trails, and the balance of the appropriation, or $186,224,000, is subject——

The CHAIRMAN. What is the gentleman's parliamentary inquiry?

Mr. MAPES. I am coming to that, if the Chair will permit.

The balance is subject to the condition or can not be expended unless the Secretary of the Treasury certifies to the President that the amount necessary for such expenditure is available or can be obtained without interference with current financing operations of the Government. I desire to ask the Chair whether, under the rule under which this legislation is being considered, it would be in order to offer an amendment to strike out the language on pages 27 and 28, as follows:

Except the amount for expenditure under paragraph (1) or (2) of subsection (a).

So that if the amendment should be adopted, the entire appropriation carried in Title III, the amount appropriated for roads and trails, as well as the rest, could not be expended unless the Secretary of the Treasury certifies to the President that the amount necessary for such expenditure is available or can be obtained without interference with current financing operations of the Government.

The CHAIRMAN. No amendment, under the rule, can be offered except by direction of the Committee on Ways and Means. This is the express language of the rule under which we are operating.

Mr. MAPES. So the Chair holds that I could not, under the rule, offer such an amendment.

The CHAIRMAN. The Chair so holds.

Mr. RAINEY. Mr. Chairman, I offer another committee amendment.

The Clerk read as follows:

Amendment by Mr. RAINEY: Page 9, line 8, after the word "amount," insert the following: "and rate of interest."

Mr. RAINEY. Mr. Chairman, the amendment is perfectly simple. It carries out the subject matter of the first amendment and is really a part of it, so that when the statement is filed with the Clerk of the House of Representatives it will show not only the amount of the loans and the names of the borrowers, but the rate of interest the borrowers are required to pay. This is all there is to the amendment and is all the explanation I desire to make.

Mr. CHINDBLOM. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there was no real difference of opinion in the committee in regard to this particular amendment. It adds the item of interest to the matters that may be published under the provision of the section as now amended, and may not itself be subject to much objection. However, I again want to call attention to the danger and the peril which is involved to all banking institutions, and particularly to the small banks, in the amendment that has just been adopted.

When it is published to the world that a bank has pledged all of its available, good assets, all of its first-class securities, to secure a loan from the Reconstruction Finance Corporation to secure a loan, which loan will necessarily cover only a part of the deposits in the bank, you have started a run upon that bank the moment such information is given to the public.

Mr. BLACK. Will the gentleman yield?

Mr. CHINDBLOM. Yes; I yield.

Mr. BLACK. Did the publicity attending the loan to the Dawes bank have an ill effect on the bank?

Mr. CHINDBLOM. I will say to the gentleman that that bank obtained sufficient money and sufficient credit to cover every dollar of its deposits. That bank was unusually well situated.

Mr. BLACK. It received much publicity, and the publicity about that loan did not do any harm.

Mr. CHINDBLOM. No ordinary bank can get a sufficient loan from the Reconstruction Finance Corporation or from any clearing house or any association of banks to cover all of its deposits.

Mr. STEVENSON. Will the gentleman yield?

Mr. CHINDBLOM. I am sorry, but I can not yield now.

I repeat that when the loan is made to a bank it will be only for a part of the deposits, and its best assets, its liquid securities, will all go to the Reconstruction Finance Corporation, and all of the depositors of the bank and all of its creditors will have notice that these securities have been hypothecated, and that so far as their claims are concerned they have been relegated to what sometimes is called "the cats and dogs" of securities, which accumulate in almost every financial institution in the course of years.

I want to warn the House that this matter is of such peril that we are endangering every financial institution that may be compelled to seek a loan.

Why is it that the banks up to this time have not availed themselves, as we expected, of the facilities of the Reconstruction Finance Corporation? Simply because they did not want to disclose and let it be known, even through rumor, that they had been compelled to go to the Reconstruction Finance Corporation for help. In the original act creating the Reconstruction Finance Corporation it is provided that the board every three months shall make a complete report of the aggregate loans to each of the classes

of borrowers and the number of borrowers in each class, but there is no provision requiring the giving of the name of the bank, the amount of money that has been lent to a particular bank, and all the other incidental details in regard to it.

This is the first time that such a provision comes into this legislation by any legislative action. It did occur in the original Wagner amendment, which was before the Senate yesterday afternoon, but the Senator himself took it out of the proposal which he offered as an amendment to the home loan bank bill yesterday. It was not in the original conference report. It was not in the original Garner bill and it was not in the original Wagner bill. It was not in the bill introduced yesterday by the gentleman from Illinois [Mr. RAINEY], which had the approval of all interested parties. We are embarking to-day, after a few minutes of discussion in the Committee on Ways and Means——

Mr. CROWE. Will the gentleman yield?

Mr. CHINDBLOM. No; I can not yield.

We are embarking to-day, after a brief discussion of 10 minutes on this floor——

Mr. CROWE. Every bank publishes a statement.

Mr. CHINDBLOM. Every bank publishes a statement, yes; but it does not publish the fact that the bank has gone to this extraordinary institution, the Reconstruction Finance Corporation, for the purpose of protecting its stability, its security, and its very existence.

Mr. Chairman, the requirement for monthly reports of the Reconstruction Finance Corporation as to its operations under the pending bill does not have the objections I am urging to the extension of this requirement to the original purposes and operations of the corporation. The pending bill provides for loans in the aid of employment and not for the purpose of protecting and maintaining the general credit structure of the Nation, as does the original act. In its very nature, a loan designed to strengthen a purely financial institution should not be used to disclose the weakness or vulnerability of such an institution. If a banking institution is to be subjected to such a disclosure, the loan or assistance given it should be sufficient to cover its total liabilities, or at least every hazard of extraordinary withdrawals of its deposits. We must not use an agency created for relief and stabilization in a way to cause new disorder and catastrophe.

Mr. RAINEY. Mr. Chairman, I believe I have two minutes remaining.

Mr. STAFFORD. Mr. Chairman, I raise the question of order that a Member, under the 5-minute rule of the House, can not have recognition on two different occasions on the same amendment. The gentleman has been recognized and yielded the floor and did not reserve his time.

The regular order was demanded.

Mr. STAFFORD. I am discussing the rules of the House, and I am discussing the regular order. It would have been the privilege of the gentleman from Illinois after one minute of discussion to have closed debate, and if the committee had voted the matter up that would have been sufficient. The gentleman can not now ask recognition a second time under the rules, because he has been recognized once.

The CHAIRMAN. The Chair holds that the point of the gentleman from Wisconsin is well taken.

Mr. STEVENSON. Mr. Chairman, I move to strike out the last word.

Mr. STAFFORD. Mr. Chairman, I make the point of order that that motion is not in order under the rule.

The CHAIRMAN. That motion is not in order under the rule.

Mr. STEVENSON. Mr. Chairman, I ask unanimous consent to proceed for one minute.

Mr. DE PRIEST. Mr. Chairman, I object.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. RAINEY), there were 153 ayes and 136 noes.

So the amendment was agreed to.

The CHAIRMAN. Under the rule the committee rises automatically.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TAYLOR of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 12946, and, pursuant to House Resolution 275, he reported the bill back to the House with two amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered. Is a separate vote demanded on any amendment?

Mr. HAWLEY. I demand a separate vote on the amendment to page 9, line 6, reading:

And under the Reconstruction Finance Corporation act.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Page 9, line 6, after the word "section," insert the following: "and under the Reconstruction Finance Corporation act."

The SPEAKER. The gentleman from Oregon demands the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 170, nays 169, answered "present" 2, not voting 90, as follows:

[Roll No. 117]

YEAS—170

Allgood	Disney	Kunz	Rainey
Almon	Dominick	Kvale	Ramspeck
Amlie	Doughton	LaGuardia	Rankin
Arnold	Douglass, Mass.	Lambeth	Reilly
Ayres	Doxey	Lamneck	Rudd
Barton	Drewry	Lankford, Ga.	Sabath
Black	Driver	Larrabee	Sanders, Tex.
Bland	Ellzey	Lea	Schneider
Boehne	Fiesinger	Lewis	Schuetz
Boland	Fishburne	Lichtenwalner	Shallenberger
Briggs	Fitzpatrick	Lindsay	Shannon
Browning	Flannagan	Lonergan	Sinclair
Brunner	Gambrill	Lozier	Smith, Va.
Burch	Garrett	Ludlow	Smith, W. Va.
Byrns	Gavagan	McCormack	Somers, N. Y.
Cannon	Goldsborough	McDuffie	Spence
Carden	Granfield	McFadden	Steagall
Carley	Green	McMillan	Stevenson
Cartwright	Gregory	McSwain	Stewart
Celler	Griffin	Major	Sullivan, N. Y.
Chapman	Griswold	Maloney	Sumners, Tex.
Chavez	Haines	Mead	Sutphin
Christgau	Hall, Miss.	Milligan	Sweeney
Clark, N. C.	Hancock, N. C.	Mobley	Swing
Cochran, Mo.	Hare	Montet	Tarver
Cole, Md.	Hart	Morehead	Taylor, Colo.
Collier	Hill, Ala.	Nelson, Mo.	Tierney
Collins	Hill, Wash.	Norton, Nebr.	Underwood
Condon	Hornor	Norton, N. J.	Vinson, Ky.
Connery	Howard	O'Connor	Warren
Cooper, Tenn.	Huddleston	Oliver, Ala.	Weaver
Cox	Jacobsen	Overton	West
Cross	James	Owen	Whittington
Crosser	Jeffers	Palmisano	Williams, Mo.
Crowe	Johnson, Mo.	Parker, Ga.	Wilson
Crump	Johnson, Okla.	Parsons	Wingo
Cullen	Johnson, Tex.	Patman	Withrow
Delaney	Jones	Patterson	Wood, Ga.
DeRouen	Karch	Person	Woodrum
Dickinson	Keller	Pettengill	Yon
Dickstein	Kelly, Ill.	Polk	The Speaker
Dies	Kemp	Pou	
Dietrich	Kleberg	Prall	

NAYS—169

Adkins	Carter, Calif.	Douglas, Ariz.	Hartley
Aldrich	Carter, Wyo.	Dowell	Haugen
Allen	Cavicchia	Dyer	Hawley
Andresen	Chase	Eaton, Colo.	Hess
Andrew, Mass.	Chindblom	Eaton, N. J.	Hoch
Andrews, N. Y.	Christopherson	Englebright	Hogg, Ind.
Arentz	Clague	Erk	Hogg, W. Va.
Auf der Heide	Clancy	Estep	Holaday
Bacharach	Clarke, N. Y.	Evans, Calif.	Hollister
Bachmann	Cochran, Pa.	Fish	Holmes
Bacon	Cole, Iowa	Foss	Hooper
Baldrige	Colton	Free	Hope
Barbour	Connolly	French	Hopkins
Beedy	Cooke	Garber	Horr
Bolleau	Cooper, Ohio	Gibson	Houston, Del.
Bolton	Coyle	Gifford	Hull, Morton D.
Bowman	Crail	Golder	Hull, William E.
Britten	Crowther	Goss	Jenkins
Brumm	Culkin	Guyer	Johnson, S. Dak.
Buckbee	Curry	Hadley	Johnson, Wash.
Burdick	Dallinger	Hall, Ill.	Kading
Burtness	Darrow	Hall, N. Dak.	Kahn
Butler	Davenport	Hancock, N. Y.	Kelly, Pa.
Campbell, Pa.	De Priest	Hardy	Kendall

Kinzer	Millard	Seger	Tinkham
Knutson	Moore, Ohio	Seiberling	Treadway
Kopp	Mouser	Selvig	Wason
Kurtz	Murphy	Shott	Watson
Lambertson	Nelson, Me.	Simmons	Welch
Leavitt	Niedringhaus	Smith, Idaho	White
Lehlbach	Nolan	Snell	Whitley
Loofbourow	Parker, N. Y.	Snow	Wigglesworth
Luce	Perkins	Sparks	Williamson
McClintock, Ohio	Pittenger	Stafford	Wolcott
McGugin	Pratt, Ruth	Strong, Kans.	Wolfenden
McLaughlin	Purnell	Strong, Pa.	Wolverton
McLeod	Ramseyer	Stull	Wood, Ind.
Maas	Ransley	Summers, Wash.	Woodruff
Magrady	Reed, N. Y.	Swanson	Wyant
Manlove	Rich	Taber	Yates
Mapes	Robinson	Temple	
Martin, Mass.	Rogers, Mass.	Thurston	
Michener	Schafer	Timberlake	

ANSWERED "PRESENT"—2

Campbell, Iowa Gilchrist

NOT VOTING—90

Abernethy	Fernandez	Larsen	Romjue
Bankhead	Finley	Linthicum	Sanders, N. Y.
Beam	Frear	Lovette	Sandlin
Beck	Freeman	McClintic, Okla.	Shreve
Blanton	Fulbright	McKeown	Sirovich
Bloom	Fuller	McReynolds	Stalker
Bohn	Fulmer	Mansfield	Stokes
Boylan	Gasque	Martin, Oreg.	Sullivan, Pa.
Brand, Ga.	Gilbert	May	Swank
Brand, Ohio	Gillen	Miller	Swick
Buchanan	Glover	Mitchell	Taylor, Tenn.
Bulwinkle	Goodwin	Montague	Thatcher
Busby	Greenwood	Moore, Ky.	Thomason
Cable	Harlan	Nelson, Wis.	Tilson
Canfield	Hastings	Oliver, N. Y.	Tucker
Cary	Igoe	Parks	Turpin
Chiperfield	Johnson, Ill.	Partridge	Underhill
Corning	Kennedy	Peavey	Vinson, Ga.
Crisp	Kerr	Pratt, Harcourt J.	Weeks
Davis	Ketcham	Ragon	Williams, Tex.
Doutrich	Kniffin	Rayburn	Wright
Drane	Lanham	Reid, Ill.	
Evans, Mont.	Lankford, Va.	Rogers, N. H.	

So the amendment was agreed to.

The following pairs were announced:

On the vote:

Mr. Campbell of Iowa (for) with Mr. Chiperfield (against).
Mr. Harlan (for) with Mr. Stalker (against).
Mr. Sandlin (for) with Mr. Partridge (against).
Mr. Rayburn (for) with Mr. Lankford of Virginia (against).
Mr. Bankhead (for) with Mr. Goodwin (against).
Mr. Canfield (for) with Mr. Sanders of New York (against).
Mr. Hastings (for) with Mr. Thatcher (against).
Mr. Fernandez (for) with Mr. Ketcham (against).
Mr. Bloom (for) with Mr. Finley (against).
Mr. Davis (for) with Mr. Beck (against).
Mr. Evans of Montana (for) with Mr. Reid of Illinois (against).
Mr. Greenwood (for) with Mr. Cable (against).
Mr. Gilchrist (for) with Mr. Underhill (against).
Mr. Kniffin (for) with Mr. Freeman (against).
Mr. McClintic of Oklahoma (for) with Mr. Tilson (against).
Mr. McKeown (for) with Mr. Johnson of Illinois (against).
Mr. Boylan (for) with Mr. Shreve (against).
Mr. Sirovich (for) with Mr Bohn (against).
Mr. Oliver of New York (for) with Mr. Pratt (against).
Mr. Lanham (for) with Mr. Doutrich (against).
Mr. Beam (for) with Mr. Lovette (against).
Mr. Kennedy (for) with Mr. Stokes (against).
Mr. Gasque (for) with Mr. Turpin (against).
Mr. Gillen (for) with Mr. Swick (against).
Mr. Linthicum (for) with Mr. Weeks (against).
Mr. Ragon (for) with Mr. Sullivan of Pennsylvania (against).
Mr. Parks (for) with Mr. Brand of Ohio (against).

Until further notice:

Mr. Corning with Mr. Frear.
Mr. Mansfield with Mr. Nelson of Wisconsin.
Mr. Glover with Mr. Peavey.
Mr. Thomason with Mr. Taylor of Tennessee.

Mr. GILCHRIST. Mr. Speaker, I have a pair with the gentleman from Massachusetts [Mr. UNDERHILL], so I withdraw my vote of "aye" and answer "present."

Mr. TEMPLE. Mr. Speaker, my colleague, Mr. TURPIN, is absent on account of illness. If here, he would vote "no."

Mr. CAMPBELL of Iowa. Mr. Speaker, I am paired with the gentleman from Illinois, Mr. CHIPERFIELD. I therefore withdraw my vote of "aye" and answer "present."

The SPEAKER. On this vote the yeas are 169 and the nays 169. The Chair votes "aye," and the amendment is agreed to. [Applause.]

Mr. SNELL. Mr. Speaker, I ask for a recapitulation of the vote.

The SPEAKER. The gentleman from New York asks for a recapitulation of the vote. That question is entirely within the discretion of the Chair. The Chair believes, however, in the interest of fairness and correctness the vote ought to be recapitulated. Therefore he will order a recapitulation of the vote.

The Clerk recapitulated the vote.

The SPEAKER. The question is on agreeing to the other amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. HAWLEY. Mr. Speaker, on that I demand the yeas and nays.

Mr. FISH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nay were ordered.

The question was taken; and there were—yeas 296, nays 46, not voting 88, as follows:

[Roll No. 118]

YEAS—296

Adkins	Crowe	Hopkins	Oliver, Ala.
Aldrich	Crowther	Hornor	Overton
Allgood	Crump	Horr	Owen
Almon	Culkin	Houston, Del.	Palmisano
Amlie	Cullen	Huddleston	Parker, N. Y.
Andresen	Curry	Hull, Morton D.	Patterson
Andrew, Mass.	Dallinger	Hull, William E.	Perkins
Andrews, N. Y.	Darrow	Jacobsen	Person
Arentz	Davenport	James	Pettengill
Arnold	Delaney	Jeffers	Pittenger
Auf der Heide	De Priest	Jenkins	Pou
Ayres	DeRouen	Johnson, Mo.	Prall
Bacharach	Dickinson	Johnson, Okla.	Pratt, Ruth
Bachmann	Dickstein	Johnson, S. Dak.	Purnell
Bacon	Dieterich	Johnson, Wash.	Rainey
Baldrige	Doughton	Kading	Ramseyer
Barbour	Douglas, Ariz.	Kahn	Ramspeck
Barton	Douglass, Mass.	Karch	Ransley
Beedy	Dowell	Kelly, Ill.	Reed, N. Y.
Black	Drewry	Kelly, Pa.	Reilly
Bland	Driver	Kemp	Rich
Boehne	Dyer	Kendall	Robinson
Boileau	Eaton, Colo.	Kinzer	Rogers, Mass.
Boland	Eaton, N. J.	Kleberg	Rudd
Bolton	Englebright	Knutson	Sabath
Bowman	Erk	Kopp	Schafer
Briggs	Estep	Kunz	Schneider
Britten	Evans, Calif.	Kurtz	Seger
Brumm	Fiesinger	Kvale	Seiberling
Brunner	Fish	LaGuardia	Selvig
Buckbee	Fishburne	Lambertson	Shannon
Burch	Fitzpatrick	Lambeth	Shott
Burdick	Flannagan	Lamneck	Sinclair
Burtness	Foss	Larrabee	Smith, Idaho
Butler	Free	Lea	Smith, Va.
Byrns	Gambrill	Leavitt	Smith, W. Va.
Campbell, Iowa	Garber	Lehlbach	Snell
Campbell, Pa.	Garrett	Lewis	Snow
Cannon	Gavagan	Lichtenwalner	Somers, N. Y.
Carden	Gibson	Lindsay	Spence
Carley	Gifford	Lonergan	Stafford
Carter, Calif.	Gilchrist	Loofbourow	Steagall
Carter, Wyo.	Golder	Lozier	Stewart
Cavicchia	Goldsborough	Luce	Strong, Kans.
Celler	Goodwin	Ludlow	Strong, Pa.
Chapman	Goss	McClintock, Ohio	Stull
Chase	Granfield	McCormack	Sullivan, N. Y.
Chavez	Gregory	McDuffie	Summers, Wash.
Chindblom	Griffin	McLaughlin	Sutphin
Christgau	Guyer	McLeod	Swanson
Christopherson	Hadley	McMillan	Sweeney
Clague	Haines	Maas	Swing
Clancy	Hall, Ill.	Magrady	Taylor, Colo.
Clark, N. C.	Hall, Miss.	Major	Temple
Clarke, N. Y.	Hall, N. Dak.	Maloney	Thurston
Cochran, Mo.	Hancock, N. Y.	Manlove	Tierney
Cochran, Pa.	Hancock, N. C.	Martin, Mass.	Timberlake
Cole, Iowa	Hardy	Martin, Oreg.	Tinkham.
Cole, Md.	Harlan	Mead	Treadway
Collier	Hartley	Michener	Underwood
Collins	Haugen	Millard	Vinson, Ky.
Colton	Hawley	Montet	Warren
Condon	Hess	Moore, Ohio	Watson
Connery	Hill, Ala.	Mouser	Weaver
Connolly	Hill, Wash.	Murphy	Welch
Cooke	Hogg, Ind.	Nelson, Me.	West
Cooper, Ohio	Hogg, W. Va.	Nelson, Mo.	White
Cooper, Tenn.	Holaday	Niedringhaus	Whitley
Coyle	Hollister	Nolan	Wigglesworth
Crail	Holmes	Norton, N. J.	Williams, Mo.
Crosser	Hooper	O'Connor	Williamson

Wilson	Wolcott	Wood, Ind.	Wyant
Wingo	Wolfenden	Woodruff	Yates
Withrow	Wolverton	Woodrum	Yon

NAYS—46

Allen	Green	McGugin	Shallenberger
Browning	Griswold	McSwain	Simmons
Bulwinkle	Hare	Mapes	Sparks
Cartwright	Hart	Mobley	Stevenson
Cox	Hoch	Morehead	Sumners, Tex.
Cross	Hope	Norton, Nebr.	Taber
Dies	Howard	Parker, Ga.	Tarver
Disney	Johnson, Tex.	Parsons	Wason
Dominick	Jones	Patman	Whittington
Doxey	Keller	Polk	Wood, Ga.
Ellzey	Lankford, Ga.	Rankin	
French	McFadden	Sanders, Tex.	

NOT VOTING—88

Abernethy	Fernandez	Linthicum	Romjue
Bankhead	Finley	Lovette	Sanders, N. Y.
Beam	Frear	McClintic, Okla.	Sandlin
Beck	Freeman	McKeown	Schuetz
Blanton	Fulbright	McReynolds	Shreve
Bloom	Fuller	Mansfield	Sirovich
Bohn	Fulmer	May	Stalker
Boylan	Gasque	Miller	Stokes
Brand, Ga.	Gilbert	Mitchell	Sullivan, Pa.
Brand, Ohio	Gillen	Milligan	Swank
Buchanan	Glover	Montague	Swick
Busby	Greenwood	Moore, Ky.	Taylor, Tenn.
Cable	Hastings	Nelson, Wis.	Thatcher
Canfield	Igoe	Oliver, N. Y.	Thomason
Cary	Johnson, Ill.	Parks	Tilson
Chiperfield	Kennedy	Partridge	Tucker
Corning	Kerr	Peavey	Turpin
Crisp	Ketcham	Pratt, Harcourt J.	Underhill
Davis	Kniffin	Ragon	Vinson, Ga.
Doutrich	Lanham	Rayburn	Weeks
Drane	Lankford, Va.	Reid, Ill.	Williams, Tex.
Evans, Mont.	Larsen	Rogers, N. H.	Wright

So the bill was passed.

The Clerk announced the following pairs:

General pairs:

Mr. Sandlin with Mr. Partridge.
Mr. Rayburn with Mr. Lankford of Virginia.
Mr. Bankhead with Mr. Chiperfield.
Mr. Canfield with Mr. Sanders of New York.
Mr. Hastings with Mr. Thatcher.
Mr. Fernandez with Mr. Ketcham.
Mr. Bloom with Mr. Finley.
Mr. Davis with Mr. Beck.
Mr. Evans of Montana with Mr. Reid of Illinois.
Mr. Greenwood with Mr. Cable.
Mr. Kniffin with Mr. Freeman.
Mr. McClintic of Oklahoma with Mr. Tilson.
Mr. McKeown with Mr. Johnson of Illinois.
Mr. Boylan with Mr. Shreve.
Mr. Sirovich with Mr. Bohn.
Mr. Oliver of New York with Mr. Pratt.
Mr. Lanham with Mr. Doutrich.
Mr. Beam with Mr. Lovette.
Mr. Kennedy with Mr. Stokes.
Mr. Gasque with Mr. Turpin.
Mr. Gillen with Mr. Swick.
Mr. Linthicum with Mr. Weeks.
Mr. Ragon with Mr. Sullivan of Pennsylvania.
Mr. Parks with Mr. Brand of Ohio.
Mr. Corning with Mr. Frear.
Mr. Mansfield with Mr. Nelson of Wisconsin.
Mr. Glover with Mr. Peavey.
Mr. Thomason with Mr. Taylor of Tennessee.
Mr. Vinson of Georgia with Mr. Stalker.
Mr. Crisp with Mr. Underhill.

Mr. VINSON of Kentucky. Mr. Speaker, the gentleman from Indiana, Mr. CANFIELD, is unavoidably absent. I am authorized to state that if he were present he would vote "yea."

Mr. BLAND. Mr. Speaker, my colleague, Mr. MONTAGUE, is absent on official business. If present, he would vote "yea."

The result of the vote was announced as above recorded.

On motion of Mr. RAINEY, a motion to reconsider the vote by which the bill was passed was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Crockett, its Chief Clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 9642, an act to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment.

The message also announced that the Senate recedes from its amendment No. 32 to the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, and agrees to the amendments of the House to the amendments of the Senate Nos. 54, 60, 62, 80, and 87 to said bill.

The message also announced that, pursuant to the provision of House Concurrent Resolution No. 26, to establish a commission to be known as the United States Roanoke Colony Commission to report a plan and program for the celebration in 1934 of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America on Roanoke Island, N. C., the Vice President appointed Mr. ROBINSON of Arkansas, Mr. MOSES, and Mr. HAWES members of said commission on the part of the Senate.

EMERGENCY HIGHWAY CONSTRUCTION

The SPEAKER. The Chair asks the attention of the House, and particularly the gentleman from New York [Mr. SNELL] and the gentleman from Illinois [Mr. RAINEY]. The Chair is advised on what he thinks is the best authority that the Senators who carry with them the leadership in the Senate say that the quickest way by which they can consider the relief bill just passed under their rules would be for the House to consider at the present time the original Almon House roads bill (H. R. 9642), which has come to the House with a Senate amendment, and concur in the Senate amendment with an amendment attaching thereto the relief bill which has just been passed, and ask for a conference. These gentlemen say in case the House does that, the Senate will agree to a conference and that the conferees will be able to consider the differences within 30 minutes.

Also, although the bill H. R. 9642 is a House bill coming from the Committee on Roads, the Chair would take the responsibility of appointing on the conference committee the original Members who were on the conference committee that brought about the relief bill we voted on a few days ago; in other words, the three ranking members of the Committee on Ways and Means on the Democratic side and the two ranking members of that committee on the Republican side. The Chair makes this statement in view of the fact that he assumes that most gentlemen would like to go home—at least the Chair would. [Applause.] The object is to facilitate the matter and bring the minds of the two Houses together.

The Chair is further advised, if this bill is sent over to the Senate, that under their rules it must go to the committee and must be reported from the committee to the Senate. Of course, that would require a day, so that they could not do anything before to-morrow. The Chair makes that statement for the benefit of the gentleman from Illinois and the gentleman from New York.

Mr. RAINEY. Mr. Speaker, I am sure the House wants to do that, to accelerate this proposition as much as possible. Unless the minority leader, the gentleman from New York [Mr. SNELL], has some objection to it, I think that should be done.

The SPEAKER. The way in which this can be done, it occurs to the Chair, is to ask unanimous consent to take from the Speaker's table the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, with the Senate amendments thereto, concur in Senate amendment No. 1 with an amendment substituting the provisions of the relief bill just passed, disagree to Senate amendment No. 2, and ask for a conference. That can be done in one unanimous-consent request.

Mr. RAINEY. I think that is the best way.

Mr. MAPES. Would not the proper motion be to agree to the Senate amendment with an amendment, substituting the House bill?

The SPEAKER. That would be the proper way.

Mr. RAINEY. I make that request, Mr. Speaker.

Mr. SCHAFER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SCHAFER. If the unanimous-consent request is granted, in view of the Speaker's statement that many of

the Members desire to expedite the passage of the relief bill and go home, would that foreclose the opportunity to move to suspend the rules and modify the Volstead Act?

The SPEAKER. Oh, no. That subject is always in order for conversation.

Mr. SCHAFER. And further, if the unanimous consent be granted, will the Speaker of the House recognize me or some other Member to suspend the rules and immediately modify the Volstead Act?

The SPEAKER. Any time the gentleman can get unanimous consent on anything involving the liquor question, the Chair will recognize the gentleman. [Laughter.]

Mr. ALMON. Could not the House agree to the Senate amendment? The bill that just came over is a House bill; and if we agree to the Senate amendment, that would end this controversy and debate, and the bill could be sent to the White House immediately.

The SPEAKER. The Chair has assurances from gentlemen who handled this legislation that they will not agree to these amendments by the Senate, and it would take unanimous consent for their consideration. The question is solely whether Members want to facilitate the passage of the bill by substituting the provisions of the House bill for the Senate amendment to the roads bill. If that is done, then it will all be in conference.

If this is messaged to the Senate within the next 10 minutes, within 30 minutes from this time the House and Senate conferees could be in conference, and the Chair has not the slightest doubt they could iron out their differences within one hour, and this bill could be passed to-day.

Mr. SNELL. Mr. Speaker, I am very anxious to facilitate the passage of this law. I think the suggestion that has been made by the majority leader [Mr. RAINEY] is all right; and as far as I am concerned, I shall not object, and I shall ask the Members on this side of the House to agree to that unanimous-consent request. [Applause.]

The SPEAKER. The gentleman from Illinois [Mr. RAINEY] asks unanimous consent to take from the Speaker's table the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, with Senate amendment; concur in Senate amendment No. 1, with an amendment substituting the provisions of H. R. 12946; disagree to Senate amendment No. 2; and ask for a conference. Is there objection?

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. I think the gentleman should have asked that our bill be put on as an amendment.

The SPEAKER. That was included in the unanimous-consent request.

Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. COLLIER, RAINEY, DOUGHTON, HAWLEY, and TREADWAY.

EXTENSION OF REMARKS

Mr. PURNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech delivered by the Secretary of the Treasury at Faneuil Hall, in Boston, on Monday night.

The SPEAKER. The Chair will take 5 or 10 minutes to recognize Members to extend their own remarks in the RECORD, since objection has been made for all Members to extend their remarks until the last CONGRESSIONAL RECORD is printed. The Chair thinks that should be the rule; but in case it can not be, the Chair will recognize just as many as he can for that purpose.

Mr. RAINEY. Mr. Speaker, I make that request at this time.

Mr. STAFFORD. Well, Mr. Speaker, I do not think we should have that request propounded. I object.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. SABATH. What is the request?

Mr. PURNELL. My request was to extend my own remarks in the RECORD by printing a speech delivered by the Secretary of the Treasury in Faneuil Hall, Boston, on Monday night.

Mr. SABATH. Reserving the right to object, on what subject was that?

Mr. PURNELL. On the state of the Union. It contains much enlightenment for the gentleman if he will read it.

Mr. SABATH. It was not on the question of prohibition, was it?

Mr. PURNELL. No.

The SPEAKER. The Chair will state to the gentleman from Indiana that if we start putting political speeches in the RECORD, that consent must be general, and one in the future should not bar this. The Chair thinks the gentleman should wait and make the same unanimous-consent request with reference to both parties having an opportunity to insert political speeches in the RECORD. That seems to be the fair thing.

Mr. SCHAFER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the administration of Woodrow Wilson, whose spirit is now leading the hosts of the Democratic Party in the forthcoming campaign.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent to extend his remarks in the RECORD on a very interesting subject. Is there objection?

Mr. SABATH. Reserving the right to object, if I thought the gentleman from Wisconsin would put in the real, true conditions and achievements of former President Woodrow Wilson, I would not object; but I am fearful that the gentleman will put in something that is not fair or correct.

Mr. SCHAFER. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. SCHAFER. Since the Democratic nominee has announced he is not leading the Democratic Party but the spirit of Woodrow Wilson is leading it, I think the gentleman from Illinois, as a good Democrat, as well as the people of the country, ought to have some facts regarding the administration of Woodrow Wilson.

Mr. SABATH. Oh, the people have plenty of facts.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

Mr. SABATH. Mr. Speaker, I object.

Mr. SIMMONS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SIMMONS. Is it possible, under a grant of permission to extend remarks now being given to individual Members, to make two distinct extensions of a Member's own remarks?

The SPEAKER. The gentleman must make separate requests under the present rule. Under the general rule that would be possible. But not under the present rule.

Mr. RAMSEYER. Mr. Speaker, I ask unanimous consent that all Members have leave to extend their remarks in the RECORD until the last issue of the RECORD.

Mr. RAINEY. I object for the present. I will make the request later.

Mr. RAMSEYER. I thought the gentleman made that request a while ago.

Mr. RAINEY. I did; but somebody objected.

Mr. LAMBERTSON. Mr. Speaker, I objected.

The SPEAKER. Permit the Chair to ask unanimous consent that all Members may have five legislative days in which to extend their own remarks in the RECORD.

Mr. LAMBERTSON. Mr. Speaker, I object.

LAUSANNE—ANOTHER LINK IN THE CHAIN OF EVENTS TO CANCEL WAR DEBTS DUE THE UNITED STATES

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to place in the RECORD a speech I am to make to-morrow on war debts.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Speaker, ever since the war the question has been agitated before the public as to whether the United States ought to cancel the allied debts. The

earlier argument ran that the United States had done little more than loan money and that it should regard the money loaned as a subsidy; but when, as time went on, it was recognized that in the summer of 1918 the allied armies were on the verge of complete defeat and that the newly arrived American Army was the decisive military element that turned defeat into victory there was but little left of that argument. In 1922 the famous Balfour note proclaimed that Britain had made the loans in America in order to lend the money to her allies and offered to cancel the loans of her allies provided the United States would cancel the British loans. But it was found that the money which Britain had borrowed from the United States was used to purchase food for the English people and even to finance enterprises in which Britain was in competition with America and that the proposal was not as simple as it seemed to be. Later it was argued that cancellation of the debts would be to the commercial interest of the United States and that it would realize greater profits in trade than the debt payments amounted to, but this was not a very persuasive argument, as the United States already enjoyed a large and favorable balance of trade.

The debts were finally funded upon the basis of the debtor's capacity to pay, and it should be noted that this capacity was estimated without reference to reparation payments from Germany. The sums loaned before the armistice were virtually canceled and the debts as funded represented money loaned for reconstruction purposes. The interest rates are low and the annual payments are well within the capacity of the debtor to pay. I do not think that there is much doubt that the general opinion has come to prevail here that the debts ought not to be canceled and that to forgive them would be only to shift the burden to the shoulders of the American taxpayers, which would be an act of gross injustice.

This opinion that the debts ought not to be canceled has been translated into definite policy by the United States Government. To the argument that the allied governments ought not to pay anything to America unless they first received the money from Germany in reparations our Government has consistently maintained the position that there is no connection between German reparations and allied debts to the United States, and that the Allies are able and obligated to pay these sums without any reference to what they receive from Germany. As a matter of fact, the preliminary peace agreement which President Wilson made with Germany limited reparations to a much smaller sum than that which was imposed by the treaty of Versailles, which raises the question of the validity of the treaty. The American people are to be congratulated that their Government never became a party to that treaty and that it did not involve them, therefore, in the receipt of German reparations. With reference to the allied debts, our Government has taken the position that the debt agreements are a matter between the United States and each debtor nation separately, and that there is no reason whatever for considering the allied debts collectively as a single question.

The Hoover moratorium proposed a year ago last month was an ill-considered move to placate political and financial clamor from Europe, and was rendered wholly valueless when the Franco-American agreement of July 6, exempting the unconditional annuities of the Young plan from its operation, was made a part of it. It did infinite harm by raising false hopes in Europe that plans of debt reduction or cancellation are entertained here. It did not succeed, however, in sweeping the United States from its chosen position, because the Congress last December, in authorizing a one year's suspension of payments under it, expressly declared that there will be no reduction or cancellation of the allied debts.

Pursuant to this action by Congress, our State Department in December, 1931, made the position of the Government of the United States clear to Europe through a memorandum communicated by Secretary Stimson to Ambassador Claudel, the substance of which was as follows:

First. There is no connection between war debts and reparations.

Second. The European powers must take the initiative on reparations.

Third. A demand for a new debts moratorium could not obtain approval in Congress, and the Senate opposes a cancellation or reduction of the debts.

Fourth. The United States Government would look with displeasure on the formation of a united front by the debtor nations.

Fifth. The existing debt arrangements, having been concluded separately, can be eventually revised only by separate accords.

Until then the European governments had maintained the hope that the United States might be induced to cancel the debts, and this hope had been particularly strong under the yielding and shifting policy of the present administration, but the action of the Congress in December brought the conviction that this hope was groundless.

The almost simultaneous declaration by a Germany now dominated by the Hitler policies that Germany would pay no more "war tribute" spelled the end of the Young plan and of reparations. The reaction to these two events in the Allied foreign offices was immediate, and the decision was made then that when Germany ceased to pay reparations to the Allies, the Allies would cease to make payments to America. The agreements at Lausanne the other day were settlements made in pursuance of a decision made last January when Sir Horace Rumbold, British ambassador at Berlin, informed his Government that Germany had decided to pay no more reparations. The press dispatches at that time indicate this clearly. One from Berlin on January 9 stated:

> The German Government to-day repudiated the stupendous reparation payments exacted by the peace treaty of Versailles, the Dawes and the Young plans. Europe now looks to France to make the first move to repudiate Europe's war debts to America.

A dispatch from London, stated to reflect the view of Whitehall, said:

> Reparations are now definitely ended and the United States may as well expect to be told that Europe will not pay her war debts.

A foreign-office spokesman intimated that Europe's chancellories are now confronted by the delicate problem of how to inform the United States that cancellation of war debts is expected, and he added that that step was up to France. "This is the hour for a showdown," said another, "the world has been trying to smooth over the fact, but the final word must now be said."

There is every indication that Great Britain will take the first step toward reconsideration of war debts; the ground work for this has been pretty well prepared. Mr. Andrew W. Mellon was sent as an ambassador to London, not an unfriendly act to this end to say the least. Then the already expressed attitude of the administration leader in the Senate, who was a delegate to the London Naval Conference, DAVID A. REED, to the effect that he would favor a reconsideration of Great Britain's debt to the United States, and the propaganda of the Carnegie Foundation through its president, Nicholas Murray Butler, which is always working to the end that the British-American union may be a reality, should be given thoughtful consideration.

Leading writers in France are saying that the Hoover moratorium forced Europe to unite as they did in the gentlemen's agreement recently at Lausanne against the United States, and that it was Hoover's interference in European affairs without consultation that lifted from Germany's back the costs of the war "but not the guilt," and that it is with thanks to Hoover and his moratorium that Germany, although she lost the war, has won the peace. We now can begin to understand what Woodrow Wilson meant when he said at the close of the war, "peace without victory."

Since 1924, when the Dawes plan was adopted, and shortly after which Great Britain, and later France, reestablished their depreciated currencies on a gold basis, we have had the

5-year period from 1924 to 1929 when European bond issues to the extent of billions were disposed of to American purchasers and vast loans were made to Europe by American banks. These billions invested in Europe are now, of course, a hazard. Already greatly depreciated in value, their fate depends greatly upon the character of the relations which are maintained between the United States and Europe. The holders of the private loans, or some of them, no doubt, will be inclined to advocate the cancellation of the allied debts.

The events which happened last December, then, crystallized a new allied policy.

For the last six months, therefore, the governments of Europe have been engaged upon perfecting the alliances against the United States which they have just announced at Lausanne. Our ponderous and expensive diplomacy has been focusing its efforts upon a disarmament conference at Geneva in the vain hope that the heavily armed nations of Europe might be induced to throw away their arms upon an intimation from our Government that in that case the United States might consider a reduction of the Allied debts. During those six months our State Department has shown no indication that it was aware at all of the plans taking form in Europe, and certainly it has done nothing to check their development. It has not kept American opinion informed but has filled the press with optimistic predictions that under American leadership Geneva would lead to a general disarmament in the interests of world peace.

In Congress there is much distrust to-day of the purposes of the Executive. The intimate and cordial relations of Norman H. Davis and Hugh Gibson, of the American delegation at the Geneva conference, with the allied negotiators at Lausanne in the face of the revelations of the past few days is a fact difficult to explain. What did Neville Chamberlain, Chancellor of the Exchequer, mean when he told the House of Commons on July 11 that the delegates at Lausanne had not only consulted each other but also representatives of the American Government. One can not help but recall in this connection the midnight meeting in the town midway between Lausanne and Geneva of Hugh Gibson and Norman H. Davis with Herriott, of France, and the open meeting in Lausanne the following day when the news of the attempted clandestine meeting of the night before took place following a telephone call from Washington. One must also recall the statement of Secretary Stimson, which had its effect on the final determination at Lausanne, to the effect that German reparations should not be entirely canceled.

In view of this can we say truthfully that the United States was not present at Lausanne and that the position of the United States was not known at Lausanne by MacDonald, Laval and Herriott (his successor), and Grandi? One must also remember that MacDonald, Laval, and Grandi were here, and very little of the understanding arrived at while they were here has been disclosed to the American public, but we now know that war debts and reparations and gold movements were discussed. Until the people of this country know these things fully, how can we know what took place at Lausanne?

Have these settlements been made with the previous approval of our Executive? Under the Lausanne agreement with Germany, reparations, except for a small sum, are canceled, but under a gentleman's agreement among the Allies the treaty with Germany will not be ratified or go into effect until a satisfactory settlement has been reached between them and their own creditors. If such settlements are not obtained, a new situation will arise, and the interested governments will confer on what is to be done. The situation will then be as before the Hoover moratorium.

The press dispatches indicate that most cordial personal relations are being maintained between our delegates at Geneva and the European delegates there as well as those at Lausanne. It is difficult to discern what causes there are for American cordiality in the presence of a general treaty settlement in Europe which demands the cancellation of the allied debts to the United States and of a supplementary Franco-British agreement that neither Government will make new arrangements with the United States without first consulting the other. Under this Franco-British agreement the two Governments promise to consult each other on all important matters interesting them which are calculated to suggest the wisdom of European cooperation, and neither can handle alone any problem affecting the interests of both countries.

One wonders what American diplomats in Europe have been doing during the past six months. Presumably they have had nothing whatever to do with the far-reaching negotiations which the Europeans have been carrying on with each other and which concern our interests vitally; apparently they have been entirely ignorant of what has been transpiring. They have been so quiet and have had so little information to convey to their own Government that we are now confronted with a fait accompli in the treaty of Lausanne and the Franco-British alliance.

Excepting the second heading, there is not one of the five points of policy in the memorandum which Secretary Stimson handed to Ambassador Claudel last December which is not defined and flaunted in the Lausanne settlements. There is not one of them which has been maintained and protected by this administration.

I have called the attention of the public many times to the purposes of the financial clauses in the treaty of Versailles. After fixing the German reparations at an impossible sum the negotiators of the treaty provided that negotiable bonds for the entire amount signed by Germany should be divided among the allied states and that each allied state might dispose of its share of the bonds upon the investment markets. There is no doubt that the allied governments hoped to dispose of billions of dollars' worth of these bonds in the United States. This was the purpose of the Dawes plan and of the Young plan. They centered their diplomatic efforts upon this purpose for 10 years after the war. It was in the hope of accomplishing this that they brought themselves reluctantly to the point of funding their war debts to us.

If they could realize billions of dollars from the sale of German reparation bonds here, it would be an easy matter to pay the installments on their debts to us out of these sums. But the final determination of Germany to pay no more reparations ended the existence of the billions in German reparation bonds and of the hope, therefore, that billions of dollars might be realized from their sale in the United States. It is simultaneously with the ending of this hope that the decision is reached to pay no more upon their war debts to us.

The executive branch of our Government since the ending of the war ought to have been in the hands of nationalists and not of internationalists. The treaty of Versailles was largely drawn in its financial aspects by the international bankers of New York, who were wholly committed to the plan of disposing of the German reparation bonds here. President Hoover was closely identified with their activities in the making of that treaty. Norman H. Davis, who in recent weeks has been so active as an American representative at Geneva and Lausanne, was one of four Americans who are almost wholly responsible for the financial settlements of the Versailles treaty. With the exception of President Coolidge's four years as an elected President, our Government has been continuously in the hands of men who have been putty in the hands of Europe.

These aggressive and alarming treaty settlements just made in Europe need never to have taken place and, considering the means of persuasion in our own hands, they could have been prevented by a firm, just, and patriotic policy on the part of the Executive. So long as American diplomacy is in the hands of those who wield it to-day, there must be vigilance in Congress, for it is in this body alone that the power and inclination may be found to safeguard the interests of the American people.

COST OF GOVERNMENT

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein an article written by myself in the Nation's Business magazine.

The SPEAKER. The gentleman has that privilege if they are his own remarks or his own writing under permission to extend his own remarks. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, the most important problem facing American lawmakers to-day is how to bring about a reduction in the cost of government. It is the basic need of the times. As long as excessive and unreasonable taxes burden our people industry will be atrophied because our business men will be continually hard pressed to scrape together to pay taxes funds that should be devoted to productive enterprise. Unemployment and starvation will continue because money raised for taxes employs no one except the personnel of a ridiculously overmanned government, including a large number of useless tax-eating paternalistic bureaus and commissions of whom, so far as their part in the necessary economy of government is concerned, it might be said:

> They toil not, neither do they spin; and yet Solomon in all his glory was not so arrayed.

As long as these outrageous tax impositions continue we may expect industrial paralysis. Not only will funds be drained from healthy circulation to pay taxes but an enormous blight will be placed on productive employment by self-seeking rich people, whose first instinct is to rush to the haven of tax-exempt securities for investment whenever danger signals threaten normal employment-producing enterprises. Unless taxes are reduced and the cost of government returns to the level where normal processes may be resumed there will be no improvement of present distressing conditions. Banks will tighten their reserves, the rolls of unemployed will continue to grow, and dark and sinister panic will brood over the Nation.

It is more than passing strange to me, Mr. Speaker, that our statesmen do not see more clearly the need of the times. Our first and foremost duty is to put the ax to the root of bureaucracy, to proceed with an unsparing hand to strike these paternalistic, tax-eating excrescences off of the structure of government.

In this fight to redeem America from economic thralldom the United States Chamber of Commerce is pointing the way with a devotion to patriotic ideals and a clearness of vision that must challenge the admiration of all thinking people.

Mr. Merle Thorpe, editor of the chamber's publication, Nation's Business, has been a pioneer in spreading the only economic gospel that will accomplish the salvation of the country. With unflagging zeal and resolute courage he has carried on a good fight, making innumerable addresses to business groups, pointing out the insidious dangers of bureaucracy and the imperative need of reducing the cost of government. With his trenchant pen he has presented these facts and arguments in the columns of the great magazine of which he is the editor, always with a directness and clarity that he who runs may read and understand. I have faith to believe that sometime America will pass through the psychosis from which it is suffering, and when that better day comes the United States Chamber of Commerce and Mr. Thorpe will deserve the praise of all for the vision and sane leadership they are displaying in these years of stress.

Recently Nation's Business did me the honor to invite me to return for a brief while to my old avocation as a writer to record for its columns some of my observations in regard to the paternalism and extravagance with which the Government of the United States is shot through from turret to foundation stone. The subject is so big, the paternalism is so universal, the extravagances are so general and widespread that it was possible to glimpse only a few of the high places in the scope of a single magazine article, but I hope that my brief offering may have been useful at least to a small extent in directing attention to some of the fundamental weaknesses of our Government. By unanimous consent of the House I submit for publication in the RECORD my article in Nation's Business, June, 1932, as follows:

WE CAN'T SAVE UNLESS YOU HELP

For more than 30 years I have been observing the day-to-day course of governmental affairs in Washington. For more than 27 of those years, I watched from the Press Gallery. For the last several years I have been playing my small part in those events—but still observing them with a reportorial eye, I hope—on the floor of the House of Representatives.

During those three decades I have seen the development of what is to me an alarming and threatening trend in this Government—a trend toward increasing centralization of power in Washington, toward bureaucracy and paternalism. This trend has developed so quietly that the people have hardly been aware of it despite its threat to our liberties, indeed to our very conception of government.

It is a trend that is of especial concern to business men, not only because it entails a waste of million of tax dollars but because it involves a ceaseless and ever-widening invasion of corporate and individual rights. An inevitable accompaniment of bureaucracy is a lust for inquisitorial powers and the result is already visible in the swarms of agents, inspectors and other functionaries who prowl our land worrying, bluffing, and exasperating individuals and corporations alike.

I recall the day in 1907 when Senator Joseph B. Foraker, in an outburst of indignation, made this statement:

"The little band of 167 special deputies, agents, and inspectors on the pay rolls of the Government ten years ago has been swelled to an army of more than 3,000!"

Were the old Senator alive to-day to see the continued expansion of that "little band" I'm afraid words would utterly fail him. To-day the inquisitorial army of 3,000 of which he complained has grown to more than 20,000—nearly seven times that number. And this does not include the Secret Service, whose number and personnel are never disclosed, and numerous other governmental employees whose functions are definitely inquisitorial but who are not officially classified as agents, inspectors, examiners, or investigators. I have not the slightest doubt that the army of those who might properly be included in the espionage class totals more than 30,000.

In the Department of Agriculture alone there are 3,112 inspectors and agents, and enough others whose work is investigational in character to bring the total to more than 5,000.

The Post Office Department has 534 inspectors; the Department of Justice has 2,376 agents, 13 inspectors, and 158 examiners or investigators.

The Internal Revenue service of the Treasury Department has 2,727 agents, while the Customs Service employs 198 agents, 2,758 inspectors, and 257 examiners or investigators.

The Department of Labor reports 3,001 inspectors, and the Department of Commerce 1,257 inspectors, agents, investigators, or examiners.

BUREAUCRACY HURTS BUSINESS

Through this multiplicity of agents and inspectors and self-promulgated regulations, these Washington bureaus are putting innumerable fetters upon business, fetters which are already beginning to bind and hurt. There are business men in this country who even now are beginning to wish that they had looked after the preservation of their freedom while they still had freedom, for already they see a soft-gloved dictatorship, with its army of inspectors and agents, closing in upon them.

Examples of the domineering and exacting attitude which this bureaucracy is taking toward business men and others are plentiful. I know of an Indiana company which wished to manufacture a perfectly wholesome and nutritious food product and to sell it at moderate prices. But it is not permitted to do so—at least it can not safely go ahead—until a Washington bureau authorizes it to. So far the permission has not been forthcoming. Such examples could be multiplied. They are natural results of bureaucracy and its attendant paternalism.

The fact that, so far, this bureaucracy has largely hidden behind the cloak of benevolence renders its growth no less dangerous, because history has repeatedly proved that bureaucracy is the entering wedge of tyranny. The bureaucratic dictatorship which is swiftly being set up, although benevolent now, must, unless checked, become more and more domineering as its powers increase and its position becomes entrenched. Unless we curb its growth, all of us will be getting, as some of us already are, orders from Washington as to how, when, and where to conduct ourselves and our business. Already we labor under a multiplicity of laws which this paternalistic bureaucracy has fastened upon us in its constant search for new fields to invade.

Already we have bureaus whose activities range all the way from training grocery clerks to running railroads. How these bureaus, once established, grow can be illustrated by tracing the history of almost any one of them. Let's take, say, the Department of Agriculture's Bureau of Markets, or, to use its more recent name, the Bureau of Agricultural Economics.

This bureau was set up through an Agriculture Department appropriation bill approved March 4, 1913, which carried $50,000 for the new activity. In the Agriculture Department appropriation act for the fiscal year 1915, the new Bureau of Markets was given official standing and an appropriation of $200,000. In the same year activities in connection with rural organization were placed with the new bureau and a special appropriation of $40,000 voted for that purpose. Also in 1915 the cotton futures act, with an accompanying appropriation of $150,000, was passed

and its administration placed with the bureau. Thus the total appropriation which the bureau controlled grew to $390,000.

For the fiscal year 1916, appropriations specifically for the marketing bureau totaled $484,050. The next year the Agricultural Department appropriation act included the $250,000 grain standards act and the $50,000 warehouse act. The appropriation direct to the marketing bureau was $872,590, and the total spent by the bureau $1,172,590—a considerable jump from the modest $50,000 set up only four years before.

By the fiscal year 1921, however, this bureau's appropriation had doubled again and was $2,538,709. Shortly thereafter, through one of the periodic reorganizations, the Bureau of Markets became the Bureau of Agricultural Economics. This bureau's appropriation for the current fiscal year is $5,731,336, or more than 116 times the amount it started with 19 years ago.

This is typical of the growth of Government bureaus and commissions. They are rolling snowballs. Once, before the truth of this statement had so firmly implanted itself in my mind, I thought I had found a Government commission that was not gifted with everlasting life. This was the National Screw Thread Commission, brought forth in 1918.

I was in the Press Gallery when the bill passed, and I gave three inward cheers, because, tacked on the end of the act, was a clause limiting the life of the Commission to six months.

Fourteen years have passed since then, and the National Screw Thread Commission is still going strong. It has attained a robust existence and an honored and permanent place in the Congressional Directory. Three times its life was extended. Congress got tired of this piecemeal business and finally made it a "continuing commission," so I suppose that the screw threaders will be with us from now on.

EVER MORE COSTLY BUREAUS

Every year this growth and extension of bureaucracy continue, with our Government developing more and more into a great, overshadowing bureaucratic despotism that is breaking down local self-government, invading the field of private initiative, and fastening burdens and restrictions on honest business. While we still have in Washington the great departments of Government which, presumably, exercise all executive functions, they now have been augmented by more than 40 commissions, boards, bureaus, and independent establishments. These bodies have reached out in all directions, ursurped governmental functions, and now spend a billion dollars annually.

I was brought up in the hard life of a farm family, where every dollar gained was thrice earned by sweat and toil. It wrenches my economic soul to see these millions shoveled out of the United States Treasury for any old project and under any old pretext. I have an old-fashioned idea that money—even tax money—still represents sweat and toil, and that it is the duty of officials occupying positions of public trust to see that public funds are wisely and economically administered. That, I think, is good business and good sense and the only policy on which to found a happy and contented state.

To see how that policy has been ignored one needs to spend only a few minutes in the division of bookkeeping and warrants of the Treasury Department. There he will find records which show annual peace-time appropriations skyrocketing from a billion dollars 15 years ago to five billions this year—from $11 per capita then to $38 per capita to-day.

How is all this money spent? I see answers to the question on every side here in Washington.

RAZING GOOD BUILDINGS

I see the eye-filling structure of the Post Office Department Building, a substantial 8-story edifice soon to be struck down—in its prime, so to speak—because its Romanesque style is out of harmony with the other public buildings being erected around it. Built in 1889 at a cost of $3,241,326, it soon will be replaced by a $10,300,000 structure with a façade more to the liking of the critics. This $10,300,000 is part of the $190,000,000 which Congress has appropriated for sites and erection of Government buildings in the Mall Triangle in Washington—a sum seven times greater than our expenditure for the great empire we acquired through the Louisiana Purchase.

Over in the Library of Congress I see a display of incunabula, acquired through an appropriation of $1,500,000, passed at the last session of Congress. When the bill was first proposed not more than a half-dozen members had ever heard the word "incunabula." The others rushed to dictionaries and found that it referred to "works of an early epoch; especially books printed before A. D. 1500."

After a brief and vigorous campaign, the owner of the books was in possession of a Treasury warrant for the million and a half and the Library was in possession of a collection of old books, which only about one expert scholar in 50 can read.

I see 16 officers of the United States Army being detailed this year to attend the Graduate School of Business Administration at Harvard University at a cost to the taxpayers of $600 each, aside from their salaries and allowances, and another officer of the Army being sent to the School of Journalism at Columbia University, at a cost of $332.

Contemplating the northern and southern boundaries of our country on my office map I vision the million-dollar-a-year waste going on along those borders in our overlapping customs-inspection service and immigration inspection. Take the case of an American returning from Mexico. He arrives at a port of entry. A customs official steps up and asks him some questions about his luggage. Then an immigration inspector steps forward and asks him where he lives. Why couldn't one official ask both questions? There's no good reason that I know of, yet we continue to maintain two sets of officers all along our borders. That is just one instance of overlapping.

Then there are the 48 industrial alcohol plants to which we issue permits to manufacture alcohol. At each plant the Government pays employees salaries totaling $7,075 a year. By a most liberal estimate, not more than 10 of these plants are required to supply our needs. Simply by withholding permits from 38 plants the Government could save $268,850 a year.

Other striking instances of waste and extravagance are found in the public printing. Going down into the basements of the Capitol and the House Office Building I see vast piles of obsolete, useless, and worthless documents and cloth-bound books, more than a million volumes waiting to be hauled away by the junk man. In 1911 a similar accumulation of a million volumes was destroyed or virtually given away as junk. The enormous stocks now on hand represent accretions since that year.

Under the time-honored method of distribution, whenever the Government issues a book on "The Malformations of the Doodle Bug" all members of the House are assigned exactly the same number of copies, though some may live in districts which never hear of a doodle bug. Those members never draw their doodle-bug books out of storage, and the unused volumes gather dust through the years until the junk man gets them.

The annual reports of the Government's department heads help to swell the mountainous accumulations. Experience shows that only about one-fourth of the total copies of an annual report are ever put in circulation. The remaining 75 per cent are dead for all time. The Agricultural Yearbook provides an example. Each member of Congress is allotted 677 copies valued at $1.50 a copy on the Government Printing Office sales list. The Tammany Member, from the heart of New York City, gets exactly as many volumes as a member from Iowa. There are approximately 200 Congressmen who have no rural constituents, yet they are annually allotted 135,400 of these books, valued at $203,100. Actual cost of producing each volume is about 75 cents. Most of them are finally disposed of as waste paper, bringing two or three cents a volume.

Another instance is found in the publication, in beautiful memorial volumes, of the addresses made in Congress in memory of departed Senators and Representatives. These addresses are all printed in the daily CONGRESSIONAL RECORD, which would seem to be about all that could reasonably be asked in the way of recognition of the departed. The custom of printing them in the memorial volumes for "gratuitous" distribution has grown up, however. In the Seventy-First Congress these volumes cost $64,478.74. Deaths to date in the present Congress will entail printing of memorial volumes costing $30,000.

LONG-TERM EXTRAVAGANCE

It has been estimated that the waste in Government printing entailed through this allotment system alone is at least $200,000 a year. Since the existing method of distribution has been used for 36 years, the total estimated minimum waste is $7,200,000—which just happens to equal the price we paid for Alaska. Secretary of State Seward was nearly run out of the country when he committed his indignant fellow citizens to pay such a sum.

The Government is honeycombed with numberless such extravagances, abuses, and overlappings. Sadly enough, the fact is too generally overlooked that these things are all paid for by taxes, and that the only source of taxes is the people. Every cent of these tremendous costs must be paid for by the taxpayer's dollar.

What can be done to curb this extravagance, to halt this centralization and the rise of bureaucracy? The fight seems a hopeless one sometimes, but it is a fight that must be carried on. If we quit now, I believe in all seriousness that we and the country are lost. There are signs developing, however, that give hope that public opinion is belatedly arousing itself to the dangers of the situation.

This rising public opinion must become vocal. There will be no improvement until the people order their Senators and Representatives to stand for economy and to make war on bureaucracy. The reform that will save the country—if it is to be saved—will never originate in Congress. It must spring up among the people, and business men and their organizations can be of tremendous influence in the movement.

CONFERENCE REPORT—AMENDMENT OF RECONSTRUCTION FINANCE CORPORATION ACT

Mr. STEAGALL. Mr. Speaker, I submit a conference report on the bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer fallowing during the year 1932, for printing in the RECORD.

BOLLING FIELD, D. C.

Mr. HILL of Alabama. Mr. Speaker, I call up the conference report on the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929, to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, and 3, and agree to the same.

LISTER HILL,
W. FRANK JAMES,
JAMES M. FITZPATRICK,
Managers on the part of the House.

DAVID A. REED,
DUNCAN U. FLETCHER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to H. R. 11732, an act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On No. 1: Substitutes the word "numbered" for the word "numberel" to correct a typographical error.

On Nos. 2 and 3: Authorize the Secretary of War, in his discretion, to terminate the contract entered into June 1, 1925, between the United States and A. T. Williams, of Jacksonville, Fla., for the sale and purchase of the St. Johns Bluff Military Reservation in Florida and to execute a quitclaim deed therefor to A. T. Williams or his executors upon the receipt of an amount, including interest, aggregating not less than ten times the official appraised value made of said reservation prior to the time it was offered for sale.

The language in the second and third amendments is the same exactly as that of Senate 3602, Seventy-second Congress, first session, which passed the Senate on March 10, 1932, was reported favorably to the House by the Committee on Military Affairs, and is now on the House Calendar. In reporting the bill for the committee to the House the chairman of the committee, Mr. MCSWAIN, made the following report (No. 1624, 72d Cong., 1st sess.):

This bill passed the Senate on March 10, 1932, and the committee feels that inasmuch as Mr. Williams has already paid more than ten times the present value of the property he and his executors should be released from further payments under the contract.

Upon request of the committee the property was appraised by the Jacksonville Real Estate Board on June 6, 1932, at $5,200.

The reservation, comprising 117 acres of unimproved isolated wild land, is located on the St. Johns River, in Duval County, Fla., about 20 miles by water and about 15 miles by road from Jacksonville. There is no substantial wharf or landing on or near the property, and it is practically inacessible—some 5 or 6 miles from a public highway.

This reservation was authorized to be sold as surplus by act of Congress approved March 4, 1923, after it had been appraised by the department as having a sales value of $4,708, but was not offered for sale until during the spring of 1925, at a time when real-estate values in Florida were highly inflated and speculative.

The highest bid received for the property was submitted by Mr. Arthur T. Williams, of Jacksonville, Fla., his bid being $76,605.50. The next highest bid received was submitted by the Waterfront Development Co., its bid being $25,000.

The department has received from Mr. Williams, on his contract of purchase, more than $50,000, including principal and interest, which is more than ten times the official appraised value of the reservation or more than two times the next highest bid submitted.

The purpose of this proposed legislation is to authorize the Secretary of War, in his discretion, to modify the contract and quitclaim the property to Mr. Williams in consideration of the payments received from him, as principal and interest, which it is understood amount to more than ten times the official appraised value made of the reservation in 1923, $4,708, or to more than two times the next highest bid submitted, $25,000, at time it was offered for sale. If, however, the Secretary determines that an additional payment should be made he shall so inform Mr. Williams.

It is not intended that any sum of money received from Mr. Williams shall be refunded him (see sec. 2 of the bill), in event the total received should be in excess of ten times the official appraised value made of the reservation in 1923 or more than two times the next highest bid submitted for the property.

The Secretary of War approves the bill as amended, and his letter to the chairman of the Committee on Military Affairs is made a part of this report and reads as follows:

WAR DEPARTMENT,
Washington, March 1, 1932.

Hon. DAVID A. REED,
Chairman Committee on Military Affairs,
United States Senate.

DEAR SENATOR REED: Careful consideration has been given to the bill (S. 3602, 72d Cong.) authorizing the modification of a certain contract for the sale and purchase of the St. Johns Bluff Military Reservation, Fla., which you transmitted to the War Department under date of February 12, 1932, with a request for information and the view of the department relative thereto.

There is no existing law which would authorize the modifying of any existing contract when such modification would be detrimental or prejudicial to the interests of the United States of America.

The facts relating to the contract of Mr. A. T. Williams, which is the one referred to in the bill in question, are fully set forth in the memorandum which accompanied your request.

Mr. Williams has already paid to the United States on account of the purchase price of the property known as the St. Johns Bluff Military Reservation, together with interest thereon, an amount in excess of 10 times the value of the property as appraised in July, 1922, which appraisal was in the amount of $4,708, and more than twice in excess of the next highest bid, in the amount of $25,000, which was received for the property when offered for sale in May, 1925. The property was sold during the period when real-estate values in Florida were highly inflated. It has been estimated that the property is now worth not more than possibly $10,000.

In view of the facts stated above, the War Department will interpose no objection to the enactment into law of the bill S. 3602, Seventy-second Congress, with the following amendments thereto:

Caption: Change the word "modification" to the word "termination." Change the period after the word "Florida" to a comma and add the words "and for other purposes."

Line 4, page 1: Change the word "modify" to the word "terminate."

Line 8, page 1: After the words "upon receipt of an amount" add the words "including interest aggregating."

Line 1, page 2: After the word "sale" insert a period and strike out the word "or," at the termination of the line.

Lines 2, 3, 4, and 5, page 2: Strike out in entirety.

It is believed that the bill, with the above amendments, will accomplish the purposes desired and will not establish a precedent that might be embarrassing in connection with other existing contracts covering the sale and purchase of real estate surplus to the needs of the War Department.

If any additional information is desired of the War Department, it will be furnished upon request.

Sincerely yours,

PATRICK J. HURLEY,
Secretary of War.

LISTER HILL,
JAMES M. FITZPATRICK,
W. FRANK JAMES,
Managers on the part of the House.

Mr. HILL of Alabama. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

On motion of Mr. HILL of Alabama, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to call up House Concurrent Resolution 37, which is on the Clerk's desk.

The SPEAKER. The gentleman from Mississippi asks unanimous consent to consider House Concurrent Resolution 37, which the Clerk will report.

The Clerk read the House concurrent resolution, as follows:

House Concurrent Resolution 37

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House is hereby authorized and directed in the enrollment of the bill H. R. 11897, an act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for

other purposes, to insert on page 9, line 15 of the bill, the sum of $5,928,389 in lieu of the matter directed to be inserted by the concurrence of the House in Senate amendment numbered 14.

The SPEAKER. Is there objection?

Mr. GOSS. Mr. Speaker, reserving the right to object, will the gentleman explain the purpose of the resolution?

Mr. COLLINS. With respect to the action taken yesterday on the amendments in disagreement to the War Department appropriation bill, Senate amendment No. 14, in addition to providing for additional money on account of the restoration of 2,000 officers, carried the following language:

And the rental and subsistence allowances for the fiscal year 1933 shall be the same as for the fiscal year 1932, subject to such reduction therein as may be necessary under the provisions of section 102, Part II, of the legislative appropriation act for the fiscal year 1933.

That language was inserted in the bill by the Senate when the economy bill was in the formative stage. The economy bill, or the legislative bill, as finally approved, excepts rental and subsistence allowances from the reduction applied to salaries, and, therefore, the language inserted by the Senate in the War Department bill is no longer necessary.

The Senate conferees agreed to its omission and through inadvertence yesterday, instead of receding and concurring with an amendment leaving the money as provided by the Senate but omitting the language, the motion was made to recede and concur.

This resolution is intended to have the bill conform with the action agreed upon by the Senate and House conferees.

Mr. GOSS. Has the gentleman taken this up with the gentleman from California [Mr. BARBOUR]?

Mr. COLLINS. I have. I have likewise taken it up with Senator REED. The gentleman from California and I are in accord.

Mr. SABATH. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. SABATH. What was done with the amendment on which the House voted yesterday? Did the Senate recede?

Mr. COLLINS. The Senate has acted on all matters connected with the War Department appropriation bill. On this particular one they are in accord with the House.

Mr. SABATH. So the Senate receded and concurred in the House amendment?

Mr. COLLINS. This is the only matter that needs to be acted on, and when the Senate adopts this concurrent resolution, action on the War Department appropriation bill will be complete. This resolution carries out the intent of the conferees.

The SPEAKER. Is there objection to the consideration of the resolution?

There was no objection.

The House concurrent resolution was agreed to.

A motion to reconsider the vote by which the House concurrent resolution was agreed to was laid on the table.

INTEREST ON ADJUSTED-SERVICE CERTIFICATES

Mr. FISH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. FISH. Would the Speaker mind informing the House as to the status of the Bacharach bill, reducing the rate of interest on adjusted-service certificates, and would the Speaker mind informing the House what he has in mind?

The SPEAKER. The House bill is on the calendar, and the Senate bill is on the Speaker's table.

Mr. FISH. Can the Speaker give us any further information at this time?

The SPEAKER. It is the purpose of the Chair to recognize some one—the gentleman from Mississippi, the gentleman from Illinois, or some one who reported the original House bill—to suspend the rules and pass some kind of a bill as soon as the Chair has the privilege of suspending the rules. The Chair will not have that privilege until the Senate sends to the House a resolution for adjournment.

Mr. SNELL. If the gentleman will permit, I thought the Ways and Means Committee directed the gentleman from New Jersey [Mr. BACHARACH] to present that bill.

The SPEAKER. The Chair does not know that the gentleman from New Jersey was directed to make the motion to suspend the rules.

Mr. SNELL. That is what I understood.

The SPEAKER. As the Chair understands it, the committee directed the gentleman from New Jersey [Mr. BACHARACH] to report the bill, but when the Chair recognizes some one to suspend the rules and pass a bill, the Chair thinks it proper to recognize some one on the Democratic side.

Mr. SNELL. I appreciate the fact the Speaker has the right to do that, and I just wanted information as to whom the committee had selected to call the bill up.

The SPEAKER. As the Chair recalls, the committee directed the gentleman from New Jersey to report the bill to the House. The Senate bill, however, is over here on the Speaker's table, and if the rules are to be suspended, unless there is some peculiar situation arising, the Chair thinks it is his duty to recognize some Member on the Democratic side to make that motion.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LAGUARDIA. Could not the bill be called up by unanimous consent, with an amendment, if that is what the committee has in mind, and not wait until the opportunity presents itself to suspend the rules and pass the measure?

The SPEAKER. The Chair is sure the gentleman from New York is familiar with this type of legislation and its history in the House of Representatives for the last 10 years. For the past 10 years this character of legislation has been passed under suspension of the rules.

Mr. LAGUARDIA. That is true.

The SPEAKER. The Chair thinks that if the matter of amendment were thrown open to the House, we might not know the bill as being the same one reported by the committee.

Mr. LAGUARDIA. I think we could get unanimous consent that no amendments would be offered.

The SPEAKER. For the reason just stated by the Chair the Chair thinks that we ought to suspend the rules and pass the legislation.

CONSENT CALENDAR

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that it be in order now to consider bills on the Consent Calendar, unobjected to, subject, of course, to interruption by the consideration of privileged matters.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, may I inquire of the majority leader what is on the calendar for to-morrow, other than business on the Speaker's table?

Mr. RAINEY. I know of nothing.

Mr. STAFFORD. My friend, the gentleman from New York [Mr. LAGUARDIA] has just suggested that he has not the bills on the Consent Calendar at hand. Would it be agreeable to the gentleman from Illinois to move that bills, unobjected to, on the Consent Calendar be the order of business for to-morrow? There are a number of Members of the House interested in these bills and I think it only fair that they be taken up to-morrow.

Mr. RAINEY. I appreciate that, and I think, perhaps, the gentleman is right.

Mr. STAFFORD. I object for the time being. I shall have no objection to having that made the order of business for to-morrow.

The SPEAKER. There may not be any "to-morrow," legislatively speaking. If the conferees get an agreement and bring the relief bill back here and we pass the Army bill, the Chair imagines some one will move that we adjourn and go home.

Mr. SNELL. There has been no resolution of adjournment offered in the other body.

The SPEAKER. The Chair understands one will be sent over when we have disposed of these two pieces of legislation.

Mr. SNELL. What is going to become of the home-loan bank bill?

The SPEAKER. The Chair recognized the gentleman from Illinois [Mr. RAINEY] to see if we could spend an hour or so on the Consent Calendar.

Mr. STAFFORD. Mr. Speaker, may I inquire whether it is the idea of the Speaker that the House should remain in session for an hour or thereabouts?

The SPEAKER. Yes; that the House should stay in session to see if we can receive an agreement from the conferees.

Mr. LAGUARDIA. I have sent for my papers and will be ready to go on with the Consent Calendar in five minutes.

Mr. STAFFORD. In view of the statement of the Speaker, I have no objection to taking up bills on the Consent Calendar unobjected to.

The SPEAKER. Let the Chair state that, as the Members know, the House must stay in session until the Senate has agreed to the conference and has messaged its agreement back to the House. If we want to facilitate the passage of the relief bill, we must stay here until we get that message.

Mr. SNELL. Will the Speaker inform us what he is going to do with the home loan bank bill?

The SPEAKER. The Chair does not see the gentleman from Alabama in the hall at the present time. The Chair is going to do whatever the gentleman from Alabama asks to be done.

Mr. SNELL. Could not some arrangement be made to get into communication with the gentleman from Alabama in the next half hour or three-quarters of an hour and find out, and then let us know?

The SPEAKER. The Chair imagines the gentleman can be found in his office.

Mr. SNELL. I think that is a matter that ought to go to conference.

Mr. LAGUARDIA. I think it ought to go to the committee, the way it is now.

The SPEAKER. There may be objection to sending it to conference.

Mr. SNELL. I appreciate that, but I would like to have some move made to get it to conference.

Mr. ALMON. The Speaker has stated there may not be any session to-morrow, and I ask unanimous consent——

The SPEAKER. The gentleman from Illinois [Mr. RAINEY] has submitted one unanimous-consent request, and the Chair is going to put that first.

Is there objection to taking up bills on the Consent Calendar unobjected to?

Mr. MAPES. Mr. Speaker, reserving the right to object, does that mean that the Speaker will recognize anyone to move to suspend the rules and pass any bills?

The SPEAKER. That could not be done, because it would not be in order at this time to move to suspend the rules.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, as I understand, the request is to consider bills on the consent calendar unobjected to, having the bills retain their same status otherwise.

The SPEAKER. That is the request, absolutely.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, if some gentleman who has a speech on his system will only speak for five minutes, our papers will be over here by that time, because I have already sent for them.

Mr. RAINEY. I will say to the gentleman that when the first bill is called, the gentleman from Illinois will reserve the right to object or move to strike out the last word and speak for five minutes.

Mr. LAGUARDIA. That is perfectly satisfactory.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. RAINEY]?

There was no objection.

CONSENT CALENDAR

The Clerk called the bill (H. R. 10372) to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants.

Mr. STAFFORD. Mr. Speaker, I did not understand that we were to begin where we last left off, but at the beginning.

INVESTIGATION OF FEDERAL AGENCIES

The SPEAKER pro tempore (Mr. WOODRUM). The Chair understood that the gentleman from Illinois was to be given some time to address the House.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois have three minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SABATH. Mr. Speaker and ladies and gentlemen of the House, I feel that not only the Treasury Department but the Federal Reserve Board and the Reconstruction Finance Corporation as well should be thoroughly investigated, because I am satisfied that such an investigation will disclose that all the nefarious activities of these three governmental agencies are dictated, sanctioned, and approved by President Hoover himself. Further, I am convinced, after mature consideration, that most of the activities of the majority members of these agencies, whose members are Republicans, are controlled by the Wall Street financiers, who, I reaffirm, are solely responsible for the present great crisis.

Nobody with any intellect can gainsay that these large-investment bankers and stock-exchange manipulators rigged the market shamefully in 1929 to enable themselves to unload millions and millions of shares of worthless securities, including foreign bonds, upon the American people. By these shameful, untenable manipulations those fellows destroyed the resources of more than twenty millions of good American citizens, including the resources of thousands of small banks, thereby taking out of the legitimate channels of trade and commerce untold wealth; and they were knowingly aided and abetted by President Hoover. They started a crusade of manipulation and deflation in 1929 unheard of in the history of any nation. A real, thoroughgoing investigation of these three agencies would, I am sure, prove the existence of the most gigantic conspiracy and collusion on the part of these bankers, national and international, and the administration. Notwithstanding the earnest and repeated appeals made to the President to stop and mitigate this orgy of destruction, he deliberately refused to put a stop to the blameworthy work of this dastardly, avaricious, greedy gang.

This proposed investigation would disclose, I am sure, that the Federal Reserve Board has aided and abetted this infamous conduct. It has permitted the withdrawal and use of eight and a half billions of dollars directly and indirectly and about fifteen billions of dollars of the people's money by these Wall Street vultures. When urgent appeals were made to the Federal Reserve Board in 1930 to save us from the complete demoralization and destruction of business, including the saving of thousands of banks through the whole United States, it refused to accept for rediscount good commercial paper held by all the small banks throughout the United States, because that would not be pleasing to the Wall Street plunderers, who asserted that it might cause deflation.

Investigation will disclose that notwithstanding the fact we are supposed to have five and a half billions of dollars in outstanding currency, yet there is only about $2,000,000,000 in actual circulation, the remainder of the currency being safely tucked away in the vaults of, say, a half dozen of the largest banks, while there is from three to five hundred millions in foreign countries and about $1,000,000,000 in the safe-deposit boxes of the people of America who have lost confidence in the banks of the country as well as the administration. All this is well known to the Federal Reserve Board, whose members are not dumb. In fact, they are in a way quite astute gentlemen; yet they steadfastly oppose every move to increase the amount of currency.

This makes business recovery impossible, as the banks refuse to loan and have been contracting credit throughout the whole Nation. I have long advocated of allowing the

Government to issue an additional two or three billions of dollars of currency against its own bonds instead of giving the banks the power to issue currency against Government bonds and other securities. This would save millions upon millions in interest to the Government and the overburdened taxpayers.

Mr. Speaker, this proposed investigation would also disclose that the Reconstruction Finance Corporation, which we created in great haste immediately after we convened last winter, has and is deliberately delaying aid to the small banks of the country, and when it has accorded loans to these institutions they have been makeshift loans representing about 40 per cent to 50 per cent of the value of the collateral offered by these small banks instead of 60 per cent to 75 per cent, which would have saved them. This proposed investigation would also disclose that the same strictness was not applied to the favored big banks as was applied to the small banks. This is especially true of the $80,000,000 loan to General Dawes's bank a few weeks ago.

Knowing of this flagrant discrimination on one side and favoritism on the other side, I have called the attention of the House to this favoritism and discrimination on several occasions, and felt that this investigation should be made; but, deferring to the wisdom and wishes of our eminently patriotic Speaker, this proposed investigation has been postponed. Let me read to you what our Speaker said to this House on May 26, 1930, about an investigation of the Treasury Department. Quoting from page 9572 of the CONGRESSIONAL RECORD, Seventy-first Congress, second session, I find the Speaker saying:

> Several weeks ago I introduced a resolution authorizing an investigation of the Treasury Department in connection with these tax refunds, and that resolution has never been reported by the committee to which it was referred. I believe that in view of this decision of the Court of Claims the resolution should be acted upon and Congress informed as to the reason and motives of the Treasury Department in granting these refunds without a court decision.
>
> The $33,000,000 refund to the United States Steel Corporation was approved by the majority of the members of the Joint Committee on Internal Revenue Taxation in March. Since that time refunds aggregating $5,845,052.75 have been approved by the Treasury Department, and it is interesting to note that of this amount $3,435,948 represents refunds to Pennsylvania corporations.
>
> I believe that the great mass of American taxpayers, upon whom the burden of these enormous refunds must fall, are entitled to demand of Congress and the Treasury Department that these matters be submitted to the courts for adjudication. The fallacy of the rule applied by the Treasury Department has been made evident by the decision of the Court of Claims, and it is obvious that a halt must be called, a thorough investigation made, and rules established upon a sound basis by the courts.

Again, on July 8, 1932, the Speaker said, in connection with this same subject:

> I still have the same opinion I expressed at that time (May 26, 1930). The reasons I have not pressed on the Rules Committee the investigation demanded by the gentleman from Pennsylvania are two. For the last six months the country has been very much disturbed in economic matters. I did not want to investigate the Treasury Department with a view to having the people of the country lose confidence in it. The only thing they seem to have left is confidence in the Government of the United States in its fiscal matters. To make an investigation at this time and discover such things as the gentleman from Pennsylvania and I believe would be discovered in that department would certainly unsettle that confidence and would not be beneficial to the American people.
>
> Secondly, I thought if we undertook to do it at this time, with an election immediately in front of us, it would be charged during the campaign that we attempted to use the investigation for partisan purposes.
>
> Those are the two reasons why I did not ask for it to be done.

Now you have the reasons for postponing this proposed investigation; but I give notice now that right after the forthcoming election I shall insist upon and demand a thoroughgoing investigation of these three governmental agencies, and I do not hesitate to say that I am of the opinion that if justice prevails sufficient evidence will be adduced to justify criminal prosecutions against many of the officials now in command of this administration.

Mr. BLACK. Will the gentleman from Illinois yield?

Mr. SABATH. I yield with pleasure to my good friend from New York.

Mr. BLACK. All the squawking that we have heard from the Republican side was the same kind of squawking that we heard before the investigation of the Harding régime.

Mr. SABATH. That is quite true. If some Republicans were in the position of the Speaker, there would be an immediate investigation without doubt. If you gentlemen were familiar with the charges, if you were familiar with the conditions surrounding the $3,700,000,000 tax refunds to special and privileged interests, of which sum considerable has gone to the Republican campaign fund, I know you, too, would be demanding an investigation.

Moreover, I want to say to my friend from Wisconsin [Mr. SCHAFER] that if he knew there were $2,000,000,000 worth of uncollected Federal taxes, in connection with the $3,000,000,000 deficit, he and his Republican friends would be insisting upon this investigation.

Mr. SCHAFER. Will the gentleman yield?

Mr. SABATH. I am sorry that I can not yield now.

Mr. SCHAFER. The gentleman voted for an investigation——

Mr. SABATH. Yes; I voted for this proposed investigation, but I can not, as I have said, yield to the gentleman. The gentleman can not with his incessant stentorian tones disconcert me. He has been trying to badger me all the time in these debates of the last four days in his futile attempts to defend his administration and get some cheap publicity. The gentleman does not seem to appreciate how ridiculous are his tactics and statements.

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. SCHAFER. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for five minutes more, so that he can correct his statement. He indicated that I opposed the resolution, when as a matter of fact we did not have any vote upon it, although I was ready to vote for it.

Mr. SABATH. Oh, I did not say that.

Mr. BLACK. Mr. Speaker, I object.

Mr. SABATH. I am willing to accept the additional five minutes with pleasure.

Mr. BLACK. I object.

Mr. SCHAFER. Mr. Speaker, I ask unanimous consent to address the House for five minutes in view of the fact that my name was brought into the discussion this afternoon as being opposed to an investigation, when there was not a vote on the investigation question at all.

Mr. SABATH. Mr. Speaker, reserving the right to object, I think the gentleman from Wisconsin is mistaken. I did not accuse him of voting against the investigation. I said that if he had possession of the facts that I had he would vote for an investigation.

The SPEAKER pro tempore. Is there objection?

Mr. O'CONNOR. I object.

EXTENSION OF REMARKS

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an article upon the history of the Post Office Department in colonial days, prepared for me by the Post Office Department.

The SPEAKER pro tempore. Is there objection?

Mr. JOHNSON of Washington. Mr. Speaker, I object.

EMERGENCY CONSTRUCTION AND RELIEF BILL

Mrs. KAHN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by the gentleman from Massachusetts [Mr. TREADWAY] over the radio on Saturday evening last.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mrs. KAHN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following remarks of Hon. ALLEN T. TREADWAY, Member of Congress, on emergency construction and relief bill, over Columbia broadcasting network, Saturday, July 9, 1932:

ADDRESS OF HON. ALLEN T. TREADWAY

I consider it a privilege to be presented to this radio audience to-night by Mr. Frederic William Wile, internationally known as a pioneer in broadcasting and as a keen commentator on current public affairs.

The events leading up to to-day's situation in regard to the emergency construction and relief bill are very unique in the history of legislation.

My cospeaker, Senator WAGNER, of New York, some time ago introduced bills in the Senate which carried his views as to a proper method of relieving unemployment.

On June 6 Congressman RAINEY, of Illinois, introduced in the House of Representatives what has since been known as the Garner bill. In brief, this bill made available through the President $100,000,000 for distribution to relieve distress through such instrumentalities as the President might designate, either as gifts or as loans, of money or supplies.

The bill further, in the words of its authors, broadened the base of the Reconstruction Finance Corporation by removing the limitation in the act creating that corporation and permitting it to make loans to any person.

The Garner bill also provided for extensive public-works construction in the form of public buildings, river and harbor projects, roads, flood control, and miscellaneous items to the total of $1,218,739,000.

This bill, bearing the approval of the Democratic majority of the House of Representatives and introduced at the behest of Speaker GARNER, received very meager consideration by the Ways and Means Committee and was reported out by a strictly partisan vote.

The Republican members of the committee presented a substitute measure which would have added $300,000,000 to the capital of the Reconstruction Finance Corporation and which would have materially broadened the functions of that corporation, but it did not authorize loans or donations by the President or the expensive public-building program of the Garner bill.

The Garner bill passed the House of Representatives and was sent to the Senate. There it was disagreed to and the measure introduced by Senator WAGNER of New York was substituted and passed.

There were very material differences between the bill which passed the House and that which passed the Senate, and it was the difficult task of the conferees to adjust these differences and report to the respective branches one bill.

The conference committee labored diligently for more than a week with the result that a bill was reported to the respective branches bearing the approval of all the conferees except myself.

That was the situation when the conference report was signed last Tuesday, July 5.

That afternoon the President invited to the White House 16 members of the House and Senate, Republicans and Democrats. We spent two hours and a half together, and a subcommittee of that delegation returned to the White House on Wednesday morning.

The reason for the meetings was the very apparent desire of the President to cooperate with Congress in an effort to secure prompt relief legislation and to express his opposition to the individual-loan scheme insisted upon by Speaker GARNER.

In plain language, this scheme would permit the Reconstruction Finance Corporation to loan to any individual who, in the opinion of the board of directors of that corporation, could not obtain funds upon reasonable terms through banking channels.

This arrangement would set up a superbanking establishment in order that banking facilities might be furnished in every community to accommodate every borrower in the United States.

This was the one provision upon which Speaker GARNER positively insisted. All sorts of compromises were suggested at the White House, until finally Senator ROBINSON of Arkansas, Democratic leader of the Senate, offered certain proposals which would have eliminated the clause whereby individuals could borrow from the Government.

Immediately Speaker GARNER declared that he would not yield to the elimination of the objectionable clause.

The result was that we adjourned without action and Mr. GARNER was asked to sleep on the idea. On Wednesday morning he returned to the White House in the same frame of mind, so that nothing came of those six hours of conference with the President.

When the House met at noon on Wednesday, Speaker GARNER took the floor and made a very impassioned speech in defense of his position. Minority Leader SNELL explained the other side.

The stage was therefore set for the happenings of Thursday. It fell to my lot to lead the opposition.

Let me therefore tell the radio audience both my impressions of the conferences with the President and the merits of the proposition upon which the impending veto rests.

If there is one lesson to be learned from long congressional service, it is the absolute necessity for compromise. I have rarely known of an important piece of legislation to become law in accordance with the exact views of its proponents. It is a case of give and take.

When Senator ROBINSON offered the compromise proposals which I have referred to, the President indicated his willingness to make the necessary concessions.

It occurred to me at once that Speaker GARNER would agree to the same. Imagine my surprise when, instead of his expected acceptance, he displayed his characteristic impulsiveness. In a loud voice and with fist beating upon the table he asserted that he would never compromise upon the individual-loan feature.

It was plain that the stubbornness of one man was definitely blocking the relief needed by thousands of our citizens.

As the press has carried complete stories of these recent developments, let me briefly explain my views upon the present situation relative to this vital piece of legislation.

The Speaker of the House of Representatives is a very influential man, and now that he is the vice presidential candidate of the Democratic Party he is able to make political issues of his personal views.

This he has done, and I predict that in his addresses to the people during the campaign he will make a speech very similar to the one he delivered in the House on Wednesday. It may sound well on the ranches of Texas to endeavor to align the masses against the classes, but it stamps the man who indulges in that sort of debate as a demagogue with small local perceptions.

This is a country in which there is no caste, no distinction, where one man is the equal of his brother in the eyes of the law and in the eyes of the citizenry of this great democracy.

The Speaker said he was through with class legislation, and I say he has just begun with it when he tries to distinguish between groups of American citizens.

His great argument is that every citizen of the country should have the opportunity of borrowing from the Reconstruction Finance Corporation. Four members of that corporation were present at the White House during the conference. Every one of them said that the individual borrowing plan was absolutely impossible of execution.

One of them who particularly opposed the Garner proposal was Mr. Jesse H. Jones, of Texas, a member of the Finance Corporation, a Democrat, and a man of great influence in his State, who was able to take to Houston the Democratic convention in 1928. But he did not possess sufficient influence to overcome the obstinacy of his fellow Texan.

The Speaker's provision would cause to be set up in practically every community in the United States a branch of the Reconstruction Finance Corporation. This in itself would destroy the general banking business of the country.

The Speaker's answer to that argument was that if the seven men comprising the corporation could not do as they were told, they could be dismissed and seven others employed in their places. Such an answer as that certainly does not reflect the highest type of statesmanship.

To show how fantastic the Speaker's proposal is, let me call your attention to the constant taking over of collateral for defaulted loans by foreclosing mortgages on real estate, selling out securities, or forcing borrowers into bankruptcy.

If Uncle Sam should become a pawnbroker and be obliged to foreclose on the type of collateral he would secure on these individual loans, the day would soon come when he would be the greatest landowner in the world and the biggest owner of unredeemed and practically worthless collateral.

The Speaker vehemently opposed loans to what he called a favored clientele, consisting of banks, railroads, life and fire insurance companies. He repeatedly said that such loans as these did not reach the average individual. Let us see whether they do or not.

Do you know that over 68,000,000 of our people carry 120,000,000 life-insurance policies? More than half the population of this country has life insurance of some kind or other.

Do you know the tremendous number of fire-insurance policies held throughout the country? I have word from the president of a large fire insurance company whom I personally know. He states that to the best of the ability of his company to make an estimate there are about 120,000,000 fire insurance policies in force in the United States to-day.

How many people are stockholders in these so-called selected railroads?

There are 245,509 stockholders in the Pennsylvania Railroad Co.

There are 58,833 stockholders in the Atchison Railroad Co.

There are 62,719 stockholders in the New York Central Railroad Co.

There are 29,021 stockholders in the New York, New Haven & Hartford Railroad Co.

These are official statistics as of 1931, secured through the Interstate Commerce Commission.

Is it not clear that the securities of these companies are of vital importance to the welfare of a very large number of the American people?

Why say that you are making loans to a selected class? The real financial welfare of our country is dependent on the maintenance of the 100 per cent value of these and other stocks, because the stockholders are the people of the country.

I am reliably informed that in April of this year there were 1,086,662 railroad employees in this country. Assuming that most of these employees are married and have families of four persons in each family, it will easily be seen that the welfare of the railroads is the welfare of from 3,000,000 to 5,000,000 people.

Relative to loans to banks, it is estimated there are 35,000,000 depositors in banks and 12,350,000 members of building and loan associations.

It is therefore very apparent that by maintaining the financial solvency of our banks and our railroads and our insurance companies we are directly benefiting the individual citizens of the country who derive their livelihoods from these corporations or

to which corporations they have intrusted their financial affairs. If this does not reach the individual, what does?

Mr. GARNER states he wants loans made to individuals, and that ample security should be required. How can the average man in the street put up any security if he is broke and asking for a loan? In that respect the suggestion is ridiculous. Four-fifths of those who would ask for loans would be denied relief under the phraseology of the bill which the Speaker advocates.

In holding out for this absurd provision against the President and the rest of the conferees the Speaker's position reminds me of the old story of the 11 obstinate jurors standing out against the one who was in the right.

Another homely illustration is the case of the company marching down the street. There was a proud mother on the sidewalk watching the parade go by. Her beloved boy, Johnny, was not in step with the rest of the company. She immediately said, "They are all out of step but Johnny." They are all out of step except the Speaker of the House, and he seems to feel he is leading the procession.

I want to refer to three statements which Speaker GARNER made in his speech Wednesday. He said the President was opposed to the expenditure of a single dollar toward giving employment to the American people through public-works construction. The fact is the President has approved the Budget, which includes $575,000,000 for public works. This is quite in contrast with the Speaker's statement.

Mr. GARNER then intimated that the President said there is a panic just around the corner. I deny that the President ever said any such thing in the presence of the conferees or at any other time. He never said that there is a panic just around the corner, because he does not believe there is. He has too much confidence in the well-being and sound judgment of our people.

What the President did say was that the Garner proposal might set back recovery indefinitely; that he thought the country would be shocked if we should unbalance the Budget, as the Garner proposal would do. The President told Mr. GARNER that the responsibility would lie with the latter if such events were to take place.

The Speaker has a happy faculty of putting into the mouths of other people words he would like them to say. He frequently showed that characteristic, when a member of the Ways and Means Committee, in dealing with witnesses.

His worst offense of this sort in Wednesday's speech was when he stated he wanted to see legislation passed and that he would like to give assurance that Congress desires to serve the whole people of the United States. Following these statements the Speaker quoted the President as saying:

"I will take my select clientele or you will take nothing in the way of relief."

He placed that sentence in quotation marks as having been uttered by the President of the United States.

I can not too emphatically state that the President never said any such thing.

My friends of the radio audience, the issue is clean-cut and easily understood. Speaker GARNER feels that through the influence of his position he can secure a type of legislation admitted by his own friends to be impractical as well as physically impossible of execution.

The bill originally contained a large quantity of that element known politically as pork, as against the sincere desire of the President for legislation of a constructive nature which could be administered by the present machinery of the Government and bring direct relief to thousands of needy American citizens.

Doubtless you have read the President's statement on the subject which plainly indicates his disapproval of the bill as it will be presented to him following its passage by Congress. It will be promptly returned to Congress with a veto. The votes in the House on Thursday and in the Senate to-day show the bill can not be passed over a veto in spite of the influence of the Speaker.

Therefore the President will undoubtedly submit a program conforming to his best judgment as to the needs of the country.

Stubbornness and political bunkum will eventually be beaten by public opinion. Congress will not adjourn until a suitable and workable relief measure is passed.

The Speaker of the House of Representatives, although a vice presidential candidate, will soon discover that he is not more important than the President of the United States.

In the final analysis the welfare of the American people will prevail over political expediency.

LEAVE TO ADDRESS THE HOUSE

Mr. POLK. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER pro tempore. Is there objection?

Mr. JOHNSON of Washington. Mr. Speaker, I object.

The SPEAKER pro tempore. The Clerk will call the first bill on the Consent Calendar.

CONSERVATION OF WILD LIFE, FISH, AND GAME

The first bill on the Consent Calendar was the bill (S. 263) to promote the conservation of wild life, fish, and game, and for other purposes.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

Mr. COCHRAN of Missouri. Mr. Speaker, will not the gentleman reserve his objection?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object. I objected to that bill for the reason that I feared it would establish a new policy upon the part of the Federal Government in the matter of cooperation on the old 50-50 policy, in the conservation line. There are other features in the bill which are necessary. The Federal Government could avail itself of investigations made by the States. I spoke to the gentleman from Texas [Mr. KLEBERG] and with the gentleman from Missouri [Mr. COCHRAN], and I believe if we should strike out section 1 it would remove the objection that I have.

Mr. STAFFORD. Mr. Speaker, the bill recognizes a very important policy of governmental activity, and I think it too important to pass in this way at this late day in the session. I am asking that it go over without prejudice.

Mr. LAGUARDIA. I want the RECORD to show that I am keeping my word that with section 1 out of it I shall not object at this time.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

CERTIFICATES OF ARRIVAL

The next business was the bill (H. R. 10274) to amend the act approved March 2, 1929, entitled "An act to supplement the naturalization laws, and for other purposes" (45 Stat. 1512).

The SPEAKER pro tempore. Is there objection?

Mr. JENKINS. Mr. Speaker, I object.

Mr. O'CONNOR. Mr. Speaker, will the gentleman reserve that objection? In the absence of Mr. DICKSTEIN, will he not agree to pass the bill over without prejudice?

Mr. JENKINS. That is the situation under the order under which we are proceeding. An objection is tantamount to passing it over without prejudice.

Mr. CHINDBLOM. Mr. Speaker, I would like to know whether I am correct in my understanding of the procedure for this afternoon, namely, that we are not proceeding under the ordinary rule for the consideration of the Consent Calendar, but only that the Consent Calendar is being called for the consideration of such bills upon it to which there is no objection whatever?

The SPEAKER pro tempore. The gentleman is correct as the Chair understands it.

Mr. CHINDBLOM. So that the rule for three objectors does not apply, and the bill does not lose its place on the calendar if there is objection on this call.

Mr. STAFFORD. That was the order made—bills unobjected to on the Consent Calendar should be called, the bills maintaining their same status, notwithstanding an objection.

Mr. O'CONNOR. Mr. Speaker, I do not believe that was the intention. I believe that when the gentleman from Illinois submitted that request he used the words "unobjected to" inadvisedly, having in mind possibly the Private Calendar. The Consent Calendar is always a calendar where bills are subject to objection.

Mr. STAFFORD. It was so qualified by the statement made by myself.

Mr. O'CONNOR. The majority leader, the gentleman from Illinois [Mr. RAINEY], is not here, but when he asked for that consent I believe he wanted to take up the Consent Calendar in the regular order, with one objection in the first instance and three thereafter.

The SPEAKER pro tempore. The Chair can not say what the gentleman from Illinois intended to say. The Chair only understands what the gentleman did say.

Mr. O'CONNOR. But, Mr. Speaker, since this Consent Calendar has been established there has never been a request to go to bills on the Consent Calendar, unobjected to. That is redundancy.

Mr. STAFFORD. It is not redundancy, as the gentleman will see in a few seconds if he will just compose himself.

Mr. O'CONNOR. I am always composed. I do not believe that is the understanding.

Mr. CHINDBLOM. I have no interest in this particular calendar.

Mr. O'CONNOR. I do not have any particular interest in it, either.

Mr. CHINDBLOM. I have not conferred with any of the other gentlemen who are watching the call. I simply based my opinion upon the request of the gentleman from Illinois, as I heard it made by him.

Mr. O'CONNOR. If I thought there was that intention, I would object, because that is adopting a rule on the floor of the House. There is no such thing as Consent Calendar, unobjected to. The Consent Calendar carries objections. That is what the calendar means. Just because some one drops an extra word is no reason why we should proceed in that way.

The SPEAKER pro tempore. The Clerk will call the next bill on the Consent Calendar.

HEIRS OF DECEASED INDIANS, ETC.

The Clerk called the next bill, H. R. 6684, to amend the act of June 25, 1910, entitled "An act to provide for determining the heirs of deceased Indians, for the disposal and sale of allotments of deceased Indians, for the lease of allotments, and for other purposes," so as to authorize the Secretary of the Interior to modify the terms of certain contracts, when in his judgment it is in the interest of the Indians so to do.

Mr. PITTENGER. Mr. Speaker, I object.

STATUS OF REGULAR ARMY UNDER ACT OF MAY 24, 1928

The Clerk called the next bill, H. R. 11174, to restore to their former retired status in the Regular Army of the United States persons who resigned such status to accept the benefits of the act of May 24, 1928 (45 Stat. 735), and for other purposes.

Mr. LAGUARDIA. Reserving the right to object, on this bill I took the matter up carefully with the General Accounting Office. The bill is predicated on what seems to be two conflicting opinions rendered on the same law by the Comptroller General. There is now pending in court a test case on the subject matter involved. I have prepared an amendment, which I have submitted to the gentleman from Texas [Mr. KLEBERG], which will satisfy the office of the Comptroller General and which would avoid what some people believe is the purpose of obtaining undue advantages under the bill. I will read the amendment:

In line 15, page 2, strike out the period, insert a colon, and add "*And provided further*, That nothing in this act shall be construed to entitle any former emergency officer retired under the act of May 24, 1928, to retired pay from the Veterans' Administration in a greater amount than when added to the retired or retainer pay received from the Army, Navy, or Marine Corps shall equal 75 per cent of the pay the former emergency officer was entitled to receive (except pay under the act of May 18, 1920) when discharged from his commissioned service as a World War emergency officer."

Mr. STAFFORD. Will the gentleman inform the House what the real purport of the amendment is?

Mr. LAGUARDIA. The purport of the amendment would be to prevent obtaining greater retirement than he would have under a law as construed by the Comptroller General.

Mr. KLEBERG. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. KLEBERG. I would suggest that inasmuch as this affects only 23 individuals who happened to be officers who resigned for the purpose that the gentleman has just set out, I will accept the gentleman's amendment with pleasure. All we seek to do is to remove the indecision caused by the two conflicting opinions rendered by the Comptroller General and put them all on the same basis as all other men and warrant officers who resigned following the second order of the Comptroller General, which almost contradicted the other, under which these gentlemen resigned. I will be glad to accept the gentleman's amendment.

Mr. LAGUARDIA. I can assure the gentleman from Mississippi [Mr. COLLINS] that this amendment would obviate any undue advantage.

Mr. COLLINS. Mr. Speaker, I must ask unanimous consent that this bill go over.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

TAX LAWS WITH REFERENCE TO BOULDER DAM

The Clerk called the next bill, H. R. 11945, to provide that tax laws of Nevada and Arizona shall apply to construction and reserved areas at Boulder Dam.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill be passed over.

Mr. LAGUARDIA. Well, I object to the consideration of the bill.

The SPEAKER pro tempore. Without objection, the bill will be passed over.

There was no objection.

CONSTRUCTION CHARGES ON INDIAN IRRIGATION PROJECTS

The Clerk called the next bill, S. 3675, relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The SPEAKER pro tempore. The Chair understands that the Clerk, under the order entered, is not to call bills that have heretofore been objected to on the Consent Calendar.

Mr. STAFFORD. Oh, no, Mr. Speaker.

Mr. LAGUARDIA. We would never be able to follow that.

Mr. STAFFORD. The bills should be called in their order, and those considered that are not objected to.

The SPEAKER pro tempore. The Clerk will call the next bill on the Consent Calendar.

EXAMINATION OF GOVERNMENT RECORDS IN RELATION TO WISCONSIN INDIANS

The Clerk called the next business, Senate Joint Resolution 125, authorizing the attorney general of Wisconsin to examine Government records in relation to claims of Wisconsin Indians.

Mr. STAFFORD. Reserving the right to object.

Mr. LAGUARDIA. Reserving the right to object.

Mr. STAFFORD. Mr. Speaker, when this bill was under consideration I called attention to the objectionable feature of permitting a representative of a State to go into the departments, without any restrictions, to examine the records of the department to make out a case.

I have prepared an amendment that would permit this scrutinizing policy only subject to the approval of the head of the department. I understand some authority is necessary, but the authority should not be so all-pervasive that it should be without the approval of the head of the department.

I have prepared the following amendment, which I wish to call to the attention of the gentleman having the bill in charge, my colleague the gentleman from Wisconsin [Mr. SCHNEIDER], and wish to know whether it would be acceptable to him and other Members of the House: On page 2, line 1, after the word "authorized," insert "under such regulations as the head of the department or independent establishment may prescribe."

Strike out after the words "United States" in line 4 the balance of line 4, all of lines 5, 6, 7, and 8 down to the word "as," so that it will read:

is authorized under such regulations as the head of the department or independent establishment may prescribe to examine official papers, documents, and records of the United States Government, and to make copies thereof, as may be needed in carrying out the provisions of chapter 144 of the Session Laws of Wisconsin of 1931, without expense to the United States.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. COCHRAN of Missouri. I would like to ask the gentleman something about these claims. This bill turns over the records of the United States to Wisconsin officials. What

for? To get evidence to prosecute claims against the United States.

Mr. STAFFORD. The gentleman is absolutely correct.

Mr. COCHRAN of Missouri. What is the extent of the claims?

Mr. STAFFORD. I turn the inquiry of the gentleman over to my colleague, the gentleman from Wisconsin [Mr. SCHNEIDER].

Mr. SCHNEIDER. I will say to the gentleman from Missouri that authority to secure this information is carried in a good many jurisdictional bills that are passed by this House giving the Indians the right to go into the Court of Claims.

This resolution requests that the attorney general of Wisconsin may have the right to go into the departments to secure certain information, to ascertain whether or not the Indians of Wisconsin do have a claim and, if so, to tell them, and if not to clear up that proposition.

The gentleman probably knows the Indians are constantly led to believe they have claims against the Government when they have no claims, and there are many attorneys and other people collecting fees from the Indians to prosecute these alleged claims that have no merit whatever.

Mr. COCHRAN of Missouri. If the gentleman will read the preamble he will see it goes away beyond what the gentleman from Wisconsin states.

Mr. SCHNEIDER. We will strike that out.

Mr. COCHRAN of Missouri. The preamble states that the attorney general of Wisconsin is directed to investigate and prosecute the claims. Prosecute the claims against the Government and you want the evidence upon which to base your claims from the Government.

Now, what are these claims? How much is involved? What are you asking the Government to turn over to the attorney general?

Mr. SCHNEIDER. The attorney general is seeking information. The only place this information can be secured is in the departments of the Government. They run back 25, 50, or 75 years, and nobody except the Government has the information. For this reason the State is asking that the attorney general may have access to the public records for the purpose of ascertaining whether or not the Indians have been paid, and whether or not they have a claim.

Mr. COCHRAN of Missouri. Let me ask the gentleman this: Does the gentleman not think he should give us some idea of the extent of the claims?

Mr. SCHNEIDER. The claims are varied. Some will probably be timber claims, and some probably land claims.

Mr. COCHRAN of Missouri. The gentleman is liable to have a claim for the value of the city of Milwaukee presented if this bill goes through.

Mr. SCHNEIDER. There are treaty claims also.

Mr. MARTIN of Oregon. Mr. Speaker, I object.

Mr. SCHNEIDER. I hope the gentleman will withhold his objection until the amendment can be considered.

Mr. MARTIN of Oregon. I will withhold my objection, but I am anxious that these matters be disposed of in the same way. I have Indians in my State, and I think they should all be treated alike.

Mr. COCHRAN of Missouri. I hope the gentleman will permit the Member to explain the bill.

Mr. MARTIN of Oregon. I will withhold my objection.

Mr. SCHNEIDER. The bill simply is for the purpose of allowing the Attorney General to get information.

Mr. JENKINS. Mr. Speaker, reserving the right to object, I dislike very much to be compelled to object to this bill, in view of the fact that this bill is introduced by my very good friend from Wisconsin, Mr. SCHNEIDER, but it seems to me this bill ought not to pass, and without taking the time to go into a long explanation of it I may simply say the Attorney General's department has recommended against it.

Mr. SCHNEIDER. I differ with my colleague. The Attorney General has not objected. It is the Secretary of the Interior, and the Secretary of the Interior gives the right to attorneys and to anyone to go into that department and seek the information which we are seeking here, but the Comptroller General will not permit the same kind of information to go out. He contends that the law prohibits the matter from being sought, although the Secretary of the Interior permits it. We are only asking from the Attorney General the securing of the same information from his department we are now securing from the Department of the Interior.

Mr. JENKINS. I may have been in error about the Attorney General objecting to it, but the department from which you seek this information objects to it.

Mr. SCHAFER. Will the gentleman yield?

Mr. JENKINS. I yield.

Mr. SCHAFER. Would not the amendment suggested by the gentleman from New York [Mr. LAGUARDIA] cure the situation?

Mr. JENKINS. My objection is that permission is given to the attorney general of Wisconsin to go into the department, but it does not specify what department, and it does not specify what records he is to have, but it is a general license to this attorney general to go into the departmental records of the United States Government whether these records are secret, private, or public, or whether any of them are antagonistic to the attorney general or not.

They may be the records upon which the Government might want to base its claim in opposition to what the attorney general of Wisconsin might want. In other words, under this bill the Federal departments would have to lay before the attorney general of Wisconsin and no other attorney general of the United States certain records which that attorney general might want to use against the United States Government.

Mr. COCHRAN of Missouri. Will the gentleman yield to me?

Mr. JENKINS. Yes.

Mr. COCHRAN of Missouri. After reading the report I note that the Commissioner of Indian Affairs says he is giving all the information they want and at any time they want it, and that he has always given it to them. In view of that statement, why do you desire legislation? There must be a reason. What is it?

The SPEAKER pro tempore. Is there objection?

Mr. JENKINS. Mr. Speaker, I object.

Mr. STAFFORD. Will the gentleman withhold his objection?

Mr. JENKINS. I will.

Mr. STAFFORD. The amendment which I have proposed, and which is acceptable to my colleague, removes the objection which is raised by the gentleman from Ohio. The amendment which I propose to offer provides:

under such regulations as the head of the department or independent establishment may prescribe.

That removes the objectionable feature raised by the gentleman from Ohio.

Mr. JENKINS. No; it does not. I understood from the other gentleman from Wisconsin, in my conversation with him earlier in the day, that the situation is like this: That the attorney general of Wisconsin wants to get information which the departments in Washington are perfectly willing to give him but have no authority to give him. If this bill were drawn to do that and nothing else, I would have no objection to it; but I do not interpret it in that way.

Mr. STAFFORD. But the amendment which I propose to offer takes care of that situation.

Mr. JENKINS. I do not think it does, because the last part of this bill will stand the same and the first part will stand the same, and the attorney general of Wisconsin would have rights that no other attorney general would have, and you do not define what rights you give him.

Mr. LAGUARDIA. The gentleman's amendment makes it permissive on the part of the attorney general.

Mr. STAFFORD. My amendment is:

under such regulations as the head of the department or independent establishment may prescribe.

Mr. JENKINS. But you do not say what department.

Mr. STAFFORD. Any department, under such regulations as the head of the department or independent estab-

lishment may prescribe. You can not designate the department, but I make it broad so as to have it apply to all those which have this information.

Mr. JENKINS. Inasmuch as this bill will have no chance to pass the other body, I am going to insist upon my objection.

Mr. STAFFORD. It is a Senate bill.

CHELAN NATIONAL FOREST

The Clerk called the next bill, S. 3711, to authorize the adjustment of the boundaries of the Chelan National Forest, in the State of Washington, and for other purposes.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

CRATER LAKE NATIONAL PARK

The Clerk called the next bill, S. 4070, to authorize the acquisition of a certain building, furniture, and equipment in the Crater Lake National Park.

Mr. LAGUARDIA. Mr. Speaker, I object.

TRANSFER OF WIDOWS ISLAND, ME.

The Clerk called the next bill, H. R. 5642, to authorize and direct the transfer of Widows Island, Me., by the Secretary of the Navy to the Secretary of Agriculture for administration as a migratory-bird refuge.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

Mr. NELSON of Maine. Mr. Speaker, reserving the right to object, I want to say that this bill is of considerable public interest in my State. There is a small island off the coast of Maine which the Department of Agriculture desires as a bird refuge. The island is now owned by the Navy Department. It has some old ruined buildings upon it, and it is frequented by black ducks. The Navy Department has no use for the island, and the Agricultural Department desires it as one of the bird refuges which they are establishing throughout the country, and other than this island there is no other available.

At the present time they are shooting black duck on this island and I would like to see the bill passed at this session in order to stop the hunting of these birds during the coming fall season.

Mr. LAGUARDIA. I will say to the gentleman that I have carefully examined this bill and I see no objection to its passage.

Mr. NELSON of Maine. I thank the gentleman for that statement.

Mr. STAFFORD. I am impressed by the statement that the Secretary of Agriculture would like to have this island for administrative purposes. There may be much in what the gentleman from Maine says, but I wish to make a further investigation as to the general scope of the bill. I have said to the gentleman from Maine that I am perfectly willing to have the Government cede that island to the State of Maine, but the gentleman has said the State does not want it. For the time being I object.

Mr. NELSON of Maine. Will the gentleman withhold his objection?

Mr. STAFFORD. Yes.

Mr. NELSON of Maine. This island is not to be used for State purposes. The Government still wants this land, and they want it for a Federal purpose. They want it as a migratory-bird refuge, and it is the only place in that vicinity available. The Government wants this island, and it needs it. The black duck are closely hunted in that vicinity, and they are hunting them there now. I would like to have this bill passed at this session in order to forbid the hunting of these duck during this next fall season.

Mr. STAFFORD. Mr. Speaker, I object until I can make a further investigation of the bill.

Mr. NELSON of Maine. The gentleman agreed to make that investigation before.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had concurred in a concurrent resolution of the House of the following title:

H. Con. Res. 37. Concurrent resolution authorizing a correction in the enrollment of the bill H. R. 11897.

COLVILLE NATIONAL FOREST

The Clerk called the next bill, H. R. 9440, to authorize the adjustment of the boundaries of the Colville National Forest, in the State of Washington, and for other purposes.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

AMENDMENT OF DISTRICT OF COLUMBIA TRAFFIC ACTS

The Clerk called the next bill, S. 4123, to amend the District of Columbia traffic acts, as amended.

Mr. STAFFORD. Mr. Speaker, I object.

NATIONAL GUARD OF THE STATE OF SOUTH DAKOTA

The Clerk called the next bill, H. R. 487, to authorize an appropriation for the purchase of land in South Dakota for use as camp sites or rifle ranges for the National Guard of said State.

Mr. LAGUARDIA. Mr. Speaker, I object.

BRIDGE ACROSS THE MISSISSIPPI RIVER, ST. LOUIS, MO.

The Clerk called the next bill, H. R. 9265, to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Cherokee and Osage Streets, St. Louis, Mo.

Mr. LAGUARDIA. Mr. Speaker, I object.

BRIDGE ACROSS THE MISSISSIPPI RIVER, HELENA, ARK.

The Clerk called the next bill, H. R. 12316, to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Helena, Ark.

Mr. SCHAFER. Mr. Speaker, I object.

RESEARCH LABQRATORY FOR UTILIZING COTTON, ETC.

The Clerk called the next joint resolution, House Joint Resolution 352, authorizing and directing the Secretary of Agriculture to request allocation of funds; also to establish a research laboratory for utilizing cotton, cotton hulls, seed, linters, and waste farm products.

Mr. STAFFORD and Mr. SCHAFER objected.

ENTRY OF CERTAIN EXHIBITS UNDER BOND

The Clerk called the next bill, H. R. 12171, to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I have examined this bill and the report quite carefully. It is somewhat of a departure from the established policy of the Government. I have suggested to those interested in the proposal to have these goods for exhibition purposes admitted free of duty that it be limited for a period of two years, and to strike out the provision on page 2, which would apply the duty only on the value of the shopworn quality of the goods.

Mr. JOHNSON of Washington. Mr. Speaker, I shall object to this bill, so we are losing time. We are not passing any bills here to-day; and if you object to some of them, you might as well object to all.

Mr. STAFFORD. This is a bill that is on the Special Calendar of the Speaker for suspension of the rules, and we will not be able to get these amendments on the bill otherwise.

Mr. CULLEN. If the gentleman will permit, I shall accept the amendments, because I think they are fair and that they should be incorporated in the bill, and, Mr. Speaker, I am going to ask unanimous consent that Senate bill S. 4747, which is now on the Speaker's table and which is identical with my bill that is on the House Calendar, be substituted.

Mr. GARBER. Reserving the right to object, will the gentleman explain the purpose of the bill?

Mr. CULLEN. Yes; I will make an explanation.

This is not a strange method of legislating. Similar legislation has been passed on many occasions.

Mr. GARBER. There is not any question about that, but we want to know the purpose of the proposed legislation.

Mr. CULLEN. I am going to tell the gentleman that.

Mr. SCHAFER. Will the gentleman yield?

Mr. CULLEN. Yes.

Mr. SCHAFER. I do not want to take up much time, but I would like to ascertain if the new leader of the Democratic Party in the House, the conscientious objector, the gentleman from New York [Mr. O'CONNOR], approves of this bill and approves of taking up 5 or 10 minutes to discuss its merits.

Mr. CULLEN. I think the gentleman from New York [Mr. O'CONNOR] approves of the bill.

Mr. SCHAFER. If he does, I shall not take up any more time and shall not interpose any objection.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I want to ask the gentleman from Wisconsin a question. Of course, I am in sympathy with the gentleman's amendment. Will the striking out of that provision, which is rather unusual, fixing the duty on the depreciated value of the importation provide definitely that the full duty will be paid if sold?

Mr. STAFFORD. Yes; the first part of the proviso covers that.

Mr. LAGUARDIA. In reply to the gentleman from Oklahoma, I may state that in this building, known as Radio City, it is intended to have a sort of commercial museum with exhibitions, and the articles mentioned in the bill will be on exhibit; and while they are on exhibit, no duty will be paid; but a bond will be given for the amount of the duty, and in the event they are sold or disposed of, of course, the full duty must be paid. If they are not sold or disposed of, then they go back.

Mr. CULLEN. Let me say that this has the approval of the Treasury Department.

Mr. GARBER. Are these articles for public exhibition?

Mr. JOHNSON of Washington. Mr. Speaker, I object.

ADVANCES UNDER THE RECONSTRUCTION FINANCE CORPORATION ACT

The Clerk called the next bill on the Consent Calendar, H. R. 10673, to provide that advances under the Reconstruction Finance Corporation act may be made to producers of livestock and to dairy farmers.

Mr. STAFFORD. That has already been incorporated into law, and I object.

LIGHTER SERVICE

The Clerk called the next bill on the Consent Calendar, S. 2883, an act prescribing regulations for carrying on the business of lighter service from any of the ports of the United States to stationary ships or barges located offshore, and for the purpose of promoting safety of navigation.

The SPEAKER pro tempore. Is there objection?

Mr. BLACK, Mr. KNUTSON, and Mr. LAGUARDIA objected.

EXHIBITS OF ARTS, SCIENCES, AND INDUSTRIES

Mr. CULLEN. Mr. Speaker, I ask unanimous consent to return to Calendar No. 376, H. R. 12171. The gentleman from Washington, who objected, will withdraw his objection.

Mr. JOHNSON of Washington. I withdraw my objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the title to the bill, as follows:

H. R. 12171, a bill to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea.

Mr. CULLEN. Mr. Speaker, I ask unanimous consent to substitute the bill S. 4747, an identical bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That all articles which shall be imported from foreign countries for the sole purpose of exhibition or display at a permanent exhibition or exhibitions and/or at a temporary exhibition or exhibitions of the arts, sciences, and industries, and products of the soil, mine, and sea, to be held at any time and from time to time by Rockefeller Center (Inc.), a corporation organized under the laws of the State of New York, and/or by its tenants or licensees in a building or buildings to be owned by Rockefeller Center (Inc.), and to be a part of and to be known as Rockefeller Center and to be located between Fifth and Sixth Avenues and Forty-eighth and Fifty-first Streets, in the Borough of Manhattan, city and State of New York, upon which articles there shall be a tariff or customs duty, shall be admitted free of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful, at any time during or at the close of any exhibition held pursuant to this act, to sell for delivery at the close thereof any goods or property imported for and actually displayed at such exhibition, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided*, That all such articles, when sold or withdrawn for consumption or use in the United States, shall be subject to the duty, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal and to the requirements of the tariff laws in effect at such date; and on such articles which shall have suffered diminution or deterioration from use, incidental handling, and exposure the duty, if payable, shall be assessed according to the appraised value or condition at the time of withdrawal for consumption or use: *And provided further*, That Rockefeller Center (Inc.) shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that all necessary governmental expenses incurred as a result of exhibitions authorized under this act, including salaries of customs officials in charge of imported articles, shall be paid to the Treasury of the United States by Rockefeller Center (Inc.) under regulations to be prescribed by the Secretary of the Treasury: *And provided further*, That nothing in this act contained shall be construed as an invitation, express or implied, from the Government of the United States to any foreign government, state, municipality, corporation, partnership, or individual to import any articles for the purpose of exhibition at the said exhibitions.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 2, line 12, strike out the language, namely, "and on such articles which shall have suffered diminution or deterioration from use."

The amendment was agreed to.

Mr. STAFFORD. Now, Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 3, line 8, after the word "Treasury" insert "*And provided further*, That all such articles shall at the expiration of two years be subject to the import duty then in force unless same shall have been sold or exported from this country prior to that period of time."

The amendment was agreed to.

Mr. SCHAFER. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 3, line 3, strike out the word "Treasury".

Mr. PATMAN. Mr. Speaker, I rise in opposition to the pro forma amendment. The RECORD of last Friday discloses that the gentleman from Michigan [Mr. MICHENER], alleged to be the acting leader on the Republican side at the time, stated that he would favor an investigation of the Treasury Department, although stating he was acting in his individual capacity. The RECORD speaks for itself. There was a hearing before the Committee on Rules last Saturday and it continued over until Monday. I appeared before the Rules Committee and asked for an investigation of the Treasury Department, the Federal reserve system, and the monetary system of the United States, and especially the office of the Comptroller of the Currency.

That committee gave careful consideration to the resolution all day Monday, and I understand voted yesterday—Tuesday—not to have the investigation. The Republican members of the committee voted unanimously against the resolution to investigate the Treasury Department. Although the gentleman from Michigan said that he would support it, when the question came on a record vote, he did

not vote for the investigation. I understand there was a tie vote, 6 and 6. I know why he did not vote for it.

Mr. SUMMERS of Washington. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I can not yield now. There is one reason why the Republican Members oppose this investigation. We had an investigation before the Judiciary Committee of the Secretary of the Treasury when considering the impeachment resolution against Andrew W. Mellon. Mr. MICHENER was a member of the Judiciary Committee at the time of its consideration. Had that proceeding not been interfered with by the President of the United States there would have been a complete investigation and audit of the United States Treasury, but the President of the United States pardoned the gentleman who was accused of those crimes by appointing him to a different office and sending him to a foreign country, thereby relieving the Committee on the Judiciary of further jurisdiction of that case. The impeachment proceedings were in the nature of an ouster proceeding; the President voluntarily ousted him, so that left nothing further for the committee to do. Therefore an investigation of the Treasury Department was deliberately prevented by the President of the United States. There was another resolution before the Committee on Rules to investigate the Treasury. Mr. MCFADDEN, of Pennsylvania, introduced a resolution and I introduced a resolution. I say that resolution yesterday was deliberately defeated for the purpose of preventing the people from knowing what has been going on in the Treasury Department. Before the war Mr. Mellon and his brother had inherited quite a fortune and they owned and controlled probably two or three hundred million dollars in property.

After the war was over they owned and controlled property of the value of $2,200,000,000. Then Mr. Mellon went in as Secretary of the Treasury. Get the World's Work for March, 1932, and you will find a complete statement, itemized, of the properties he and his brother owned and controlled at the time he was granted a pardon, aggregating $7,950,000,000; and if we were to have an investigation of the Treasury Department, the people would find out whether that money had been honestly acquired. That is why they did not want an investigation; that is why the Republican Party does not want an investigation. They will vote against it solidly. I doubt that even my good friend the gentleman from Wisconsin, Mr. SCHAFER, who is always progressive and is willing to do what he believes is right, could afford to support that resolution.

Mr. SCHAFER. I will vote for any investigating resolution.

Mr. PATMAN. I hope the gentleman will assist in getting the resolution considered.

The SPEAKER pro tempore. The time of the gentleman from Texas [Mr. PATMAN] has expired.

The pro forma amendment was withdrawn.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

Mr. MARTIN of Oregon. Mr. Speaker, in view of the exhibitions that are occurring on the floor, I rise to move that the House take a recess for one hour.

The SPEAKER pro tempore. The Chair will not recognize the gentleman for such a motion.

ROLL CALL

Mr. JOHNSON of Washington. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. COLLINS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 119]

Abernethy	Beck	Boland	Britten
Baldrige	Blanton	Boylan	Buchanan
Bankhead	Bloom	Brand, Ga.	Buckbee
Beam	Bohn	Brand, Ohio	Busby
Cable	Glover	McSwain	Sirovich
Canfield	Golder	Mansfield	Smith, W. Va.
Cary	Goodwin	Martin, Oreg.	Sparks
Chiperfield	Greenwood	May	Stalker
Christgau	Hastings	Miller	Stevenson
Clague	Hill, Ala.	Mitchell	Stokes
Clancy	Horr	Montague	Sullivan, Pa.
Corning	Igoe	Moore, Ky.	Swank
Crisp	James	Mouser	Swick
Crosser	Johnson, Ill.	Murphy	Taylor, Colo.
Davis	Johnson, S. Dak.	Nelson, Wis.	Taylor, Tenn.
Dickinson	Keller	Oliver, Ala.	Thatcher
Douglass, Mass.	Kendall	Oliver, N. Y.	Thomason
Doutrich	Kennedy	Parks	Tilson
Drane	Kerr	Partridge	Tucker
Evans, Mont.	Ketcham	Peavey	Turpin
Fernandez	Kniffin	Pou	Underhill
Finley	Lamneck	Pratt, Harcourt J.	Vinson, Ga.
Frear	Lanham	Ragon	Watson
Freeman	Larsen	Rayburn	Weeks
Fulbright	Lichtenwalner	Reid, Ill.	Williams, Tex.
Fuller	Linthicum	Rogers	Wood, Ga.
Fulmer	Lovette	Romjue	Wood, Ind.
Gambrill	McClintic, Okla.	Sabath	Wright
Gasque	McLaughlin	Sanders, N. Y.	
Gilbert	McMillan	Sandlin	
Gillen	McReynolds	Shreve	

The SPEAKER pro tempore. Three hundred and nine Members have answered to their names; a quorum is present.

Mr. RAINEY. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

KLAMATH INDIAN RESERVATION

The Clerk called the next bill, S. 2671, providing for the final enrollment of the Indians of the Klamath Indian Reservation in the State of Oregon.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that that bill be passed over without prejudice.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

OBLIGATIONS TO ENROLLED INDIANS UNDER TRIBAL AGREEMENTS

The Clerk called the next business, House Joint Resolution 409, to carry out certain obligations to certain enrolled Indians under tribal agreements.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that that bill be passed over without prejudice.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

SETTLEMENT, ALLOWANCE, AND PAYMENT OF CERTAIN CLAIMS

The Clerk called the next bill, H. R. 8374, to authorize the settlement, allowance, and payment of certain claims, and for other purposes.

Mr. LAGUARDIA. Reserving the right to object, this bill is an omnibus private bill, with the exception that there is a provision toward the end which would make it a public bill. I think it is very bad practice to permit an omnibus private bill to be reported with one provision that will make it a public bill on this calendar. I have no objection to the merits of the bill, but I do not think it ought to be on this calendar.

Mr. STAFFORD. Will the gentleman yield?

Mr. LAGUARDIA. Certainly.

Mr. STAFFORD. I quite agree with the conclusion of the gentleman that this is substantially a private claims bill, but most of the claims referred to have been passed upon by the Comptroller General—not all of them. It is the general policy of those watching the Private Claims Calendar to approve bills recommended or approved by the Comptroller General. I have gone over rather carefully the various items providing for payment of claims, and I am inclined to think that even though the bill is subject to the criticism which the gentleman from New York has made, that it is a private claims bill with one exception only, which makes it in order on the Consent Calendar, nevertheless we should go through with it.

Mr. LAGUARDIA. We want it known, however, that any attempt to bring in an omnibus private bill on the Consent Calendar will be resisted.

Mr. BLACK. We do not expect to bring in any omnibus bill. The only omnibus bill we have in mind is a collection

of the bills of the gentleman from New York [Mr. LAGUARDIA]. [Laughter.]

Mr. LAGUARDIA. With that assurance from the chairman of the Committee on Claims, I shall not object.

Mr. STAFFORD. Mr. Speaker, there is one series of claims to which I think criticism may be lodged, and that is those to the various mariners who went to the rescue of a distressed aviator at sea, where claims are allowed for $338 for the loss of profits that might have been gained by collecting a school of fish. I think that amount should certainly be reduced by $200.

Mr. BLACK. I do not know anything about aviators, fish, or mariners. So I shall not object.

Mr. STAFFORD. With that understanding, I have no objection to the consideration of the bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That payment to the American Appraisal Co. for services rendered in the amount of $750 for the appraisal of the Peter Lyall plant at Montreal, Canada, and for services rendered in the amount of $1,250 for the appraisal of the Long Island Air Reserve Depot, New York, is hereby authorized to be made from the proceeds of the sale of surplus real estate under the jurisdiction of the War Department not as yet deposited in the Treasury to the credit of the military post construction fund, as provided for by the act of Congress approved March 12, 1926 (44 Stat. 203).

SEC. 2. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Western Electric Co. (Inc.) the sum of $7,192.35 in full satisfaction for services and materials furnished the War Department in connection with a contract dated June 5, 1920, and for completing certain work in connection with subaqueous sound-ranging equipment for seacoast defenses.

With the following committee amendment:

Strike out all of section 2.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 3. That the Comptroller General of the United States be, and he is hereby, authorized, notwithstanding the provisions of the act of July 16, 1914 (38 Stat. 508), to adjust and settle the claims of John A. Belhan and the Standard Oil Co. in the amounts of $356 and $8.49, respectively, for rental and operation of an automobile used in connection with improvements to the road system in the Vicksburg National Military Park, Miss., during the fiscal year 1931, and to certify same for payment from the appropriation "Vicksburg National Military Park," 1931.

With the following committee amendment:

In line 12, page 2, strike out the figure "3" and insert the figure "2."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 4. That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the following claims and certify the same to Congress:

(a) Jay Street Terminal on account of damages suffered by reason of a collision with the bulkhead of claimant by the United States Army mine planter *General E. O. C. Ord*, in the East River, on or about September 3, 1929: $1,097.

(b) A. J. Segel on account of damages suffered by reason of an Army recruiting sign falling, during a storm, on his automobile while parked on a public street on or about March 26, 1930: $10.

(c) Alleghany Forging Co. on account of damages suffered by reason of excess in freight, hauling, labor, and incidental expenses due to shipment by the United States of salvaged material, purchased by claimant to wrong destination: $174.92.

(d) Walter Bell on account of damages suffered by reason of destruction of mature vines of a cranberry bog by fire, which started on Camp Dix Military Reservation, and extended over said bog on or about June 3, 1930: $2,500.

(e) Carl B. King Drilling Co., on account of damages suffered to its airplane due to an Army airplane running into it at Clover Field, Calif., on or about August 2, 1930: $1,722.03.

(f) M. Giacalone, on account of damages suffered while engaged in rescuing an Army aviator and assisting in salvaging an Army airplane from the sea off the coast of Hawaii on or about October 30, 1930: $459.61.

(g) Jact Buono, on account of damages suffered while engaged in rescuing an Army aviator and assisting in salvaging an Army airplane from the sea off the coast of Hawaii on or about October 30, 1930, $469.88.

(h) Joseph Asaro, on account of damages suffered while engaged in rescuing an Army aviator and assisting in salvaging an Army airplane from the sea off the coast of Hawaii on or about October 30, 1930: $459.

(i) Sam Harrison, on account of damages suffered by reason of a bomb dropping from an Army airship onto a farmhouse owned by him near Scott Field, Illinois: $1,982.

With the following committee amendment:

In line 22, on page 2, strike out the figure "4" and insert the figure "3."

The committee amendment was agreed to.

Mr. BLACK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLACK: In line 12, on page 4, strike out "onto" and insert "on."

The amendment was agreed to.

Mr. JOHNSON of Washington. Mr. Speaker, I move to strike out the last word, to ask the chairman in charge of the bill if these paragraphs are not claims bills all carried in one bill, and thus brought up on Consent Calendar rather than the Private Calendar?

Mr. BLACK. These bills are claims that came to the committee directly from the Speaker's office, with accompanying letters from the War Department and the Comptroller General.

Mr. JOHNSON of Washington. What is the total amount involved in the bill?

Mr. BLACK. It is not very heavy. I do not recall the total.

Mr. JOHNSON of Washington. What is it—$10,000, $20,000, or $30,000?

Mr. BLACK. It is not that much. It is very small.

Mr. JOHNSON of Washington. The point is the Claims Calendar is badly congested with claims running in numbers on the calendar as high as 900. Occasionally an evening has been had, and occasionally an afternoon has been had, for the consideration of claims bills, but now, when it is assumed the session is about to adjourn, an omnibus claims bill is run in on consent day, with conversation carried on in almost a whisper between the two distinguished general objectors, the gentleman from New York [Mr. LAGUARDIA] and the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. If the gentleman will permit, I raised my voice so that even those in the galleries could hear me.

Mr. JOHNSON of Washington. The galleries could not hear the gentleman.

I withdraw any objection I had to this claims bill.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 4, line 2, strike out "$459.61" and insert in lieu thereof "$309.61."

Page 4, line 6, strike out "$469.88" and insert in lieu thereof "$319.88".

Page 4, line 10, strike out "$459" and insert in lieu thereof "$309."

Mr. JOHNSON of Washington. Mr. Speaker, reserving the right to object, let me ask the gentleman from Wisconsin how he arrives at the corrected figures?

Mr. STAFFORD. If the gentleman had been giving his keen ear and eagle eye——

Mr. JOHNSON of Washington. I can not do that. If the gentleman can tell us without going into all this hot air and thin talk, I would like to hear him.

Mr. STAFFORD. It is something more than hot air; it is facts I am giving the gentleman.

Mr. JOHNSON of Washington. But the gentleman from Wisconsin can throw more words—literally throw more words—around a thin idea than any man in this part of the United States.

Mr. STAFFORD. I can not compete with the distinguished gentleman from Washington. [Applause.]

Mr. SABATH. I do not think these Republican colleagues should be fighting among themselves.

Mr. JOHNSON of Washington. I want to know how the gentleman arrives at these corrected figures when he says this bill came out of the Speaker's rooms.

Mr. SABATH. I know the gentleman from Wisconsin will be able to answer that.

Mr. JOHNSON of Washington. He says with the assistance of the chairman of the Committee on Military Affairs. Maybe the gentleman from Wisconsin can answer——

Mr. STAFFORD. The gentleman is in error again. The gentleman is chairman of the War Department Appropriations Subcommittee.

The SPEAKER. The question is on agreeing to the amendment.

Mr. JOHNSON of Washington. Mr. Speaker, reserving the right to object, I asked for information as to the nature of these claims.

Mr. STAFFORD. These claims refer to the claims of three fishermen who went to the rescue of a distressed aviator at sea. The War Department estimated that the loss of these three seamen for one day's catch at sea was $338.25.

Mr. JOHNSON of Washington. Twenty-six cents was it not?

Mr. STAFFORD. I suggested to the gentleman from New York, the chairman of the Claims Committee, that this seemed to be a pretty large amount for just one day's catch and should be reduced by $200, but the gentleman from New York [Mr. LAGUARDIA] suggested that we better cut it down only $150, and I made the reduction $150. So there should be no kick from these three fishermen on this amount as fair compensation for one day's labor in going to the rescue of this distressed airship at sea.

Mr. LAGUARDIA. Will the gentleman from Wisconsin inform the gentleman from Washington in addition that they salvaged an engine which was worth $5,361.97.

Mr. JOHNSON of Washington. What is the catch per day now estimated to be worth?

Mr. STAFFORD. Inasmuch as the gentleman comes from a fishing State, he is better qualified to know that than I am.

Mr. JOHNSON of Washington. Mr. Speaker, I withdraw any objection I may have.

The SPEAKER. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was agreed to.

The Clerk read the following committee amendment:

Page 4, line 14, strike out the figure "5" and insert in lieu thereof the figure "4."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Strike out all of sections 6 and 7 and insert in lieu thereof section 5, as follows:

"SEC. 5. That the Comptroller General of the United States is hereby authorized to allow transportation accounts for private automobiles of officers, warrant officers, nurses, enlisted men, or civilian employees shipped as their authorized baggage allowance from October 12, 1927, to October 10, 1929, and within the authorized weight allowance, at classification rates charged by the transportation companies: *Provided*, That where any amounts have been collected for shipments made during such period of the difference between classification rates and household goods rates as authorized by existing law the payment, upon presentation of claims therefor, of amounts thus collected to those from whom collected is authorized and directed."

The SPEAKER. The question is on the committee amendment.

Mr. COLLINS. Mr. Speaker, I offer an amendment striking out section 5.

Mr. STAFFORD. Mr. Speaker, I ask for a division of the committee amendment.

The SPEAKER. The question is on the committee amendment, striking out sections 6 and 7.

The committee amendment was agreed to.

The Clerk read the following committee amendment:

Page 6, beginning with line 18, insert section 5.

"SEC. 5. That the Comptroller General of the United States is hereby authorized to allow transportation accounts for private automobiles of officers, warrant officers, nurses, enlisted men, or civilian employees shipped as their authorized baggage allowance from October 12, 1927, to October 10, 1929, and within the authorized weight allowance, at classification rates charged by the transportation companies: *Provided*, That where any amounts have been collected for shipments made during such period of the difference between classification rates and household goods rates as authorized by existing law the payment, upon presentation of claims therefor, of amounts thus collected to those from whom collected is authorized and directed."

The committee amendment was rejected.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment as a new section, section 5, of the bill.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 4, after line 25, insert a new section, to be known as section 5 and to read as follows:

"SEC. 5. That the payment of any and all the claims herein authorized shall be in full payment thereof by the Government."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the customary attorney's fee amendment.

The SPEAKER. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: At the end of the bill insert the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

HOME LOAN BANK BILL

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. The gentleman from Alabama asks unanimous consent to take from the Speaker's table the bill H. R. 12280, known as the home loan bank bill, disagree to the Senate amendments and agree to the conference asked by the Senate. The Clerk will report the bill by title.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. McCORMACK. Mr. Speaker, reserving the right to object, and I will not object, I would like to ask my friend whether or not the House conferees will give consideration to the proposition of enabling the House, if necessary, to vote on the rider attached to the bill by the Senate, in other words, the $1,000,000,000 expansion of currency rider which was attached in the Senate—whether or not the conferees on the part of the House will see that the membership of the House has an opportunity to vote on that separately in case it is necessary to take such action.

Mr. STEAGALL. I do not know that I can assure the gentleman just what will be done with that particular amendment to the bill. I can only voice my own views in the matter. I do not know how other members of the conference committee look upon that amendment, or how they will stand with reference to that or any other amendment.

Mr. McCORMACK. Did the gentleman's committee consider that bill?

Mr. STEAGALL. No. The Glass amendment has never been considered in this House. The Glass amendment, adopted as a rider to this bill, was reported to the Senate by the Banking and Currency Committee as a substitute for the Goldsborough currency expansion measure which passed the House.

Mr. McCORMACK. The gentleman's statement is perfectly satisfactory to me.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, the gentleman from Alabama knows the keen interest of a great many of us in section 5. Section 5 provides, gentlemen, that no institution shall derive any benefits from this act, be eligible for membership, or have the right to retain membership if such institution charges borrowers on their homes more than the legal and lawful rate of interest. Section 5 has been emasculated by the Senate. In other words, the bill now permits the charging of the maximum legal rate and other charges such as commissions, fines, and penalties. In many instances building and loan associations charge penalties which amount to as much as 24 per cent a year. I want to call the gentleman's attention to that and to beg of him not to surrender, because, after all, this is a bill to protect the home owners.

The President of the United States has taken pride in his suggestion to protect the home owners. This House has done likewise. If we surrender on that, we will be protecting a lot of loan sharks and racketeers and not the home owners. [Applause.]

Mr. STEAGALL. I will say to the gentleman from New York that I think upon reflection he will be sufficiently assured of my attitude with reference to the amendment offered by him if he will recall that I took the floor at the time in support of that amendment, which was adopted by the House.

The SPEAKER. Is there objection?

Mr. OVERTON. Mr. Speaker, reserving the right to object, and I shall not object, the expression used in the LaGuardia amendment is an unfortunate one. It used the expression "legal rate of interest" as against the contract rate of interest. I understood from the gentleman from New York that what he really intended was the contract rate of interest allowed by law.

Mr. LAGUARDIA. I will take the contract rate of interest, but not bonuses, commissions, penalties, and fines.

Mr. OVERTON. If you restrict it to the legal rate of interest, then you will disqualify State after State from enjoying the benefits of this act.

Mr. LAGUARDIA. My amendment is sufficiently broad, because it provides the maximum legal rate which, of course, embraces the contract rate.

Mr. OVERTON. There is an obvious difference between the legal rate and the contract rate allowed by law.

Mr. LAGUARDIA. If the gentleman is satisfied with the contract rate, eliminating bonuses, commissions, charges, penalties, and fines, which result in a usurious rate, then we are in complete accord.

Mr. OVERTON. That is perfectly satisfactory to me.

The SPEAKER. Is there objection?

Mr. McFADDEN. Mr. Speaker, reserving the right to object, I want to emphasize what the gentleman from Massachusetts [Mr. McCORMACK] has pointed out in connection with this bill. This bill was considered at great length by the Senate and many amendments were placed thereon. Under the attempt to filibuster by certain Members of that other body, they have substituted this proposal to permit an increase of the circulating medium under the provisions of this bill by $1,000,000,000. One billion dollars' worth of credit established in the Federal reserve system will, under certain conditions, make possible an inflation up to $20,000,000,000. That is a very dangerous proposal in this bill and I am unalterably opposed to it. Unless there can be assurance given that that will be eliminated this bill should not be sent to conference.

Mr. McCORMACK. Might I suggest, unless we are given assurance that we will be given an opportunity to vote on it.

Mr. McFADDEN. I will say to the gentleman that this is piecemeal legislation pertaining to the Federal reserve system. We have done about all that should be done by way of piecemeal legislation at this session of Congress. I think under all the circumstances, Mr. Speaker, I shall object to the bill going to conference.

The SPEAKER. The gentleman from Pennsylvania objects.

Mr. CHINDBLOM. Will the gentleman from Alabama yield in order that I may make a suggestion to the gentleman from Pennsylvania?

Mr. STEAGALL. I may suggest that under strict parliamentary procedure I have not the floor any longer.

The SPEAKER. The gentleman from Alabama [Mr. STEAGALL] has asked unanimous consent to agree to the conference asked by the Senate. The only query that comes is whether there is objection to this request.

Mr. CHINDBLOM. The gentleman from Pennsylvania [Mr. McFADDEN] objected, and I ask him to withhold his objection a moment.

Mr. McFADDEN. I withhold my objection.

Mr. CHINDBLOM. Under the rules of the House the amendment added by the Senate would not be germane to the original House bill and if offered here would be subject to a point of order. Under the later practice in the House, when a bill has come from the Senate with an amendment subject to a point of order in the House, while, of course, a point of order can not be sustained as to the Senate amendment, it has been the custom that such an amendment has been submitted to the House for separate action and I think this practice should be followed in this instance.

Mr. McFADDEN. But, Mr. Speaker, I understand there are 50 or 60 amendments which have been placed on this bill during its consideration yesterday and the days before in the Senate.

Mr. STAFFORD. Oh, there are not more than 15 or 20 amendments on the bill.

Mr. McFADDEN. I have not had a chance to examine the amendments and therefore I shall insist upon my objection.

Mr. McCORMACK. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. McCORMACK. May I suggest to my distinguished friend, in whose remarks I am in complete accord, that the important thing is the passage of a home loan bank bill. The people of the country and most of us in the House here are interested in its passage, and may I ask my friend to have the same confidence that I have—and I know that he has—in our conferees. I am sure we will secure a separate vote on the rider put on in the Senate, and may I ask my friend not to press his objection to this bill going to conference, in view of the fact that we have complete confidence in the conferees on the part of the House. I am satisfied they will give us a separate vote on this matter.

Mr. McFADDEN. Mr. Speaker, under ordinary circumstances I would agree with the gentleman from Massachusetts, but there is a move on to pass this bill regardless of these amendments, and for that reason I object.

The SPEAKER. The gentleman from Pennsylvania objects.

Let the Chair make a statement. The Chair was over in the Senate a moment ago and talked with several Senators. Unless the House stays in session a sufficient length of time for the Senate to agree to the conference asked by the House on the relief bill, necessarily it will require another day before adjournment. The idea of the Chair, which, I take it, is the idea of most of the gentlemen here, would be to continue for a little while with a view to getting this message from the Senate so that conferees may meet to-night or at some early hour in the morning. The Chair can never speak without some hesitation about information which he gets from the Senate as to possibilities of this kind, but the Chair talked with them a few moments ago and they hope to get through with this matter at an early hour. Gentlemen will have to draw their own conclusions as to just what this means, but the Chair thinks we better try for 30 minutes, at least, to go on with the Consent Calendar, and see if we can not have this conference to-morrow morning or to-night.

Mr. SNELL. If the Chair will permit me to ask a question or two, what does the Chair propose to do—bring in a rule to send the home-loan bank bill to conference? The Rules Committee, I understand, is meeting now; and if the

Chair will give the order, they will report out a rule to send this bill to conference. If I understand the situation at the other end of the Capitol, they are not going to do anything until we make some disposition of this bill.

The SPEAKER. If that is the case, the Chair will state to the gentleman from New York [Mr. SNELL] that if the Republican Senate is going to say to the House of Representatives that they will not agree to a conference asked by the House of Representatives until we agree to their conference, I say to call their hand [applause], and we might as well understand that now.

Mr. SNELL. I may say that so far as I am personally concerned—and I think I am speaking for a good many Members on this side—we are very much interested in the home loan bank bill [applause], and we are going to use every possible effort at our command to pass that bill before this House adjourns. [Applause.] And I may say to the distinguished Speaker that I am just as anxious to adjourn as he is, but we are not going to hurry unless we have some action on this bill. [Applause.]

The SPEAKER. Let the Chair say to the minority leader, inasmuch as he has asked the Chair a question, that the Chair is not going to put any impediment in the way of the passage or the consideration of the home loan bank bill; but the Chair does take the position that the House of Representatives is as much a dignified body as the Senate and has as much rights as the Senate. The Chair has always stood up for the House of Representatives and the Chair is going to do so now.

Mr. SNELL. Let me say that I respectfully request the Speaker to ask the Rules Committee to bring in a rule to send the home loan bank bill to conference. This is in keeping with the dignity of the House of Representatives.

The SPEAKER. The Speaker has made very few requests of the Rules Committee since he has been Speaker of the House.

Mr. SNELL. The gentleman from New York has had some experience, and we know what control the Speaker has over that committee, and I make that request now.

The SPEAKER. The Clerk will call the next bill on the Consent Calendar.

WAR-RISK INSURANCE FOR EASTERN AND WESTERN DISTRICT OF SOUTH CAROLINA

The Clerk read the next bill on the Consent Calendar, H. R. 11676, providing for the appointment of a commissioner to hear cases arising under contracts of war-risk insurance in the District Court for the Eastern and Western District of South Carolina.

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA. I object.

CONSERVATION OF OIL AND GAS

The Clerk read the next bill on the Consent Calendar, H. R. 12076, for the conservation of oil and gas and protection of American sources thereof from injury, correlation of domestic and foreign production, and consenting to an interstate compact for such purposes.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I ask that the bill be passed over without prejudice.

There was no objection.

ADDING CERTAIN LANDS TO THE BOISE NATIONAL FOREST

The Clerk read the next bill on the Consent Calendar, H. R. 413, to add certain lands to the Boise National Forest.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, this bill provides for the addition of an area to the Boise National Forest. The report shows that it is for the protection of the watershed, so that the existing irrigation project will not be impaired by sediment that may flow into Snake River and Fayette River. I yield to the gentleman from Idaho to make an explanation as to the character and extent of the land sought to be added to the national forest.

Mr. FRENCH. Mr. Speaker, this bill proposes an addition of approximately 254,872 acres to the Boise National Forest. Of that amount, about 155,000 acres are privately owned land, and about 95,088 acres are public domain, belonging, of course, to the Federal Government.

The reason why this area ought to be added to the national forest in the first place is because the land itself is essentially valuable for forest purposes. It is suitable for grazing but is essentially forest land. Some of the land has standing timber upon it, but for the most part the land has been stripped of valuable timber and is what we would call cut-over land. Some of it has second-growth timber, too small to be merchantable, and most of it is potentially forest area.

The land is part of the watershed of the Boise and Payette Rivers, which drain into the Arrowrock and Black Canyon Reservoirs, which impound the water used on the Boise reclamation project.

This project has cost the Federal Government something like $17,000,000. To-day the Boise-Payette project has values, including rural and city improvements, aggregating $50,000,000. The land that it is proposed be included in the Boise National Forest will be handled and administered as other lands in the national forest to which it is adjacent.

Mr. GOSS. It is subject to the general transfer provisions?

Mr. FRENCH. Yes; the land in private ownership would not come under the administration of the national forest, although it would be included within the external boundaries. Again, the gentleman is correct in the matter of exchange, in that the land would come under the act of Congress of March 20, 1922, under which private land within a national forest may be received in exchange for land or timber in the national forest.

Mr. GOSS. I was in hopes that gentlemen from the West might be able to prepare an amendment in connection with bills of this kind, overcoming the objection that I have raised to all of these bills. The gentleman well knows my position in cases of this kind. I hoped that gentlemen interested in the matter could get together on some provision that would safeguard the Government in transferring these lands.

Mr. FRENCH. That is precisely what we have tried to do. The gentleman has correctly pointed out land frauds in the past and emphasized the fact that we must safeguard all land exchanges and all land transactions that fraud may not occur. I am for the strictest kind of supervision, and I am with him 100 per cent in his desire to safeguard the Federal Government against every opportunity for fraud.

Mr. GOSS. That is why I am in hopes that we can get some amendment to straighten out the whole matter. For instance, I might refer to the prohibition-enforcement bureau, not to bring in that matter, of course, but many prohibition agents have been fraudulent, according to the records of that bureau. It might be possible to have something like that under this. I would like to see it continued under the jurisdiction of Congress rather than to let it get from under our hands forever.

Mr. FRENCH. On the other hand, I firmly believe that the Government's interests can be safeguarded better by fixing responsibility in definite and direct manner upon a responsible officer. Let me call attention to the outstanding fraud committed against the Government under the Mount Rainier exchange law that the gentleman himself referred to some days ago. This was in the nineties, when the Congress included a few lines in a bill which provided that the owners of lands in certain great areas might have the privilege of surrendering their land for scrip, and the scrip was made good or usable on any of the public domain belonging to the United States. In other words, land that was worth absolutely nothing from the standpoint of timber and grazing or agriculture was surrendered back to the Government and scrip was obtained for it, and that scrip was placed on land worth $100 or more an acre. A crime like that would not be committed by a public officer upon whom definite responsibility had been placed.

Mr. GOSS. If the Congress could make that great mistake in those days, it seems to me that it might be very possible for a field agent to do it now.

Mr. STAFFORD. If the gentleman will permit, we took time by the forelock and prevented that outrage from forever after being perpetrated on the Government or the people of the United States.

Mr. FRENCH. The gentleman is correct in that. Since that time the Congress has tried to pass laws that will prevent any such outrage. We are to-day operating under a provision of law that permits exchanges. But upon what basis? Not upon the basis of an acre of land being a unit of value, when an acre of land may be worth nothing if it is in one locality and worth $1,000 if it is in another, but the plan of exchange has to do with actual values of the land, including timber, after closest investigation. In exchange of lands responsibility is placed by law upon the Secretary of the Interior and the Secretary of Agriculture. Neither one alone may act. Each one thus becomes a check upon the other.

These two Cabinet officers may approve only after the provisions of law have been complied with. The provisions of law call for the minutest examination on the part of the field representatives of the Department of Agriculture, so that values may be determined and these values are used as the basis of exchange. The law further calls for publication of the proposed exchange in a paper in the county or counties where the land to be received or the land or timber to be exchanged is situated. Publication must be made for four weeks, so that the whole world will be given notice of what it is proposed shall be done. During the years that that law has been in operation, I know of no fraud, I know of no wrong that has been perpetrated against the Government. I think that the gentleman from Connecticut will recognize that this is a matter of administration, not a matter of legislation. I have talked over with the gentleman the plan that he has proposed by which it could be rereferred to the Congress, and I have talked the proposal over with Members from the West, and I think with practical uniformity they feel that such a plan would be a step backward and not forward. This body should pass upon general policies but it is not competent to pass upon the details involving values of acres of lands and values of timber. Indeed for the Congress to assume responsibility would be to remove present responsibility from the shoulders of administrative officers, because they would feel that after all the final decision would be up to Congress and not to them.

Mr. GOSS. Will the gentleman yield?

Mr. FRENCH. I yield.

Mr. GOSS. That is partially correct, but I would like to see Congress have the veto power of what has been decided in the field. Certainly the Congress can not go very far astray if it has that power of ratification after the field agents have carefully gone into the matter. In some of these tracts that have passed, of 500,000 acres, as little as 10,000 acres have been transferred back and forth.

Mr. FRENCH. Surely the departments are proceeding with caution.

Mr. GOSS. I think that is a great deal of authority to give, and until we can get together on the matter I would like to have this passed over.

Mr. STAFFORD. Will the gentleman permit in that particular?

Mr. FRENCH. I yield.

Mr. STAFFORD. I was rather influenced in connection with this bill by the fact that of the 250,000 acres, 95,000 acres are already owned by the public, a part of the public domain, and the remaining 160,000 acres have scrub growth of very little value on the watershed, which to-day, with low values for stumpage, could be purchased for a mere song, where, if business conditions improve, stumpage will naturally go up, and with the increased growth the Government could not make as favorable exchange or purchase of these 160,000 acres. If eventually, why not now?

Mr. GOSS. I have in mind a bill that was under consideration a few days ago when the gentleman from New York [Mr. LAGUARDIA] participated in the debate, in connection with the matter of these logging shows close to the lumber mills, and the idea that they could get these timber rights in the national forest, and then after our protection, to transfer them out, for better shows, nearer to the logging operations than those far away and inaccessible.

Mr. LAGUARDIA. In other words, the exchange is almost continuous. It is almost a constant change, and this is what the gentleman from Connecticut has in mind, because I have talked it over with him—some of us are under the impression that this is what is going on: First, the land where the trees have been cut off, the logged-off land, is exchanged for timberland. Then they cut the timber and sell the timber, and then they let them bring it back and exchange it back again, so that the advantage and profit and benefit of what we believe is reforestation and conservation is going to the particular enterprises or groups who are on the inside and are able to make these exchanges.

Mr. GOSS. That is the point exactly.

Mr. FRENCH. The gentleman from New York may or may not be correct. Technically it would be possible for the Forest Service to acquire a tract of land on an exchange either of land or timber, and in turn at some time to exchange the same tract for other land. In the years of administration of the law by the Forest Service I never heard of such a case.

These forest lands and potential forest lands should have been included in forest reserves many years ago. They never should have passed to private ownership. We are now trying to salvage what we may; we are trying to undo wrongs that were perpetrated 30 to 50 years ago. We are trying to preserve watersheds from erosion, improve range conditions, and build up forests for their ultimate timber values.

Mr. STAFFORD. Will the gentleman yield?

Mr. FRENCH. I yield.

Mr. STAFFORD. Here are watershed lands that it is generally admitted should be reforested. They are cut-over lands with very small growth, stubble growth, and the like. They can be purchased at a nominal sum of $3 or $5 an acre. In the State of Wisconsin the National Forestry Association is purchasing cut-over lands at that price for national forestry purposes. If the fundamental principle is correct that these are watershed lands and should be in the national forests, why not then get them when the price is low and purchase them with timber on the forest reserves?

Mr. LAGUARDIA. Because you are giving up the timber.

Mr. STAFFORD. We will give up the timber; yes.

Mr. LAGUARDIA. If we reforest the lands, let us conserve it.

Mr. GOSS. That is right.

Mr. STAFFORD. But we do not. I got my first ideas of reforestation back in 1908 as a member of the Mann Paper and Pulp Commission. The problem before that commission was whether we would have enough pulpwood to supply the manufacturers of newsprint paper in this country. We visited the various pulpwood districts in this country, and we found only one paper mill owning forest lands which was engaged in a real reforestation policy similar to that which is carried on in Sweden, similar to that carried on in Germany and other countries.

That is cutting out the matured timber and leaving the undersized to grow up to full growth. That is the policy that the Forest Service is following to-day. They are giving contracts for the matured timber and allowing it to be cut off but withholding the medium-sized timber to mature. If I am in error in that position, then my whole argument falls. We are exchanging only that which is salable.

Mr. GOSS. But that may be transferred out again at any time, even if it is secured for watershed.

Mr. STAFFORD. Not only that, but timber has a certain life, just like an individual, and after it reaches a certain age it no longer matures. It goes backward. It dies. So proper reforestation is to cut the timber after it matures. That is all this is.

Mr. GOSS. But what I am complaining of is to take these large tracts and transfer the tracts into the forest reserve, if the whole tract outside of the forest reserve is near the logging camps, to be cut off, so that when we let this second-

growth timber grow up we can transfer that into the forest reserve.

Mr. ALMON. Mr. Speaker, regular order.

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

GUNNISON NATIONAL FOREST, COLO.

The Clerk called the next bill, H. R. 12126, to add certain lands to the Gunnison National Forest, Colo.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. SWING. Mr. Speaker, under leave to extend my remarks upon this bill, I desire to say that the gentleman from Colorado, Mr. TAYLOR, made a very clear and convincing presentation of the need for the enactment of this bill. The committee was glad to report the bill favorably, and I sincerely trust the Congress will see fit, at an early date, to enact it into law.

I can not refrain from taking this occasion to pay a tribute to the services rendered in the House by the gentleman from Colorado during the 24 years that he has been a Member.

Under the rules of the House seniority alone becomes a great asset to a Member in enabling him the better to serve his district and constituents. Seniority gives rank on committees and even chairmanships, which can be secured only after years of patient waiting. Only 9 of the 435 Members exceed Mr. TAYLOR in seniority.

But length of service in this particular case has brought something besides seniority. The gentleman from Colorado has grown in wisdom, in breadth of vision, and in depth of understanding with each successive year. The valuable legislative training acquired through his past years of service have rendered him an able, efficient, and influential Representative of his people.

It is most fortunate for the West that a man like ED TAYLOR is chairman of the committee which appropriates for the Interior Department, which has to do with the most important of western activities. I have talked with practically all of the western Congressmen, and I can say that nearly every one of them, without regard to party, agrees with the sentiments I am here expressing and hopes with me that Mr. TAYLOR will live to serve many additional years in this House of Representatives, feeling as we do that his services here are highly beneficial not only to his constituents and the people of his own State but also to the entire West and to the Nation as well.

EXTENDING PROVISIONS OF FOREST EXCHANGE ACT

The Clerk called the next bill, S. 763, to extend the provisions of the forest exchange act to lands adjacent to the national forests in the State of Oregon.

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. JOHNSON of Washington. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. COCHRAN of Missouri. Will the gentleman withhold his point of order?

Mr. JOHNSON of Washington. No; I do not want to withhold it. I insist on my point.

The SPEAKER pro tempore. The gentleman from Washington makes the point of no quorum. The Chair will count.

Mr. JOHNSON of Washington. Mr. Speaker, owing to the great pressure put on me by those who have bills on the Consent Calendar, I withdraw the point of no quorum.

PRODUCTION OF SULPHUR UPON THE PUBLIC DOMAIN

The Clerk called the next bill, S. 3276, to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, may I inquire of the gentleman from New Mexico under what law sulphur is now mined in the State of New Mexico?

Mr. CHAVEZ. Under a local law passed by the State legislature.

Mr. CLARKE of New York. That is the Napoleonic Code, is it not?

Mr. CHAVEZ. Yes; it comes from the Napoleonic Code.

Mr. STAFFORD. My inquiry is as to whether the national law pertains to the acquisition of mineral rights, particularly sulphur, on the public domain in New Mexico.

Mr. CHAVEZ. There is no law in the Federal statutes by which anyone can get a permit to prospect for sulphur in the State of New Mexico on the public domain and we want to get in the same status that Louisiana is in now.

Mr. STAFFORD. I am under the impression the mineral law that was passed some 10 or 12 years ago applied also to sulphur.

Mr. CHAVEZ. No. It did not extend to sulphur because they have been trying to prospect for sulphur in the public domain; but inasmuch as there is no authority under the Federal law by which a prospector can prospect for sulphur in the public domain, they have been unable to do anything about it.

I may say to the gentleman from Wisconsin that the situation in my State is this: We have sulphur in the public domain and there are people who are willing to invest their money and spend their money to go into the public domain and develop this rich product in the State.

Under the 1926 law which was passed for the benefit of the State of Louisiana, that State has taken advantage of prospecting in the public domain. New Mexico would like to be in the same situation, so that anyone in the State or anywhere can go in the public domain in New Mexico and prospect for sulphur; and if he were successful, the Secretary of the Interior would be authorized to issue him a permit to the extent of 640 acres, but not for more than two years.

Mr. STAFFORD. If a permit should be issued by the Secretary of the Interior, what would be the obligation of the permittee so far as returns to the National Government are concerned?

Mr. CHAVEZ. According to the 1926 law, the law which was passed for Louisiana, the obligation would be as indicated in the report, if the gentleman will look at the report.

Mr. STAFFORD. I have examined the report and have it underscored, but I wish the gentleman would state the matter again.

Mr. CHAVEZ. Section 2 of the 1926 law placed the obligation on the permittee. He would be working on a royalty basis, and 5 per cent of the net proceeds would go to the Federal Government.

Mr. STAFFORD. As I understand the gentleman, so far as sulphur on the public domain in New Mexico is concerned to-day, the Government can not grant any permit and can get no return from the operation of these sulphur mines.

Mr. CHAVEZ. The gentleman is correct.

Mr. STAFFORD. I was under the impression—I wish some of the gentlemen from the Western States were here to confirm my impression—that the mineral laws that were passed some years ago when Mr. Scott Ferris was chairman of the Committee on Agriculture included sulphur as a mineral.

Mr. CHAVEZ. I am positive that law does not include it, because people have tried to get permits for that purpose from the Secretary of the Interior and have been unable to do so.

Mr. LAGUARDIA. May I ask the gentleman this—and this is the same question I have asked in all these prospecting bills—Are the permits to prospect limited solely to individuals?

Mr. CHAVEZ. I shall read that section of the 1926 act to the gentleman.

That the Secretary of the Interior is hereby authorized and directed, under such rules and regulations as he may prescribe, to grant to any qualified applicant a prospecting permit, which shall give the exclusive right to prospect for sulphur in lands belonging to the United States located in the State of Louisiana.

Mr. LAGUARDIA. That is all right. I understand exactly what the gentleman is trying to do—to extend the same benefits to the State of New Mexico—but prospecting is always associated with individual efforts, rather than to allow some eastern chemical company to go into the gentleman's State and through several of its employees obtain the permit. It seems to me that under our laws permission to prospect should be limited to individuals.

Mr. CHAVEZ. Of course, I believe I understand what the gentleman from New York has in mind, but it does not appear quite right to me that any applicant should be refused the privilege of applying. I feel like the gentleman from New York feels, that individuals should be allowed to apply, but under certain circumstances a company should have that right. Of course, I do not believe they have that in mind here, because it is limited to 640 acres, and that would probably only apply to an individual. So I do not believe anything the gentleman from New York has in mind would come about.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, further reserving the right to object, where is there anything that limits this permit to two years?

Mr. CHAVEZ. The first section of the act of 1926 provides for a period of not exceeding two years. That is in the authorizing clause, the one that authorizes the Secretary of the Interior to grant permits.

Mr. STAFFORD. Where does the gentleman find that?

Mr. CHAVEZ. I am reading from page 2 of the report, chapter 158 of the laws. This limits the area that can be allowed under the permit.

Mr. STAFFORD. Under this law all the Secretary of the Interior could exact as a royalty would be 5 per cent of the gross value of the output of sulphur.

Mr. CHAVEZ. That is all the Secretary of the Interior could exact, and, as I understand, there have been very fine results as far as Louisiana is concerned, and I think it will bring results from our State.

Mr. STAFFORD. Have you many sulphur deposits in your State, and are they all compact in one district or are they scattered generally throughout the State?

Mr. CHAVEZ. They are scattered; but I know that in some particular districts they are very compact. However, the geologists and the people who investigate these particular things feel deposits will be found throughout the State.

Mr. STAFFORD. Will the gentleman inform the House as to what percentage of the sulphur consumed in this country is mined in Louisiana?

Mr. CHAVEZ. I could not tell the gentleman.

Mr. STAFFORD. Are there importations from abroad as far as sulphur is concerned?

Mr. CHAVEZ. I could not tell the gentleman.

Mr. STAFFORD. I was under the impression that Louisiana and Texas mined all the sulphur used in this country.

Mr. CHAVEZ. I should not be surprised but what that is correct, and we want to get in the same position. We believe we can help the country by having this authority.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926, is amended by striking out the words "State of Louisiana" wherever they appear in such act and inserting in lieu thereof "States of Louisiana and New Mexico."

Mr. SCHAFER. Mr. Speaker, I move to strike out the last word, and I shall be brief. I merely rise at this time to ask unanimous consent for the immediate consideration of H. R. 10017, the O'Connor beer bill, introduced by that sterling Democrat Mr. O'CONNOR, so we can follow the immediate pledge of the Democratic convention, change the Volstead Act, get some revenue into the Treasury, and furnish employment before Congress adjourns. [Applause.]

The SPEAKER pro tempore. The Chair did not recognize the gentleman for the purpose of making that request.

Mr. LAGUARDIA. But the gentleman has made it.

Mr. SCHAFER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. SCHAFER. When will a Member of the House, an humble Member, be permitted to propound that unanimous-consent request?

The SPEAKER pro tempore. He will not be permitted to do it now, the Chair will state.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

AMENDMENT OF THE JUDICIAL CODE

The Clerk called the next bill, H. R. 4624, to amend the Judicial Code by adding a new section to be numbered 274 D.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

WAIVER OF PROSECUTION BY INDICTMENT IN CERTAIN CRIMINAL PROCEEDINGS

The Clerk called the next bill, S. 2655, providing for waiver of prosecution by indictment in certain criminal proceedings.

Mr. LAGUARDIA and Mr. BLACK objected.

Mr. LAGUARDIA. Mr. Speaker, may I point out to the membership of the House in connection with this bill that there is a minority report signed by 11 members of the Judiciary Committee.

Mr. COCHRAN of Missouri. Is the gentleman included?

Mr. LAGUARDIA. Yes.

ADJUSTMENT OF CLAIMS TO OLMSTEAD LANDS IN THE STATE OF NORTH CAROLINA

The Clerk called the next bill, H. R. 10271, to authorize the Secretary of Agriculture to adjust claims to so-called Olmstead lands in the State of North Carolina.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

OSAGE NATION OF INDIANS

The Clerk called the next bill, S. 2352, amending the act entitled "An act to authorize the Court of Claims to hear, determine, and render judgment in the civilization fund claim of the Osage Nation of Indians against the United States, approved February 6, 1921 (41 Stat. 1097)."

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

DEDICATION OF GEORGE F. HIGHWAY

Mr. CLARKE of New York. Mr. Speaker, I ask unanimous consent to insert in the RECORD a copy of a speech I made at the dedication of the George F. Highway, at Endicott, N. Y., last Saturday. I consider this one of the ablest statements on government I have ever made.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. CLARKE of New York. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by me at the dedication of the George F. Highway, at Endicott, N. Y., last Saturday:

It is a priceless privilege to be allowed to join in this dedication of the George F. Highway to-day. Last summer I attended the celebration of George F.'s coming into this valley 50 years ago, the

greatest personal tribute I ever saw paid one man. That celebration was filled with heart throbs, good will, and friendship.

Both George F. and I are now in training for the 100-year celebration, for we don't intend to let John D. Rockefeller put over anything on us. John D. is only 93 or 94 and going strong.

At that 50-year celebration I pointed out that the difference between a dill pickle and George F. was that the pickle shrinks and shrivels on the outside and gets sour and salty on the inside, while George F. (God bless him) reflects the sweetness that is on the inside, for on the outside he is our "Sunshine Kid."

Did you ever stop to think that it took real parents to produce a pair of kids like these Johnson boys—George F. and C. Fred—and as grandparents they are a real success, too, for this new crop of Johnsons is coming along and carrying on the best traditions of both parents and grandparents.

The more you study the Johnson boy (George F.) the more you find to admire. His life is like this highway we dedicate to-day—it starts from somewhere and gets somewhere. Definiteness of purpose from the time he walked into the front office and told the "boss" he could lead that busted business out of the slough of despond—a real objective realized—a dream come true—farms have given way to factories, waste places to homes, schools, churches, hospitals, playgrounds, swimming pools, and a multitude of things that add in helpfulness and happiness to thousands of lives because a man who dreamed a dream and dared came into the valley of opportunity.

This is the week of our Nation's birthday, and I want to address you briefly on Our Representative Government.

Our Government is being tested as never before, times are hard, millions are out of employment, the very form of our Government is being severely criticized and challenged, taxes are almost breaking the backs of all of us, with the whole world upset and governments tottering and tumbling in the backwash of the World War.

I do not intend discussing the governments of the rest of the world, either their form, their duty, or anything concerning them—primarily that is the job of their people, and I am an old-fashioned Presbyterian home missionary, believing our nose doesn't belong in somebody else's business. We have a man-sized job in tending to our own big job of getting our people at work at a fair day's pay, reducing taxes, and strengthening our Government.

Our American citizens need a restatement of a few fundamentals regarding their Government.

Government is civilization's handmaiden.

Government is the prerequisite for the progress of civilization.

Our form of government is representative (republic).

Good government and good citizenship are synonymous.

Bad government thrives most where good citizenship thrives least.

Good government is sometimes expensive but never extravagant.

Good government depends on the kind of representatives we choose.

Almost everyone is "knocking" Government—National, State, and local.

You are either well represented or misrepresented in your Government—local, State, National—and you, Mr. and Mrs. Citizen, are responsible for that selection.

Good representatives are men and women of character, ability, integrity, and industry, who understand the true functions of government, and without fear or favor fight for same. Patriots before they are partisans.

Miss-representatives are what too many kick about and yet actively or passively permit to get into office.

Miss-representatives are usually slivers in the body politic, elected on 1-plank platforms, with one idea—seeking, in a Government dedicated to equality, to put over inequality.

Miss-representative government is usually extravagant and usually results in favors for the organized minority that sends its favorites into office—and favors cost money, hence more taxes.

Almost every legislative body has many of those miss-representatives, primarily representing "organized minorities," and they come high to the taxpayers. Let me prove it to you in the two legislative bodies I know (and what is true in Washington is true in almost every other legislative body—State or local).

At the opening of this session of the House and Senate bills calling for appropriations totaling practically $29,000,000,000 were introduced. Senator X headed the list with bills calling for expenditures of $5,750,000,000 (that Senator was elected as a Republican, yet is usually antagonizing the principles of the party he chooses to belong to). Up and down the line you will find Republicans and Democrats introducing such bills to provide pork and popularity to assure reelection at the expense of the taxpayers. Small States with a small population, yet equal representation in the United States Senate, have outstanding spenders of some one else's money.

What created such conditions? Careless, thoughtless citizenship. Tinkers tinkering with the Constitution, the direct primary, popular selection of United States Senators, have broken down party government, and the demands of the "home folks" for pork has helped create, in the mind of trick politicians, the necessity of their miss-representatives to "bring home the bacon" so the national motive in action is displaced by the local motive.

No one knows but what will admit that I helped fight for a tariff on shoes, and no one knows but what will admit that it took long hours, long-distance telephones, telegrams galore, with active personal effort and ability to plead the cause of the shoe workers, because I know what being a worker means; and if they are going to protect one American product, all are entitled to protection.

George F. can bear witness to the special trips I took to consult with him and his lieutenants and they, in turn, can also bear witness that others in their own shoe industry tried to double-deck us, but we won our battle for the shoe workers and while the shoe workers are not as prosperous as they should be, or will be again, they at least have some work, some pay, but you should go home and thank the Lord for the farsightedness of our beloved George F., and do not forget that the tariff plus George F. have made your condition better than millions in our country.

Go home and rededicate yourselves to patriotic, active citizenship, to the selection of those representatives who keep their word, who have the necessary character, stability, and spinal column to stand up and strengthen government, and not bow to the will of any organized minority because it is the easy political way.

These are difficult times in our Nation's Capitol; politics has too much abounded. It has not been easy for me to loyally follow our President in some few instances, but I deferred my judgment to our chosen leader's judgment, not being willing to follow either political expediency or political adventurers, self-appointed leaders, for I believe our chosen leader should have his hands upheld, his Government and ours strengthened, and be he Republican or Democrat, I shall be willing to continue to follow the leadership of the one chosen by our people and keep my conscience clear so I can come back again and look you all in the face, having kept the faith.

Friends, I am happy to be here, happy to meet my constituents face to face. I have done the best I could for you as I have for our country, and as I have for our beloved George F., your captain and mine. May this George F. Highway see the return to better days, an intelligent, active patriotism that will help to perpetuate this Government of ours and strengthen all its cherished institutions.

POST OFFICE DEPARTMENT

The Clerk called the next bill, H. R. 11270, to amend section 2 of an act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

HIRE OF VEHICLES FROM POSTAL EMPLOYEES

The Clerk called the next bill, H. R. 9555, to authorize the Postmaster General to hire vehicles from postal employees.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

CŒUR D'ALENE AND ST. JOE NATIONAL FORESTS, IDAHO

The Clerk called the next bill, H. R. 6659, for the inclusion of certain lands in the Cœur d'Alene and St. Joe National Forests, State of Idaho, and for other purposes.

Mr. GOSS. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

AMENDMENT OF SETTLEMENT OF WAR CLAIMS ACT OF 1928

The Clerk called the next joint resolution, House Joint Resolution 416, to extend the time for filing claims under the settlement of war claims act of 1928, and for other purposes.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. DOUGHTON. Will the gentleman withhold his objection?

Mr. STAFFORD. I reserve the right to object, at the request of the gentleman from North Carolina.

Mr. DOUGHTON. I hope the gentleman will not insist upon his objection. This is a joint resolution that has been approved by the Secretary of State. It will not cost the United States one cent and is simply a case where these claims, provided the German Government assents, may be submitted and approved. They can only be considered on their merits and there are a lot of women and children who are being denied their rights because they did not file their claims in time.

Mr. STAFFORD. Mr. Speaker, I take exception to the statement of the gentleman from North Carolina that this bill has the approval of the Secretary of State. Far be it that the Secretary of State approves of this bill.

Mr. DOUGHTON. He says he has no objection to it.

Mr. STAFFORD. The fact is there has been a continuous effort on the part of certain claimants to extend the time of the treaties providing for the consideration of these claims. The German Government has refused to assent to any extension of the time for the presentation of these claims. Many of these claims are for the benefit of claim agents who have large percentage fees in case the claims are allowed. This would impose an obligation of many hundreds of thousands of dollars upon the German Government and the German Government has signified very positively in times past that it is not willing to open up the treaty dates. What is the use of harassing them with this kind of legislation?

Mr. DOUGHTON. The Secretary of State has stated that he has no objection to the form or the substance of this resolution.

Mr. STAFFORD. Mr. Speaker, I object.

THE SEMINOLE NATION OR TRIBE OF INDIANS

The Clerk called the next bill, H. R. 5846, authorizing the District Court of the United States for the Eastern District of Oklahoma to hear and determine certain claims of the Seminole Nation or Tribe of Indians.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

RESTORATION OF HOMESTEAD RIGHTS

The Clerk called the next bill, S. 4029, to restore homestead rights in certain cases.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

THE OTOE AND MISSOURIA TRIBES OF INDIANS

The Clerk called the next bill, H. R. 10927, conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria Tribes of Indians to compensation on a basis of guardian and ward.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

BRIDGE ACROSS LAKE CHAMPLAIN FROM EAST ALBURG, VT., TO WEST SWANTON, VT.

The Clerk read the next bill on the Consent Calendar, S. 1980, an act to extend the times for commencing and completing the construction of a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA. Reserving the right to object, under the recommendation of the Bureau of Roads, the Department of Agriculture, I object.

Mr. GIBSON. Mr. Speaker, I ask that the bill may pass over without prejudice.

The SPEAKER pro tempore. Without objection, it is so ordered.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate insists upon its amendments to the bill (H. R. 9642) entitled "An act to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. NORBECK, Mr. BROOKHART, Mr. GOLDSBOROUGH, Mr. GLASS, and Mr. WAGNER to be the conferees on the part of the Senate.

HOME LOAN BANK BILL

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 4940. An act to provide temporary aid to agriculture for the relief of the existing national economic emergency.

The SPEAKER. Let the Chair make a statement in regard to the situation. The Chair's information is that the Rules Committee, in view of the report which has been made by the Senate, are ready to bring in a rule for the consideration of the home loan bank bill. The Chair said a while ago that it depended on the action of the Senate.

If the House will stay in session for the next 10 minutes until the rule can be prepared and reported by the Rules Committee, it can be considered to-morrow.

Mr. MAPES. Will the Speaker allow me? Can not the same object be accomplished by giving unanimous consent for the Rules Committee to file their report at any time before 12 o'clock to-night?

Mr. LAGUARDIA. If the gentleman from Pennsylvania would withdraw his objection, unanimous consent might be given at this time.

The SPEAKER. The Chair was stating his information about the probable action of the Rules Committee. Of course, if the gentleman from Pennsylvania would withdraw his objection, it could be sent to conference now, and the House could adjourn.

Mr. McFADDEN. Mr. Speaker, under the circumstances, I withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Alabama to take from the Speaker's table the bill H. R. 12280, disagree to the Senate amendments, and agree to the conference asked by the Senate?

There was no objection.

The SPEAKER appointed as conferees on the part of the House Mr. STEAGALL, Mr. STEVENSON, Mr. GOLDSBOROUGH, Mr. MCFADDEN, and Mr. STRONG of Kansas.

Mr. SNELL. Will the Chair allow me to make a short statement? The other day the Speaker took the opportunity to suggest that the responsibility for naming minority conferees was on the minority leader. He said if the minority leader had any real backbone he would take that responsibility. I told the Speaker at that time that whenever the responsibility came my way I would take it.

At this time I thought it was coming my way, and I requested the Speaker this morning to appoint as minority conferees two men who were on the Banking and Currency Committee and drafted this bill. I would like to know why the Speaker did not follow out the suggestion that he made the other day.

The SPEAKER. The Chair will say that he did not have any conversation with the minority leader concerning that matter. The minority leader did not give the Chair a list.

The Chair wants it understood that in a partisan matter he thinks the policy of the House is to leave it to the minority party to suggest conferees, but where there is a difference in the minority, and the Chair believes there is a difference in the minority at this time, as to the conferees, the Chair suggests that the better method would be to leave it to the House of Representatives. The Chair thinks that is a better policy where there is a division on the Republican side or on the Democratic side as the case may be. If the gentleman from New York desires to do so, he may make an issue as to whether the conferees representing the minority shall be Mr. MCFADDEN and Mr. STRONG or Mr. LUCE and Mr. CAMPBELL, and as the Chair understands from the Parliamentarian those are the names the gentleman sent up.

Mr. SNELL. Those are the names I sent up and desire to have appointed.

The SPEAKER. The gentleman will remember that he did not have any conference with the Chair about it. If the minority leader desires to make an issue as to who the conferees shall be on the Republican side as between Mr. MCFADDEN and Mr. STRONG or Mr. LUCE and Mr. CAMPBELL,

the Chair is willing in this instance to submit it to the House of Representatives.

Mr. SNELL. Mr. Speaker, I appreciate it is entirely within the responsibility of the Speaker to appoint conferees; but in accordance with the statement the Speaker made the other day I respectfully request that he appoint the conferees I suggested. It is up to the Chair to do as he sees fit.

The SPEAKER. The Chair has the responsibility and he thinks ordinarily it would be his duty to carry out the request of the minority leader speaking for the Republican side of the House; but the Chair is pretty well informed that in a contest between those two gentlemen in the House of Representatives the House of Representatives must take the ordinary course and appoint the ranking members on the Banking and Currency Committee. The Chair takes the responsibility of appointing the conferees.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 3400. An act to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia"; and

S. 4741. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 1260. An act for the relief of James E. Fraser;

H. R. 2010. An act for the relief of Malcolm Allen;

H. R. 2650. An act for the relief of George H. Holman;

H. R. 3460. An act for the relief of Caughman-Kaminer Co.;

H. R. 3467. An act for the relief of David C. Jeffcoat;

H. R. 4160. An act for the relief of Raymond D. Woods;

H. R. 5211. An act for the relief the heirs of Samuel B. Inman;

H. R. 5276. An act for the relief of Hilda Barnard;

H. R. 5513. An act to permit the United States to be made a party defendant in certain cases;

H. R. 7309. An act for the relief of Frank R. Scott;

H. R. 7499. An act to amend act No. 3 of the Isthmian Canal Commission, relating to the suppression of lotteries in the Canal Zone, enacted August 22, 1904;

H. R. 9590. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929; and

H. R. 12251. An act to provide for the conveyance of the Portage Entry Lighthouse Reservation and buildings to the State of Michigan for public-park purposes.

EXTENSION OF REMARKS

TARIFF

Mr. EVANS of California. Mr. Speaker, under leave to extend my remarks in the RECORD, I hereby submit the substance of a letter written by myself to one of my constituents on June 28, 1932, on the subject of the protective tariff and especially with reference to the rate schedules set up in the Hawley-Smoot tariff bill as enacted by Congress on June 28, 1930:

I received your letter of June 13 further referring to the application of our tariff rates as commented upon in a letter from Mr. V. Andrews, of New Zealand, to you, copy of which you transmitted to me in a previous letter.

I feel that I can not permit to go unchallenged the thought conveyed in your letter of June 13, wherein you bring an indictment of a more or less serious nature against our present tariff law, without at least giving you a little more definitely my views regarding the matter.

In substance, you state that one of the chief causes of the present depression is the extremely and unnecessarily high tariff wall which we have erected in the United States and that if the countries in Europe are to pay their debts to us it is necessary that they sell us goods. It is further stated that if our tariff wall represented more common sense, the tariff walls of other countries, including Australia and New Zealand, would not be so prohibitive, since the higher we build our tariff walls, the higher they build theirs, and it hurts us just in proportion to what our trade balance has been over a period of time. You also call attention to the fact that many of our large corporations are building factories in Canada and other countries for the reason that such corporations may trade with those countries and not be compelled to stand the high tariff that is directed against the United States.

It seems to be the opinion of the most astute students of economics that our present tariff has neither caused the depression nor can it cure our present ills. The economic conditions with which we are faced exist in a greater or less degree in every civilized country of the world. These countries, as well as our own, now have, and have always had, protective tariffs, and upon examination you will find that in many instances some of these countries now have rates, and have had in the past, much higher than those in our own law.

For example, France now has a rate of 83 cents a bushel on wheat imported into that country. Our present rate, and that for the past 10 years, is 42 cents a bushel. Wheat in France is now selling at about $1.50 a bushel and in this country around 40 cents a bushel.

While rates on some of the commodities in the dutiable schedules of the present tariff act have been increased over those found in preceding tariffs, it is sufficient to note that notwithstanding such increases domestic industries engaged in the production of similar commodities are receiving little or no protection. Likewise, the so-called high rates have not resulted in decreasing the foreign commerce of this country; but, on the contrary, the volume of imports in many instances has materially increased. This increase in volume, of course, has been appreciably offset by abnormal decreases in unit value.

For instance, the records of the Customs Bureau show that during the first quarter of the present calendar year importations from Sweden on unbleached sulphate increased 84 per cent, whereas unit value decreased 20 per cent; imports of flat wire and steel strips increased 79 per cent, unit value suffering a decrease of 20 per cent; imports of cattle hides increased 80 per cent, unit value decreasing 71 per cent.

In the case of importations from Japan, volume of imports of natural crude camphor increased 176 per cent and unit value declined 20 per cent; the volume of straw hats, not blocked or trimmed, imported increased 90 per cent, unit value decreasing 53 per cent; the volume of electric lamps increased 164 per cent, the value decreasing 38 per cent.

In the case of importations from the United Kingdom for the same period, we find that imports of cotton velvets and velveteens increased 1,034 per cent, whereas the unit value decreased 46 per cent; broad silks (not Jacquard), the volume increased 236 per cent, value decreased 48 per cent.

Maple sugar and sirup imported from Canada during the same period increased to the almost incredible figure of 98,457 per cent, as compared with the insignificant increase in value of only 8 per cent; pork, ham, etc., from that country increased 85 per cent in volume, as compared with a decrease in unit value of 37 per cent.

These figures, with the exception of the items relating to maple sugar and sirup from Canada, are by no means outstanding, as similar conditions exist respecting importations from every country that has abandoned the gold standard.

At the present time, more than 20 foreign countries are off the gold standard; and when it is considered that approximately one-half of the foreign merchandise shipped into this country is exported from these countries, excluding China, the effect of such conditions upon our present tariff rates is immediately apparent.

As you know, these countries have abandoned the gold standard for the purpose of deflating their currency and to increase commodity prices. While a decrease in monetary value is usually accompanied by a similar increase in commodity prices, it should be noted that prices have not proportionately increased as currency values have depreciated. As a matter of fact, currency values, in some instances, have depreciated from 30 to 40 per cent, whereas commodity prices have increased only from 5 to 10 per cent.

It is perfectly apparent that by going off the gold standard and thereby depreciating the value of their currency these foreign countries have practically abrogated the effect of our present tariff rates.

The Hawley-Smoot tariff went into effect June 18, 1930, in the midst of the current world depression, and it is, therefore, obviously impossible at this early date to pass a safe judgment concerning its influence on our foreign trade. The year 1931 witnessed a decline in the foreign trade of the whole world, the United States included.

The average rate of duty collectible on all imports, however, was not raised greatly by the tariff of 1930, and, according to the estimates of our United States Tariff Commission, was much lower than the average rate of our preceding six tariff laws beginning with the McKinley Act of 1890; the average for the 1930 tariff being 15.87 per cent, that of the 1922 tariff at 13.8 per cent, and that of the six tariffs ending with that of 1922, at 19.6 per cent.

The proportion of imports coming into the United States free of all duty is larger than that of most of the leading countries of the world. About two-thirds of our total imports during the 15 years ending 1930 entered free of all duty. While the rates of duty on many classes of goods for these years were high, the average rate of duty on all imports for consumption for the 10 years ending 1930 was only about 14 per cent. In fact, the

average ad valorem equivalent of duties collected on imports into the United States is substantially lower than in most countries. Doubtless one reason for the large percentage of our imports that come in free and for the low average duties on all imports is the fact that the importation of goods bearing high duties is greatly curtailed. In other words, it is the free goods and the goods bearing low duties that come in. Still, it is significant to note that, despite our tariff, our imports averaged 17 per cent higher for the five years ending 1930 than for the preceding 5-year period. Furthermore, our percentage of the world's total imports increased from 8.3 in 1913 to 12.4 in 1929; while for some years now our American import trade has been the largest of any country in the world, except Great Britain.

As stated in the foregoing, the present economic depression is not limited to the United States but is world-wide. While many opponents of protective tariff have blamed present conditions in our country upon the Smoot-Hawley law, it is definitely certain that our present tariff rates have not caused this condition. As a matter of fact, various factors are involved in this situation.

At this point it is pertinent to note that we are living in the so-called machine age. Is it not possible that this is one contributing element to present conditions? The total number of workers and their families in the three greatest mechanized industries—farming, manufacturing, and railways—in 1919 comprised 60 per cent of the total population of the United States. In 1929, at the peak of prosperity, this percentage had already fallen to 40 per cent from 60 per cent. It has now fallen farther, due to the depression, to probably 36 per cent, although the volume of production in 1931 exceeds that of 1919.

The machine has ceased to be the servant of man and has become the competitor of man's own right to perform work.

The development and extensive use of machinery throughout the entire world have, I believe, been a leading factor in overproduction. Overproduction has also contributed in no small measure to our depression. The seriousness of and effects attendant upon overproduction can readily be visualized when it is considered that Brazil during the past year, in an effort to stabilize the price of coffee, destroyed 7,103,000 bags of that commodity valued at approximately $30,000,000.

During the hearings on the Fordney-McCumber tariff, many of its opponents claimed that if enacted into law its high rates would wreck the foreign trade of this country. Notwithstanding these assertions, our country enjoyed its greatest era of prosperity while the tariff act of 1922 was in effect. It is obvious, therefore, that if those factors responsible for the world-wide depression were not present at this time, a similar era of prosperity would be enjoyed under the present tariff.

I can not agree with your statement that many of our large corporations are building factories in foreign countries for the sole purpose of avoiding high tariffs which are alleged to be directed against the United States. As a matter of fact, American firms which have located in foreign countries have been able to obtain unusual concessions and secure cheap labor which are not available in this country.

There are two groups of interests in this country which will probably never fully agree with the policies or efficacies of our tariff system, namely, the importer and those primarily interested in building up foreign trade, or in other words, those engaged in reciprocal export trade. The primary purpose of our tariff is to protect our home producer from low-cost competitive production and to protect our home market (which is 90 per cent to 91 per cent of the whole) from being invaded and exploited by foreign goods produced at low cost.

The interests of the importer and the builder of the foreign market lie in another direction, and I fear that this is the source of the major part of the criticism of the present tariff law. It should not require extensive argument to convince the unbiased mind that it is more important to protect and preserve the home market which consumes 90 per cent to 91 per cent of our products than to permit this market to be broken down in an effort to foster a market for the remaining 9 per cent or 10 per cent.

If our system of protection is abandoned, we will lose both the right to manufacture goods for this market and to supply it with the goods so manufactured.

Very sincerely,

W. E. EVANS.

FARM RELIEF—ADJOURNMENT—THE BONUS

Mr. HAUGEN. Mr. Speaker, I read from an editorial in the New York Times of July 8:

Is the Iowa hog leading us out of the sandy fields of depression back to the acorn-strewn plains of prosperity? According to dispatches from Chicago, the meat-packing industry is inclined to believe that this is so. Ever since the peak of the hog crop receded at the end of May, the prices of pigs and cattle have risen in more than a seasonal curve. Swine are selling at $5.35 a hundredweight which sold for $3.30 in May. Cattle fetch $8.75 and may go to $9. One packer declares that "if anything can pull us out of the depression, it will be hogs and cattle."

This is but another evidence of appreciation of the important place agriculture holds in the economic life of our Nation and gives hope that Congress and the people of our Nation will realize and give weight to the importance of carrying out party-platform promises as pledged in the 1924 platform of the Republican Party:

We pledge the party to take the necessary steps to bring back a balanced condition between agriculture, industry, and labor—

And in 1928 it pledged itself to—

the enactment of measures which will place the agricultural industry on a basis of economic equality with other industries to insure its prosperity and success.

The Democratic platform of 1924 pledged the party:

The establishment of an export-marketing corporation or commission in order that the exportable surplus may not establish the price of the whole crop.

And in its platform of 1928 it states:

There is need of supplemental legislation for the control and orderly handling of agricultural surpluses, in order that the price of the surplus may not determine the price of the whole crop * * * farm relief must rest on the basis of an economic equality of agriculture with other industries.

The platforms of the two parties recently adopted at the national conventions are strong in their manifestations of friendship for the farmer and in their appreciation of the important place agriculture holds in the economic life of the Nation.

Yes; recent experience has demonstrated with absolute finality that the stability and the growth and greatness of our Nation depend upon agriculture.

All wealth springs from mother earth. The only way to create wealth is by the slow process of applying labor and energy to raw material. Agriculture is the foundation and basis of our economic life.

All seem to agree that it is unjust for the farmer to continue to buy on the domestic market, made artificially high by the tariff, and sell his products in competition with the lowest markets of the world and products produced under lower standards of living, and that so long as the surplus is sold on the world market the price obtained for the surplus establishes the price obtained from the whole crop; and hence, unless the surplus is segregated and disposed of, and losses, if any, on the exports prorated on the entire production, the farmer receives no benefit of the tariff, and all seem to be agreed that there is nothing unreasonable about the farmers operating under the high standards of living, sharing in the benefits of protection against the products produced under the lowest standards of the world.

If there is any doubt about the surplus establishing the price of whole production, I refer you to the grape growers of California, the Farm Board in its operations in wheat and cotton, the millers in their operations, and organized industry for years have demonstrated beyond a doubt that by removing the surplus from the domestic market makes it possible to establish an American price level, protected against the world price by the tariff from commodities produced at cheaper cost and under lower standards of living.

The Federal Farm Board, under the subsidy plan, by pegging the price and removing the surplus from the domestic market in January and February, 1931, maintained the price of wheat 18 to 20½ cents a bushel above the world price level. In fact, in January, 1931, the Chicago price went almost 33 cents above the world parity; but after the donation of 40,000,000 bushels of surplus wheat this session to the Red Cross, and later another 45,000,000 bushels for domestic consumption, the domestic price immediately dropped to 3½ cents below the Liverpool price, which, of course, resulted in losses to the Federal Treasury. The board, operating under the subsidy plan, buying and storing for speculation instead of merchandising in the usual way, sustained heavy losses. As, for instance, wheat bought in the months of January and February, 1931, at the Chicago price of 77 cents, with storage and insurance at the rate of 1½ cents per month for 18 months, making the cost $1.04, and selling it on July 12 at the Chicago price of 46½ cents, entailed a dead loss of 57½ cents on each bushel so handled to the Federal Treasury. Had the board succeeded in effecting 100 per cent cooperation and control, and applied the equalization fee, and sold the surplus instead of holding,

the gain to the producers would have been over 30 cents a bushel, without cost to the Federal Government or to the producers, as compared with 18 to 20 cents a bushel under the subsidy plan, all at the expense of the Federal Treasury. As indicated, the board failed in its efforts to effect 100 per cent cooperation and control to give the producers the benefit of the tariff—in other words, to carry into effect the declared policy as contained in the act, "to maintain advantageous domestic markets and to prevent the surplus from unduly depressing the price of the whole production." The board failed, as any other agency under like conditions would have failed, in the absence of definite authority to compel 100 per cent cooperation or control essential in carrying out the declared policy to "make the tariff effective to agricultural products."

With the board's experience and failure and the heavy losses incurred under the impracticable and expensive plan, as pointed out from the start, why continue the impracticable plan and the heavy drain on the Treasury, rather than adopt a tried out and proven successful self-supporting plan, the equalization-fee plan, or the allotment plan, allowing greater benefits to the producers without cost to either the producer or the Federal Government?

The Committees on Agriculture of the House and Senate have drafted and reported bills at this session backed up by the representatives of the three national farm organizations, with 4,000,000 members, representing more than 6,000,000 people, who have been here pleading night and day for the much-needed relief. Will the Democratic-controlled House accede to their pleas? Or will it adjourn without one moment's thought or consideration by Congress, as a whole, to real agricultural relief?

It would seem with these sleepless nights and the untiring efforts put forth by Congress in the many creditable and worth-while measures enacted to relieve commerce, industry, and labor at least one day might be set aside for the consideration of agriculture, the foundation of not only every worthy and legitimate enterprise but the progress and prosperity and even the welfare of all the people. I have no criticism to offer about what has been done for others, but it is needless to say in the construction of any structure, be it commerce, industry, or a building of any kind, the foundation is all important.

In calling attention to the economic conditions and the importance that Congress do not adjourn until farm relief is enacted, I shall quote from official sources and read from a telegram from Hon. Dan Turner, Governor of Iowa, in which it is stated:

> Economic conditions and public sentiment in the Middle West * * * demands action by Congress before adjournment on credit facilities * * * foreclosures are taking homes of stable citizens; if relief is not forthcoming country faced with individual and governmental bankruptcy and complete economic collapse, including banks, agriculture, and industry * * * strongly urge continuous session * * * absolutely essential to raise commodity prices to meet unemployment problem. Delegations of farmers, laborers, business men, and bankers constantly urge this to my attention.

With conditions as pointed out in Governor Turner's telegram, and as we note from the Attorney General's report, that with more than 60,322 cases in bankruptcy during the year 1931, 4,026 cases were classed as farmers, and with existing farm-mortgage indebtedness increased from $3,320,470,000 in 1910 to $9,468,526,000 in 1928, with a drop in farm-land values from $66,316,002,602 in 1920 to $44,145,210,966 in 1931, a decline of $22,170,791,636; with the purchasing power reduced 49.1 per cent, and the index number of farm tax increased from 100 in 1914 to 266 in 1930, while farm income dropped from approximately $16,000,000,000 in 1919, to less than $7,000,000,000 this year. With the index of prices received by farmers, which averaged 136 per cent in 1926 of pre-war, and 139 per cent in 1928, and which dropped to 56 per cent in 1932; and the value of farm products, according to the Bureau of Labor Statistics, dropping from 52.9 per cent since July, 1929; whereas farm implements have fallen only 13.4 per cent, with 682,850 farms transferred as a result of foreclosures and delinquent taxes during the years 1926 to 1932, can it be possible that this Democratic-controlled House will turn a deaf ear to the millions of people in dire need and to what seems to be a universal demand? Shall Congress continue to fiddle while Rome is burning?

According to President Hoover's statement in an address to the governors of the various States recently, Federal expenditures increased from $700,000,000 in 1913 to $4,200,000,000 in 1932, of which approximately $2,000,000,000 is the result of the indebtedness incurred during the World War, and a reduction of approximately $5,000,000,000 from the national debt. The State indebtedness increased from $4,000,000,000 in 1913 to $7,500,000,000 in 1932, an increase of $3,500,000,000. In the period 1924 to 1930, the State indebtedness increased $700,000,000, and local and municipal debt increased $4,000,000,000, a total increase for State, local, and municipal debt of $4,700,000,000, whereas during the same period the Federal debt was decreased approximately $5,000,000,000. According to the Statistical Abstract, 1931, the Iowa gross debt increased from $50,000 in 1902 to $17,619,000 in 1929, the per capita indebtedness increased from 2 cents in 1902 to $7.15 in 1929. The Iowa combined debt, including State, municipal, county, village, township, and other civil divisions increased from $17,440,000 in 1902 to $151,614,000 in 1922, the per capita debt increasing from $7.84 in 1902 to $62.11 in 1922 (the latest year statistics are available in comparative form).

Now, after years have been given to running our Government into debt and near destitution, the cause of which is generally acknowledged, first the cost of the World War of more than $50,000,000,000, and the many obligations incurred, which can never be paid in dollars and cents, but which together with the depreciation in values will exceed the fifty billions many times over, and second, in an effort to bring prosperity around the corner, and to give employment, a most elaborate construction program was embarked upon—millions were expended for public buildings and roads, aid by way of loans to banks, financial institutions, railroads, and so forth, and notwithstanding all was done for a good purpose, particularly to give employment, unemployment increased from six to nine million people, hence, in the last three years, instead of reducing our Federal indebtedness, we have a deficit of $903,000,000 in 1931 and $2,885,000,000 in 1932.

As a result of the large expenditures, undoubtedly much of it well expended, and undoubtedly much might have been avoided, which is the case of not only the Federal, but State and municipal governments as well, we have the heavy burden of Federal expenditures, estimated at $4,827,000,000 for the year 1931–32, of which amount it is estimated that 90 per cent are war taxes, and 10 per cent for other purposes. Much is said about retrenchment in expenditures, and reduction in salaries. The salary roll of this Government for Army and Navy is $259,000,000, for civilian activities $1,056,000,000, which includes the salaries of the legislative branch—Senate and House—which is only one-half of 1 per cent of the total cost cost of the Government; the total for all salaries being $1,315,000,000. It is estimated that the new tax provisions will bring in $1,118,500,000, which will be supplemented with $2,143,000,000 accruing under the 1928 measure, or total revenue of $3,261,500,000, and even if all salaries were eliminated there will be a shortage of $1,570,000,000, to be made up from other sources.

Of course, considering the plight we are in, salaries should be cut and without a murmur, and the needless boards, commissions, and bureaus about as useful as the fifth wheel to a wagon, should be discontinued, and unnecessary printing and binding of bulletins and pamphlets, and the franking privilege should be curtailed, which is less than 3 per cent of the total expense of Government for carrying all kinds and classes of postage-free mail, or only $1 out of every $276 of the postal deficit, and only $1 out of every $8,000 cost for carrying franked mail; and even if all the franked mail of Senators and Members of Congress postage free, $530,298.50; franked mail other than Members of Congress, $98,680; mail carried free in county, newspapers, and so forth, $8,425,242.11; mail for the blind of $106,932.85; and

free mail for other departments and branches of the Government, $8,643,300.46; or a total of $17,804,453.95, had been cut out, it would only have been a drop in the bucket in reducing the $146,000,000 post-office deficit for the fiscal year 1931.

It has been suggested that bulletins and pamphlets be discontinued so as to avoid expense of printing and distribution—but why expend millions of dollars in experimentation and research if it is to be bottled up in the departments and not printed and distributed and made available to the public who pays the expense?

In an effort to balance the Budget everything in sight has been taxed and strenuous economy measures invoked, with the cutting and slashing of salaries and expenditures in all Government activities, and still we shall be in the red at the end of the year, all of which could have been avoided had Congress given weight to the pleas of the millions of men and women in all walks of life for farm relief. Yes; and that serious and favorable consideration had been given to the pleas of the able and estimable old gentleman, Mr. Edgar Wallace, representing the American Federation of Labor, before the Committee on Agriculture in urging passage of the McNary-Haugen bill, when he said:

> The farmers are our customers—when they have no money we can not work. We are the farmers' customers. Hence I think it is to the interest of all the workers. What does it profit us if we can get meat for 10 cents a pound if we haven't the 10 cents?

Members of the committee will recall the earnest and heartfelt appeal made by Mr. Wallace later on, when he had this to say with regard to the lowering of the standard of living:

> I am convinced that our conditions have risen. I believe that we have the highest standard of living to-day. * * * I believe our standard of living is higher than that of any country in the world—higher than it has been anywhere. But it is not enough, because our per capita production has appreciated faster than our added income, and hence we have these periods of stagnation when nobody can work because the other fellow can not buy the product of his work.

The unemployed can now buy meat for 10 cents a pound, but unfortunately they have not the 10 cents. No, as was said here a few days ago, in New York thousands are being fed by the charitable gentleman at 5 cents a meal. To-day there are more men out of work than there were under arms in the World War. Shall the policy of feeding millions of starving people by the Red Cross and other charities continue, or shall they be given an opportunity to work?

If so, take Edgar Wallace's advice, and redeem party-platform pledges to place agriculture on equality with others. Restore the purchasing price of the farmer's dollar, now less than 50 cents, to a full 100 cents; and if so, not only will labor, as before the deflation of the prices of agricultural commodities, be in demand, but also there will be a market for the products of industry, idle money will come out of hiding and again seek investment and go into circulation, confidence will be restored, and all join in the grand march onward and upward.

Commerce and industry resting on insecure foundations, are always in danger of falling. Agriculture is the only available foundation. One might as well undertake to build up industry and commerce in the desert or on the mountain top as to build up industry and commerce without the support of agriculture.

No, recent experience has demonstrated with absolute finality that the stability, the growth and greatness of our Nation, the progress and prosperity of our people, depend upon the progress and prosperity of the tillers of the soil.

Every year the farmer by his efforts affords an opportunity for the sun, the rain, and the soil to bring into existence the essentials of our lives—the food we eat and the clothes we wear. I repeat, the only way to get wealth is to create it by the slow process of applying labor and energy to the raw material.

In the absence of prosperity on the farm, industry and commerce crumble, railroads rust from idleness, and labor is out of employment—skyscrapers are untenanted, the professions inactive; schools and churches closing and teachers and preachers without pay. What will Congress do about it?

The history of our Nation is well known. Its history is one of progress, prosperity, and happiness to American people. It has always stood for honor, dignity, enlightenment, equal rights, and opportunities. The one thing above all that has made it a mighty power for the uplift and benefit of humanity is the fact that its people have had the courage and wisdom to stand for that which is eternally right, rather than that which might be gainful and temporarily popular, though fundamentally wrong. Under its principles and policies we have advanced along the line of accumulation of wealth, furnishing employment to our people, and everything that makes opportunities and advantages to our people.

All take a just and pardonable pride in the men and women who have reared our homes, our villages, our towns and cities, who have constructed our vast systems of public schools, colleges, universities, temples of worship, and charitable institutions, many in sickness, in reverses, privations, and sorrow, others in health, wealth, joy, and prosperity, sympathizing with each other's woes and sharing each other's joys, step by step advancing along the lines of refinement, culture, and wealth, until we to-day boast that we rank among the most successful, practical, and intelligent people on earth.

After all, had it not been for the sunshine and rain, and the industry and intelligence applied to the rich and productive soil, producing the bread—our staff of life—sufficient for not only our own one hundred and twenty-two millions of people, but a surplus sufficient for millions in foreign lands—a fair question, Would we have all these large structures of industry and commerce, and our grand and glorious Government with its splendid and magnificent institutions, which we point to with so much pride? No; do not take more chances and delay further, but consider the suggestion of the New York Times—"Lead the Iowa hog out of the sandy fields of depression, back to the acorn-strewn plains of prosperity," and he will lead our one hundred and twenty-two millions to the trough of plenty as he did in the days before the deflation of the hog and agricultural commodity prices. All will agree that a $2 rise in the price of hogs has given more encouragement, and been more stimulating than all the billions and millions of dollars made available for various purposes through Congress. Why not complete the job?

Under leave to extend my remarks, I include herewith my reply to an editorial appearing in the Mason City Globe Gazette on May 20, 1932, under the heading, "Bonus Insincerity."

> I note that in the May 20 issue of the Mason City Globe Gazette there appears editorial comment under the heading, "Bonus Insincerity," which states that it has no quarrel with those who are conscientiously for an immediate payment of the soldier's adjusted-compensation certificates, but for the Representatives or Senator who cast a vote for immediate payment for political effect and in full confidence that the proposal would be stopped by the President, we confess a low estimate. Reference is made to Mr. GILCHRIST having been a vigorous and effective critic of Federal extravagance, and if there was any other motive than vote-getting in his vote or that of any of his colleagues the Globe Gazette would be pleased to give space for a presentation of the case. This invitation is especially tendered to Mr. HAUGEN.
>
> Yes; I voted for it, as I have for every measure which in a degree would compensate the men and women who have certainly unselfishly sacrificed themselves by answering their country's call in time of our Nation's need.
>
> All acknowledge the contract entered into, to in a degree compensate them for the sacrifices made and heroic service rendered. All acknowledge the many obligations incurred to the men and women who answered their country's call in the hour of conflict, obligations which can never be fully paid in dollars and cents.
>
> Recognizing the services rendered and the sacrifices made, our country has not only manifested its appreciation for the services rendered in our days of need but has made liberal appropriations for preparedness against future invasion that might deprive us of our liberty and constitutional rights, and as evidence of its appreciation has always stood for proper recognition of the services rendered by the men and women who have answered their country's call, for liberal provisions by pensions for the survivors, their widows, orphans, and dependents.
>
> Millions of men and women volunteered and other millions were ushered into the service by the draft, at a dollar a day, and

they were ordered to the front and it is generally conceded that by their entering at the time they did, the war was quickly ended with victory. Many were needed at home, stayed, and drew good salaries at from $5 to $10 per day for common labor, and from $5 to $20 per day for skilled labor, while leaders in industry and commerce added millions to their accumulations.

The question was, What could be done about it? Many contended that owing to the continued depressed conditions and scarcity of funds and an unbalanced Budget, it could not be done at that time. In the short space of time that Congress has been in session it organized the Federal Reconstruction Finance Corporation and dug up $2,000,000,000 to be loaned to help banks, credit corporations, and other financial institutions, and the railroads; and hundreds of millions of dollars have been loaned to bankers, building and loan associations, the railroads, and the farmers; and $125,000,000 was raised for loan to the Federal land banks; there was enacted the Glass-Steagall bill increasing the latitude of reserve banks, thereby extending aid to 7,600 member banks, and recently passed the home loan bank bill, all of which are for a good purpose and which will afford much relief. But, after relief has been so generously afforded to others, the question was, notwithstanding the depressed conditions, and although the adjusted-service certificates did not become due and payable until 1945, Should the most sacred obligation of all be set aside?

It is needless to say that notwithstanding the present adverse economic conditions, if this Nation is to maintian the confidence and good will of the men and women who answered their country's call in the day of the World War, it must, as in the past, continue to manifest its just appreciation and gratitude for their unselfish service; in other words, to extend immediate aid to the service men and women in dire need, to in a degree compensate them for services and sacrifices rendered.

THE COUNTRY WILL KNOW THE TRUTH IF THE DEMOCRATIC CONTROL OF THE HOUSE ADJOURNS WITHOUT ENACTING THE REVISIONARY ANTIMONOPOLY LEGISLATION PROMISED BY THE DEMOCRATIC PLATFORM

Mr. McGUGIN. Mr. Speaker, in my address before the House on July 8, I made the statement that the Democratic majority of this House could not possibly permit an adjournment of this Congress, without enacting the revisionary antimonopoly legislation promised in the Democratic platform, and at the same time fool the people by leading them to believe that the present Democratic membership of this House is in good faith in its pledge of fidelity to that plank in the Democratic platform.

I said that it would be impossible to do so because W. K. Henderson, owner and operator of radio station KWKH, had the courage and the disposition to tell the people the truth about this matter. I also said that KWKH furnished him the facilities with which to convey this truth to the people. Apparently the Democratic majority in this House is going headlong and forcing an adjournment without keeping this antimonopoly plank of the Democratic platform, believing that the people will never obtain the truth pertaining to their conduct or that the people obtaining the truth will not believe it.

Again, I want to warn the Democratic membership of this House that it can not adjourn this House, failing to enact this antimonopoly legislation without the people knowing the truth. I have a telegram of July 13 from Mr. Henderson in which he pledges that irrespective of party he will convey the truth to the people and that KWKH shall be used for the exclusive purpose of rendering the public service of carrying the truth to the homes and firesides which are within the reception range of KWKH. The reception range of KWKH is every Southern State, every State in the Mississippi Valley from Canada to the Gulf, and, in short, every State with the possible exception of two or three States on the Pacific and some of the Northeastern States.

This telegram from Mr. Henderson is as follows:

I am in receipt of the CONGRESSIONAL RECORD which contains your speech on the floor of the House of the 8th together with your expressions of the attitude of this radio station as applied to the present economic conditions. I regard the granting by the Government of a radio channel as a trust for the truthful dissemination of facts without regard to the operators' personal views or interest. In so far as this radio station is able to reach the public it will without regard to party or individuals undertake to give to the public the unvarnished uncolored truth without regard to whether this party or that party, this individual or that individual, might be affected. Such purpose on the part of this radio station may not be popular with the leadership of either of the parties, who are representing but a fractional minority of our common countrymen, and it may be impossible to drive the truth home to the great bulk of the Nation's inhabitants, but that in no sense lessens this station's responsibility in its efforts to aid the floundering people on to a righteous and firm footing.

W. K. HENDERSON.

Again, I plead with the Democratic majority not to permit an adjournment of this House without enacting the antimonopoly revisionary legislation promised in the Democratic platform. I commend the Democratic Party for this platform pledge. I shall commend this Democratic House for its loyalty and faithfulness if it will keep this platform pledge by enacting revisionary antimonopoly legislation for the benefit of labor, the small packer, and distributor. I am eager for the opportunity to join with the Democrats and vote for such legislation. I appeal to the Democratic control of this House to bring such legislation to the floor of the House. The Democratic membership of this House is in the majority. This Congress can not adjourn without the approval of the majority vote of the House of Representatives. This means that this Congress can not possibly adjourn except that the Democratic majority votes and directs that it shall adjourn. I appeal to the Democratic membership of this House not to adjourn and go back to their people with full knowledge on their part and full knowledge on the part of the people that they have failed, refused, and neglected immediately to keep faith with the Democratic platform promising revisionary legislation of the antimonopoly laws for the benefit of labor, the small packer, and distributor.

Due to the nation-wide distress in this country, the American people can not wait for some future Congress to give to them the measure of relief promised by the Democratic Party in its platform, which pledges revisionary legislation of the antimonopoly laws for the benefit of labor, the small packer, and the distributor.

The Democratic Party is to be commended for this pledge. Let the Democratic majority in this House stay in session until this pledge is kept, and thereby let it be commended as keeping faith with the American people and its platform. Let not the Democratic majority of this House adjourn this House by deliberately deserting its post of duty and refusing to keep this pledge to the American people which the party promised and which they must have now.

ANDREW MELLON'S LIKELY MISSION TO EUROPE

Mr. LARRABEE. Mr. Speaker, Andrew Mellon's mission here, for the present at least, has been accomplished. He hastens away to foreign fields, there to attempt to complete the great task that he and his Wall Street money-mad associates have designed. He hastens away, fearful that further delay might be disastrous.

The moratorium on foreign debts has been granted. It assures Wall Street that, for the present at least, there will be no grave danger that her private debtors, the so-called impoverished foreign nations, will repudiate their private debts to this "blessed" set of money-mad gamblers. That was one of Mr. Mellon's great gifts to his associates.

The $2,000,000,000 Reconstruction Finance Corporation act, conceded by all who even think they know to have been designed only to replenish the coffers of private interests "temporarily embarassed by their bad loans to foreign nations and foreign interests, and their gambling in the stock market," has also been passed and has been given the official signature of the President. Millions have been loaned out to big corporations and big banks as its result. That was but another of Mr. Mellon's gifts to his Wall Street associates.

To the thousands of jobless laborers, to the thousands of impoverished farmers, to the thousands of bankrupt store and shopkeepers in every State of the Union it would seem that Mellon and his administration had done quite well by those they have chosen to aid with their "$2,000,000,000 dole," and the exceedingly dangerous debt holiday for European debtors.

But now the entire Nation stands shocked as it surveys Mr. Mellon's removal to Europe. The public understands quite well the purpose of his trip abroad. At least they have a well-founded suspicion. They recall having heard

that old axiom, "History is certain to repeat." Applied to Mr. Mellon's trip it would seem a sarcastic prophecy that Mr. Mellon had gone to Europe to further aid the recipients of special privilege, the money monarchs of Wall Street, the wealthy financiers who have loaned their many millions to European nations. It is shocking enough to learn that this Government has taken upon itself the roll of international constable, attempting to force payment of bad private debts to the unwary Wall Street lenders. But of greater interest to the American citizen is his own knowledge, through sad past experience and observation, that Mr. Mellon's activities in behalf of the Wall Street banker invariably result in detriment to the big majority of the American people.

In this instance the plan of activity of Mr. Mellon is plain. He must now collect the principal, if possible, and make certain of the payments of the interest in full on all private loans made by his money associates to Europe.

Europe already has made plain her plan. She is willing to pay her private debts providing she does not have to pay her war debt.

European statesmen have told us that fact in no uncertain terms and with considerable emphasis and startling frequency. They demand cancellation of the war debt.

Throughout the East the rumblings of the "why" of Mr. Mellon's visit to Europe, by way of the Court of St. James, have become clearly audible. In fact, these rumblings are being heard around the world. These rumblings of ominous nature foretell the storm that is gathering.

The storm is about to break with the unleashing of public disapproval. The American people strenuously oppose "the Mellon plan."

The American people are bitter at the thought of the so-called cancellation of war debts. If it in fact was but a cancellation of obligations caused by the Great War, American people, whose charity has never been in doubt, would not long or loudly object.

But it happens that the American people understand full well that there can be no cancellation of war debts. Any movement in that direction is in fact a move to heap the burden of the cost of the Great War upon the shoulders of the American public. Alleged cancellation of war debts can do nothing other than remove the burden from those to whom it belongs and shift it to those to whom it does not belong.

Annual payments on the war debt to this country, if payments are made, would amount to $252,000,000. These debts do not represent reparations or damages to us as the outgrowth of the World War, either. They represent actually the money loaned to the foreign nations, including Great Britain, France, and Italy, since the armistice to help those nations recover from the effects of the war.

Are we expected to entirely rehabilitate Europe before we can begin to look after our starving thousands and impoverished millions at home?

Italy's Mussolini has declared his nation to be in sound economic condition. France is known to be amassing a gigantic hoard of gold and to be spending gigantic sums for armaments. Great Britain was ready with her debt payment a year ago when granted a moratorium.

The public well knows the great difficulty this Nation has had in attempting to balance the National Budget and has been forced to resort to bitter and burdensome additional taxation to do so.

Yet, Mussolini, speaking for the whole of Europe, has declared that America must consent to the cancellation of the debts owing to her. France is declared to be in the best financial condition of any nation in Europe, and there seems to be no doubt now but that she is in far better condition than our own coutry. She at least has no trouble finding the millions she spends for armaments.

These are sound facts of record. The American people generally know that they are facts.

It is easy to understand why Wall Street, why the monarchs of American finance, rejoiced openly when Mellon left for Europe. He has already done for them at home what no other Cabinet member in any administration ever dared attempt to do. The sons of special privilege have seen in his removal to Europe "to conduct negotiations over war-debt revision" the possibility that he may be able to complete there the constabulary duty of collecting the rest of their private bad loans to European nations and interests.

It was convenient for Mr. Mellon to leave at this time, to withdraw from first-person control of the United States Treasury, which he left suffering with the staggering deficit of nearly $3,000,000,000. He has carefully trained his successor, who has served him faithfully as Under Secretary, to carry on. It was also convenient, in part, because the ire of public opinion has been aroused against his control of the Treasury by the Patman resolution of inquiry into the charge that Mr. Mellon's presence in the Treasury was a violation of law which was designed to protect the weak and the poor from the domination by the rich and powerful, and the threatened inquiry into the oil concession in South America, which looms as scandalous as the famous Teapot Dome case of the Harding administration.

Elevated to the Cabinet 11 years ago, Mellon was placed there only to protect and advance the interests of money powers and power trusts. He went there to continue the policy of his party to dole out special privilege to the powerful minority.

But the dawn of a new day is breaking. The people have been thoroughly aroused. The promise is in the next election, when a government for all the people, as government was intended, will be delegated to Washington with the mandate that those who have violated the trust with which they have been invested must go and that in their places will be seated those who will govern for the benefit and protection of all the people and not a special few.

When this is done the reckless money investors will no longer be so hasty in their efforts to extend loans across the seas. They will know that they can not expect the agencies of government to be used as a collecting agency for their private speculation.

Their money, if it works for them, will be put to work here in this Nation, where its benefits will become public benefits to our own people.

There will be no further careless extension of Federal credits abroad in order that private credits may be protected.

Mr. Mellon will be returned to private life where he belongs, there to toy with his millions at his own pleasure, but powerless to oppress the poor for the gain of the rich.

He will be returned to private life before he can realize his ambition to complete the negotiations for war-debt revision.

Such negotiations, if any, will be delegated to men and women who will consider the interests and welfare of the American people.

"THESE LAST FOUR YEARS"

Mr. SUTPHIN. Mr. Speaker, the four years of the Hoover administration will go down in history as the era of the complete disillusionment of the American people. Ushered into power in 1928 by the high priests and medicine men of the Republican Party amid blatant and exaggerated promises of a "bigger and better than ever" period for these United States, it is languishing out its few remaining hours of power completely discredited, a victim of its own empty boasts, and inability to meet the problems of the Nation.

FALSE PROSPERITY PROPAGANDA

The last four years have shown the people of the United States that when the Republican leaders claimed they were the sole custodians of the Nation's prosperity they were deliberately falsifying, and again perpetrating the fraud upon the American people which carried them into power on many previous occasions. Their great "master minds" remained great only so long as there was no crisis to require the brilliance of these master minds—and their great financiers remained great only so long as there was nothing to do but take in the money and count it.

FALSE TARIFF THEORIES

These last four years have shown the American people that the famous panacea of the Republican Party, a tariff of the Hawley-Smoot variety, instead of being a boon to the American manufacturers and American workman, has been a boomerang; that a tariff bill conceived and executed for the purpose of repaying the grasping and selfish corporations which had contributed to the Republican campaign chests, destroyed our foreign markets, forced many of our manufacturers to locate outside the country and thereby greatly increased our unemployment and our economic distress.

FALSE AGRICULTURAL THEORIES

These last four years have shown the American people that the Hoover administration's handling of the agricultural problem has been stupid beyond words and a colossal failure from every standpoint. In a futile attempt to defy the basic law of supply and demand the Republican administration poured $500,000,000 into the laps of the Federal Farm Board, a "Hoover creation," for the purpose of "stabilizing" the market. When the Federal bureau started to help the farmer his wheat was selling at $1.60 a bushel, and when this bureau finished its program the farmer was selling his wheat at 25 cents a bushel and less and this tremendous sum of money was gone.

There seems to be a lot of truth in the saying that the difference between an ordinary bureau and a Government bureau is that an ordinary bureau is one into which you can put your money and it will be there when you want it, while a Government bureau is one where you can put your money and never find it again.

FALSE UNEMPLOYMENT THEORIES

These last four years have shown the American people that the Republican Party, after contributing largely to the factors that resulted in millions of our citizens being thrown out of employment, were unable to meet the problem or to remedy it. While there has been an abundance of Republican orators ready and willing to discuss this and other great national questions, there has been a remarkable scarcity of Republican leaders able to answer these questions. The public is tired of hearing about national questions; what they want is answers. Mr. Hoover's principal contribution to the relief of the unemployed seems to have been the "appointment of a committee, which named three committees to get themselves employed." Is it any wonder that the army of Republican officeholders are not half as worried about present unemployment as they are about future unemployment among their own ranks immediately after election?

FALSE ECONOMY PROPAGANDA

These last four years have shown the American public that so-called "governmental economy" was a much a myth as "Republican prosperity." They find that Mr. Coolidge, the patron saint of economy, had approved increases in governmental costs of over $650,000,000 during his term of office. They have seen governmental costs increase during the last four years under Mr. Hoover by almost a billion dollars, while the public income has decreased correspondingly.

If the National Budget was unbalanced, who unbalanced it, if not the Republican administration with its orgy of boards and commissions and their expenditures?

The Republican leaders have been running the Government not only beyond the Government's income but beyond the taxpayers' income as well, probably under the theory that "there's a taxpayer born every minute." It was this wild orgy of spending that necessitated the tremendous tax bill of this year, in which almost everything is taxed except the taxpayers' painful squeal, and which has caused many taxpayers to wonder if it would not be better to let the Government have their income and let them keep the tax.

Economy can only be effected and the tax burden lightened by drastically reducing the cost of government. The public has had enough of Mr. Hoover's so-called fact-finders; what they want is some fact-facers.

THE HOPE OF THE FUTURE

The last four years have convinced the American people that the Republican leaders, who have been proclaiming from the housetops that they "are the only ones fit to rule," stand indicted and convicted before the Nation as unfit to rule. By their record during the last four years they have forfeited any right to further public confidence. The breach of campaign promises is equally as reprehensible as the breach of any other valid and binding promise, and so the public is turning in their hour of need to the Democratic Party—the party which has ever stood for that sacred principle that "a public office is a public trust." The future welfare and prosperity of our country lie in the fulfillment of this great Democratic doctrine through the election of a Democratic President and Congress.

IN EXPLANATION OF H. R. 11499, A BILL "RESTORING AND MAINTAINING THE PURCHASING POWER OF THE DOLLAR"

Mr. GOLDSBOROUGH. Mr. Speaker, under leave granted I submit the following copy of a letter written by myself to Hon. JAMES M. MEAD, Member of the House of Representatives from the State of New York:

JUNE 16, 1932.

Hon. JAS. M. MEAD,
House of Representatives, Washington, D. C.

DEAR MEAD: I have given your letter of June 9 a great deal of consideration and reached the conclusion that I can not comment on H. R. 11499, a bill "For restoring and maintaining the purchasing power of the dollar," any more accurately within the scope of a letter than I did in the report on the bill, the substance of which is as follows:

Within the scope of a committee report it is not possible to discuss in detail the technical economic principles involved in H. R. 11499, but it is possible to determine the anticipated workings of the action of the principle if it is crystallized into legislation.

The bill has two features, an emergency feature and a permanent feature. The emergency feature contemplates a rise in the general commodity-price level to the average existing between 1921 and 1929, inclusive, and the substantial maintenance of that price level.

As to the emergency feature, all authorities agree, first, that it is impossible for the debts of the country to be paid at the present price level, and that unless the price level is raised the business of the country is headed for inevitable bankruptcy; and, second, that the present price level is unjust to debtors.

Speaking roughly, but with substantial accuracy, the dollar will purchase about 1.60 more of commodities than in the 1921–1929 period and about 1.56 more of commodities than it would purchase between the period of 1918–1931 and the first quarter of 1932, inclusive. It would purchase now what it would have taken $1.25 to purchase about a year ago, which means that the producer—that is, the debtor—is being confronted with an ever-increasing burden. His debts, principal and interest, remain fixed. The commodities he sells, and which would have purchased a given number of dollars when he borrowed them, have decreased in their purchasing power.

To go one step farther, unemployment is constantly increasing, because on a constantly declining market business can not go on. It is impossible to produce below the cost of production.

The Committee on Banking and Currency, after a most painstaking and careful investigation by a subcommittee, reached two conclusions: First, that the average price level from 1921 to 1929 would reestablish substantial justice between debtor and creditor; and, second, that a rise to the price level of 1921–1929 would make lower standards of living unnecessary, would justify salaries and wages at the predepression level; in short, would make unnecessary the process of painful economic readjustment, which will have to be consummated if the price level is not raised.

The committee also reached the conclusion that unless the price level were raised substantially to the point above indicated, the burden of debt would not only seriously hamper production and destroy the producing class as now constituted, but that the creditor class, being unable to collect their fixed obligations, would also go down in the crash.

Then the question arose as to what could be done.

The Federal reserve system, under the leadership of Benjamin Strong, former governor of the Federal Reserve Bank of New York, measurably stabilized for several years the price level by open-market operations and by adjustment of the rediscount rates of the Federal reserve banks. The Federal reserve system has been accumulating gold at the average rate of $200,000,000 a year for about six years, and is now in a much stronger position than it was at the time of the open-market operations just referred to.

It is in a position to put into the market $4,000,000,000 in Federal reserve notes and still maintain its 40 per cent reserve requirements. By utilizing its power to lower reserve requirements of the Federal reserve banks the system could put into the market nearly $9,000,000,000 of reserve notes. Either sum, if the country knew that because of a congressional mandate the Federal reserve system was going to raise the price level to the point indicated, would be much more than sufficient to raise it,

because as soon as the country understood what the policy of the Federal reserve system, as provided by law, was, confidence among the banks and business men would be restored, bank loans would expand, the retailer would buy from the wholesaler, the wholesaler would buy from the manufacturer, the manufacturer from the producer of raw materials, and the masses of the people would find employment, so that through buying of securities by the Federal reserve banks and through the restoration of confidence as above indicated the normal business activity of the country would very speedily be reestablished.

Even more important than its emergency feature the committee deems the stabilizing feature of the bill. It would be the duty of the Federal reserve system under the bill, if enacted into legislation, to control the credit and currency of the country in a manner to satisfy the legitimate needs of business and prevent unwholesome and unjustified expansion. If unjustified and unwholesome expansion were controlled, periods of inflation and depression would also be controlled, because periods of deflation and depression always follow periods of unwholesome overexpansion and speculation.

I think it would be interesting also for me to call attention to the fact that the bill was indorsed, among others, by Edward A. O'Neal, president of the American Farm Bureau Federation; Charles R. White, president of the New York Farm Bureau Federation; Frederick Brenckman, Washington representative, National Grange; by the Farmers' Union; and by the American Federation of Labor.

The bill was exhaustively discussed and indorsed by George F. Warren, professor of agricultural economics, Cornell University; by Willford I. King, professor of economics, New York University; by Irving Fisher, professor of economics, Yale University; and by several very distinguished Members of Congress, both Democratic and Republican.

I am inclosing copy of speech made by me on May 2 at the time of the passage of the bill, and also copy of speech made by me on June 8. Should any of your constituents desire to look into the matter more fully, the hearings before the House Committee on Banking and Currency and before the Senate Committee on Banking and Currency constitute, I think, the most valuable single textbook in the world on the subject.

With many thanks for writing me, and with kind regards, I am,

Very sincerely yours,

T. ALAN GOLDSBOROUGH.

WORLD WAR VETERANS' RELIEF

Mr. McLEOD. Mr. Speaker, while many of us who for the past several years have been successful in sponsoring and guiding needy and beneficial legislation for the Veterans of the World War, carefully protecting their best interests at all times, sincerely felt that to-day we would at least have been given an opportunity by the Democratic majority, responsible for all legislation in the present Congress, to have my bill (H. R. 11987), which specifically metes out relief of a permanent nature to the unemployed war veterans of the country, included as a part of the general relief bill; but due to the selfish, self-centered, one-sided tactics practiced by the Democrats in the House, I was denied the right to offer this much-desired measure as an amendment or a rider to the bill under consideration, H. R. 12946, due to the fact that the Democratic gag rule, which permitted the consideration of the relief bill, also specifically provided that no amendments or riders could be offered; and, therefore, during the consideration of the relief legislation the Speaker refused to recognize anyone on the floor of the House for the purpose of offering amendments thereto.

There is no proposition that takes preference over the obligation of caring for the unemployed and destitute veterans and their families. Of the different groups and classes involved in our present crisis, there are none more worthy of individual consideration than the thousands of World War veterans, who by their unforgettable patriotism were obliged after the war and their peace-time jobs had been taken by others to flounder about for years attempting to regain their inherent and God-given right to work and provide a living for themselves and their dependents.

Adequate emergency relief, of a permanent and lasting nature, will be received by hundreds of thousands if the Congress will accept my amendment to the relief bill which provides an appropriation of $100,000,000 for the purpose of paying the balance due on their adjusted-service certificates to unemployed veterans who will agree and contract with the United States Government to engage in farming for at least three years.

My plan will afford the means of permanently rehabilitating hundreds of thousands and fits in with the President's economy program, meeting his objections to nonproductive public works programs that are not of a meritorious and lasting nature.

It is strictly relief legislation of first importance and does not interfere with either pending or future legislation calling for full payment of the bonus. The object of my bill is not to place the veterans in competition with farmers by adding to the supply of farm products but to enable these people to sustain themselves by raising their own food, thereby eliminating the necessity for a dole, to increase their self-respect by making them independent, and at the same time pave the way to a healthy, happy, and well-balanced life.

In our present unemployment crisis my plan is the only emergency measure so far suggested that will provide large-scale relief of a lasting nature. It will put hundreds of thousands on the road to permanent independence by making them self-sustaining. Furthermore, it is the only major relief plan suggested that will not require the appropriating of the necessary funds as a gift, for my bill calls for the immediate discharge of an obligation, that must in any event be met in the not far-distant future.

The practicability of my plan has actually been demonstrated with the greatest success both in this country and in Canada. In Canada the Department of Immigration and Colonization started in the fall of 1930 to make farming opportunities available to the unemployed. Since that time 45,000 needy city dwellers have been changed to self-sustaining farmers. Over a year ago the United States Department of Labor and the Red Cross, working together, took a number of destitute families from city bread lines, and at a cost of but $120 a family put them on small farms and supplied them with the meager necessities of life until they could raise food for their own consumption. All of these families are now self-supporting.

With our Department of Labor accomplishing the most satisfactory results with an expenditure of but $120 a family, it is apparent at a glance that the veterans, who will receive an average amount of $500 each from their certificates, will be able to start with far greater advantages. I have definite figures to show that for $160 the veteran can properly and adequately equip his farm with all necessary implements and livestock. In other words, for $160 the veteran can purchase a horse for $55, a cow for $40, hogs at $7 apiece, sheep at $3.40 apiece, and a small flock of chickens for $10. One of the leading firms in the country has advised that they would be able to supply all necessary tools and implements for $34, consisting of a plow for $5; harrow, $6; planter, $5; cultivator, $3; fertilizer distributor, $6; hand tools, $4; and harness for one horse for $5. After paying out $160 for equipping his farm, he will have $340 left, sufficient capital, if carefully and deliberately handled, to tide him through the first winter, and, of course, from that time, if serious and sincere, his own efforts will be sufficient to enable him to carry on.

The veteran will be assisted in his new vocation at every possible angle by the Government. For the sole purpose of assisting farmers in crop production, dairying, animal husbandry, and horticulture, the Department of Agriculture maintains a most efficient Extension Service in which are employed over 4,800 trained and skilled workers. Conferences with farmers and demonstrations of best methods to pursue have been largely supplemented by bulletins, tours, and campaigns. The report of the Director of Extension Service for the fiscal year ended June 30, 1930, shows something of the magnitude of the work. There were 1,546,677 personal visits made by agricultural agents to 793,688 farms; 423,600 news articles were written by agents and sent to the press; over 800,000 field meetings were held; 6,345,488 pieces of literature were distributed; and 3,403,028 calls by farmers were made at the offices of the agricultural agents.

As a further means of encouragement and assistance to these veterans, the Government may distribute as much of the surplus wheat as may be necessary to insure these families and their livestock having sufficient food for one year.

Being true Americans, our veterans do not want a dole; our citizens are well aware of its demoralizing effects, both on the individual and the Nation, and such a scheme is repugnant to them. All they want and ask for is an opportunity to exercise their inherent and God-given right to work and earn their livelihood. This right, which is being denied them at present through no fault of their own, will be restored them by the immediate passage of my bill; and if it is not enacted into law this session of Congress, it most assuredly will when we meet in December. It will enable them to set themselves up in business for themselves as farmers; they will quickly become self-sustaining and independent; the pride of achievement will be instilled, their self-respect increased, and the way will be opened to a healthier and happier life.

That there is more than sufficient fertile farm land available to carry out my plan can not be doubted. There are 177,000,000 acres of public land which may be obtained free under the homestead act, a large number of which are suitable for cultivation. The 12 Federal land banks alone have advised me that they have acquired 1,812,033 acres of land through foreclosures. Thousands of acres of fertile land have reverted to unwilling owners because of nonpayment of mortgages, and so forth; and with farm land in the United States at but 89 per cent of its pre-war value, there can be no doubt that veterans will be able to secure small tracts at nominal cost. Many letters have reached me from patriotic citizens offering to sell anywhere from 17,000 to 40,000 acres of good farm land to veterans in small tracts for as low as $2 an acre.

Statistics compiled and published by the United States Department of Agriculture show that a small plot of ground can be made to give a surprisingly large yield of crops. Farmers' Bulletin No. 1673, issued in October, 1931, by the Department of Agriculture, advises that "A half-acre garden, if properly cared for, will supply vegetables having a market value of at least $100 to $150, sufficient for a family of five or six." The Director of Extension Service, in his report to the Secretary of Agriculture for the fiscal year ended June 30, 1930, advised that "complete records were kept on 231 gardens averaging half an acre in size, which produced crops sufficient to feed 1,297 people, to serve 207,592 times, and to can 33,780 quarts, and yet to leave a surplus which sold for $21,354.37." In these half-acre gardens the cost of seeds would be approximately $1.36 per garden, at the rate paid for the Red Cross packages. I find that 2,500 sweetpotato plants, sufficient to plant one-fourth of an acre, can be purchased for about $3.75. Seed white potatoes for one-fourth of an acre would cost about $5.

We have reached the greatest economic crisis in the history of our Nation. Already, our overburdened welfare organizations have begun to give under the severe strain on their heavily overtaxed resources, and in at least one of our States funds for relief work have been entirely exhausted. People are beginning to realize that not even the next five years will see the absorption by industry of the majority of our unemployed, and it is vitally necessary to our national well-being that jobs be found for our unemployed without delay. It is self-evident that the transferring of this great number of veterans from overcrowded industrial centers and setting them up in business for themselves in rural communities would exert a most profound and far-reaching beneficial effect on employment conditions throughout the entire country by greatly increasing the chances for employment of those who could not take advantage of this opportunity.

My bill will provide the solution to our twofold need—immediate and lasting unemployment relief and ultimate business recovery—by furnishing productive employment to hundreds of thousands. It will absorb countless acres of arable land now idle; help the grain market and the farmer by elimination of the surplus wheat; stimulate trade in livestock, poultry, farming tools and implements; and will aid our automobile industry by creating an increased demand for used cars. Every taxpayer in every section of the country would benefit by reduced contribution to public-welfare agencies. In addition, the creation of this great class of home builders will so greatly add to the strength of our economic structure that its benefits can not be overestimated.

To achieve the maximum results possible under this most productive reconstruction plan, it is absolutely essential that my bill be passed without delay. By making this great opportunity available now, these people will be enabled to start their farming activities in time to produce sufficient crops for consumption this summer and leave a surplus for canning and preserving for next winter. With farm lands obtainable free or at but small cost, free wheat for themselves and their livestock, with sufficient capital to adequately equip their farms and maintain themselves until self-sustaining, my plan for assisting the veterans on the road to independence is the most logical and effective solution to provide work for a major portion of our jobless and would be a most decisive factor in hastening our economic recovery.

OUR VANISHING FOREIGN TRADE

Mr. ARNOLD. Mr. Speaker, economists and business leaders generally are all but unanimous in the opinion that nothing has contributed more to the commercial chaos, the industrial paralysis, and the woeful unemployment and misery from which the American people have suffered for more than two and one-half years than the foolish, indefensible, and outrageous tariff policy of the Hoover administration, as exemplified in the Hawley-Smoot tariff act.

The whole world is engaged in a suicidal tariff war that has well-nigh wrecked world trade, and the Hoover administration's tariff policy started that war. In some respects, it has been as devastating as the World War itself. In factories that have been stilled, in commercial establishments that have been thrown into bankruptcy, and in the number of toilers who have been deprived of their jobs and forced into the ever-lengthening bread and soup lines which have formed in every industrial city in America, there has not in the entire economic history of the world been an occurrence as devastating as the enactment of the Hawley-Smoot Tariff Act. And it remains to-day the single most serious obstacle to economic recovery, not only in America, but throughout all the world.

I lay down the following propositions which, to me, are almost self-evident, and which I believe can not be successfully controverted:

For more than a decade, the tariff policy of the last three Republican administrations has been dragging American agriculture deeper and deeper into the pit of penury and despair.

The Hawley-Smoot Tariff Act, apologetically approved by President Hoover, and which piled protection upon protection already much too high, has gained for America the enmity of the remainder of the world and precipitated a war of retaliation that has all but closed foreign markets to surplus American products.

The Hawley-Smoot tariff has shut down thousands of mills and mines, closed thousands upon thousands of commercial establishments, tied up fleet after fleet of steamships, and done more to reduce the tonnage of the railroads than any other single act in our governmental history.

It has driven hundreds of plants, representing hundreds of millions of dollars of capital, to foreign countries, some of them probably never to return.

And it has been the direct cause of throwing millions of American workers out of employment, destroying their purchasing power, with all that means in its effect upon such other industries as may not have been directly affected by the tariff.

I doubt if in the history of any government there was ever an economic happening more unwise, more uncalled for, or more dishonest than the enactment of the Hawley-Smoot tariff law. It was dishonest because it was professedly done in the name of protection for American workers, to protect American wage standards, when, in fact, its effect has been to throw millions out of jobs, thus destroying their means of livelihood rather than protecting their wage

scales. It was unwise because it piled superprotection upon the protection already afforded by the Fordney-McCumber Act and raised American tariff walls to the highest point ever attained by the tariffs of any country. The average equivalent of ad valorem rates under the Fordney-McCumber Act was 41.57 per cent, but under the Hawley-Smoot bill this average was raised to 50.9 per cent, and even this figure does not tell the whole story, because in some instances the rates are so high as to be prohibitive, shutting out commodities entirely and thus not entering into the calculations upon which the average rate of duties is arrived at.

In fact, in a great many instances the Hawley-Smoot tariff is an embargo, a Chinese wall, erected in the name of protection, which would bring the blush of shame to such protectionists of the past as the late President McKinley, who, after all, recognized that if we are to sell anything at all we must buy something from other countries, and that there must therefore be at least a limited flow of international commerce.

President McKinley recognized the danger of tariff wars and the necessity for the flow of international commerce, giving expression to a vital principle in these words uttered in his last speech, at Buffalo, just prior to his assassination:

> We must not repose in fancied security that we can forever sell everything and buy little or nothing. * * * The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. Commercial wars are unprofitable. * * * Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not.

Nor can those who fastened this criminal economic tariff policy upon American industry, American commerce, and American labor plead that they were not warned. Neither can they deny that that which they were told would happen has happened in the loss of trade, in unemployment, in silent looms, motionless machinery, and in millions of dollars worth of shipping, tied up at our docks, to dry and decay.

Enactment of the Hawley-Smoot tariff was a violation of the pledge President Hoover gave to the country when, shortly after his inauguration, he called the Republican Seventy-first Congress into special session to do two things—to provide relief for decaying agriculture and to make a "limited revision" of the tariff. In his message to Congress, in which he made this pledge of a "limited revision," he said:

> The test of necessity for revision is in the main whether there has been a substantial slackening of activity in an industry during the past few years and a consequential decrease of employment due to insurmountable competition in the products of that industry. It is not as if we were setting up a new basis of protective duties. We did that seven years ago. What we need to remedy now is whatever substantial loss of employment may have resulted from shifts from that time.

Here was a definite promise of limited revision, affecting only industries in which employment existed by reason of competitive imports. What did we get? Instead of a limited, we got unlimited revision, affecting approximately 1,100 items in the tariff bill, most of them upward, put there through the usual back-slapping, logrolling tactics of protective tariffs, after the spectacle of the descent of a swarm of lobbyists of the special interests demanding tariff favors in return for their contributions to the Hoover campaign fund in 1928, and getting them.

The bill which finally emerged from the Republican Congress was so bad that when the President signed it he issued a statement amounting to an apology therefor. He said in effect that it was better to let a bad bill become a law than keep business in further suspense about the sort of a bill it was to have.

The President and Congress were warned of the effect the tariff bill would have, and the warnings are now proven to have been sound. Leaders in industry, like Henry Ford, Alfred E. Sloan, president of General Motors, both supporters of President Hoover, and even Gen. W. W. Atterbury, president of the Pennsylvania Railroad and former Republican national committeeman from Pennsylvania, denounced this tariff policy, but no attention was paid to them. The bill was passed and signed by the President in the face of the opposition of two-thirds of the press and over the protest of substantially every economist of repute in the entire country, 1,078 of whom signed a petition to the President protesting against the bill and specifically pointing out the baneful effects that might be expected to follow.

They warned:

That it would be of no benefit to the majority of farmers; that it would injure American export trade; that it would provoke retaliation by other countries; that it would weaken the security of American investments abroad; that it would not relieve unemployment; that it would inject bitterness into our international relations; and that it would endanger world peace by sowing the seeds of a tariff war.

All of these warnings proved sound; all that these economists said would happen has happened, yet in the face of these warnings President Hoover signed the tariff bill, with the result that our foreign trade is rapidly approaching the vanishing point, millions upon millions are out of jobs, and the whole world is engaged in a tariff war the end of which no one can foresee.

FOREIGN-TRADE DECLINE

It is in its effect upon America's foreign trade, in the migration of American capital and industry to foreign lands, and in the appalling unemployment extending now into almost every home in the land that the Hoover administration's foolish tariff policy is most clearly to be seen. A few figures, by way of comparison, are most illuminating.

In 1929, the first year of the Hoover administration, and the last year prior to the enactment of the Hawley-Smoot tariff, American exports amounted to $5,240,995,000, according to official Department of Commerce reports.

For 1931, our exports were only $2,424,000,000, a decrease in two years of $2,816,995,000, or more than 50 per cent.

In 1929, our imports were $4,399,361,000. For 1931, they were only $2,090,107,000, a decrease of $2,219,254,000 in the two years, also more than 50 per cent.

Thus, combined, for 1929, our total trade, both exports and imports, amounted to $9,640,356,000, while for 1931, the total volume of this commerce was only $4,514,107,000, a decrease of $5,126,249,000.

But that is not the worst of the picture. It grows darker and darker; and if our foreign trade continues to diminish during the remainder of 1932 as it did during the first six months of the year, our foreign commerce for the year will be considerably less than one-third what it was in 1929. This is indicated by Department of Commerce export and import figures for the first six months of 1932.

For the first six months of 1932, ending with June, our exports to the rest of the world fell to $842,168,000, as compared with $2,623,088,000 during the same six months of 1929, a decrease of $1,780,920,000. For the same six months of 1932, our imports dropped to $757,801,000 as compared with $2,286,375,000 for the same six months of 1929. These figures are official and final in all respects except that the June, 1932, export and import figures included are preliminary, subject to slight revision.

So that, for the first six months of 1932, our total foreign trade totaled only $1,599,968,000, as compared with $4,909,463,000 for the first six months of 1929, a loss of $3,409,495,000. If the same rate of shrinkage is continued throughout the year, our foreign commerce loss for 1932 as compared with 1929 will be more than $6,800,000,000, or about 70 per cent of the 1929 volume, the last year prior to the enactment of the Hawley-Smoot tariff.

Of course, President Hoover and others who defend, even though apologetically, the tariff policy of the administration will say, and will often repeat it during the political campaign, that while it is true that America's foreign commerce has suffered a heavy blow, that it is also true that the commerce of other countries has suffered, and that our condition is due largely to world conditions.

In the first place, the paralysis that has overtaken world commerce is due in large part to the world-wide tariff war, which the Hoover administration started. It is also true that while other countries have suffered heavily in the loss in foreign commerce, their loss has not been as great as

America's. We had most at stake, we had most to lose, and we have lost most.

Recently the financial committee of the League of Nations made public some very interesting figures on world commerce. These figures showed that from 1929 to 1931, the value of Germany's foreign commerce had decreased by 49 per cent, that of France by 51 per cent, that of Italy by 46 per cent, and that of Great Britain by only 45 per cent. Meanwhile, the value of America's foreign commerce declined during those two years by 64 per cent. Early reports on 1932 indicated that for the entire world, the loss in commerce under 1929 would amount to about 50 per cent, while Department of Commerce figures on this country's trade for 1932 show that at the end of this year we will have lost between 66 and 70 per cent of our foreign commerce, as compared with 1929.

Tragic as is the story of this terrific loss in foreign trade, built up so carefully during and immediately following the World War, it is not the darkest part of the picture. That is represented in the enormous unemployment which this shrinking volume of commerce has directly caused, and by the large number of industrial plants which have been driven to Canada and other foreign lands, there to manufacture out of foreign raw materials, with foreign man power, the commodities that were formerly made in America, with our own raw materials, and by our own workers, for export purposes. Some of our lost foreign commerce may be recaptured, when and if we revise our tariff policy, but many, in fact, most of the American plants which have been driven abroad are gone never to return.

Before giving you the figures with respect to this migration of American capital and American industry to foreign countries, driven there by the Hoover-Smoot-Hawley tariff, let me direct your attention to the enormous contribution to our grave and nation-wide unemployment situation for which this shrinkage in our foreign commerce has been responsible, and in doing so, I shall use only the yardstick employed by no less an authority than President Hoover himself.

In his campaign speeches in 1928, Mr. Hoover, who had just resigned as Secretary of Commerce, was inclined to boast of the extent and value of America's foreign commerce and to appropriate to himself and the department over which he had presided for nearly eight years the major portion of the credit for the building up of this commerce. In a campaign speech at Newark, N. J., on September 17, 1928, Candidate Hoover said:

> More than 2,000,000 families in the United States earn their living to-day by producing goods for export, and another million families earn their living in the manufacture of raw materials. This means more than statistics. It means higher standards of living—more jobs make more wages. Foreign trade is no artificial stimulant to employment. Its development is a vital contribution to the welfare of the American workman, the American merchant, and the American farmer. I propose that we shall continue this service to our people.

If in 1928, as Mr. Hoover said, 3,000,000 families—families, mind you not individuals—earned their living by employment in the processes of our foreign commerce, then it must follow that in 1932, when two-thirds of that commerce has vanished, two-thirds of those 3,000,000 families that earned their livelihood in that way are now deprived of that livelihood. This is a very serious, a very staggering contribution, and a direct contribution, to the prevailing unemployment which President William Green, of the American Federation of Labor, recently estimated at ten and one-half million persons in the United States.

But, as President Hoover pointed out in 1928, the baneful effects of this loss of foreign trade do not cease with the direct result. The unemployment, the loss of buying power, and so forth, do not stop with those directly employed in our foreign commerce. In the same Newark speech Mr. Hoover said of this indirect effect:

> Cease exporting automobiles to South America or Europe and automobile workers are thrown out of employment in Michigan. The suffering does not stop there. It only begins. Steel mills slacken in Pennsylvania and Indiana. The mines employ fewer workers at Lake Superior. And every farmer in the United States suffers from the diminished purchasing power and enforced stringency in thousands of homes.

Mr. Hoover's observations of 1928 are just as pertinent to-day, except that we are looking at the other side of the picture. Where there was employment, and happiness, and prosperity in 1928 and 1929 there is unemployment, and want, and suffering in 1932, and the Hoover-Hawley-Smoot Tariff Act is the most important single factor contributing to this loss of commerce and resultant unemployment and misery.

There is another, and possibly even more serious angle to the situation, and that is in the driving of hundreds of American plants, representing an investment of hundreds of millions of dollars to foreign countries to manufacture commodities for foreign markets that were formerly made in the United States for those same markets.

Since the Hawley-Smoot tariff was enacted, approximately 50 nations, including every important trade nation in the world, has raised tariff barriers against the United States, and in a great many instances the barriers are insurmountable. They were driven to do it by our tariff policy. They said in effect that since we would not permit their goods to enter our ports they would close their ports to our commodities.

At the close of 1929, according to figures furnished the United States Senate by the American Secretary of Commerce, there were 467 American-owned branch or subsidiary plants in Canada, representing an investment value of $513,864,000.

On September 17, 1931, according to figures given out at the Canadian capital, Ottawa, and carried in a dispatch by the Canadian Press Association, the number of such American-owned plants in Canada had increased to 1,071, and their investment value to $1,189,590,000. In other words, the number of American plants across our northern border more than doubled, as did their capitalization, in a little more than one year following the enactment of the Hawley-Smoot tariff, and they are still moving there at a steady rate. On December 2, 1931, the general manager of the Toronto Industrial Commission, in a statement given to an American press association, said that up to that time more than 300 United States manufacturers had established branch plants in the Toronto area alone, and that numerous others were then "on the ground making plans to manufacture their products here."

Among the American corporations which have established plants in Canada in the last two years are the United States Steel Corporation, which built a $60,000,000 plant at Windsor, and the Aluminum Co. of America, owned by the Mellon family, which has located near Quebec a plant capable of producing 400,000,000 pounds of aluminum annually, probably the largest aluminum plant in the world.

The story of what is happening in respect to these and other corporations, which have profited from the tariff favors of the recent Republican administrations, is a tragic one for American consumers and American workers. These industries are enjoying tariff bounties at home which make them practically immune from outside competition. They formerly did a huge export business. But when Canada and other governments retaliated against our tariff policy, they merely took a part of the profits they had made from their American investments, profits which were swollen by the tariff, set up branch plants in Canada to manufacture for that and other foreign markets which had been closed to their American plants by retaliatory tariff enactments, the commodities which they had formerly made in their American plants. This was a terrific blow to American workers, for these concerns did not take their American labor abroad with them, but only their capital. And in Canada, in Europe, and elsewhere whereto these plants have gone, they are making out of the raw materials of those countries, with the labor of those countries, the commodities for their export trade which they formerly made in the United States out of American raw materials, and by the hand of American workers.

What is true of the migration of American industry and capital to Canada is true of Europe. When European countries raised a tariff wall against American automobiles in retaliation for our Hawley-Smoot tariff barriers against their products substantially every important American automobile concern established a branch either in Canada or in Europe, in an effort to hold the foreign markets for American cars, made by American workmen. I am told that there is not an important tire manufacturer in the United States that does not have a branch plant in Europe; and every automobile, every tire, every other article of manufacture, now being made by these plants in Canada or in Europe for the foreign market, is being made by foreign labor, in large part of foreign raw materials, whereas it was formerly made by American workers and in large part of American raw materials; and for every foreigner one of these plants in Canada or in Europe has put to work, there is an idle American walking the streets or the highways vainly searching for a job, in order that he and his family may subsist outside of public charity. The responsibility for this condition, for this unemployment, this flight to foreign shores of American capital and industry, probably never to return, lies with the Republican administration, which fastened upon our country the iniquitous Hawley-Smoot tariff policy, a suicidal, war-breeding tariff, the revision of which is a first essential to any substantial economic recovery.

"SHALL WE CRIPPLE THE CONSTITUTION TO REMOVE LAME DUCKS"?

Mr. HARLAN. Mr. Speaker, during the last 10 years there has been a growing popular sentiment that there are two defects in the organization of our legislative and executive departments which carry within them the germs of possible governmental weakness:

First. Newly elected Congressmen do not assume office until four months after election in November.

Second. There is no provision in the Constitution for replacing the President elect or the Vice President elect, should he die or become incapacitated between the dates of election and inauguration.

To cure these two evils, in the last six Congresses there have been introduced so-called "lame duck" amendments to the Constitution of the United States. The last one which obtained the necessary two-thirds majority of the two Houses and is now before the States for ratification, reads as follows:

SECTION 1. The terms of the President and Vice President shall end at noon on the 24th day of January, and the terms of Senators and Representatives at noon on the 4th day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 4th day of January, unless they shall by law appoint a different day.

SEC. 3. If the President elect dies, then the Vice President elect shall become President. If a President is not chosen before the time fixed for the beginning of his term, or if the President elect fails to qualify, then the Vice President elect shall act as President until a President has qualified; and the Congress may by law provide for the case where neither a President elect nor a Vice President elect has qualified, declaring who shall then act as President, or the manner in which a qualified person shall be selected, and such person shall act accordingly until a President or Vice President has qualified.

SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice devolves upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice devolves upon them.

SEC. 5. Sections 1 and 2 shall take effect on the 30th day of November of the year following the year in which this article is ratified.

The question which three-fourths of the States are now to decide is—

First. Shall the evils complained of be cured by constitutional amendment?

Second. Will this amendment cure the evils?

Third. If so, will the therapeutic effects of its adoption exceed the harmful effects?

When this amendment was before Congress, there was a universal and well-crystallized sentiment desiring a vote on this subject, and I felt it my obligation to cast my vote in favor of a submission of the question to the States even though I felt that the proposed amendment was not necessary, so far as part of its purpose is concerned, that the evils we are experiencing are practically all imaginary, that the constitutional amendment will not really cure those imaginary evils, and that if it does cure these evils it will create difficulties more serious than those it attempts to cure.

Having fulfilled what I consider to be my duty by voting to submit this proposition to the people of the States, I now feel it an obligation upon me to present the reasons why I deem it inadvisable for the people to adopt that amendment.

First. I submit that the evils are very largely imaginary so far as they pertain to the election and terms of Members of Congress. Complaint is made that the Members of Congress elected in November do not actually begin to legislate until December of the following year, or 13 months after election. At the present time this is unquestionably true, but section 4 of Article I of our Constitution now provides:

The Congress shall assemble at least once in every year, and such meetings shall be on the first Monday in December, unless they shall by law appoint a different day.

It will be seen that under our present Constitution, if Congress is dissatisfied with the first Monday in December, it has full authority by law to change its annual meeting date to any day in the year. It could choose January 4, as in the proposed constitutional amendment, or March 4. In fact, in times past Congress has chosen many different dates to start its session. It has met in October, November, and for three sessions of Congress immediately following the Civil War it selected March 4 as the date of the annual meeting. This date was selected because at that time it was at least assumed that President Johnson, who was in office, could not be trusted to run the Government without having Congress in session.

May it be said parenthetically that during this time Congress enacted some of the most putrid legislation ever passed by an American Congress. After three terms of this experiment Congress returned to its constitutional date, the first Monday in December, and has since so continued.

During all of the 10 years that this matter has been agitated in Congress, it could have at any time changed the date of its annual meeting to January 4, just as is provided in section 2 of the proposed amendment. We may then strike that section out as absolutely needless.

But section 1 provides that the terms of the newly elected Congressmen shall start on January 4, and it is claimed that this is advisable because it will make a session between election day in November and January 4 unnecessary and that therefore those Congressmen defeated in November elections will not be called upon in their legislative office, and that the "lame duck" will be eliminated.

I am wondering just how many of us have given the question of the "lame duck" Congressman the benefit of our clear, unbiased thinking and on the other hand how many of us have indulged in picture thinking, controlled by the cartoon of a one-legged duck walking with a crutch under a wing, seeking appointment to some governmental position. After all it is so much easier to look at a picture and repeat the slogans handed to us by others than it is to do thinking of our own. To illustrate the contention that even those in high office sometimes show a tendency to talk and act and let the thinking be done by others:

Two years ago a "lame-duck" amendment passed the Senate of the United States without a dissenting vote. It was submitted to the proper committee in the House of Representatives, and after ponderous discussion was approved by that committee. Undoubtedly it would have gone through the House of Representatives with the same momentum it went through the Senate, had it not been discovered by one of our Congressmen, who prefers to think for himself, that

while the date of the incoming executive and legislative branches had been advanced the term of the outgoing had not been shortened, and had this amendment passed from January 4 to March 4 this Government would have been blessed by two Presidents and two complete legislative establishments. From the speech of one of the men who talked the most in favor of this amendment before the last House, it developed that he was under the impression that the defeated Congressman, instead of giving up office in March of the year following defeat, held office until December of the year following defeat.

I give these two illustrations that we might thoughtfully reexamine the question as to whether or not, after all, it is such an evil for us to have Congressmen, defeated at the election, to hold their office for three legislative months.

In the first place, may I say that for the last 30 years, the greatest turnover that has ever occurred in any Congress has been 14 per cent of the Members. In 1930, when we thought we had almost upset the Government, there was a turnover of 9 per cent of the Congressmen.

Now, if we assume that those Congressmen who had been defeated in the November election were disqualified and no longer fit for public confidence, at no time have they been in sufficient numbers seriously to affect legislation, demanding the approval of a Congress of 435 Members. But I say to you, both from the observation that I have made and from the reports of Members of long standing in Congress, that it is only too often the case that these so-called "lame ducks" are the men who have been men of high purpose and conscientious motives, who have been unwilling to vote against their convictions at the whim of some group in control of their district. These men, in the great majority of cases, have no intention of retiring from public life. They intend to return at some future day and are just as much impelled by a desire to serve their constituency as at any time before their defeat.

William McKinley, Abraham Lincoln, and Champ Clark are just three of the men who have served their communities as "lame ducks" in Congress. This district, prior to the last session, had been represented in Congress for 10 years by a man who had rendered conscientious service to his district. Would anyone say that during the three months following the last election he did not continue to represent this district to the best of his ability?

If we assume that it is an unmixed evil for Congressmen to represent their district for four months after their defeat, the proposed constitutional amendment by no means cures that evil. All that it does is to cut that period in half, and in the meantime what shall we say of the "lame-duck" President who under the proposed amendment will continue to serve his country almost three months after his defeat, and what shall we also say of that very large group of "lame ducks" who are defeated in the primaries? Many of them serving from 8 to 10 months after their defeat are scarcely affected at all by this amendment.

In a great many States in the South a Democratic nomination is equivalent to election, and in a great many States of the North the same may be said of a Republican nomination, so that this amendment does not affect a great part of the disease at all and is only a very small palliative where it does operate.

At the time of the adoption of our Constitution a period of four months was allowed to elapse between the election and the inauguration. First, to permit travel to Washington and, second, to afford an opportunity for the Congress already elected and organized to elect a President and Vice President in the event the Electoral College failed to present a majority. Of course it is no longer necessary to allow four months to get to Washington, but modern governmental requirements in their complexity and the many multiplied burdens that the last 140 years have added to a Congressman's duties have made this breathing space of four months of greater value now to effective legislation than it was at the time of its adoption.

In the early days of our history a Congressman's principal function was to deliver profound addresses on the floor of the House on the comparatively simple questions that confronted the Government in his day. He was not blessed with instantaneous communication with his home folks through telephone, telegraph, and air mail. He did not have to acquaint himself with all the ramifications of 10 executive departments, nor to look after the details of veritable migrations of tourists going to and from Europe and the Orient. He did not have a Veterans' Bureau raising questions of law, fact, and medicine that almost has one dizzy, nor a veritable army of home folks urging his assistance in getting on the Federal pay roll; nor did he have on an average of 100 letters per day to look after and innumerable errands and telephone conversations to perform.

All of these multiple functions require considerable preparatory education. The governmental departments all have to be learned, the necessary contacts have to be established, and I say to you as one speaking with authority, that four months' time is all too short to permit any Congressman to prepare himself to render real service to his community.

It is also a fact that most Congressmen are men of standing in their communities, who have considerable business or professional activity to adjust before starting in on their duties and this all must be done if a public official is to give his whole attention to his work.

Now, if we add to the already unlimited work expected of a new Congressman during his first four months the responsibility of attending sessions of Congress and trying to perform necessary committee duties, we are simply expecting the impossible, and the new Congressman instead of equipping himself properly to represent his district will neither be able to do that necessary work nor will he have opportunity to prepare himself for his legislative duties.

The proposed amendment also cuts 38 days off of the period for preparation for the Executive, and everything that has been said about the necessity for proper preparation for the legislator applies in double force to the Executive. He has the responsibility of acquainting himself with the duties of the Executive, appointing his Executive family, and winding up his own affairs. He is expected in 10 weeks to forget his partisanship, fanned to a burning flame during a long political campaign, and become a President of the whole people, unmoved by partisan consideration, a thing humanly impossible.

However, if we grant that all of this argument has no merit, there certainly remains the second proposition that was in the minds of the framers of the Constitution—that the old Congress should be allowed to sit long enough to elect an Executive if the Electoral College failed to achieve this end.

But I hear some one say: Ah! there is the evil. Why should a Congress, a part of whom has just been repudiated, assist in the election of the new Executive that is to function with the new Congress? May I again call your attention to the fact that in our most revolutionary election it is seldom that we have had any turnover sufficient to make a difference. When the election is conducted in the House of Representatives we must remember that the votes are cast by the States voting as States, and the individuals do not vote as individuals, consequently the change of 9 or even 14 per cent in the individual membership would in all probability make a very much smaller change in the complexion of the vote when taken by the State units.

In our 140 years' experience two Presidents have been elected by Congress, a "lame-duck" Congress, if you will. One of these was Thomas Jefferson and the other John Quincy Adams.

We must look to some place other than history to find any danger to the Republic from such choices.

What will be the result if an election is thrown into the House of Representatives under the new law? Congress will meet on January 4. You will bear in mind that we have just had an election in which there has been a number of candidates, otherwise the Electoral College would deliver a majority. The country is divided up into three or possibly

four political parties, and consequently the newly elected Congress will almost inevitably be divided into these three or four blocs. It will be unusually difficult to organize Congress and to elect a Speaker.

No doubt there will in such an election be a great many contested congressional elections, and if these votes are of any importance in the selection of a President, there will no doubt be coalitions to compel their determination before the President can be elected, and yet this new Congress, split up as it inevitably must be, must meet, organize, appoint its committees, possibly decide election contests and elect a President, all in 20 days. It now takes 10 days, on an average, to accomplish this organization when all things are favorable.

Our forefathers in their wisdom, thought that such a task, done by a Congress of experienced Members, already organized, with nothing else to do than to select the President in proper form, ought to have from the first Wednesday in January until the fourth of March for this purpose.

If the modern Congress is unable to perform in 20 days a task that the forefathers considered properly to be done in 60, we will have the problem of a presidential incumbent with no successor elected, and the difficulties which were raised at the time of the Tilden-Hayes controversy might not terminate so fortunately a second time.

The greatest possible evil that can happen by allowing a Congress, which is already elected and organized, to choose the next President of the United States, is that possibly the will of the majority will not be expressed in the choice. Under our present system, on at least two or three occasions, we have elected Presidents of the United States who have had less than a majority of the popular vote, and yet this Government has continued to function.

The fact of the matter is that in our entire history our candidates for President have been of such uniformly high quality and the checks and balances of this Government so perfectly designed to allow the majority to speak and yet to protect the minority from oppression, that it is not going to bring any serious consequences to this country if we do have a minority President once in a generation.

Let us examine for a moment the effect of the abolition of the short term of Congress upon the practical workings of the Government. Since 1921 our Government has been operating under a Budget system with very good results. During the summer the President calls together the heads of the executive departments, together with the Director of the Budget. He prepares estimates of the departmental needs, and they are sent to Congress immediately upon their convening in December. This is the second session, and Congress is already organized and functioning. By January 4, the date which Congress would convene under the proposed regulations, under present conditions, the consideration of all the supply bills is well under way. The Cabinet members appear before the Appropriations Committee and defend their Budget. Before March 4, the date of the adjournment of Congress, all the supply bills and necessary appropriations are passed. The old Congress and the old President go out of office and the new President assumes office with the new Congress on the 4th of March, and thus details of governmental routine, which only experience can give, are cared for in advance so that the new President can make out his policy of government unhampered.

Now, let us look at the conditions as they would exist under the proposed amendment. The old President and his Cabinet must make up the Budget as before, but can not submit it until January 4, when it goes before a new, inexperienced Congress, not yet organized, without committees, and possibly with a presidential contest on its hands and the "lame-duck President" holds on, powerless for the remaining 20 days in which nothing is done.

On the 24th of January the new President comes in, with inexperienced Cabinet members, to appear before inexperienced committees and out of that conglomeration we are told to expect efficient action. There is only one human result possible and that is that the new President and the inexperienced Cabinet will have to take the word of his predecessor on faith and the committees will not have the benefit of experienced testimony in drawing the necessary bills.

These are all some of the practical phases of the new legislation which the cartoonist, in drawing his lame duck walking on a crutch, does not consider.

Again, under our present system, Congress in convening at its second session in December, automatically is adjourned on the fourth day of the following March and the country almost invariably has a breathing spell from the 4th of March to the following December without any Congress proposing drastic changes in the tariff or taxation laws. This respite from congressional action saves the Government a great deal of money, makes for stability of business conditions, and, in our experience, has been altogether desirable.

Now, under the proposed system, Congress will be convened every year on January 4; there is nothing to compel an adjournment of that Congress until the advent of January 4, two years hence, and just as occurred in the administration of President Johnson, when March 4 was taken as the convening date, we will have Congress in constant session, the country in constant political turmoil, business disturbed, and the expense of operating the Government greatly increased. If the cartoonist who draws the picture of the lame duck could draw a picture of the United States Government operating under such conditions, our picture thinkers would probably get another view of this question.

However, there is one phase of the proposed resolution that has merit and needs consideration. If it were not tied up with the measure changing the date for the beginning of the congressional and presidential terms, I believe we would all agree that it should be immediately accepted by the people. That is the provision allowing Congress to provide for the executive succession in the event the President elect and Vice President elect should both be killed or become incapacitated between the meeting of the Electoral College, which now convenes on the first Wednesday in January, and the convening of Congress on the 4th of March. Under present conditions, the House of Representatives, in the event that the Electoral College fails to elect, must choose the new President from the three candidates receiving the highest electoral votes. For example, in 1924 if the Electoral College had failed to choose the President, as many thought would happen, Congress would have been called upon to choose between Vice President Coolidge, Mr. John W. Davis, and Senator La Follette. If one of those had died prior to the meeting of the Electoral College on the first Wednesday in January, the members of the Electoral College could have selected someone else. However, if, after they had cast their votes this candidate had died, there is no method provided by the Constitution for selecting his successor, and the House of Representatives would have, of necessity, made a choice between the other two.

Let us suppose that Mr. Coolidge had been the unfortunate one. Then the Republican Members of Congress would have had their choice limited absolutely to selecting either Mr. Davis or Senator La Follette. There would have been no chance for the Republican Party to select their own.

This is an unfortunate condition which has not occurred in 140 years and might not occur for a century again, but nevertheless, it should be provided for.

That is the purpose of section 3 of the proposed amendment. It is a commendable purpose, but when it is indissolubly fixed to another amendment which says that the Congress, to make this selection, shall have only 20 days to act, the benefits of the amendment will be destroyed by the limitations, and it would be far better for us to have another amendment submitted, setting forth clause 3 of the proposed amendment without unfortunate complications.

To summarize the proposed amendment, it will result in the probability of Congress remaining constantly in session. It will take from the President and from Members of Congress valuable time for the proper preparation for their respective functions and without proper preparation the

first year of their public service will be of little value to their constituents. It will very seriously impair, if not destroy, the operation of our present Budget system, and finally, it will make the selection of a President and Vice President, in the event this selection is thrown into Congress, a very precarious proceeding, dangerous to the peace of the Republic.

Mr. George Rothwell Brown, a very able writer for one of the Washington papers, summarized and characterized the proposed amendment as a "quack remedy for a disease of the Constitution that it does not have."

In my years in the practice of law and of service in the National Legislature I have come to have a veneration for the Constitution of the United States that is difficult to describe or exceed. It is a matter of constant wonder to me how, in a frontier country having a population just about equal to the Province of Quebec of the present date, a galaxy of such able men should gather together to prepare our charter of government. It has weathered a century and a half of storm. If we do not weaken it by hasty amendments, it will serve us just as well in the future.

This is no time to consider some of the amendments that we have added to that Constitution. Suffice it that some of our experiences in tampering with that instrument have not been so happy.

I urge you as citizens who are called upon to pass on this revolutionary amendment to study it thoroughly and not let our picture draftsmen have too much influence.

READJUSTMENT OF THE SERVICE COMPENSATION OR BONUS OF WORLD WAR VETERANS AT THE PRESENT TIME

Mr. SIMMONS. Mr. Speaker, in 1917 and 1918 there were examined and accepted as physically and mentally qualified to serve their country in the military and naval forces in the Great World War about four and a half million of the young men of the United States.

At that time the average age of the group from which these young men were selected was about 25 years. At the present time this group is about 40 years of age on the average.

At the time of the war these veterans represented the very flower of the young men of our Nation. I believe they still represent the very flower of the men of their average age—40 years. These men now are sustaining their country in her peace-time pursuits and hazards with the same ability and patriotic willingness to make sacrifices to uphold the United States and their Government in spite of all efforts, internal and external, to imperil the great principles under which this Republic has so long prospered. At the very time this great group of civilians entered military service, in order better to compensate the soldiers of the war-time Army and to improve their morale by relieving them of some of the worries with regard to their wives and families, the pay of the private soldier was immediately doubled and in addition all soldiers with dependents were paid extra allowances. The war risk insurance act also was passed, permitting all soldiers and officers to insure dependents from $1,000 to $10,000 at a practically nominal premium in the event of their loss of life.

To guard soldiers further against loss of health or limb various disability compensation laws have been passed paying from $8 per month to $250 per month for disability due to injury or disease resulting from war service. Free medical and surgical treatment also has been provided for diseases or injuries suffered as a result of military service.

At the end of the war each soldier upon discharge was given a bonus of $60 with which to purchase civilian clothing, and this $60 has been paid to the dependents of those who died during service. There also has been provided subsequently free hospital treatment for veterans for any disease or injury, even those contracted in their ordinary civil occupations or recreations; and besides all this they may be paid, and about 400,000 are being paid, from $12 to $40 per month if permanently disabled from any cause whatever, and are entitled to continue their war insurance against all diseases or injuries. In fact, the insurance allowed at very low premium rates is much more liberal now than it was during the war.

The compensation thus allowed by the United States to her soldiers and sailors is many times more than the compensation allowed to the war-time military forces of any other country in the world, and the compensation and benefits allowed our veterans of the World War have been a great deal more than the benefits granted to our own veterans of all previous wars.

We are now paying over $860,000,000 a year to our World War men. That is practically as much as England, France, Germany, Italy, and Canada, all combined, pay to all of their World War men. We mobilized 4,750,000 men. They mobilized 34,240,000 men. On the basis of our total mobilized men, we are now paying $180 per capita per year to our veterans. On the basis of our battle casualties, killed and wounded, we are now annually paying $2,663 per capita to our veterans. That is ten times as much as Canada pays, and Canada pays four times as much as England pays. These figures do not include loans and payment on the adjusted-service certificates. We have cared for our veterans more liberally and more completely than any other nation in the world has ever done.

The United States has already paid the World War veterans almost $6,000,000,000. Our total payments to all of the veterans of all of our other wars is $8,000,000,000.

The United States is now paying almost $9 per capita per year in veterans' payments. That is the equivalent of a charge of 75 cents a month against every man, woman, and child in the United States.

I am a service man. We can not set the service men over, separate, and apart from the rest of our citizenship. Our greatest loyalty is not to ourselves, but to this Nation.

Study the above figures, and I believe you will agree with me that we must call a halt to increasing veterans' expenditures. The veterans themselves must take the lead. Twice in the history of this Nation the American people have rebelled and insisted on a reduction of veterans' expenditures, and they will do it again if these expenditures are not kept within reasonable limits.

In the year 1920 the subject of adjusting the compensation of our World War veterans was seriously considered. The principal reason for advocating such an act was that the soldier suffered a financial disadvantage by being in service during the war-time period when very high wages were paid by certain war industries and by the ordinary civil industries who because of this competition were required to pay higher wages. Besides this the war veteran, after his discharge from service, suffered a period of unemployment while seeking a job and while readjusting himself to an acceptable peace-time occupation.

The adjustment of this compensation was a just obligation, as I saw it. There was general disagreement from 1920 to 1924 among the veterans themselves and the representatives of veterans' organizations as to the form the adjusted compensation should assume. It was shown that any large cash payments would be out of the question, the condition of the Treasury being such that any large expenditures would be impossible. In addition to the necessary expenses of running the Government there was outstanding obligations of $25,000,000,000 in short-term certificates and long-term bonds, and Congress was strongly averse to providing funds by additional taxation or by adding to this extremely large national debt by the issue of more bonds.

The cost of payment of adjusted compensation was variously estimated at that time to be from one to two billion dollars.

Realizing thoroughly the impracticability of a cash adjusted-compensation settlement the American Legion passed the following resolution at their national convention at Cleveland, September 27, 28, and 29, 1920, after full discussion of the subject on the convention floor:

Resolved, That the American Legion in national convention here assembled gives its unqualified approval of House bill No. 14157, which passed the House of Representatives by a vote of

289 to 92 May 29, 1920, and which is now pending before the Senate, and which provides for the optional plan of either—

1. Adjusted-service pay, based on length of service.
2. Adjusted-service certificates maturing in 20 years, based on length of service.
3. Vocational training.
4. Farm or home aid.
5. Land settlement, for which 31 States have already made, through their State legislatures, provision for cooperation.

The Veterans of Foreign Wars, an organization not representative entirely of World War veterans, which now is strongly agitating for full cash payment of the adjusted-service certificates, stated before the House Ways and Means Committee that an adjustment at that time amounting to $30 per month for each month or fraction would be equitable. The following is quoted from a statement by Mr. Hale, chairman of the subcommittee of the legislative committee of the Veterans of Foreign Wars, on March 3, 1920, Sixty-sixth Congress, second session, before the House Ways and Means Committee:

> It is our thought that if Congress will enact a law granting $30 per month for each month or fractional part of a month served by the ex-service men and women it will be accepted by them as an expression of the country's appreciation and will at the same time not strain the Nation's resources. In reaching this conclusion the Veterans of Foreign Wars have endeavored to establish a figure which will equitably represent the average monthly earnings which each ex-service man and woman should have been able to effect if they had been permitted to continue in civil life.

From this it will be seen that there was little or no question as to the amount that would be considered as full adjustment of the soldiers' service compensation at the time the subject was first considered, and it appears that practically all veterans were at that time and up to the past year or more satisfied with this adjustment.

Before the adjusted compensation act of 1924 was finally drafted and passed the alternative adjustments, providing for vocational training aid, farm or home aid, and land settlement aid were withdrawn for a number of substantial reasons.

The law as enacted in May, 1924, provided for additional compensation of $1 per day for home service and $1.25 per day for oversea service rendered by each honorably discharged veteran below the grade of major in the Army or lieutenant commander in the Navy, to be paid for each day of service not already adjusted by payment of the $60 bonus. A maximum of $500 for men having only home service and $625 for men rendering oversea service was fixed. Certain exceptions were made, such as veterans on road work and others whose compensation already was in excess of the regular amounts paid line soldiers.

This adjusted compensation was payable in cash to all veterans entitled to $50 or less and to the dependents of those veterans who died before making application for the adjusted compensation.

The law provided that each veteran whose adjusted service credit of $1 and $1.25 per day amounted to more than $50 should be issued an adjusted-service certificate, the amount of which would be the same as a 20-year endowment insurance policy that could be purchased, not for the amount of his adjusted-service credit only, but for the amount of the adjusted-service credit plus 25 per cent additional.

This adjusted-service certificate, or 20-year endowment insurance policy is payable 20 years after its effective date, or, in the event of the veteran's death, it is payable to some person designated by the veteran, or to his estate. Adjusted-service certificates were given a loan value and national banks and trust companies as well as the Government were authorized to make loans to such veterans as desired them.

The maturity value of each adjusted-service certificate is more than two and one-half times the amount of the adjusted-service credit to which a veteran is entitled at the specified rate of $1 per day of home service, and $1.25 per day of oversea service. For example, the average veteran, whose adjusted-service credit amounted to only $397, received an adjusted-service certificate for $1,000. Had the decision been to pay him cash, then he would have received not $1,000, but $397. The balance of $603 is made up of the 25 per cent for deferred payment and 4 per cent compound interest for 20 years. It follows, therefore, that the Government does not owe $1,000 on these certificates now, for included in the $1,000 certificate is 13 years unaccrued interest.

I am advised that the present value of the certificates is about 55 cents on the dollar. Or that for every dollar represented by the certificate as payable in 1945, 55 cents is now an accrued obligation of the Government; 45 cents is an unaccrued obligation and an unearned obligation. It necessarily follows that if the certificates are to be paid now that the only amount that could be equitably claimed would be 55 per cent of the 1945 value. I believe that to be a fair and just statement. I would favor the amendment of the existing law so that whenever any service man desires to surrender his certificate and accept payment that he should be paid its present value. Then whenever a man wants what the Government is actually obligated to pay him, whether it be now or any time between now and 1945, he could get his money. Those who prefer to allow their money to accumulate may do so and also have their insurance protection. Personally, I believe that such an amendment of the law would be fair to the men and the Government. But beyond that I do not believe the Congress should go.

I am advised that the maturity value of these certificates is approximately $3,530,000,000, and that their present value as of January 1 of this year was $1,880,000,000. That $1,880,000,000 was the Government's obligation as of January 1, last, on these certificates. That is what the Government now owes. To pay the 1945 value now would mean not only the payment of the adjusted compensation promised when the act was passed but the payment in addition thereto of $1,650,000,000 over and above every promise that the Government has made.

I do not believe that the service men of America will want that money. They ask only for that which the Government has promised them. If the Patman bill should become a law, the holder of a $1,000 certificate would be paid about $550 now accrued thereon. He would be paid in addition thereto $450 of unaccrued and unearned interest—$450 more than the Government promised when the certificate was issued. Assume that the holder of a certificate for $1,000 was paid that amount under the Patman plan. He could reinvest that money at 4 per cent, and by allowing it to compound for 13 years, or until 1945, it would then be worth $1,665. That increase of $665 represents what it would cost the Government for the payment of each $1,000 certificate now over and above the existing obligation.

As above indicated, this adjustment was considered by the great majority of veterans and the representatives of veterans' organizations as perfectly satisfactory. Practically no agitation for further adjustment was heard until the year 1930, five years later, at which time, due to general conditions common to the whole United States, a number of veterans found themselves unemployed and there was a movement initiated among the veterans' organizations to obtain some of the value represented by these adjusted-service certificates in the form of immediate cash payment.

Congress, recognizing the force of the economic pressure on the veterans themselves, and believing from the statements of a number of economic authorities that the expenditure of additional amounts by veterans might aid in the rehabilitation of the country's business and industry, enacted the emergency adjusted compensation act of 1931. This act increased the loan value of adjusted-service certificates to 50 per cent of their face value. This action was made possible by Congress because the amount in the adjusted-service certificate fund from appropriations of prior years, although not adequate to pay the whole of this loan value, was believed to be sufficient if the appropriation of a reasonable amount in addition could be made. It was felt that this could be afforded without jeopardizing the financial transactions of the Government and since the amount was being paid as a loan the United States Government life-insurance fund and the banks would make loans to an extent where

the resources of the Government would not be strained to the breaking point. It was necessary to appropriate and make available $312,000,000 to supplement this fund. Another factor entering into the adjustment was that the loan value of 50 per cent of the face value represented what was practically the cash value of the certificates at that time.

Congress might have provided that veterans could surrender their adjusted-service certificates and receive only the then value of such certificates, which amounted to about $510 instead of $500, a minor difference. It was desired, however, to continue the insurance feature of these adjusted-service certificates; therefore, what Congress has done is to pay not only substantially the cash value of the certificates but to continue the insurance for the balance of the face value at practically no expense to the certificate holders.

What was considered a fair, equitable, and just additional compensation of $397 in the year 1925 when the World War adjusted compensation act became effective has as a matter of fact been fully discharged by payment of $500 six years later, computed on the basis of a fair interest rate and without considering the number of men who died during this period whose beneficiaries received the full face value of their certificates.

In spite of the obviously fair adjustment of compensation that already has been made we are now confronted with a strong agitation upon the part of certain nonveterans, veterans, and certain veterans' organizations to pay the full face value of the adjusted-service certificates in cash immediately. It is believed that this agitation which is joined not only by some of the veterans who are affected but by many of their friends and some representatives of special interests is due in a large part to ignorance of the facts set forth above.

This ignorance is regrettable but it is believed to be the result of the widely circulated slogan of the proponents for immediate payment. This has appeared in various forms and presents as true what will be seen obviously to be untrue; that is, that the money is due the veterans, or owing to them, therefore, it should be paid immediately.

It is unfair to the veterans themselves and to the public in general to circulate any such ideas, because it builds up false hopes in the minds of the veterans and the false idea in the mind of the public that the United States is avoiding a just debt and is refusing to take care of veterans in their moments of hardship. Such ideas are entirely false and any means taken to overcome them will not be wasted.

Everyone professing to favor immediate cash payment of adjusted-service certificates, including the strongest proponents of such payment in Congress and in the Senate, admit that it would not be practicable to attempt to raise the necessary amount for this purpose by the ordinary means at the disposal of the Treasury at this time. The great financial authorities of the country have asserted that while raising the amount that would be required probably would not be disastrous to the country's finances it would be extremely dangerous and could not be attempted without endangering future refinancing operations which will be absolutely necessary for the Government during the next 10 years or more.

The cash payment of the adjusted-compensation certificates would cost about $2,400,000,000. There are 120,000,000 people in this Nation. That means a cost of $20 per capita. In order to pay an average of $600 each to 4,000,000 service men in the United States I would have to vote a present charge against 120,000,000 people equivalent to $20 per capita. I will not do it. I do not believe that our people want that added charge and burden.

The increased taxes this Congress passed will be burdensome—repugnant, some of them—so much so that I voted against the bill on final passage as a protest against some of them. The cost of paying the adjusted-compensation certificates is $20 per capita. The annual cost of the new tax bill is $10 per capita. One can not be for the immediate payment of these certificates and against increased taxes at the same time. Let me put it this way. If every cent collected by the new tax bill were segregated in one fund and used to pay the adjusted-compensation certificates, it would take all of the increased taxes for two years to pay them. Surely, the service men themselves, when they understand that, will not ask that that burden be placed upon our people.

To give some idea of what a stupendous sum $2,400,000,000 is, consider that if $2.36 were set aside at the beginning of the Christian era and another $2.36 added to that amount each minute from that time to the present day the amount would not yet be quite sufficient to equal this sum. The sum of $3,400 a day set aside for every day of the Christian era would not equal the cost of the payment of these certificates to-day.

One of the principal arguments advanced by the proponents of this proposed legislation is that the money, if expended by the veterans, would be of material assistance in the rehabilitation of business and industry, and would thereby furnish employment to a large number of people, including the veterans themselves. The number of unemployed veterans, as compared to the number of unemployed in the civil population as a whole, is very small. In fact, the proportion of unemployed to employed veterans is much smaller than the proportion of unemployed to the employed in the rest of the population. It will be readily seen from this that the benefits will largely accrue not to the veterans themselves, who admittedly will use a large proportion of the money received to pay debts and for other proper purposes, but to the general population, and the testimony at the hearings on this subject before the House Ways and Means Committee tends to show that any benefits to the general population that might accrue would be more than overbalanced by further decline in commodity prices and the increased burden of taxation that it would be necessary to impose.

When it is considered that during the past year and two months over $1,300,000,000 has been placed in the hands of veterans as adjusted compensation, and this has had very little, if any, effect on the general economic conditions, it must be admitted that, to say the very best in favor of this argument, its effects would be extremely uncertain.

There are veterans in desperate need. I know it. There are many nonveterans in that same desperate need. We know that also. There are veterans that are not in need. We know that, too. Why tax all of the people now to make payments not yet due to veterans, rich and poor alike? I am reliably informed that several of the leaders of the "bonus army" now in Washington, living upon public contributions otherwise sorely needed, are not only not in want but have not taken advantage of the loan features of their compensation certificates. They have not asked the money now available to them, yet they are leading in the agitation for these increased benefits.

I believe that a fair perusal of the above by every veteran would stop immediately any further agitation for immediate cash payment of adjusted-service certificates. Certainly presentation of these facts to the people of the country will result in their reaching that conclusion.

It has been alleged and inferred by those advocating immediate cash payment of the face value of adjusted-service certificates that the so-called Patman bill (H. R. 7726), which is the legislation advanced by the principal proponents, would not impose any additional cost to the people of the United States. It is obvious that this bill, which provides for 3½ per cent bonds to be placed in the hands of Federal reserve banks for the issuance of currency, would impose additional cost on the taxpayers of precisely the amount of 3½ per cent interest compounded annually on the $2,400,000,000 that would be required, which in 13 years would be over $1,350,000,000. This amount would represent profit to the Federal reserve banks from which the veterans would receive no return whatever.

In connection with this subject it certainly would not be practical nor would it be advisable to involve in legislation on this subject other matters which obviously should stand upon their own merits. Thus the proposed tax on beer and

the proposal to inflate the currency are matters which must be considered on their own merits, free from other influences both for and against the veterans and the proposed adjusted-compensation legislation.

We often hear the statement that the country has "got to have more money," an inflation or a "reflation" of the currency, as some choose to call it. For the past several weeks currency in circulation has been increased at the rate of $100,000,000 a week. We have $900,000,000 more currency outstanding now than we had in 1929, when prices were high. During the last quarter of 1931 and the first quarter of 1932 the money in circulation per capita was $45. In the corresponding period of 1928–29 it was $41 and $39 per capita. During the corresponding period of 1925–26 it was $44 to $42 per capita. The fourth quarter of 1923 had a per capita circulation of $45, but with that exception you have to go back to 1921 to find as much or more money in circulation as there is now.

This seems to point to the fact that what is needed is not so much "more money in circulation," but more speed to the circulation, for during the time that the money in circulation has increased, prices, bank deposits, and production have not increased. Prices and production will increase when the speed of business increases, and that will come when our people regain confidence. Certainly adding $2,400,000,000 to the present obligation of the Treasury will not aid in restoring that confidence.

The veteran who is affected is one of our most substantial citizens. He is a man with a family, and a taxpayer. His patriotic and civic spirit can not be excelled by any group of citizens. He has offered himself for his country in the past and will not hesitate again to do so. His position in the community is the same with regard to the general economic conditions as that of all other citizens. His compensation for service rendered already has been adjusted and readjusted, and in addition he has been assured against dependency on others when disease, accident, age, and infirmity shall take their natural toll. He is unwilling to impose for his own selfish ends a burden upon all his fellow citizens which may endanger the economic structure of the country. In short, he is a citizen of the United States; he can not be set over separate and apart from all others; his first loyalty is not to himself but to this Nation.

EMERGENCY RELIEF LEGISLATION

Mr. ERK. Mr. Speaker, I desire briefly to discuss some of the outstanding measures enacted during the session about to close, the first session of the Seventy-second Congress, particularly emergency relief legislation.

Over a year ago I gave expression to much of the subject matter herein contained. Subsequently, however, all of the following suggestions and recommendations accompanied the resolution which I introduced several months ago with the purpose in view of enacting a general omnibus bill for the restoration of business and industry and employment. My resolution and plan were introduced prior to the introduction, in either the House or Senate, of the recently enacted relief measure. The essentials of my proposal are in the relief bill, while many of the other recommendations here enumerated were introduced separately and have since become laws (see Nos. 1 to 19—compare them).

Because there is urgent need, perhaps more urgent than ever before in the history of our country, for immediate, constructive, and definitely planned action for the relief of business and industry and for the restoration of labor to profitable employment, I have prepared and introduced a concurrent resolution providing for the establishment of a joint congressional committee to be known as the joint committee on industrial and business restoration, whose duty it shall be to devise ways and means to accomplish expeditiously these desired ends.

The resolution stipulates that this committee shall consist of 54 members, of whom 26 shall be appointed by the President of the Senate, one member of the majority party and one member of the minority party, from the several standing committees of the Senate, as enumerated; and 28 Members of the House of Representatives to be named by the Speaker, one member of the majority party and one member of the minority party, from the standing committees of the House, as indicated in the resolution.

It is proposed that this committee shall direct its attention solely and exclusively to the problem of to-day as it affects business and industry and unemployment and the revival of confidence of both employer and employee, to the end that it may make speedy recommendation of a program to be acted upon during the present session of Congress for the restoration of business and industry and employment.

America is at war even though there is no roar of musketry, no dropping of bombs from the clouds, and no bloodshed. It is at war on idleness and unemployment and starvation, and because these are cruel and harsh-sounding words we use the milder term of business depression. It is none the less warfare and the Nation has been found unprepared to cope with it. The cries that we hear are not from those who are physically wounded and maimed, and who need succor, but rather the despair of those who are without jobs and who must have work.

When the *Lusitania* was sunk with its rich cargo a Nation arose in its wrath and demanded redress. Since the so-called business depression began the potential value of a fleet of *Lusitanias* has been lost to America every week through lack of opportunity and failure to produce the wealth and treasure of which our people are capable, and through falling prices and the shrinking of securities. When it was said to be necessary to fight to make the world safe for democracy there was an unprecedented outpouring of men and money, but in making America safe for prosperity, we have been notably remiss.

Eight million men walking our streets in search of employment are a greater menace to civilization than were the legions of Germany marching through Belgium.

It is true that in this emergency we have sought measures of relief, but they have not brought the restoration desired. These are abnormal and perilous times, and the problem before us is an extraordinary one, calling for heroic methods in its solution. What we have done up to the present time is more or less patchwork, worthy and commendable in many respects, but inadequate to meet the distressing situation.

We have developed financial groups, relief organizations, a committee to enforce economic administration of Government, a Reconstruction Finance Corporation to aid in liquidating the frozen assets of banking institutions and to assist transportation companies; we have formed farm bodies to promote agriculture, and supplied means to stimulate cooperative marketing; we have provided Government funds for road construction and the erection of public buildings and other improvements, but the broad foundation of our wealth-producing agency has not received its proper share of consideration. We have specialized in our relief endeavors and in doing so the great body of business and industry and of labor has been neglected. Commercial enterprise is the shuttle which moving back and forth in the warp of American life produces the fabric of our prosperity. If it is estopped, halted, or interrupted, the product is seriously impaired.

The time has come when we should center our attention upon ways and means to revive business and industry, that line of activities which produces goods and provides employment for the masses, for the skilled artisan and for the common laborer. Business, as we have come to speak of our everyday pursuits, is the proverbial "goose that lays the golden egg"; banks and financial institutions are but the depositories wherein the golden eggs are packed and stored—frequently cold-storaged. The "goose" should be nurtured and encouraged; it should be fed and cared for. It should not be frightened and made timid. Business should not be handicapped by needless restrictions; it should not be circumscribed by unnecessary and obnoxious limitations. It should be encouraged in its undertakings rather than frowned upon, distrusted, and suspected. Its genius and enterprise should be stimulated rather than stifled. The obstacles in its way should be removed, and removed without further delay.

Our statutes contain too many "don'ts" and too many restrictions that are directed at business. "Thou shalt not" has come to be the command to which business is obliged to listen. We talk of the necessity of establishing confidence, yet we refuse confidence to those whom we are asking to restore prosperity by increasing their activities and thus extending the opportunities for employment. American business honor has come to be the world's model of integrity in all commercial dealings, yet many of our laws tend to impede the development of business under that standard.

PURPOSES OF THE JOINT CONGRESSIONAL COMMITTEE ON BUSINESS AND INDUSTRIAL RESTORATION

The President, in his annual messages to Congress, has twice called attention to the condition of affairs resulting from our antitrust laws, and has urged that an inquiry be instituted into some aspects of the economic workings of these laws. He would not repeal the Sherman Act, nor would I, for the prevention of monopolies is of the most vital importance. He has pointed out that competition is not only the basis of protection to the consumer but is the incentive to progress, yet he has also cited the fact that interpretation of these laws by the courts, and the changes in business, especially in the economic effect upon those enterprises closely allied to the use of our natural resources, make such an inquiry desirable.

If we would restore normal conditions of general prosperity, we must restore business and industry to normal, natural conditions. If we would restore a feeling of confidence, we must ourselves place confidence in the integrity of business. We must free business from its shackles. We must give it opportunity for progress and development. We must not retain laws that hamstring business and then expect business to succeed and provide employment for labor. When there is general business prosperity the Government experiences no difficulty in balancing its financial Budget and labor has no difficulty in finding remunerative employment.

Taxes for the support of government can no more be produced from stagnant business than bountiful harvests can be produced from barren fields. The brakes upon the wheels of industry must be lifted, and the mechanism must be oiled in order that the machinery of production may be put into motion and that labor now demanding relief may be placed at work.

When conditions produce the necessity it is as well for a nation to economize as for an individual, and in many respects economies should be practiced in times of prosperity as well as in times of adversity. Economy is the natural course when income is curtailed, but it is not so much economy that the nation needs now as it is the necessity to augment its income. The Nation collectively needs the opportunity to go to work, the same as the individual who is out of a job. If we can aid in removing some of the restrictions, the limitations, and the red tape which prevent the country from going back to work and can provide some aid and assistance to that end, it is our duty, it is our obligation to do so.

I therefore propose that there shall be created a joint congressional committee, made up from certain committees of the Senate and House of Representatives whose functions and activities bring them into contact and relationship with, and afford them a knowledge of various phases of the problems that affect the business life of the Nation, to the end that they may be enabled to coordinate the needs of business, industry, and employment, in so far as they may be influenced by legislation or the lack of legislation, intensively and immediately in every way for the desired relief; such a committee to be known as the joint committee on industrial and business restoration. It would consist of 54 members to be appointed as follows:

By the President of the Senate, 26, one member from the majority party and one member from the minority party from each of the following committees of the Senate: Agriculture and Forestry, Appropriations, Banking and Currency, Commerce, Education and Labor, Finance, Immigration, Interstate Commerce, Judiciary, Manufactures, Mines and Mining, Post Offices and Post Roads, and Public Buildings and Grounds; and by the Speaker of the House of Representatives, 28, one member of the majority party and one member of the minority party from each of the following committees of the House of Representatives: Agriculture, Appropriations, Banking and Currency, Flood Control, Immigration and Naturalization, Interstate and Foreign Commerce, Judiciary, Labor, Mines and Mining, the Post Office and Post Roads, Public Buildings and Grounds, Revision of the Laws, Rivers and Harbors, and Ways and Means. Such a committee would cease to exist upon the termination of the present session of Congress.

Its duty should be to devise ways and means to aid in the encouragement and restoration of industry and business and of employment in the United States.

Such a committee should have the authority to use as assistants employees of the Federal Government, to take testimony, to call upon the heads of the various executive departments, bureaus, and commissions, and their employees for information, and be authorized to sit during the sessions of the Senate and House of Representatives.

All business of the committee should be solely and only to the end of aiding business and industry, the employment of labor, and the restoration of prosperity. The committee should expedite its work and make its report to Congress with all possible speed. I realize that this is an extraordinary procedure, never before undertaken, but an extraordinary condition exists and must be met and its problems solved by an extraordinary remedy.

A FEW SUBJECTS FOR CONSIDERATION

I would not undertake to suggest in detail what recommendations should be made by this committee nor what its conclusions should be, but I have already alluded to some of the questions it should consider, notably the repeal of some of the drastic antitrust laws. Some of our statutes are as obsolete as the stagecoach and prairie schooner.

Third. More than 2,400 years ago, history tells us, 1,000 Spartans hard pressed by tens of thousands of Persians at the Pass of Thermopylæ knelt and took the Spartan pledge of consecration:

I pledge that I will never desert my comrades in arms.
I pledge that I will fight to death for my fatherland.
I pledge that I will transmit the freedom and democracy of my Greece unmarred and even greater than it was transmitted to me.

OUR PLEDGE OF FAITH

Americans are hard pressed to-day. There are problems on every hand. Her defenders must take, as the Spartans of old, their pledge of faith.

I pledge that I will continue to serve my fellow man.

I pledge that I will do everything in my power to solve the problems of my country to the best interests of all her people.

I pledge that I will transmit the freedom and democracy of my America unmarred and even greater than it was transmitted to me.

When this unavoidable depression came upon us, through the fault of no man and of no party, I proposed a plan of relief which to a degree is now in process of execution. This plan contemplates nation-wide Federal improvement projects that have already been either authorized or approved. It calls for the expenditure of over $2,000,000,000, and in many instances the work is now in progress. In other words, it is a plan to speed up the construction, development, and the building of things we already need in the way of improvements rather than to cover their production over a long term of years and by the slow process of normal times.

BONDS FOR PUBLIC IMPROVEMENTS

Let us do our public work now. Instead of waiting from year to year and from one session of Congress to another for sufficient funds to complete Government projects, it would be the wiser and more economical plan to carry the work through to completion during the present emergency. Instead of waiting 10 to 15 years to build a post office (and there are over 300 to be built) it would be better to provide the funds at once to put up the structure in a practical busi-

ness-like way and with the celerity we observed in commercial enterprises financed by private capital.

Through our system of piecemeal appropriations and the dragging out of public works over a long period of years, good money has been wasted. For example, an improvement is estimated to cost $10,000,000; and the funds are appropriated at the rate of $1,000,000 a year. We are obliged to wait 10 years for its completion, which is out of all proportion to the time normally required. An investment for practically nine years is lost.

A public improvement is a public necessity. If a project has been approved, it is assumed that it is to be a benefit to the public, and any loss of time in its completion is a loss also in dollars and cents. It is unbusinesslike and wasteful.

Now is the time to tackle these jobs and finish them in the truly American way. Now is the time to stop debating and turn our attention to the task—to silence our tongues and pens and take up the pick and shovel. Now is the time to start building the Lake Erie and Ohio River Canal.

PROJECTS EITHER AUTHORIZED OR APPROVED

A few of the items are these:

Public-building program	$634,444,000
Program of good roads	300,000,000
Rivers and harbors	130,000,000
Modernization of battleships	30,000,000
Boulder Dam	165,000,000
Forest highways	30,000,000
Public works, Navy	10,000,000
Construction of military posts	15,000,000
Veterans' hospitals	31,000,000

The immediate consummation of this great plan would put men to work; it would be the means of putting food in the mouths of our people; it would put American labor on its proper dignified footing; it would discount all talk about dole; it would restore confidence—and the world moves on confidence. Money invested for this purpose would reap a golden return, bringing prosperity, contentment, and peace. These are abnormal times and call for abnormal treatment. "A condition confronts us, and not a theory." An emergency exists and must be met by an emergency.

I heartily indorse the sale of bonds for public improvements—municipal, county, State, and National. There is no better investment. The Panama Canal is a notable example. Its bonds were sold in "less than no time," and the operation of this monument to American achievement is a glowing financial success. Other needful projects to-day hold in store the same opportunities for sound financing.

If, in times of war, we can expend billions for destruction, we can assuredly in times of peace likewise spend millions for purposes of construction. In the latter case we have something tangible to show for our expenditure and our efforts. We have an asset. The money is not wasted, but essentially, like a blessing from on high, it would afford work for millions of the unemployed; it is work the country needs; the Republic is as sound as ever, but her people are ill and depressed in want for the proper remedy—a job!

In the conduct of government we have seen how necessary it is to balance our Budget, and this we have made an effort to do. In our private affairs it is also necessary to balance the budget; it is necessary to balance the budget of industry, so that production and consumption shall be as nearly equal as it is possible to make them, to the end that those who produce and those who are willing to produce have their fair share of that which they do produce.

In our complex civilization industry operates in a circle. The man who is profitably employed in one industry by the expenditure of his earnings for his needs provides employment for men in other industries and they in turn reach out in their demands for the products of others, and thus the wheels of commerce are kept in motion—the balance wheels of industry. When, however, there is a stoppage in one line of activity all others are affected, and there have been in this depression so many activities stopped that the entire machinery of production and consumption is vitally disturbed. It is the duty of those who represent the people to reestablish the movement within the circle.

The Government itself can not sustain its Budget unless there is production. Its income is derived from taxes, and it can not obtain this income unless there is produced something upon which a tax can be levied.

WORK IS GOD'S BLESSING TO MANKIND

It is a false faith and a cruel creed which maintains that the Creator placed a curse upon mankind for its sin when in closing the gates of Eden upon our first parents He decreed that man should earn his bread by the sweat of his brow. Instead it was God's blessing. It is the want of work that is the curse. There is nothing in Divine ordinance that contemplates the dole, but rather there is the command to work, and the people are most happy and contented when they have work. Governments are organized among men for the execution of that command. The trinity of our material life is work, work, and more work. It is work that our people want; it is jobs in order that they may maintain themselves.

When people are profitably employed crime is less rampant, and revolt against the established order sinks to a minimum. In providing the means whereby people may profitably employ themselves we must act together. It is only by virtue of unity that we can accomplish that which we seek. "The multitude which does not reduce itself to unity is confusion."

BALANCE OUR INDUSTRIAL BUDGET

Again, I say, we must balance our industrial budget. There is capital, there is money, and employment must be made to balance with it. Confidence is the scale which must balance them. Panics are caused by depressions, and depressions are caused by lack of confidence. Restore confidence. Confidence is faith in your country. It is part of the Spartan pledge. Have confidence. The Government is helping and should continue to help regardless of the cost. Surely this is "Our own, our native land," a "Government of the people, by the people, and for the people."

Fourth. If it becomes necessary to do so for the support and encouragement of business and industry, and to enable it to put men to work where unemployment now exists, there should be given careful consideration to the subject of allowing in certain cases, under such limitations as might be deemed proper, a moratorium to business and industry in the deferring payment of next year's income taxes. Surely if we can be so liberal to foreign countries as to extend to them the time in which they may repay to us their just indebtedness, we can grant a like privilege to our own people, for when all is said and done business and industry constitute the source from which the Government derives its chief source of revenue to balance the Budget.

Fifth. It is right and proper to balance the Nation's Budget, but balanced budgets alone will not make jobs for the unemployed. Let us balance the budget of industry by encouraging and helping it, thereby giving work to the unemployed, and with industry thriving and labor employed we shall easily and quickly balance the Nation's financial Budget.

Sixth. There should be consideration of the proposal for a $5,000,000,000 bond issue to provide for the initiation of a great program of public works. Thus would be created employment for many men on many projects which would likewise call for the production of materials and stimulate business to a return of activity. It would give work to more than 2,000,000 persons now unemployed, and the cost of the service charges on the bond issue would be notably less than the expense of caring for these persons by charity. Such a plan undertakes affirmatively to put men and materials now idle at work and would provide the necessary productive self-liquidating construction.

Seventh. There should be consideration of an amendment to the Reconstruction Finance Corporation act to broaden the purpose for which it was created, provide additional appropriations, and allow States and municipalities to borrow from the funds of that corporation to meet relief needs. All loans should be held to a business basis.

Eighth. Other subjects for consideration might include a program to be financed by tax-exempt bonds, the proceeds

of which would be expended on self-liquidating and profit-making enterprises, such as tunnels, rivers and harbors, and bridges.

Ninth. The legalization of beer and its consequent taxation as a source of revenue to pay the interest and amortization charges on a bond issue for such a program.

With the legalization of beer I predict that there would be a return of confidence, almost overnight, and result in a revival of business. Prohibition is definitely involved in the present economic situation. It can not be said for prohibition that it has prevented the sale and consumption of alcoholic beverages.

Tenth. Unequivocal opposition to any cancellation or reduction proposal of the war debts owed the United States by foreign governments.

Eleventh. The curbing and reduction of Government extravagance and the safeguarding of the national credit.

Twelfth. The reduction of governmental activities interfering with legitimate business. "Putting more business in government and less government in business."

Thirteenth. Set the machinery in motion to deal directly with unemployment relief.

Fourteenth. Strict enforcement of the statutes dealing with the deportation of undesirable aliens.

Fifteenth. Legislation pertaining to the protection of independent merchants from chain-store competition through resale price legislation.

Sixteenth. Insurance and protection of bank deposits.

Seventeenth. Establishment of home-loan banks, possibly through the Federal reserve banking system, thereby offering encouragement to the home owner, and provision must be made to enable building and loan organizations and the smaller banks to extend credit, giving the home builder and the head of the small enterprise the same privileges of financing that have been offered the larger corporation.

Eighteenth. Widespread adoption of the 5-day week would give work to millions now unemployed, and if working hours were universally reduced to 30 or 35 a week jobs would be created for practically all of those now out of work. The 8,000,000 now unemployed represents a lost buying power of at least $800,000,000 a month, based on average wages. Machines have shortened the work process in industry; less working time is needed to produce what the market demands.

Nineteenth. The Congress should step on the legislative accelerator, provide for a nonpartisan agreement for action, forget that there is a middle aisle on the floor of the House and Senate, and dispose of the billion-dollar tax bill, balance the Budget, enact the appropriation bills, dispose of the economy measure, and provide relief to business and industry and the millions of unemployed prior to any recess or adjournment. This combination of projects will revive the morale of the country.

There are many plans and methods for dealing with widely different aspects of the present situation that are now before different committees. It would seem to be desirable that they be coordinated and considered by a joint committee which would deal with them en bloc rather than by piecemeal and separately, thus avoiding duplicating, overlapping, and working at cross purposes, and enabling speedy and concerted action.

With the conclusion of the consideration of the necessary supply bills Congress can well afford to devote the balance of this session to legislation designed solely for the purpose of aiding in the restoration of business and industry. It can and should close its doors to all other matters. Nothing is so important, nothing is so urgent. There is nothing that is so plainly our duty. The country demands action without further delay. An ounce of action is worth a pound of reflection.

INDUSTRIAL DEPRESSION—CAUSE AND CURE

Economists tell us that what we call business depressions, stagnation in industry, and hard times, recur at more or less regular periods, and in support of their statement they point to a series of such conditions that have come upon us once or twice in each generation since the foundation of the Government. Nor are these unfortunate circumstances peculiar to the United States; they are recognized in every civilized country on the globe, and they are to be found among all peoples as far back as we have recorded history.

The seven years of plenty and the seven years of famine which the Bible tells us occurred in Egypt were but the ancient counterpart of conditions which we have seen again and again in our own and other countries. Fortunate for the people of the land of the Nile there were prophets who foretold of the coming of the period of depression and, fortunate for them too, they were governed by a sort of prime minister or general manager—for Joseph was really that under the Pharaohs—who took warning and was prepared for the eventualities that came.

In the present situation the world has become so closely knitted together and countries have become so interdependent that a condition which seriously affects one of the family of nations is quite likely to be reflected in the others. It is such in the situation to-day. We feel keenly the hard times that are upon us, but we must realize that we alone are not sufferers, and while it is true that dark clouds elsewhere do not afford us any measure of sunshine, yet they do bring us an understanding of the fact that we are only in part responsible for the evils that prevail and that causes, whatever they may be, are world-wide and not necessarily local.

The economists who are so prolific in telling us that these business cataclysms are periodic are by no means united in their assignment of the reason for them. Some tell us that it is the money question, that the bankers, and especially the international bankers, are responsible; others declare that it is capitalism, under which system in the production of wealth too great a portion goes to capital and too little a part to labor, and for this condition there are a few who would substitute a system of socialism, wherein individual initiative is strangled and the state becomes supreme in the most minute details and affairs of human life. Some will tell you that it is the effect of the tariff and others that agriculture is not given the proper encouragement and support.

In this medley of opinion the layman naturally becomes confused and baffled. He only knows that it is mighty hard to make a living and to support his family, and many are not able to do even that much. He is not particularly concerned with theoretical causes and the expounding of argumentative opinions; what he wants is a job, his name on the pay roll, and he is ready and willing to render full measure of service and a substantial return, including a justifiable profit to his employer, for the opportunity.

Without making any claims to professional economics it would seem to me that we need not go far to determine two prime causes for the condition in which we find ourselves at the present time.

The first is that 13 years after the armistice that ended the great World War we are now suffering from the effects of that conflict, not in losses at the cannon's mouth but in losses of the material things that the war destroyed. The world, and we as a part of it, mortgaged ourselves to the extent of billions upon billions to carry on the work of destruction, and now the obligation is upon the world to pay, and, as in the case of individuals when nations can not pay, bankruptcy ensues.

Again, and perhaps it is a more potent reason than the aftermath of the war, we have notably neglected planning our industrial progress and development. We have proceeded throughout our entire existence in a more or less haphazard way, each industry, each business, and each individual seeking its or his own advancement without due consideration of the other fellow. In the future if we are to succeed there must be unified planning of industry. Some of our leading industrialists have seen this necessity, and to a degree have undertaken to put it into operation, but a prolonged campaign of education is essential to its success. Industries like those represented by the Steel Institute have realized the need of future planning and have gone far in that direction. Its great leaders are able to determine the amount that the industry is capable of producing, the cost of production, and the probable consumption

in normal times. Because, however, most other industries have not done this, have not given their own business the same sort of careful study and forethought that the steel industry has its business, naturally even the latter has not been able to anticipate all contingencies.

Much as we may discredit the soviets, and as unsympathetic as I am with the reds, I think we can take a page from their book of experience and apply it to our private industries, and that is their system of planning, planning production, planning it so as to meet the demands of consumption; planning its industry by industry collectively. This does not abolish private initiative, instead it gives zest to it. Let us determine by scientific study and investigation, aided by the Government if need be, how much we need, how much we can produce, and then go to it.

And this not only applies to commerce, but it applies with equal force to agriculture. If the farmers of the Northwest raise wheat and the planters of the South grow cotton entirely without planning to meet the requirements of the country and of the world for wheat and cotton, and there is a large surplus, naturally there will be falling prices. When the farmers, who constitute approximately one-third of the buying power of the Nation, have no money with which to buy, industry in the cities and towns is thrown out of the harmony of production and there is disturbance all along the line. We have reached the stage in our development where industry must plan production, and it must not be hampered by restrictive laws in doing so. Instead there must be help and cooperation. When production is so planned that it meets and does not exceed the demands of consumption then there will be employment and satisfactory employment for everyone who wills to work.

We will come out of this depression as the country has emerged from other periods of hard times, although we always feel that the period we are ourselves passing through is the worst. We will come out of it not by any pronouncement or decree, or single action or the enactment of any particular law, but by degrees, perhaps slowly, but safely and securely. It will be necessary to emerge methodically, and in the light of the experience we have had we must systematically strive by the planning process to see that such periods do not recur.

HOOVER RELIEF BILL

Mr. GRISWOLD. Mr. Speaker, we have before us a bill called a relief bill. A bill designed as a political chameleon to catch the eye of the people with its changing colors. I grant that it is a relief bill. But I insist that it does not grant any adequate relief to those that are in dire need of assistance.

To-day this Nation needs employment. This bill does not give it. The people cry for work, and under this bill we place their future in the hands of the great banker, Mr. Ogden Mills, Secretary of the Treasury. The farmer asks for a market and money to pay his taxes, and we give more money to the corporation to be loaned for the purpose of paying off bonded indebtedness to the bankers, while the farm is foreclosed.

Under this bill we collect taxes from the farmer, the home owner, the small manufacturer, and the small merchant to create a fund for distribution by the Reconstruction Finance Corporation to corporations only. In this bill we submerge the individual for all purposes except paying taxes and place the corporation on a pedestal.

In the State of Indiana the value of all farm lands had decreased a billion dollars in the 10 years prior to April, 1930. The decline has been rapid since then. Yet our President says these people can have no relief. They are not corporations. They are only tax-paying individuals.

Mr. Dawes borrows for his bank in Chicago $80,000,000 from the Reconstruction Finance Corporation and all the farmers in my State combined, together with all their land as security, could not borrow even indirectly under the terms of this bill $80,000.

I voted against the Reconstruction Finance Corporation and I shall vote against granting it additional money and power. We are attempting to set up in this Nation a super-money power to control the destiny of individuals and Government. Mr. Hoover himself in his comments on the veto of the Garner bill stated that too much power was given to the corporation when it was allowed to make loans to individuals under the terms of the bill. Yet he is willing to give that power to them under his own bill if they divide it with Mr. Ogden Mills, the man who could not make a set of figures on the deficit of the Nation that would last 60 days.

Great things are said by the administration leaders about self-liquidating projects. Are the railroads self-liquidating when they have been going more and more into the red side of the ledger until they come to the taxpayer, hat in hand, to ask aid from the Public Chest? Are the insurance companies self-liquidating that are required, immediately following the greatest period of prosperity in history, to come to the Public Chest for money?

Yet we would by this bill give them more money through the Reconstruction Finance Corporation and refuse aid to the man from the grass roots and the business man on Main Street. Our factories stand empty and silent. To operate and expand they must have money. They do not get it.

This bill is a relief bill in name only. It is a legislative hybrid sired by the President of the United States and born of a divided Congress. Like all hybrids, it is developed for one purpose only. The purpose of this bill is to provide more money for specified and pampered business interests at the expense of the Nation at large. It increases the power of that economic monstrosity, the Reconstruction Finance Corporation.

We all know the prevailing sentiment among the Members. The bill is offensive to many who will vote for it. They do not expect it to bring the cherished results. They want real and general relief. But they know from the "ipse dixit" statements from the White House by the administration leaders that they will not get any general relief. Those Members know where the money provided by this bill will go, and they know that those who must eventually pay are the patient, long-suffering American citizens on the farms and Main Streets of America.

But the cry for relief is everywhere. Anything that is labeled relief will receive attention in a hope that there will be something in it more than the mere words. In this case I feel that the hope is vain. If, as has been stated, we are in a condition worse than war, then heroic methods are demanded. Real relief is demanded. Instead of giving real aid by this bill, Congress is trying to make a rope from twisted sands. It can not be done.

I shall not be inveigled into voting for a bill because it bears a label. It must do more than that. It must be a bill that will bring results for all the people. There should be no class distinction where the depression is concerned. I shall not be a party to a relief bill such as this. I shall not vote for a makeshift relief bill. I shall vote against this bill.

PROHIBITION

Mr. WILLIAM E. HULL. Mr. Speaker, I am addressing my remarks not only to the Members of this House but also to the voters of the United States of America who are anxious to repeal or amend the eighteenth amendment and to repeal or amend the Volstead law.

I will in the beginning quote the prohibition plank in the platform of the Democratic Party which was adopted overwhelmingly by the Democratic convention held in Chicago the week of June 27, 1932. It reads as follows:

We advocate the repeal of the eighteenth amendment. To effect such repeal we demand that the Congress immediately propose a constitutional amendment to truly representative conventions in the States, called to act solely on that proposal. We urge the enactment of such measures by the several States as will actually promote temperance, effectively prevent the return of the saloon, and bring the liquor traffic into the open under complete supervision and control by the States.

We demand that the Federal Government effectively exercise its power to enable the States to protect themselves against importation of intoxicating liquors in violation of their laws.

Pending repeal, we favor immediate modification of the Volstead Act to legalize the manufacture and sale of beer and other beverages of such alcoholic content as is permissible under the Constitution and to provide therefrom a proper and needed revenue.

Since that time, Democratic Members of this Congress, many of whom were present in that convention, have had the opportunity to carry out the will of the Democratic Party as promulgated in their platform, a part of which I repeat again:

Pending repeal, we favor immediate modification of the Volstead Act to legalize the manufacture and sale of beer and other beverages of such alcoholic content as is permissible under the Constitution and to provide therefrom a proper and needed revenue.

Under date of July 11, 1932, Senator BINGHAM introduced in the Senate a bill to modify the Volstead law so as to allow the brewing of beer of 2.75 per cent alcoholic content by weight, which is actually 3.46 per cent alcohol by volume, and I quote what Senator BINGHAM said on that date in his speech:

During the war there was a proclamation of President Wilson, on September 16, 1918, in which, in order to preserve foodstuffs, he gave notice that no person could use sugar, corn, rice, or any other foods or fruits to make any kind of beverage, including near beer. The use of any such foodstuffs for the manufacture of anything for beverage purposes was prohibited under that proclamation.

Then, by proclamation dated January 30, 1919, he said that, whereas the prohibition and use of grain in the manufacture of beverages which were not intoxicating had been found by the President to be no longer necessary in order to secure an adequate and continuous supply of food, he modified the previous proclamation made on the 16th day of September, 1918, to the extent of permitting the use of grain in the manufacture of beverages which were not intoxicating, and that was the time when the brewers were permitted to manufacture 2.75 per cent beer, which was held by the Democratic administration at that time to be a nonintoxicating beverage.

A vote was called for in the Senate and the following Democratic United States Senators, mostly from the Southern States, voted against the modification of the Volstead law to legalize the brewing of a 2.75 per cent beer by weight: ASHURST, BAILEY, BLACK, BRATTON, BYRNES, CARAWAY, CONNALLY, COSTIGAN, DILL, GEORGE, GLASS, GORE, HARRISON, HAYDEN, HULL, KENDRICK, KING, LEWIS, MCGILL, MCKELLAR, SHEPPARD, STEPHENS, and ROBINSON of Arkansas, leader of the Democratic minority in the Senate.

The vote noted above shows distinctively that the 23 Democratic Senators, or one-half of the Democratic Members of that body, have disavowed the platform of the Democratic Party and have no intention of changing the Volstead law to permit the brewing of beer.

Again, I want to call your attention to the vote on 2.75 per cent beer by weight in the House of Representatives on May 23, 1932; 113 Democrats, which is a majority of the Democratic membership of the House, voted against it.

On July 3, 1932, the following petition, signed by 77 Republican Members of the House of Representatives, was presented to the Hon. JOHN N. GARNER, Speaker of the House of Representatives and also candidate for Vice President upon the Democratic ticket:

We, the undersigned, hereby respectfully request that the House of Representatives have an opportunity before the adjournment of the present session of Congress to vote on a bill legalizing the manufacture, transportation, and sale of beer and providing additional revenue for the United States Treasury by taxing such beer.

We are taking this unusual procedure for the reason that we belong to the minority party of the House, while you and your party are in control of all the parliamentary machinery necessary to bring such a bill before the House.

Inasmuch as both parties are now on record for a change in the prohibition policy of the United States Government, and inasmuch as there is no doubt that regardless of the outcome of the next election, the repeal of the eighteenth amendment will be submitted to the States of the Union for their respective ratification, there can be no honest justification for delaying an amendment to existing prohibition enforcement laws, permitting the manufacture, transportation, and sale of alcoholic beverages within the limits of the existing constitutional provisions, thereby reducing the enormous cost of attempted enforcement and also bringing in additional hundreds of millions of dollars revenue to the United States Treasury, now so badly depleted.

When this petition was signed and presented to Speaker GARNER he had, before he had been selected candidate for Vice President on the Democratic ticket and before the Democratic platform had been written, made the announcement that he was in favor of the repeal of the eighteenth amendment and the Volstead law. This being the case, the signers of the petition were hopeful that Speaker GARNER would embrace this opportunity to exercise his great power as Speaker of the House of Representatives and make it possible for the Members to vote upon the proposition of legalizing a nonintoxicating beer of the alcoholic content of 2.75 per cent by weight. However, Speaker GARNER declined this opportunity and simply referred the petition to the Judiciary Committee of the House, which is controlled and made up principally of southern Democrats, there being on this committee nine southern Democrats who are absolutely dry and committed to the dry issue against four northern Democrats who would be considered wet.

This action by Speaker GARNER buried the petition so that it could not and would not come before the House of Representatives for consideration at this session of Congress. Consistency still remains a jewel of the rarest order.

Now for another phase, which shows even more clearly the hypocrisy of the claim that the Democratic Party is a party of all the people and represents the interests of the United States. If there is any one issue upon which the Democrats of Northern States expect to win this year, it is the issue of prohibition. The Democrats from Massachusetts, New Jersey, New York, Rhode Island, Connecticut, Ohio, Michigan, and Illinois are pinning their hopes of victory upon being able to convince the voters of their communities that if they are given control of the Government, they will do away with prohibition. The whole contest within the Democratic Party to-day revolves around that issue. The entire struggle for the election of a Democratic candidate is around that issue. And yet there is not a northern Democrat who promises his people that a Democratic victory means the elimination of prohibition but is falsifying the record. On March 14, in the vote on the motion to discharge the Judiciary Committee of this House, the chairman of which is from Texas, from further consideration of the Linthicum-Beck home rule prohibition resolution, Alabama cast 9 votes against that motion and none for it; the solid delegation of 7 in Arkansas voted against that motion; Florida cast 3 votes against it and none for it; Georgia cast 10 votes against it and none for it; Mississippi cast 6 votes against it and none for it; North Carolina cast 8 votes against it and 1 for it; Oklahoma cast 8 votes against it and none for it; South Carolina cast 6 votes against it and 1 for it; Tennessee cast 9 votes against it and 1 for it; the great State of Texas cast 14 votes against it and only 3 for it; Virginia cast 6 votes against it and 3 for it.

In other words, the solid Democratic South lined up against even giving the people a right to express themselves upon the question of prohibition. Regardless of the merits of the issue of prohibition, no Member dare rise in his seat and seriously contend that there is a single southern Democratic State that would ever vote for a repeal of the prohibition amendment or through its Representatives ever support upon the floor of this House a motion to modify the Volstead Act. Every northern Democrat that faces his constituency and says that his party, no matter what is written in its platform, offers any hope of the abolition of prohibition deliberately misrepresents the facts to his auditors, for he knows that so long as his party is dominated, as it has been for a half century and is to-day by the Democrats from the Southern States, who control 21 of the 34 standing committees and this House organization, just so long will it be absolutely impossible to bring about the slightest modification by national legislation of our Federal prohibition laws.

OUR NATIONAL LIFE

Mr. HAINES. Mr. Speaker, I desire to discuss in a brief article some things that I believe to be fundamental in our national life. I have a great faith in my country and its ability to work out from under the economic difficulties that now confront us. Much of our difficulty lies in the present state of mind we find prevalent with many of our citizens and especially those in industry. As a new man in Congress, I have been deeply impressed with the sincerity of my colleagues in an honest effort to enact such legisla-

tion as would be most helpful to the Nation, and I have supported most of the measures presented to this Congress with the hope that many of the difficulties that now confront us might be remedied by the legislation enacted.

Our people back home have been urging us to reduce the expenses of government and in this we have done well when we realize that about $800,000,000 have been saved the taxpayers in reduced appropriations. It has been my desire to do my full duty in the accomplishment of this, and I have always supported every such economy where I deemed it would be the least harmful. I believe, however, that our most important duty at this time is how best to make our friends back home realize that it is not within the province of Congress to restore prosperity unless we have the cooperation on the part of business, both large and small, in every line of endeavor. This means a call then for greater patriotism than has perhaps ever come to any people during peace times, a call that goes to every shop or place of business, to the farm, the mines; yes, into every home, calling to each citizen to do away with greed and selfishness, which I believe have had more to do with our present economic troubles than anything else. We have been trying to "outstrip" one another and in that great race for supremacy I fear we have gone too far, in that we have put the dollar above the human being. The greatest task before this Nation now is to get men and women back into the ranks of the employed and out of bread lines and I say then, Mr. Speaker, that Congress can not alone accomplish anything unless our people are willing to cooperate in this great effort to take these millions out of the ranks of the unemployed. We have been appropriating billions of dollars here for banks and railroads with the hope of helping the employment situation, but it is evident that we have gone about this matter in the wrong way, for from information coming to me, very little has been accomplished because of the failure of these interests to put people to work and in the failure to loan money to business men who in turn would put people to work.

I voted for the Reconstruction Finance Corporation act with this in mind as well as to assist banks through the difficulties that confronted them, but I have been disappointed in learning that many of these that were helped by this superbank used the funds loaned to them to liquidate other obligations and did not use this money for legitimate industry that might put people to work. I have had numbers of small business men write me, complaining that they were not being accommodated in their local communities, advising me that they had good and adequate security to offer and were being denied additional funds that would enable them to do the very thing we aimed at in the establishment of the Reconstruction Finance Corporation. I repeat then that unless our people back home cooperate and interpret the meaning of Congress in this respect we have failed to accomplish that which we sought. The relief bill that I voted for, known as the Garner bill, and which the President did not approve, would have given the same privileges to the private business man that we have given to the large banks and corporations, and I can not understand why these should not be given the same consideration that has been given to these favored few.

It did not mean the establishment of many banks throughout the Nation, that would compete with other banks, for as I understand this bill, it meant that where an individual or corporation could not be financed in his local community and had adequate security to offer, then he could be helped the same as we have helped the larger organizations. Surely there was nothing unfair about this and I believe it would have been most helpful.

We have already set up the machinery in Government whereby this might have been handled without setting up any additional banks.

We handled it for the farmers and certainly could have done as much for private industry. I do not believe in giving privileges to one group of our people and denying them to the others, and from information given on the floor of the House of Representatives, I am confident that we have many of our people in private industry whose security would have been as good as that which we have accepted from many of our banks.

This country can not be restored to normal conditions with the present prices paid to our farmers for their products. The farmer is the greatest customer to business and if he is not prosperous, then business is not good. When one realizes that more than a million farmers have lost their farms through foreclosures, and that 3 out of every 5 farms to-day are mortgaged above their ability to pay, and that almost an equal number are unable to pay their State and local taxes, it is time that we do something in a permanent way to relieve this situation, because 40,000,000 of our people are those who live on the farms and in smaller communities.

With the low prices farmers now receive for their crops and the high taxes and fertilizer costs and the cost of machinery these of our citizenship are certainly not getting a "square deal." These are problems that must be solved and can be solved if our people are willing to cooperate, both business and Congress. I can not reconcile myself to the great demand for lower wage scales, for I have never known any people to prosper where wages are low. Individuals can not buy unless they receive wages, and the pay envelope alone is the barometer. The wheels of industry will never move in this country to any great extent if our people only receive wages enough to make a living. It is when they are paid more than living wages that we move the wheels of industry, when the wage earner can buy some of the luxuries that go into the modern home, when he can have money for recreation, buy automobiles and run them, buy radios, electric refrigeration, and other conveniences that the Nation has to offer—it is then that we have a happy, contented people; it is then that business men prosper; and not until the wage earner receives an adequate pay envelope that will permit him to enjoy these luxuries can we hope to restore this country to its former era of prosperity; and not until then can business hope to prosper and business pay its obligations to the banks and others. Our people do not want charity; they want jobs. Women and little children suffer most; and it is our duty, at any cost, to see that there be as little suffering as possible.

I believe, as Members of Congress we have lacked courage to attack the cause for much of our present economic ills. Overproduction has caused millions to work part time or not work at all. Overproduction always brings underconsumption. One way to cure much of this evil is by shorter working days and weeks. I know many of our leaders in industry do not want to admit this, but I feel confident in the final analysis they will be compelled to adopt shorter working periods. Maybe mass production and too much labor-saving machinery in industry are the cause for much of our unemployment.

If this be true, then surely we should all have the courage to either discard many of these machines until we have these problems solved or then make the machine contribute to the support of those it has supplanted in industry.

I am afraid our industrial leaders do not realize the danger confronting the Nation and instead of looking toward Washington for help it is their duty to look into their own plants and see what contribution they can make toward putting men and women into industry. It may not be the most popular statement to make, but I am firm in my conviction that we will not emerge from our present difficulty if labor-saving machinery displaces human hands in industry. I am not opposed to labor-saving machinery. I know much of it is indispensable, but what I refer to is that machinery that can be eliminated temporarily until economic conditions will permit its use.

Here in Washington a few days ago, on public construction, I saw a steam shovel doing the work of many men, while those same men were standing on the side lines unemployed and not knowing what to do in order to care for themselves and their families. Let us have courage enough to face the facts and do the wise thing that will put our people to work.

Recently I was visited by a married lady who protested vigorously because in a recent act married women were to be dropped from Government pay rolls in preference to others. I learned that this lady and her husband and daughter were on the Government pay roll. Surely in this period of so much unrest and unemployment arrangements could be carried out to distribute the work not only in the Government but in private business as well.

I was shown the photograph of a family of five—father, mother, and three children—and the oldest girl of 11 was the only bread-winner in that family, and this child was selling paper flowers on the streets of one of our large cities to buy food for the others. This is not an exaggerated illustration of conditions but the true picture in many of our communities to-day, where millions of our people are unemployed and in bread lines.

As a people we are wise to immediately change these conditions, and unless we do change them, God alone knows what we are headed for.

I know we can change these conditions, but it is going to require the cooperation of all our people, and not a few only.

In my own business I found a machine doing the work that would require eight persons to do by hand. I set the machine aside and put the human hands to work. My product cost me a little more by reason of doing this, but I felt it my duty and my own contribution to that community, so that by my example I might urge others to do likewise. I saw one machine in a steel mill that was doing the work that required 36 people before its installation. The gentleman who showed me the machine was proud of that machine. I have since regretted that I did not point out to him the great danger in the elimination of those 36 pairs of hands.

It may be that shorter days and fewer working days per week may solve much of this problem, but if they do not, then let industry do the patriotic, courageous thing and forget the machine for the time being. The Department of Labor predicts that 13,000,000 of our people will be out of work next winter.

I hope they are mistaken; but, Mr. Speaker, if their estimate and prediction should prove correct, then surely I am not out of place or unwise in urging all of us to be deeply interested in an effort to correct many of these problems that now confront us.

I represent a district with almost 400 cigar manufacturers within its borders. These factories employ thousands of people and make their cigars by hand, with but one or two exceptions. Right now these factories are employing all their labor full time. If machines were to take the place of handwork, fully 50 per cent of these people would be unemployed. The manufacturers of cigars using machinery do not report much business, and the truth of the matter is that handmade cigars not only employ more people but are of much finer quality, sell better, and keep this business growing in my district, the only district in the United States to-day that shows an increased sale and demand for their product.

I believe this will apply to many other lines of industry, and I mention it only as evidence to support my previous statements.

We are now considering a relief bill, Mr. Speaker. I shall vote for such a bill because of the statements I hear from my colleagues, but I do not have much faith in its merits. I think it only a mere gesture and a poor palliative for the ills of our Nation. We have practically balanced our National Budget through the passage of the revenue bill, which I trust can be repealed very soon. It can be repealed when we get our people back to work; and while I objected to many of the unfair excise taxes in that bill, I supported it as my patriotic duty in preference to any sentiment I may have had.

Congress should adjourn as speedily as possible and pass no additional legislation that will bring additional burdens of taxation.

Confidence will be greatly restored among our people if we do this, and I sincerely trust that when we come back in December we will have many of our present ills solved.

HOOVER RELIEF BILL

Mr. POLK. Mr. Speaker, it is my belief that for the Government to borrow money to build public works for the sole purpose of providing employment is an economic fallacy. A few individuals will profit and a few people will be employed, but the interest and sinking-fund charges on the borrowed money only add to the tax burden, aggravate the situation, and postpone the return of prosperity.

It seems to me that the weight of taxation will be increased by the passage of this so-called relief bill, H. R. 9642, as amended, which the President has demanded that we pass before we adjourn.

I heartily agree with the provisions of this bill, which provide for the relief of destitution in the various States, and I wish we might have the opportunity of voting for that part of the bill separately from the other two titles.

However, I can not sanction with my vote the provisions of this bill which provide for an additional billion and a half dollars for the Reconstruction Finance Corporation.

The past few months have shown that the funds of the corporation have gone largely to the railroads, the big banks, and other so-called big business interests. For example, it was recently reported that a former Vice President of the United States received $80,000,000 for his bank in Chicago while several smaller banks there were refused any money and consequently failed. Such favoritism is currently reported with reference to other loans, and secrecy has prevailed as to who has received benefits from these funds. I do not approve of the proposition to tax all of our people for the benefit of a few.

The provision in this bill appropriating money for public roads should have been broadened to make this money available for use on the country (dirt) roads. These roads, many of them traversed by rural mail routes, should have been provided for in this legislation. Those living on these unimproved township and county roads pay taxes just the same as do their brethren more fortunately situated. They have just as much right to demand Federal aid for their roads as do any others. Furthermore, work on such country roads could be largely done by hand labor and would provide employment for many who need the work very badly.

No farmer or small business man can get any material relief from this measure. It is practically as objectionable in this regard as was the original Reconstruction Finance Corporation bill. So long as Congress continues to pass such legislation, even though it is at the request and demand of the President, there is no hope of balancing the Federal Budget; there is no hope for lower Federal taxes.

Because this measure will produce an exceedingly heavy drain on the Treasury, with accompanying added tax burdens on all of our people for the benefit of only a few privileged interests, I have voted against it.

REDUCE TAX BURDEN BY COLLECTING EUROPEAN DEBTS AND COLLECTING UNPAID INCOME TAXES

Mr. CROWE. Mr. Speaker, it occurs to me that two outstanding things should be brought to the attention of the taxpayers of the United States at this time. One thing, if care is not taken and our interests safeguarded, will add an additional $11,000,000,000 loss to the taxpayers of this country. The other concerns taxes running into the billions of dollars which have been refunded to the taxpayer and an additional $1,000,000,000 which is now unpaid. All of these income taxes which have been returned to the taxpayers and those which have not been collected from the taxpayer are almost 100 per cent from the large corporate interests and the special-privilege class of the United States. As I have just said, those two major things seem to be of tremendous importance to the masses of the people of the United States and need to be given careful attention. We should see in the first place that we do not cancel or scale down any of the indebtedness of the European governments to this country. We should see that the income-tax machinery of this country is properly tightened and the loopholes closed. We should see that all the income tax due our Government is collected. Income taxes should be paid

just the same as we have to pay taxes on our farms, homes, automobiles, or whatever we happen to own. Both are the law and both should be collected without favor being shown.

WILL EUROPE REPUDIATE HER HONEST DEBTS TO THE UNITED STATES?

The first premise the countries of Europe, namely, the nations called the Allies, borrowed tremendous sums from the United States during and following the World War, all of which they faithfully agreed would be repaid dollar for dollar plus a reasonable rate of interest, the settlement to be made at the close of the hostilities.

However, when the war ended and peace was declared, these European nations were very slow in settling and they trumped up everything that they possibly could, asking for reduction and cancellation of various items. To obtain a peaceable settlement the United States deducted tremendous sums from our honest statements given to them. For instance, $2,000,000,000 worth of material, supplies, foods, clothing, railroad engines, and so forth, all of the highest quality, and could be sold to France only according to treaty. Accordingly, France named her price, which was 20 cents on the dollar, and she settled on this basis; but in settling she only agreed to pay 2⅛ per cent interest per annum and never to pay any of the principal. In fact, our entire account with France was settled on the basis of 50 cents on the dollar.

Other nations even settled more unsatisfactorily to us than France did. For instance, Italy settled at 27 cents on the dollar, paying 1⅛ per cent yearly; but never to pay the principal. All the European settlements were made on a small interest payment, but in no case did the interest amount to what we pay on our bonds, the money for which we loaned to Europe. Besides, the principal is never to be paid.

After all of this generosity by the United States there is yet due us of honest money from the various European nations a total of approximately $11,000,000,000, which they should pay dollar for dollar. I shall never lend my support to the cancellation of a single penny of that amount.

REPARATION VERSUS HONEST INDEBTEDNESS

The nations of Europe are constantly trying to muddy the waters in avoiding paying the money loaned to them. They are trying to set up fictitious reparations they have been collecting from Germany against real money we loaned Europe, and there is positively no connection whatever between the two. The reparations the Allies have been collecting from Germany were arbitrarily imposed by those countries on Germany. At the close of the war England, France, and Italy stripped Germany of her fleets, stripped her of her gold reserve, millions of dollars of her gilt-edge securities, and of her rich coal and ore mines, and so forth. The United States received nothing, neither did they ask for anything. Consequently there is no reason why the United States should cancel or even scale down the indebtedness of Europe.

CHARGES MADE AGAINST EXECUTIVE BRANCH OF GOVERNMENT

Many serious charges have been made against the present executive branch of the Government concerning these foreign debts. Many rumors are afloat in Europe and the United States concerning this. The Secretary of State, Mr. Stimson, and the White House spokesman have made statements recently that there is no authority for the charges that the representatives of our Government have been a party to any of these conferences. They deny that the United States would join in the movements toward cancellation or even scaling down of the indebtedness, and strongly protest that all of these charges are false. I have no right and would not attempt to say that the President or the Secretary of State would be a party to such moves. However, the press has so many times made statements to the effect that our Government would again discuss with Europe a debt settlement, which would mean further scaling down or cancellation, that it makes the people of this country very much concerned about the payments of these debts, which is money which belongs to the taxpayers of the United States. There also has been much concern in this country regarding statements supposed to have been made by the ambassador to the Court of St. James, Mr. Andrew Mellon, or from the White House, or from some member of the executive branch of the Government concerning the ability to pay, and that causes grave apprehension among the people of this country. Such statements, if made by them, should not have been made; and if they have not been made, the press is doing a great injustice to that branch of the Government by making such statements. A question, however, is raised as to why President Hoover, when Congress convened last December, wanted to continue the commission to further consider the European debts due the United States. Everyone knows only one result could follow further discussion of the debts, namely, scaling down or cancellation. Does not the President know that? Does not our ambassador, Mr. Mellon, know that? Sure they know it.

ABILITY TO PAY

The total payments due the United States yearly from Europe amounts to approximately $250,000,000. Those same nations are spending at this time at a rate of approximately $2,000,000,000 a year for preparations for war. By reducing this amount approximately one-eighth, they would save enough each year to pay us the amount due. Why should we be so forbearing with them, when by so doing we add that much additional taxes to our own people?

This Congress has rightfully been asked by the taxpayers of the country to reduce expenses in operating our Government. The taxpayers are right in their request. The expenses of this Government have been reduced approximately $800,000,000 this year, which is a reduction of almost 20 per cent of last year's operating expenses. There is room, at the next session of Congress, to make additional reductions running into hundreds of millions of dollars. If the nations of Europe would have reduced the expenses of their governments even 3 per cent, that reduction would have paid us the $250,000,000 which they owed us this year, and by not reducing, and not having paid us, it has caused that much additional tax to be placed on the taxpayers of this country. Let me ask you why we should be so generous to the nations of Europe, when we have so much distress and suffering in this country? Let us take care of our own hungry, jobless, and suffering people first.

THE PEOPLE SHOULD RISE AGAINST CANCELLATION OR SCALING DOWN

The people of this country should rise en masse against any scaling down whatever and against any cancellation of a single dollar of this indebtedness. When you talk of the ability to pay of the European countries, that is nothing more nor less than subterfuge. They have our money, and they are keeping it. They could pay if they would do as we are doing, by reducing the expenses of their governments, establish a policy of being honest, and making their word good. If they want their credit ruined, if they want to put themselves in a position where they would no longer have credit with the greatest Nation on the earth, the United States, then let them refuse to pay what they owe, and take the stigma. They will not do that on a show-down. They can not afford to. They are jockeying us into a position so that we will be a big-hearted brother to them at the expense of our own people.

SHALL WE HIRE EUROPE TO DISARM?

This talk of hiring Europe to disarm, that we cancel what they owe us if they would disarm, is foolhardy, cowardly, and lacking in statesmanship. It is unreasonable and should not be tolerated by the United States. We tried elimination of armaments at the close of the World War with those nations, and we got the dirty end of it, and that should be a lesson to us. It sounds like giving a child a sugar teat to keep it from crying instead of giving it a good spanking. I am of the opinion that if we made a contract like this with them, it would be like their agreement to disarm or reduce armaments at the close of the World War. We can not trust them, and why should we? Why longer be conciliatory? Why not take a positive stand, tell Europe frankly and plainly to settle their own differences as they choose, but for us there will positively be no further reduction, extension of time, or cancellation.

INTERNATIONAL BANKERS

Neither can we trust the international bankers who, if they had their way, would cancel every dollar of the money that the European countries owe us, so that they could quickly realize on the money they have loaned to European countries. The big interests have already defrauded the people of the United States out of hundreds of millions of dollars by selling them worthless bonds, such as the Kreuger bonds, and $300,000,000 of Chilean bonds which are now worth $15,000,000 or less. Why should we longer be led by those leeches and grafters? It should be seen to, that not one dollar of these European debts are reduced or canceled and that payments should be resumed when the next payment falls due. The dealings of the international bankers, the stock-market shady dealings, the selling of practically worthless securities to the people of the United States, should be thoroughly aired, and whenever and wherever traitors to the citizens and the Government are found they should be properly and summarily dealt with. Those favored special-interest groups are largely responsible for this deflation period which has caused this panic, which resulted in untold suffering and misery. It has also caused millions of people to lose all they have.

SECOND MAJOR ISSUE

The next thing I desire to call your attention to, and in which the taxpayers of this country are particularly interested, and which should be brought to their attention, is the income tax. The income tax is a fair tax, because it is based on the ability to pay. One of the major troubles and one that adds greatly to the distress of the people of our country to-day—the farmer, home owner, small merchant, and, in fact, the great bulk of the common people—is the high taxes which they are compelled to pay. The person of small means, whether he makes a bare living or not, is compelled to pay very high taxes, which is unjust and unfair. The farmer is taxed until he can not make a living and his farm is sold for taxes. The income tax is a fair tax because it is based on the net profits. Its burden falls most heavily on those best able to pay because it takes on a part of the year's accumulations of net profits. The income taxpayers are ones who even in these hard times are adding to their fortunes, while a heavy tax on the masses, particularly in times like these, is taking from them the small bit which they may have accumulated in years gone by to provide a home for themselves and family in their declining years.

CAPITAL NECESSARY

We need capital and must have it, but capital must never be allowed to exploit labor. The farmer must never be permitted to be ground to powder by capital. The chain stores should be so regulated that they would not have any unfair advantages over the small merchant. While capital is needed and is a necessary part of the Government and country, yet it must be regulated. Capital throughout the known world has sought to get the wealth of the people into its hands, and that is what is happening in this country.

There has been the greatest centralization of wealth in the last 10 years in the United States that has ever been known in the history of the world, and this program must be changed if this country is to continue to be a great Nation. The capitalistic class of the country does not like the income tax law. They do not want their large holdings disturbed, and that causes false statements to be made by them and by their proponents—such as "the tax destroys their fortunes" and "is making it impossible for them to give employment to labor"—all of which are misstatements of facts. The great accumulations we now have have been made in the last 10 years by the big interests, while millions are walking the streets and highways hungry and in rags. During this time income-tax rates have been low; so why the unemployment? These big interests would have you believe their statements; however, no one who will give an honest thought to this can believe such misstatements as facts. The only fair thing to do is to relieve the burden of taxation from the masses and place it on those who are able to pay. The history of other nations, a number of which have fallen and have gone into the discard, shows that when the resources of a nation become centralized the big interests start unloading the tax burden onto the masses. That is just what is happening in our country to-day. They would entirely discard the income tax, estate tax, and so forth, and instead they would place a sales tax on the masses which would place an additional burden on the common people, and in doing so would permit the special-privilege class of this country to further enrich themselves. Between the years of 1922 and 1930 the sum of $3,370,000,000 were returned to the big income-tax payers of this country.

ONE BILLION DOLLARS IN INCOME TAX NOW DUE THE UNITED STATES

There is to-day unpaid and due the Government $1,000,000,000 of income tax which is being contested. Two hundred and seventy million dollars of this has finally been determined, assessed to the taxpayers, and should be collected. The Treasury Department up to date has given no reason why these taxes should not be collected. Recently certain charges were made by a Member of Congress of gross irregularities in the Treasury Department of the Government. Accordingly, there were hearings before the Rules Committee. One hearing was held on July 9 and one on July 11, when severe charges were made by a Republican Member of Congress and also by a Democrat Member of Congress. I appeared at this hearing on July 11, and was heard by the committee. I did not make any charges of irregularities, but stated matters of facts concerning the $1,000,000,000 of income tax which is not collected. I put into the RECORD that I had written to the Treasury Department on June 20 and again on July 6 asking for information concerning the progress that was being made toward the collection of this tax, and up to date neither of my letters has been answered, but they will be answered and I will not relent until they do answer me. I stated at the hearing that I wanted to know the facts and I want the people of the country to know why this $1,000,000,000 has not been collected. I set out how other taxpayers are compelled to accompany their tax returns with their check for all of their tax, or one-half of it, or one-fourth of it. And even though the amount is not correct, they must pay promptly on the date due. The people of this country are entitled to know why this money has not been collected, and particularly so when such strenuous efforts have been made for months to balance the Budget, both by a tax bill and by an economy program.

As I stated above, the people have a right to know why this billion dollars in income tax has not been collected. If there is no graft or corruption—and I am not charging that there is any—then the people of the country would be satisfied. If there is graft and corruption, or even favoritism being shown, it should be exposed and corrected.

The Treasury Department, which handles all of the finances of the Federal Government, is never investigated. It seems to me, to clear up the temper and feelings of the country, that the department should welcome an investigation into these matters. It is well that they should welcome such an investigation, because it will be had soon. If the returns of income tax to the big interests of the country are found to be just and honestly due them, I, for one, would want to see every dollar that is due them returned to them. But if this money was illegally returned, then those responsible should suffer the consequences of their misdeeds. On the $1,000,000,000 that is uncollected, the machinery should be speeded up. At the rate they are canvassing these returns it will take six years yet to go over them, and in that time many more hundreds of millions will be accumulated and unpaid.

I have been informed that $10,000,000 a month of those taxes in question were gone over, and at that rate it will take six years yet to go over all the amount in question. An investigation of the department would be a most wholesome thing. It would show conditions as they really are, and not only that but the department would entirely clear itself in the eyes of the people of the country. I consider this matter on the same basis as examining a bank. We do it because it is business, and the examiner does not do his

work because he is likely to find fraud, graft, and so forth, but it is done to see that the bank is being properly conducted and to help stop leaks, thus giving the satisfaction to the people which they desire.

There must be nothing left undone to reduce the extremely heavy tax burdens of the people of this country. I will do everything I possibly can to assist.

COME, LET US REASON TOGETHER

Mr. COLTON. Mr. Speaker, much is being said these days relative to the depression through which this Nation, in common with the other nations of the world, is passing. Unfortunately, many are attempting to capitalize human misery for political purposes.

The Democratic Party hopes in this campaign to emerge victorious, not because of their constructive program, if any, which they have to offer, but because of the unrest found throughout the Nation. Running true to form, that party is playing the rôle of critic. They are, of course, experts at this, having acquired the habit during the long years they have been out of power.

Times are peculiar. America to-day is in the midst of a great abundance of food, millions of willing and skilled workers, has a great transportation system, and, in fact, everything needed for material prosperity. In the face of these conditions, however, we have unemployment, depression, and lack of confidence. Politically men are inclined to blame all of the economic ills to the party in power. Fortunately many of the leaders of the Democratic Party have stated repeatedly on the floor of the House and Senate that probably no one is to blame for these conditions.

Depressions have occurred many times during the last hundred years in the United States. Our people in the past have met these depressions heroically, just as we will meet this one. I am sure that, notwithstanding the adverse conditions of to-day, this is not the worst depression in all respects through which America has passed.

We need more of the spirit of our pioneer forefathers. The difficulties of their to-days to them were the stepping-stones of success of their to-morrows. They believed in the future. We need to cultivate the idea of optimism, of faith in our country, of belief in our fellow men and trust in the God of nations.

To show how other periods of depression were met let me cite the following. On October 18, 1857, there appeared an article in Harper's Weekly, of which the following is an excerpt:

> It is a solemn moment and no man can feel an indifference (which, happily, no man pretends to feel) in the issue of events. Of our own troubles, no man can see the end. They are, fortunately, as yet mainly commercial; and if we are only to lose money, and by painful poverty to be taught wisdom—the wisdom of honor, of faith. of sympathy and charity—no man need seriously to despair.

Indeed, those were troubled days, seemingly devoid of hope and the future clouded in uncertainty. The pall of depression seemed to obscure every ray of a prospect of better times. And yet the greatest strides in the progress and wealth of this country have been made in the 74 years since that time.

Those words are especially applicable to our day. No single law which Congress can pass will bring this country out of the depression. Courage and determination and ability on the part of the American people to profit by the lessons of the past will be the greatest contributing factor to our recovery.

I am not a follower of the belief that good times will follow the waving of a magic wand. Good times can only come and remain when built upon sound governmental policies based upon fundamental and true economic law. It may be well, therefore, for us to look at some of the political aspects of the situation. I am not afraid that the Hoover administration will be discredited by the thinking people of the United States. They know too well that President Hoover has offered more constructive suggestions in this time of depression than any other President of the United States during similar times. When the economic storm clouds gathered in 1929, with almost prophetic vision, he saw what was coming and immediately began to prepare for the storm. First he called together the captains of industry and asked them to carry on without reducing wages of their employees. He knew well then, and has taken a consistent course since, that prosperity should not be returned at the expense of the workers. A prosperous and happy Nation can only be had when the working classes are happy and prosperous.

The President's next step was to call together the labor leaders. He asked them to carry on without strikes or riots which heretofore have characterized such periods of depression in the United States. Be it said, to their everlasting credit, the labor leaders not only agreed to the proposition but have lived up to that agreement. Never before has this country seen the peace and tranquillity during a period of depression that has been witnessed during the last three years.

The lack of confidence gripped the hearts of the American people. President Hoover saw that the national credit base must be broadened. At his suggestion the Reconstruction Finance Corporation was created. Its work has brought new hope to every section of the United States. Bank failures have almost ceased. It has brought billions of dollars from hiding and this money is being turned into the legitimate channels of trade and commerce. Agriculture and farm loans have been made available and many a farm has been saved to its owner. I need not mention all of the bills for the relief of credit which have been passed. Every field of credit has been strengthened and broadened except that to the States and municipalities. If they, the Democrats, propose to do that they will bankrupt the United States. Are they going to get a chance to do it? The answer is emphatically "no."

We have passed through a bad period, the causes of which can largely be traced to the World War. You can not destroy upward of $200,000,000,000 and millions of lives without paying a terrible penalty for it.

There are still fundamental readjustments which must be made. We must direct our attention to the solution of the basic problems of agriculture, as this is the basis of prosperity in this country and we can never have permanent prosperity until better distribution is worked out. The credit and monetary base of the Nation must be broadened.

My personal belief is that the use of silver to broaden our monetary and credit base is the one of the first logical things to be done. The Republican Party recognizes the silver problem and takes the stand that it must be considered as a money. The Democratic platform deals with silver as a commodity. These two positions are as far apart as the poles. The Republican policy is the correct one. We stand for a sound monetary system. There is no thought of leaving the gold standard, but I do believe that silver is the logical metal to be used in supplementing the gold standard base. I have no doubt that the forthcoming international conference will give silver a monetary status. If it does, it will be one of the greatest economic achievements of the age.

In the working out of these problems great care must be exercised. We appeal to the thoughtful voter in the coming campaign and ask in deep sincerity, if you insist on making a change where will you go?

I ask you to view the record of the present House of Representatives under Democratic leadership. What constructive legislation has been passed or even suggested by the leaders of the Democratic Party? Is it not a fact that every constructive measure put forward for the relief of this country has come from the Republican leadership or the President of the United States? If that is so, will you turn to the Democratic Party? Mr. Worker, where will you turn? Will you turn to the party which declares that all tariffs must be revised downward? They make no distinction. It is only fair to infer that every schedule will be lowered.

The Republicans have repeatedly during this session of Congress tried to get the Democratic leaders to say which rates and what schedules were too high. Their only reply has been that "the tariff rates are too high; we favor a competitive tariff."

That means, Mr. Worker, that the tariff on the items which you produce will be lowered to compel you to compete with foreign laborers.

The Democrats are pledged to a competitive tariff for revenue only. Their concern is not to protect you. It is to levy a tariff for revenue. That is the only logical deduction which can be made from their platform.

Mr. Stockman, if you are inclined to say we need a change and that conditions can not be worse, let me ask you to consider what the change would involve. It would mean the removal of your protection and the placing of your goods in competition with the growers of the world except and in so far as the demands of revenue would require otherwise. I ask you to earnestly consider the question. Do you think it could be worse? Do you want to change now at a time when we are on the upgrade and prices are rising?

Mr. Farmer, do you want the tariff on your products levied only with the idea of revenue? Do you think that it would be better or worse to turn from the party which has made this Nation the greatest in the world just because the aftermath of a World War is upon us, and because we are suffering from an evil from which we could not escape? Where will you turn if you leave? Can you afford to order seasoned generals and soldiers to the rear ranks and leave your future destiny in the hands of either raw recruits or in the hands of those who have been tried and found wanting? It is the Republican Party and its policies which have brought this country to its present high level.

Mr. Manufacturer, where are you going to turn? Are you in favor of a competitive tariff for revenue, whatever that may mean to you? You have been one of the greatest assets this country has ever known. You have brought happiness and contentment to millions of homes in the past. We have relied upon you because your lines of industry embrace the direct benefits of the beneficent policies of the Republican Party. Now, when the war against depression is on and when, in spite of the opposition, the tide of the battle is turning, are you going to desert the general who with fortitude, patience, and yet with courage and with vigor and ability has met the onslaught of the enemy so successfully? If you change, to whom will you go?

Every thinking person in the United States knows that tariff revision is always accompanied by business uncertainty. The Democratic Party is pledged to a revision of the tariff downward. If that party is intrusted again to power, they will be duty bound to immediately carry out this pledge. No sane person would say that this does not mean continued uncertainty and lack of confidence in the business world. The passage of a new tariff bill takes months in both Houses of Congress. Surely the thoughtful citizens of the United States will not vote for such a program when it means ruin and continued depression.

Further, thoughtful men everywhere are alarmed at the prospects of the promised leadership of this Nation if the Democratic Party is victorious. Some of the most radical men in public life to-day assumed the leadership at the Democratic convention in Chicago of the movement to nominate Governor Roosevelt. For three days those men practically supplanted Mr. Farley. They were Governor Roosevelt's spokesmen and managers. Surely no man will argue that these men will not have a large voice in shaping the policies if the Democratic Party is intrusted the power. Does any honest voter to-day believe that economic conditions favor the changing of competent, experienced leaders in Government for men of the type who controlled and directed Governor Roosevelt's campaign in Chicago?

This is not said in personal criticism of those men. It is meant to challenge the attention of thoughtful men and women everywhere to the possibilities of what may follow if Governor Roosevelt is elected President of the United States, and this at a time when economic ills are righting themselves and the Government of the United States safely emerging from one of its greatest economic crises. Mr. Voter, the responsibility of a decision is upon you. No greater civil responsibility can ever come to a free people. "Come, let us reason together." Things can be worse; yes, they will be worse if the Democrats are successful this fall. With consummate skill President Hoover has guided and is guiding this Nation through a perilous period. Let every citizen rally to his support and he will lead us back to peace, prosperity, and good will. I ask you to compare the sane, constructive measures suggested by President Hoover with the fanciful, impractical, and uncharted course suggested by the Speaker and the Democratic leaders in the House of Representatives during the present session of this Congress.

After you have done this, and in the spirit of the patriot who fights to save his beloved country, I ask you to go to the ballot box to perform the highest and most sacred duty that can come to any nation. If you will do this, I feel confident the Republican Party will fare well at your hands.

GENERAL RELIEF AND LOANS TO THE FARM BOARD AND SUBSIDIARIES

Mr. HART. Mr. Speaker, I will be unable to vote for the conference report on H. R. 9642, the so-called relief bill. Under the guise of furnishing relief this bill authorizes the spending of over $6,000,000 at military posts, air ports, and so forth, for construction that otherwise would not take place and which will, in all probability, be little better than wasted. However, my main reason for voting against this bill is that it contains under Title II, section 5, subsection (d), the following language:

> In order that the surpluses of agricultural products which have accumulated in public and private warehouses and elevators may not have a depressing effect upon current prices of such products, the corporation is authorized and directed to make loans under this section, in such amounts as may in its judgment be necessary for the purpose of financing sales of such surpluses in the markets of foreign countries in which such sales can not be financed in the normal course of commerce; but no such sales shall be financed by the corporation if, in its judgment, such sales will affect adversely the world markets for such products.

It is my judgment, and the record will bear me out, that there are no such export markets as are described in this language. The assumption, after reading the above clause providing for the financing of agricultural products for export, is that there is some virgin territory that has not been exploited in the sale of farm products. This is a fallacy. The sale of farm products has already been injured by the discussion of such loans to the Federal Farm Board or to the Secretary of Agriculture. Bills have been introduced by six or seven of our Republican brethren for the purpose of obtaining up to $100,000,000 additional funds for the Federal Farm Board. Some of these bills provide that the fund is for the Secretary of Agriculture, but in the Senate, under questioning, those interested in the bill admitted that the money was intended really for the Federal Farm Board but that its reputation is such they feared the bill would not pass if the money was to be turned over directly to the Farm Board.

That there is no opportunity of exporting grain or cotton on credit without damaging cash markets is a well-known fact to those engaged in the selling of grain and cotton for export. It is also well known to the Federal Farm Board, which is asking for this money. To prove this statement I quote from the testimony of James C. Stone, chairman of the Federal Farm Board, on July 6, 1932, before the subcommittee of the House Committee on Appropriations. The testimony is as follows:

> Mr. WOOD. Are you selling any wheat now to foreign countries?
> Mr. STONE. Some. The demand was very good in the export trade during April, May, and June.
> Mr. WOOD. Are we making any special effort to sell our wheat abroad?
> Mr. STONE. It has been unwise, Mr. WOOD, in my opinion, to try to push the sale above the normal demand, but we have been doing everything we could to sell in the normal channels of trade in export and have been quite successful with it.

At the same time Mr. Stone was giving this testimony efforts were being made by administration lobbyists to obtain from forty to one hundred million dollars for the very purpose that Mr. Stone advised this committee it would be unwise to pursue.

If the money provided under Title II of the conference report is not to be used for export of surplus products, the question arises, What is it to be used for? If one were to look at the election returns in the grain States in 1930, when wheat was pegged at Chicago by the Farm Board and their

subsidiaries, you can readily appreciate that the administration was aware of the value of putting these prices up temporarily before election. It matters not to them that it costs some millions to the taxpayers to win an election, nor does it matter to them that the after result is disastrous to the farmers themselves.

Further proof that the intention of these who have been endeavoring to obtain this appropriation, under the guise of exporting surpluses, are not sincere, is the fact that they permitted an amendment, without opposition in the Senate, prohibiting the use of the money which the Reconstruction Finance Corporation may loan under Title II for the sale of cotton for export. When you take into consideration that the greatest farm surplus we have in this country is cotton and not wheat, this amendment becomes more significant. Farm Board stocks of wheat have been reduced to about 30,000,000 bushels and surely they do not need $100,000,000 that they have asked for to export 30,000,000 bushels of wheat which is worth less than 50 cents a bushel. Just figure it out for yourselves, 30,000,000 bushels at 50 cents is only $15,000,000.

Now, the stabilization program has been declared a failure even by the friends of the Farm Board, and the Farm Board itself has announced they will carry on no more stabilization operations. Therefore, they must work some other scheme, under a different name, to put these prices up before election. I here want to warn my Democratic friends in the grain States that they want to keep their eye on the operations of the Federal Farm Board and their subsidiaries and find out just how much money is loaned them by the Reconstruction Finance Corporation just prior to election.

I predict that they will establish an export bureau under the guise of exporting farm products. The Reconstruction Finance Corporation will loan the Farm Board, or some of its subsidiaries, sufficient money to buy up exportable surpluses of the new-crop wheat, which at present prices would not take to exceed $150,000,000. They will then dump this wheat for worthless paper in Europe and in Asia, which, of course, will bar the exports of other nations because they can not afford to give their wheat away.

It is apparent that those who were responsible for the language in Title II intended that they should sell this wheat and take worthless paper, because that is the only kind of a loan which the Reconstruction Finance Corporation is authorized to make without adequate security.

Removing this surplus from the market at a cost of $150,000,000 will undoubtedly cause a sharp rise in grain prices and the Farm Board and the administration will take the credit for it, and it is barely possible that the voter will give them credit and support the administration.

This is no permanent relief. If we decide, as a sound farm policy, that we will buy the exportable surplus each year and give it away in Europe, let us do so, but let us not permit a bunch of political buccaneers to fool the public. If one can believe what he reads, the esteemed gentleman in the White House was too smart even for the "wily Chinee," and I warn you, my Democratic friends of the grain States, what this gentleman is preparing for you.

In this connection I want to call your attention to an announcement made in Chicago by Mr. Huff, former small-town Kansas preacher, who is at the head of the Farmers' National Grain Co., that he is funding his debt of $16,000,000 for a 10-year period with the Farm Board.

I want also to call your attention to the fact that the control of this organization is not with the farmers but with four or five gentlemen who sit in the Farmers' National Grain office at Chicago. This corporation is organized under the trust laws of Delaware, and not under the Capper-Volstead Act. Here are five or six adventurers who have succeeded in obtaining $78,000 from farm cooperatives, and with that small nucleus are funding a debt from a Government agency, on a 10-year period, for $16,000,000.

When it is so easy to get money out of the Federal Treasury, why does anyone go into legitimate business? Just look at the picture—paid-in capital, $78,000; loans over a 10-year period, without security, $16,000,000. Did you ever hear of J. Rufus Wallingford? While we are cutting salaries and endeavoring to reduce the expenses of the Government, here we permit a few adventurers to loot the Treasury for $16,000,000.

With the facts as I have stated them staring me in the face, I can not vote for this conference report; therefore, my vote will be "no."

SELFISHNESS

Mr. LANKFORD of Georgia. Mr. Speaker, more than ever before this country is suffering from the selfishness of the individual and the lack of real patriotism. Entirely too often the individual desires to become a bank director or president, a corporation counsel, or public official, not to serve others but in order to gain money unto himself. Officials and attorneys of corporations and men in public life who use their position to fleece those they represent and the public of thousands of dollars are hailed as astute business men and too often are lauded because of the large amount of money they call theirs instead of condemned for their method of obtaining it.

These men often become strong not only financially but politically, and are elevated to additional positions of trust, where they are further intrusted with the vital affairs of their fellow men. And finally we find in the Nation's Capital entirely too many men in high authority whose first and greatest interest is selfish in the extreme. Their chiefest concern is whether or not they will gain politically, socially, or financially. The welfare of the public is last with many, and is considered only as a means of accomplishing their own selfish purpose.

Let me say just here that it is my firm belief that most Members of Congress and other public officials are honest with themselves and with the public. I am sure this is equally true of people holding positions of trust in private life. Just as the officers of a ship ofttimes sacrifice their own lives in order to save their passengers, so thousands upon thousands of good men have sacrificed their own property, and even their lives, in an effort to save those who have intrusted to them their financial all.

I do criticize, and I am sure the public condemns, those, though, who, occupying a position of either private or public trust, are willing—like pirates of old—for a few shekels of silver to scuttle even the very ship entrusted to their care, and when she goes down—amid the suffering and dying—help plunder the wreckage.

Mr. Speaker, we are in the midst of the most serious problems ever presented to mortal men. We are face to face with the greatest depression the world ever saw, all because of the selfishness of man and the mania of those in authority for more and yet more political and financial power. In times like these let the prayer of our Nation be—

God give us men. The time demands
Strong minds, great hearts, true faith, and ruling hands;
Men whom the lust of office does not kill;
Men whom the spoils of office can not buy;
Men who possess opinions and a will;
Men who have honor; men who will not die;
Men who can stand before a demagogue
And damn his treacherous flatteries without winking;
Tall men, sun crowned, who live above the fog
In public duty and in private thinking!
For while the rabble with their thumb-worn creeds,
Their large professions, and their little deeds
Mingle in selfish strife; Lo! freedom weeps!
Wrong rules the land, and waiting justice sleeps!

SOUND MONEY VERSUS INFLATION

Mr. EVANS of California. Mr. Speaker, the financial crisis which began in the fall of 1929 and was followed by a world economic depression is attributed by many chiefly to alleged defects of the gold standard. A review of the circumstances precedent to and accompanying the several economic depressions through which this country has passed will indicate that on each occasion strong feeling has been built up to the effect that our economic crises have been due largely to an unbalanced condition in our financial structure.

This has been traditionally a sound-money country, based on the gold standard. When economic conditions become disturbed, attendant with the loss of private fortunes, great reductions in private incomes, with unfavorable trade balances with foreign countries, criticism is made of our money system, with urgent demands for more liberality in the direction of inflation of commodity values and reduction or deflation of currency values. In other words, the claim is that there is not enough money in circulation in proportion to our commodity values and that to offset this discrepancy new issues of fiat money must be forced into circulation.

This tendency on the part of our people has, on several occasions, brought us near the point of breaking away from the gold standard. For example, in 1890 this country was at a very low ebb commercially and economically. Prices were low and markets demoralized, factories were closed, and industry was generally paralyzed.

The Republicans in Congress were desirous of enacting a new tariff measure. The bimetallists controlled the Senate and were eager for the reestablishment of the double money standard. Neither a tariff nor a free silver act could be adopted without a compromise being effected between these two contending factions. By compromise they agreed to a proposition that was as close as possible to free silver, with the understanding that the bimetallists would vote for the McKinley tariff bill.

As a result of this compromise both measures were passed. The silver purchasing act became law on July 14, 1890, and authorized the Secretary of the Treasury to buy 4,500,000 ounces of silver bullion per month at the market price and to pay for it in Treasury notes, which were endowed with full legal-tender powers. The Treasury notes were promises of the Government to pay the full face value of the notes on demand in coin—that is, either in gold or silver. The silver purchased monthly was to be minted into dollars and used to redeem the Treasury notes.

Approximately 156,000,000 of Treasury (silver) notes were placed in circulation before the law was repealed in 1893.

The low duties of the McKinley Tariff Act of 1890 impaired the national income of the Government; the silver act compelled the Secretary of the Treasury to pay a considerable sum each year for silver bullion; the Congress increased the appropriations for pensions. The Government thus had to meet an increase of about $100,000,000 in new expenditures with a decreased income. In 1892 affairs began to take on a serious aspect. The United States lost its gold because of an unfavorable balance of trade. Certain countries apprehended that this Nation might go off a gold basis, and this caused them to dump their holdings of securities on our markets. The confidence of the people of the United States had been greatly shaken by the events of the two years immediately preceding, and a panic broke out in June, 1893.

By December of that year 158 national banks, 172 State banks, 177 private banks, 47 savings banks, 13 loan and trust companies, and 6 mortgage companies had failed. In 1893, 15,242 commercial firms became bankrupt. In 1894, 156 railroads went into the hands of receivers; unemployment, distress, and labor troubles were present on all sides.

There were several contributing factors to the depression of 1890 to 1893, but it will probably be conceded that the silver purchasing act, by crippling confidence in our money system, was one of the main causes of the panic, and this was undoubtedly the nearest approach this country has ever made toward going off the gold standard.

The free-silver campaign of 1896 failed because the shades of disaster which had so recently befallen the people as a result of tinkering with the gold standard in 1890 were vividly before them.

This tendency is further very vitally illustrated in the proposed soldier bonus bill that was before the last Congress. Aside from its importance to the holders of the veterans' certificates, that measure involved a far more important principle than the amount of money that it would have taken from the Treasury to meet the demands of the legislation. The sponsors of the bill recognized that there was no money in the United States Treasury with which to meet the payment of $2,423,000,000 to the veterans, but that, on the contrary, there was a present deficit in the Treasury of approximately $2,800,000,000, and that the daily income of the Government at the time the bill was pending before Congress was about $7,500,000 less than the daily expenses of the Government.

The advocates of the bill also recognized that in order to meet this accumulating deficit drastic increases of taxes were necessary and had been enacted by the Congress, and this all in the face of one of the most drastic business and economic depressions that has ever struck the country, when private incomes were tremendously reduced and the income of the Government from all sources was less than one-half of what it is in normal times. But the solution of all these difficulties offered by the sponsors of the bonus bill was to start the printing presses of the Government running to print a sufficient amount of fiat money—paper money with merely the Government stamp upon it—with which to meet the payment of nearly $2,500,000,000.

Their claim is that such issue of currency would have no detrimental effect on our financial structure, would stimulate business by increasing the amount of money in circulation, and at once restore good times. With this view, however, every well-known financial expert of the United States of whose views the Ways and Means Committee was able to avail itself, disagreed. These financial experts of all political shades of opinion unanimously agreed and so advised the committee and Congress that such a wild, irresponsible, and unprecedented example of financial heresy would in all probability undermine our financial structure, shove us off the gold standard, and further cripple our economic conditions to the extent that it would take years for recovery.

The proponents of the legislation urged, as a primary justification for its enactment, that aside from paying the soldiers' bonus, which is not due until 1945, it was a wise and sound means of inflating our currency, and that, regardless of the amount of gold which is held in reserve as a basis of security of currency in circulation, the distribution of $2,500,000,000 would have no tendency to depreciate our money values. In other words, that the Government could go ahead, print, and place in circulation nearly $2,500,000,000 in brand-new money, and that when so placed in circulation each and every one of those new dollars would have the same value as the money that was in circulation before.

Let us revert for a moment to the opinions of our recognized financial experts of the country regarding this suggestion for the sudden inflation of our currency. Prof. Edward Walter Kemmerer, research professor of international finance for Princeton University, author of the financial systems of more than a dozen foreign countries and currency and banking expert for the Dawes commission, testifying before the Ways and Means Committee a few months ago—referring to the bonus bill and the general subject of inflating the currency—said:

> The immediate result of the passage of such a measure, or even of its anticipated passage, would be a blow to the little financial confidence that is left on the part of the people and also of the confidence abroad in America's gold standard. * * * The increased hoarding, the flight of gold and of capital, and the general psychology of fear that such a measure would create would probably soon break down the gold standard through excessive withdrawals of gold, and, when once that standard was broken down, increased paper-money inflation would almost certainly follow, as it has in every such instance I know of in the past. * * * In general, it is my judgment that the enactment at this time of the bill (Patman bonus bill) would be little less than a national calamity. * * * I think that if we issue $2,500,000,000 of currency now it would be almost certain that we would go off the gold standard. * * * If we once go off the gold standard, we will have all the disadvantages of a nonmetallic paper-money currency standard. That is the kind that England now has. * * * However, the minute you break from gold it is very difficult to stop—that is, when you have been on the gold basis and are forced off of it, the power of your resistance is greatly weakened. If you issue $2,500,000,000 and then go off the gold basis, why not issue $2,000,000,000 more for the farmers—for this class and the other class? * * * I was in Germany with the Dawes committee, and the first day I was there I went into the hotel to buy a cigar. I gave them a renten-mark, which was worth 24 cents in American money, and they gave me a 12-cent cigar, and I received as my change 500,000,000,000 marks for the other 12 cents. Now, shortly before that, when they were issuing this paper money so rapidly

in Germany, the minute anyone got any money he rushed to the stores to buy; if you held it an hour it would fade in your hands, and when you expected it was going to drop you got rid of it, and you got rid of it for anything you could buy.

Gen. Charles G. Dawes, one of our country's recognized financiers, a man who has had international experience in financial affairs, stated before the same committee on the same subject matter, among other things, as follows:

It would be in effect an issue of fiat currency. Such an issue of currency, in my judgment, would have a disastrous effect upon the country's currency system, upon the credit of the Federal Government, and upon the entire credit structure of our country. The claim is made that the issue of this currency would so augment our money supply as to relieve the existing pressure upon debtors, expand credits, and add to the purchasing power of the people. In my judgment the important and real effect would be to the contrary. * * * One need but recall what happened to Germany through the inflation of the German mark currency in the few years ending in 1924. All the arguments which are now made for this proposed issue of fiat money were made by those who at first advocated the increase in German mark currency which finally prostrated the credit and business of that country by 1924 with untold suffering, privation, and want on the part of all classes of the German people. Always in such experiments the idea at first is that we can go safely a little way in defiance of right economic principle and avoid disastrous penalties by stopping in time. This has proved a delusion. Inflation of currency, once started in a country, seldom stops short of its complete economic ruin.

The same sort of testimony was given before the Committee on Ways and Means by Prof. Irving Fisher, economic adviser and financial expert of Yale University, by Owen D. Young, internationally known financial expert and recognized throughout the leading countries of the world as such, and in fact, as above stated, by every recognized authority of this country.

It is fundamental that the value and integrity of our currency are based on the proportionate amount of gold we have in reserve which, with the credit of the country, is the only guaranty the currency has as to its value. Gold is the basic guaranty of the currency system of every country that stands on the gold standard, and is the major factor of value in those countries which are not strictly on a gold-standard basis. Some 20 European countries have within the past year and a half gone off the gold standard, and the value of their currency has dropped from 25 per cent to 34 per cent by reason of their going off the gold basis. Most of these countries have at other times in the past gone off the gold standard temporarily, and have on each occasion returned to gold and will undoubtedly again return to the gold standard.

The world stock of monetary gold in the hands of central banks and governments is at this time approximately $11,500,000,000. Of this amount we have in this country a little over $4,000,000,000, or about 35 per cent; France has approximately $3,000,000,000, or about 26 per cent; and the rest of the world has the balance, or about 39 per cent of the total. These figures vary slightly from year to year.

The complaint is general that we have not enough money in circulation and that commodity prices are entirely out of harmony with currency values; that money has gone into hiding.

The facts are that with business depression and confidence lacking the funds in many parts of the country have piled up in the banks. Savings deposits and other time deposits are large. Hoarded money is still estimated at high figures. Wholesale commodity prices were 32 per cent lower in March of 1932 than three years before, while the index of the country's physical production was about 25 per cent less, the amount of money officially reported as in circulation was about 15 per cent more and basic deposits were only 16 per cent less.

The trouble is that the people who have the money, the bank deposits, and the bank credits are afraid to use them. Money in circulation is turning over very slowly. The average rate at which our demand bank deposits turned over in 140 leading cities in the United States, exclusive of New York City, declined, in round figures, from 42 for the year 1929, to 29 for the year 1931, a decline of 47 per cent.

Doctor Kemmerer, heretofore referred to and quoted, discussing this particular phase of the economic situation recently said—

Under such circumstances, a complaint that we have not enough money in circulation is analogous to a complaint that a country was suffering from a lack of freight-car facilities at a time when the amount of freight to be carried was something like a fourth less than normal, when the number of freight cars was about a sixth greater than normal, the average speed at which the cars were moving was very much slower than usual and when a large percentage of the cars were being continually parked on the sidings.

Doctor Kemmerer continues his discussion of this feature as follows:

If the world is not experiencing an enduring shortage of monetary gold, and if I am correct in maintaining that the recent heavy decline in the commodity price level is due chiefly to psychological factors and to economic maladjustments of a temporary character, we may expect that, within a short time, the fundamental forces which make for a fairly uniform rate of secular economic growth in the world as a whole will again dominate the situation. In that case, if the world continues to use the gold standard, as I believe it will, the commodity price level will probably rise to something like what it was during the 8½-year period of comparatively stable wholesale prices which ended with the stock-market crash of late 1929. * * * The great fundamental forces which determine the long-time swings in the world's price levels have not been greatly changed during recent years. The world's population and the distribution of this population are practically unchanged. Human tastes, human wants, and human capacity to labor are essentially what they were three years ago. There is no reason to believe that the world's annual rate of increase in the production of basic commodities—a rate of about 3 per cent a year—which has persisted for two generations has suddenly been changed permanently.

Gold production has increased substantially since 1921, and since 1913 the world's supply of monetary gold has increased faster than the world's production of basic commodities, while the efficiency of gold as the basis of our credit structure is being increased continually through improvements in our currency and banking machinery. * * * Moreover, the discontinuance of the gold standard recently by so many countries, with the resulting decline in the demand for gold, will tend to cause gold inflation—in other words, to stimulate a rise in prices in gold-standard countries. If a substantial part of the world should long continue off the gold standard, we may even witness a rise of commodity prices in gold-standard countries to a higher level than that preceding the crisis. * * * Many countries are still on the gold standard, including the United States, France, Belgium, Holland, Italy, Poland, Switzerland, the Union of South Africa, and (with some qualification) Germany; and all these countries declare it to be their firm intention to continue on the gold basis. Wherever the gold standard has been given up during the last three years it has been given up as it was during the World War, under the pressure of a great crisis, and not for the purpose of permanently substituting some other standard in its place. In every country that has suspended gold payments the suspension has been looked upon as an unfortunate but only temporary emergency measure, and in every case the predominant expectation on the part of the governing authorities and of the public is that the gold standard will be reestablished when the present world economic crisis is over. There is little sentiment in the world to-day for any other standard, such as the silver standard, the bimetallic standard, or some form of standard permanently to replace the gold standard. * * * With all, the gold standard, in the judgment of the world, is the best standard with which the world has had extensive experience.

The world, in my judgment, will slowly but surely return to the gold standard after this crisis is over, just as it did after the World War. In a few years' time most of the world will be as sick of managed paper currencies as it was 12 years ago. The main trouble will be that popular ignorance and lethargy, coupled with selfish special interests, economic and political, will, as in so many of the world's paper-money experiences in the past, force politics into the management and management into politics. This will spell inflation and currency breakdown. Politically speaking, the world is yet far from being ready for paper-currency standards.

This lucid statement of Doctor Kemmerer clearly indicates that this country is not suffering from a shortage in gold production.

At this time of crisis, when the people are battling with one of the most crucial economic depressions with which they have been confronted throughout the history of the world, when the very fundamental groundwork of our Government is threatened with wild proposals, untried and unproven theories, panaceas and cure-alls, with a large deficit in our National Treasury, it is important that we use deliberation and measure the consequences before embarking on a course diametrically opposed to our traditional principles and policies.

As a matter of fact there is more money in circulation to-day than there was in 1929. The trouble is there is not sufficient turnover—what we want is sound money with quick turnover. In order to bring about quick turnover and to restore the flow of currency there must be a restoration of confidence in the integrity and soundness of our governmental institutions, and especially in our money system. This can not be accomplished through ill-advised and unwarranted schemes of inflation.

This Government can set its printing presses to the task of printing money for circulation, and it can fill the country with such money and shove us off the gold standard, but before taking such a step it should endeavor to weigh and estimate the consequences. We have many living examples and precedents to guide us away from such a course, the last of which was the new republic of Germany, whose sad experience along this line was such as to shock not only her own people but the civilized world. This country, although she has teetered on the brink of bimetallism on one or two occasions, has never fully embarked on such a course, and if it is left to my vote she never will.

SEPARATION OF FAMILIES THROUGH UNREASONABLE PRESUMPTION THAT ALIEN RELATIVES ARE PERSONS LIKELY TO BECOME PUBLIC CHARGES AND DISCRIMINATIONS AGAINST BONA FIDE FAMILY REUNIONS RESULTING FROM ARBITRARY WITHHOLDING AND REFUSING OF VISAS

Mr. DICKSTEIN. Mr. Speaker, under the heading of "Immigration Drops to New Low Record," the newspapers all over the country published statements that American consuls have been refusing visas to prospective immigrants upon the ground that they are likely to become public charges, and due to such exclusion immigration has now dropped to the lowest figure since 1862.

There was also a statement from the Department of State dealing with this subject, which shows that the decline of aliens entering this country is continuous and that during the year less than 100,000 will be admitted, so that immigration this year will be 10,000 less than that of 1918, which was the lowest point within recent years. This total sum, however, includes not only immigrants entitled to preferences under our immigration laws, but all kinds of arrivals in the United States, both immigrants and nonimmigrants; quota and nonquota immigrants, transients, and aliens of all kinds, including those who come to this country for brief visits and who will have to return shortly to their countries of origin, so that the number of immigrants of quota classes, which I will discuss presently, will not exceed 10,000 in all.

There is no question but that if this exclusion policy continues indefinitely no immigration of any kind will eventually be permitted into the United States. It is contended that under this policy consuls deny 99 out of every 100 applications on various grounds. The official statement on this point reads:

> A great number are being denied under the contract labor law, which means, in effect, that an alien who discloses previous arrangements for work here is denied admittance. On the other hand, as it usually works out, if the alien admits that he has no work in prospect his application may be denied on the ground that he might become a public charge.

This statement requires a presentation of the true facts as they affect the well-being of American families and I therefore take the liberty of communicating to you what I believe to be the true situation. The act of the consuls in refusing admissions to hundreds and thousands of aliens is purely arbitrary and not in accordance with our immigration laws. The statement made that by doing so conditions of unemployment are helped along is fallacious, since in most of the cases the visas applied for are not for people who have no ties with American families but rather are for fathers and mothers of American citizens, usually between the ages of 60 and 70 years, who are too old to work, and wives and minor children of persons legally in the United States, the children being too young to work.

The term "public charge" is in itself very vague and the manner in which it is applied by our consuls abroad makes it even more indefinite. It was usually understood and was taken for granted, at least under the old immigration law, that where an able-bodied person applied for admission into the United States and there was nothing physically wrong with him and he had about $25 in his pocket he would be admitted into the United States without any question. At the present time we have relatives of American citizens seeking to gain admission to the United States able to show to the consuls family resources amounting to as much as $10,000 to $20,000, but who are nevertheless refused visas and classed as public charges, in spite of the fact that during the fiscal year ended June 30, 1931, the 97,139 aliens admitted for permanent residence brought an average of only $111 each.

It is, therefore, merely a subterfuge of the law which our consuls abroad are invoking for an alleged good purpose—namely, to curtail immigration which may come into competition with American labor—but in truth and in fact it is not people of that type who are being kept out of the United States. No sensible person can be opposed to any policy which denies immigration to prospective competitors with our labor. Our labor must be protected at all costs, and it is the duty of Congress, as well as any other body of American officials, to see to it that no immigration from abroad interfere with the well-being of our own citizens who are entitled to live and work in this country and whose work should be protected. That, however, is not the effect of the present procedure. It is not labor that is being prevented from coming to the United States but the bulk of the prospective immigration which is curtailed by the action of the consuls abroad consists of parents of American citizens; husbands of American wives, and even wives and children of American citizens, and also wives and children of legally admitted aliens are being discriminated against and prohibited from joining their families in the United States. These persons can not under any circumstances compete with American labor, and by refusing visas to them all that is accomplished is that the union of families is destroyed and American citizens are discriminated against, and vast sums of money are sent abroad to support outside of the United States these near relatives who, in all common sense and for the perpetuation of the basic idea of our civilization—namely, the economic entity of the family unit—should be assisted to join the family domicile prepared for them in the United States. The money thus sent out of the United States could better now be used in the United States, since the expenditure here would benefit United States industry rather than benefiting foreign industry when spent to support these near relatives abroad with money sent from the United States.

Owing to the stringency of our immigration laws at the present time all of the persons who can come into the United States are, with few exceptions, related to American citizens or related to aliens residing in the United States after having been lawfully admitted into this country. In this class we find fathers and mothers, wives and husbands, and children of American citizens or residents. It is only these classes that can come in from most of the countries which furnish the bulk of present-day immigration to the United States, and unless one finds himself in the category mentioned one can not enter the United States under any circumstances.

The practical effect of the acts of the consuls in refusing visas to prospective immigrants of the classes mentioned is to prevent the union of families. Thus a father and a mother of an American citizen may be separated from their children; a husband may be separated from his wife, and even children of American citizens are refused admission in many instances. The result of the situation is that families are driven apart from each other and there is grave danger that the separation of these families may ultimately mean their complete disruption and dissolution.

The Republican and Democratic platforms of 1928 assured the people of this country that families separated by the immigration laws would become united. The fact of the matter is, instead of uniting families this arbitrary action of our consuls abroad upon advice or direction from the State Department under this Republican administration has

rather resulted in separation of families and the consuls have gone as far as denying visas to children of American citizens because their American fathers could not show that they had as many thousands of dollars as the American consuls think sufficient to take a person out of the category of "public charges."

The statement therefore made by our Department of Labor is based upon an incorrect assumption that the prospective immigrants are likely to enter into competition with our American labor. I say that this is not a fact, and the official figures substantiate my contention. Both on the floor of Congress and in other public utterances I made it clear that I am in favor of immigration restrictions, particularly such restriction as will prevent the entrance of alien laborers. I do not wish to be considered as advocating any system by which such laborers can be admitted to the United States in competition with our own laborers. The fact of the matter is, however, that no relief has come to our American labor by keeping out these prospective immigrants, since, for the most part, these prospective immigrants are fathers and mothers of American citizens who are between the ages of 60 and 70 years, and are too old to work, or they are wives and minor children of American citizens or of persons legally in the United States, and the minor children, of course, are too young to work. Should these people be permitted to come in, their coming could have no effect whatever on our labor conditions, and not a single American as a result of it would lose his job. On the contrary, these persons would increase the number of consumers of American goods and would permit more labor to be employed in the furnishing of their wants and the making of goods necessary for these people. It is also significant that large sums of money, totaling about $300,000,000, have been sent abroad annually from this country to support these aged parents or minor children. If they were here, this sum of money would not be sent abroad but would be used right here in the United States for the purchase of their wants and distribution amongst our people instead.

So that instead of preventing prospective laborers from coming to the United States, the American consuls are preventing American families from being united. I for one would rather see the union of a few families in the United States than a thousand criminal aliens running loose throughout the country, some of whom should be deported but who are not. If these alien criminals were deported and in their stead law-abiding members of families permitted to come into this country it would immediately create better conditions and bring about happiness to many homes.

I believe if our people were apprised of the real situation they would learn how incorrect it is to say that the action of our American consuls abroad is beneficial to our people. Quite the contrary. Not a single person is kept out of this country as a competition with our labor conditions, but the many thousands who seek to come to the United States but who are denied admission on the plea of public charge would be coming to this country and become consumers of our American goods and permit our citizens to obtain work where now they can not.

It is essential for us to know that the assumption of Czar-like powers by consuls abroad who arbitrarily say who shall or shall not obtain a visa only results in the breaking up of home ties of American families. The State Department is taking no action to reverse the inhuman denials of visas to these relatives and has placed no rule or standard by which consuls can be guided in this method of conduct relating to the issuance of visas. We are leaving this grave human problem in the hands of men, many of whom have lost what Mr. Rudyard Kipling so aptly described as the "common touch."

To illustrate what I have said before I am making reference to a letter addressed to the New York Times by a former member of the Diplomatic Service of the United States, who on the date of April 24 says as follows:

> Many appeals were made to me to intervene in favor of people who had every claim to visas. The Diplomatic Service is powerless. The people who seek entry into our country are entirely at the mercy of the consular officers. Perhaps some of the latter are good and worthy, but others are lacking not only in tact and humility but even in a sense of justice.

What is the administration going to do about it?

During the session of Congress just adjourning extensive hearings were held before appropriate committees on bills proposing a method of appeal to Washington by citizens, legal alien residents, and their relatives abroad in cases where an American consul had withheld or refused an immigration visa after a petition had been approved by the Department of Labor in behalf of such relatives abroad. This proposition met with very strenuous opposition by the State Department under this Republican administration, so that I am convinced that the question of facilitating the reunion of families in the United States will receive no genuine, bona fide assistance from the so-called restrictionists, because their whole argument centers around the inviolate maintenance of the quota plan and insist that any union of families shall be accomplished by adjustments within the quotas, but at the same time they demand as a prerequisite before they give concurrence in any genuine relief measures the almost total elimination of all quotas. They, of course, know but apparently ignore the fact that their plan of reduction of the quotas also reduces the number of families united by reduced number of near relatives admitted within the quotas. Their plan offers no genuine reunion of families now separated by the operation of our quota system.

Current information given me from the State Department shows that for the year ending June 30, 1932, during which time the national-origins provisions of the immigration law would have provided for the issuance of 153,831 immigration visas to quota immigrants, there were issued less than 4,500 immigration visas to nonpreference-quota immigrants, whereas the reports issued for the year ending June 30, 1931, show there were issued 26,833 nonpreference-quota immigration visas; this indicates a radical reduction of about 83 per cent or more of these immigration visas issued to so-called new-blood immigrants—that is, immigrants with no previously established family ties in the United States.

So in conclusion I wish to emphasize the fact that the records clearly show that the American consuls abroad, acting upon directions or instructions from the Department of State with the tacit approval of the present Chief Executive, under the Republican administration, in their zeal to reduce the number of immigration visas issued by their respective consular offices by the strict application of the presumption that an alien applicant for a visa is liable to be a person "likely to become a public charge," have kept apart more families of American citizens and more families of resident aliens lawfully admitted for permanent residence in the United States than they have kept out of the United States so-called new-blood immigration. So that the present Republican administration should immediately put into operation some administrative order which will facilitate a bona fide reunion of families. Whenever the alien member of the family is able to fully qualify otherwise for admission under our immigration laws the family resources in the United States should be considered, and constitute a prima facie presumption by the consul that the alien applicant is not a person liable to be held as "likely to become a public charge."

CONGRESS MAKING COMMENDABLE EFFORT TO REDUCE THE COST OF FEDERAL GOVERNMENT

Mr. HARDY. Mr. Speaker, never before in the history of this country have so many people been interested in what is being done and what is not being done in the Congress.

The radio is responsible for the spread of much information and some misinformation over the land. The new tax bill probably is largely responsible for awakening the people to the cost of the Federal Government. All taxes, and especially those taxes paid at the local courthouse for town, city, school district, county, and State governments, have become oppressive.

Low prices of commodities, shrinking incomes from all sources, and the readjustment of values generally, have com-

bined to wipe out equities, impoverish the people, and make the tax burden felt as never before.

The people are entitled to relief. They are entitled to have the cost of government brought down in line with readjustment values.

The total cost of all government—town, city, county, school, State, and national—is about $14,000,000,000 a year. The cost of the Federal Government is about four and a half billions of dollars. So the cost of your local, city, county, school, and State governments is about nine and one-half billions of dollars.

The nine and one-half billions of dollars tax for city, county, school, and State government is raised chiefly by a tax on real estate and personal property. This tax is paid usually at the county courthouse.

None of the tax paid at the courthouse or the city hall goes to the Federal Government. Some people do not understand that. Some people seem to think that the heavy tax on the farm is caused by extravagance in Congress. But that is not so. Congress, at least, can not be blamed for the high taxes on the home or the farm or for any of the taxes that are usually paid to the county treasurer at the courthouse.

The Federal Budget, with which Congress has to do, is only about one-third of the total cost of government.

At different times during the past years I have given to the House and the country quite a detailed statement concerning the cost of the Federal Government. I shall bring these figures up to date and show you some of the problems of balancing the Budget.

Some people may not understand just what the Budget is, why it is out of balance, why worry about it if it is, why and what the deficit, and why the necessity of additional taxes in these hard times.

So I shall explain some of these matters in simple terms and hope to bring forward some interesting facts and figures.

WHAT IS THE BUDGET?

It is the annual financial statement furnished by the President to Congress at the opening of the December session each year. It comes up to the Appropriations Committee in the shape of a large book of about 800 pages. The brief statement of the Budget shows income and expenditures of the Government for the previous year, estimates for the present year and for the next year for which appropriations are to be made.

The appropriation bills passed by the present session of Congress are for the fiscal year from July 1, 1932, to June 30, 1933.

In brief the statement of the Budget by the President made up in the fall of 1931 and presented to Congress in December was as follows:

For year ending June 30, 1931

Total expenditures	$4,091,663,908.41
Total receipts, all sources	3,189,640,080.30
Deficit	902,023,828.11

Estimated for year ending June 30, 1932

Total expenditures	$4,361,839,800.00
Total receipts	2,238,878,800.00
Deficit	2,122,961,000.00

Estimated for year ending June 30, 1933

Total expenditures	$3,996,672,450.00
Total receipts	2,576,630,202.00
Deficit	1,420,142,248.00

ACTUAL FOR YEAR ENDING JUNE 30, 1932

On June 30 the fiscal year 1932 ended, so we can give the actual results:

Total expenditures	$4,886,000,000.00
Total receipts	2,005,000,000.00
Deficit	2,881,000,000.00

The increase in expenditures over previous year is accounted for largely by emergency construction, heavy postal deficit, $500,000,000 for Reconstruction Finance Corporation, and $125,000,000 for stock in Federal land banks.

WHAT IS THE DEFICIT?

The deficit you hear so much about is merely the amount of money paid out in excess of that taken in. It is no new thing in our country's finances. However, we have had no deficit since the war years until 1931.

The actual deficit for the last two years was:

For 1931	$902,000,000
For 1932	2,881,000,000
	3,783,000,000

And for the present fiscal year, ending June 30, 1933, without the new tax bill, the deficit would have been at least $1,420,000,000.

No country, however great, can go on spending more than it takes in year after year. It must balance the budget. It must collect as much as it spends or spend no more than it collects.

To balance the Budget for 1933, that estimated deficit of $1,420,000,000 must be wiped out. So Congress was asked to pass a new tax bill that would raise a little over a billion dollars and cut down Government costs and appropriations by about $400,000,000.

The new tax bill has been passed. The appropriation bills have been cut down considerably, a number of drastic economies have been put through, and it is believed now that the Budget will be balanced for this year of 1933.

WHAT CAUSED THE DEFICIT?

You may well ask that question. Many think and some assert that it is caused by extravagance of Congress. But that is not so by any means. There are some extravagances that should be cut out or down. But they are small and incidental to the large figures in Government affairs.

Beginning with 1920 the Budget was balanced. The country was getting along fine. The taxes, chiefly on incomes, were high in 1920. Several different times during the past 12 years the taxes have been reduced. I have brought these figures forward year after year, showing the great reductions in taxes, the large surplus turned in to the Treasury every year, and the constant and heavy reduction in the public debt.

From 1920 to 1930 a large surplus was accumulated every year and applied on the public debt. In 1920 the public debt was $24,000,000,000 and by 1930 it had been reduced to a little over $16,000,000,000.

SURPLUS FOR MANY YEARS

Look at these figures. They show the surplus accumulated each year for 11 years. Each year the surplus was applied upon the national debt, in addition to the statutory amount required to be paid.

1920	$212,500,000
1921	86,700,000
1922	313,800,000
1923	309,700,000
1924	505,400,000
1925	250,500,000
1926	377,800,000
1927	635,800,000
1928	398,800,000
1929	184,800,000
1930	183,800,000

Those were prosperous years, everybody happy, most people contributing little or nothing directly to Federal Government expenses. Most all the revenue came from income tax, customs, and tobacco. Here is a statement of sources of revenue for 1930:

Receipts for 1930

Income tax	$2,411,000,000
Customs	587,000,000
Tobacco	450,000,000
All other receipts	729,000,000
Total	4,177,000,000

Then came the dark panic years of 1930 to 1932. Down came values of all kinds—deflation runs rampant. Fortunes are wiped out and incomes fade away. With the vanishing of incomes from all classes of people, in all lines of industry, goes the possibility of collecting income tax, of course.

Income tax collected in fiscal year 1930 was $2,411,000,000. For fiscal year ending June 30, 1932, it was only $1,057,-

000,000. Down more than half—down more than $1,300,000,000. Other revenues are down in about the same proportion.

Take a glance at receipts for fiscal year just closed—June 30, 1932—and compare these receipts with those collected just two years before in 1930. Observe that total receipts for 1932 are less than half what they were in 1930.

Receipts for 1932

Income tax	$1,057,335,853.19
Customs	327,752,391.15
Tobacco	444,276,503.00
Other receipts	176,360,689.80
Total	2,005,725,437.14

So in 1931 instead of the usual big surplus the Government had a deficit of about $902,000,000.

And for the fiscal year ending June 30, 1932, the deficit was, in round figures, $2,881,000,000.

That is why the Budget is out of balance.

The major Federal tax has been based on incomes. When the incomes vanish, no matter how high may be the rates, tax levy does not produce much revenue.

No family, business, nor government can keep its credit good and run on long if it pays out more than it takes in each year. It must reduce expenditures or raise its revenues.

Why does not the Federal Government reduce its expenditures right now to the amount of money taken in?

Balance the Budget right off the bat by cutting enough off the pay roll to do it and add no new taxes.

A nation-wide propaganda put out by big business men has flooded the country with that slogan. Members of Congress have received thousands of letters from business men everywhere demanding that the Budget be balanced without a new tax bill.

That would certainly be fine if it could be done. But I will show you why it can not be done this year.

The total receipts this fiscal year ended June 30, 1932, were $2,005,725,000. That is all the money we took in from all sources. We should have had receipts of over $4,000,000,000, but we did not; they were down less than half what they should have been.

Now, if the Government should have decided to pay out only what came in this year it would begin with fixed charges, of course.

Here are some:

Interest on public debt	$599,276,000
Debt retirement	412,554,000
Pensions and veterans' relief	947,000,000
Adjusted-service certificate fund	200,000,000
Postal deficit	202,000,000
Total	2,361,708,000

So you see after taking care of the veterans' benefits and paying the interest and a little on the principal of the public debt there was nothing left for all the other functions of government.

You can not do away with the Army, Navy, Department of Justice, Agriculture, and the other major Government functions by a scratch of the pen. And, of course, nobody expects it to be done when they understand the facts.

There simply was no way to balance the Budget next year without a new tax bill.

THE NEW TAX BILL

Do Members of Congress enjoy working up and voting for a tax bill?

They do not.

Writing a tax bill and getting it finally enacted into law is about the most unpleasant duty the Congress has to perform—and one of the most difficult.

No tax bill is ever popular. In war times the people stand for a great deal without much complaint. For some years after the war the taxes were high. Gradually they were reduced until the Federal taxes were little burden on anybody. Less than 2 per cent of the population pay income tax.

And now in times of peace, in panic years, it becomes necessary to pass a new tax bill which will produce a little over $1,000,000,000.

This new tax bill taxes about everything from chewing gum to automobile tires, from bank checks to brewer's wort, and boosts the income and estate taxes to nearly war-time rates.

No single Member of Congress would have written this bill as finally passed. It contains many unpopular, inconvenient, and troublesome items. I would not have let a number of the nuisance-tax items in the bill if I could have helped it. But if each individual Member could keep out of a tax or tariff bill the items he personally is opposed to, you can readily see there would be no tax or tariff bill.

One proposal before the House was a manufacturer's excise tax of about 2¼ per cent factory cost on most manufactured products, exempting food, clothing, and medicines. The tax would have been collected from the manufacturer, as the tax on cigarettes and tobacco is collected. That proposal was voted down largely by the Democratic majority, and a long list of specially picked items was substituted upon which was placed the obnoxious excise tax—a sales tax, just the same, under some other name.

The one element of humor in connection with this unhappy tax business was the manner in which the Democratic leaders, who oppose a tariff bill generally, went after a tariff on oil, copper, and coal, and got it—by placing an import tax upon these products.

This tax bill will help to balance the Budget. It is hoped that it is only temporary. Much of it is written in the laws for only two years. Some of it may be amended or repealed when Congress meets next December.

ALL SALARIES HAVE BEEN CUT, INCLUDING CONGRESSIONAL

I offered an amendment to the legislative appropriation bill cutting salaries of Senators and Representatives $1,000. It failed of passage by only 8 votes.

If that amendment had been adopted that day, the country would have known that the Congress had cut its own salaries and would have applauded.

As a matter of fact, the salaries of Senators and Representatives have been cut, but most people in the country who are prone to criticize Congress do not know it.

The Congress passed what is known as the economy bill. It is estimated that this act will effect a saving in the cost of Federal Government of from $150,000,000 to $180,000,000. This act provides a cut in salaries of the Speaker of the House and the Vice President of 15 per cent and a cut of 10 per cent on the salaries of Senators and Representatives. This bill takes something away from every employee of the United States Government who gets a salary of more than $1,000 a year—it provides for a 5-day week, or a 30-day furlough without pay, or a salary reduction of 8⅓ per cent on salaries above 1,000 and up to $10,000. It covers a multitude of little items and makes many little savings and deductions through the service which in the aggregate amount to millions of dollars.

The Congress can not cut the salary of the President of the United States during the term for which he has been elected. However, to show his sympathy and interest in this campaign for lower costs of government, President Herbert Hoover has voluntarily ordered a 20 per cent cut in his salary—cutting it from $75,000 to $60,000. The members of the Cabinet have also voluntarily taken a 15 per cent cut in place of the 8.3 per cent required by the economy bill. This reduces salaries of Cabinet members from $15,000 to $12,750.

APPROPRIATIONS A BILLION DOLLARS LESS THAN LAST YEAR

The Appropriations Committee of the House of Representatives is the most economical branch of the Federal Government.

It helps to hold appropriations and expenditures down. It has been especially active this year in seeking places where reductions could be made.

The Appropriations Committee studies the estimates sent up by the Budget, hears many witnesses from all departments as to actual needs, then writes up the appropriation bills and reports them to the House. The House usually passes the appropriation bills just about as written by the committee. The Senate usually adds some millions of dollars to the bills as passed by the House.

But this year the Senate has done a most unusual thing—it has reduced the sums carried in the appropriation bills even below that passed by the House.

So the Congress as a whole has made a commendable showing in reductions of appropriation bills below totals carried for the previous year.

As finally passed, the total carried in all appropriation bills for this fiscal year, ending June 30, 1933, is just about $334,000,000 less than the Budget estimates sent up to Congress in December.

Total appropriations for 1933 are just about $1,139,000,000 less than appropriations for 1932.

In considering this large decrease for 1933 under the total for 1932 it should be remembered that there are extraordinary and unusual items in each fiscal year. For 1932 there are included—special sum, $500,000,000 for the Reconstruction Finance Corporation, $125,000,000 for capital stock of Federal land banks, and several additional sums of this character. For 1933 there is included the appropriation in the emergency relief and construction act of 1932, totaling $332,224,000, as well as increases for interest on the public debt and debt-retirement funds. Eliminating from each fiscal year the large special items applicable to that year, the decrease for 1933 under 1932 on all other items amounts approximately to $600,000,000. This includes the $150,000,000 of estimated savings under the provisions of the economy act.

The spirit of economy pervades the atmosphere around the Capitol as it has not done for years. There is a determination to reduce expenditures, cut out waste and duplication, and bring the cost of government down. The Appropriations Committee has had fine support by the membership of the House and unusual cooperation in the Senate.

PORK BARREL BILLS COST A LOT OF MONEY

I got my impression and conviction about congressional pork barrel bills long before I was elected to Congress.

Some years ago I was down on the Mexican border following the big news of the day. Got some good stories about Pancho Villa as a temporary ruler and as a private bandit, General Pershing's expedition into Mexico, raid and burning of Columbus by Villa's men. Saw some of his men in the State penitentiary at Santa Fe. But the best story written that season, I think, was my impression of the pork barrel building bill before Congress.

I had read in a local newspaper of the efforts of a local United States Senator to get into a public building bill $250,000 for a post-office building for his home town. That sum sounded big to me, so I strolled around to the post office and asked the postmaster what rent he was paying for office quarters. He said $50 per month—$600 per year.

Rather extravagant, I thought, to build a building costing a quarter of a million dollars to house a business then paying $600 rent a year.

In justice to the Senator and the system and in light of knowledge gained in more recent years, think it quite probable that the proposed $250,000 building was designed to accommodate the United States Federal court as well as the post office.

A Federal courthouse in connection with a post-office building was a fine piece of pork in the old days. The Member got an innocent little bill through Congress designating Homeville as a place where the Federal court might sit. Then when Homeville was included in a public building bill it got a courthouse at $225,000 to $250,000 instead of a post-office building at $90,000 to $100,000.

The additional cost for the second and third stories for court facilities has usually run about $125,000.

Interest on that sum at 4¼ per cent would be about $5,312 a year—to say nothing about additional cost for light, heat, janitor, and a court clerk or two. In some of these places the Federal court may meet not more than 6 to 12 days a year. In some of these small-town Federal courthouses I fancy it costs the Government $1,000 a day for every day the court actually sits.

Since I have been a Member of Congress we have had no pork barrel building bills until this session. Some years ago the Congress passed a public building act which provides that as money is made available places for buildings shall be selected by a joint committee of the Treasury and Post Office Departments.

This year a huge pork barrel building bill was introduced and passed the House but did not become a law. I had to vote against it.

It would have provided buildings in many towns, several in every Member's district all over the country. It included 1,093 towns for $70,000 buildings and 418 towns and villages for $55,000 buildings.

In the old days the towns out through the country would have been rampant for these buildings. But people are beginning to be concerned about Government appropriations. This year this gigantic pork barrel bill fell flat.

In many towns where a $55,000 building was suggested the Government now pays less than $1,000 per year rent. When the Government moves into a new $55,000 post-office building, its yearly cost for interest and maintenance is not less than $5,000 per year.

Take Holly, Colo., for example; suppose a $55,000 building were put up there in the interest of the unemployed.

The actual construction would require so little labor, particularly local labor, that it would hardly be noticed. A local landlord would lose a good tenant. A piece of local real estate would be removed from the tax rolls. Neighborhood property owners or the town would have to pay the sidewalk and street paving tax, as the Government does not do that. The Post Office Department would cease paying the $1,000 a year rent. But the Treasury Department would assume carrying charges of about $5,000 a year—a net loss to the Government of $4,000 a year.

For Holly to get a building it would be necessary to give about 1,000 other towns of similar size similar buildings, and that would make an annual loss of about $4,000,000 which would be added to the taxpayer's bill for many years to come.

In the old days of prosperity and pork-barrel stuff that bill would have gone over without question. But the people are counting the cost of government and want it reduced. Many towns listed for buildings asked their Congressmen to oppose the measure. Holly, Colo., did that. The people have changed suddenly. There was very little argument from the country for this bill. In the old days people seemed to think that Government money came from nowhere and cost nobody anything; therefore get all of it spent in your community that you could. But they are finding out to their sorrow that every dollar the Government spends is added to their tax bills.

PENSIONS AND BENEFITS FOR VETERANS OF ALL WARS

The country is grateful and the Congress has tried to be liberal with legislation and appropriations for veterans and dependents of all wars.

Something over $15,000,000,000 have been paid for pensions and benefits of one sort or another to our veterans of all wars. Occasionally uninformed persons have quoted this figure as the cost of benefits for veterans of the World War. But such is not the case. It covers all wars from 1790 down to date.

The cost of pensions granted to veterans of all wars, except the great World War, from 1790 to June 30, 1932, was $8,637,569,793.

The cost of benefits granted veterans of the World War up to April 31, 1932, amounted to $5,266,952,369.91, to which might be added $1,355,220,091.79 loaned on the bonus certificates. That would make a total of $6,622,172,461.70.

Pensions and benefits for the veterans of the several wars run about as follows:

War of the Revolution	$70,000,000.00
War of 1812	46,203,800.40
Indian wars	53,614,907.47
War with Mexico	60,149,291.73
Civil War	7,601,773,450.02
War with Spain	686,146,515.60
Regular Establishment	102,872,972.30
Unclassified	16,808,856.22
Total all other wars	8,637,569,793.74
World War benefits	6,622,172,461.70
Grand total	15,259,742,255.44

REDUCTIONS AND ECONOMIES EFFECTED BY THE SEVENTY-SECOND CONGRESS

Mr. GARBER. Mr. Speaker, Members of the House, upon your return home, the first thing the people will want to know is: How much have you reduced the cost of government? They are entitled to this information, and I propose to give you the actual figures as agreed upon by our Democratic chairman of the House Appropriations Committee and the Republican chairman of the Senate Appropriations Committee, which make this information reliable and such as you may give your constituents in answer to their question.

The people have set the example in reduction by reducing their own expenses and then reducing the cost of their local government.

THIS CONGRESS HAS MADE UNPRECEDENTED REDUCTIONS IN FEDERAL EXPENSES

Upon several occasions, as we approached the end of the session, I endeavored to state the amount of reductions being made and finally estimated the total economies to be effected at $700,000,000. Now, at the close of the session it is indeed gratifying to me to be able to state that such estimate was more than justified. The actual savings have far exceeded the amount of the estimate. The total reductions made during this session of appropriations for the fiscal year 1933 are $857,353,618.94 less than the appropriations for the fiscal year 1932. Add to this enormous reduction the estimated minimum savings of the economy bill and you have a total reduction for this session of Congress of $1,007,353,618.94. This total reduction is a greater reduction than has ever been made by any previous session of Congress. It shows that the Congress has responded to the demands of the people and followed their example in reducing the costs. I am sure this will be gratifying to your constituents as the people generally everywhere were deeply interested in this question. They wanted the expenses of government brought within the limits of the revenues and placed upon a sound business basis.

Notwithstanding this unprecedented record of reduction, this enormous amount of saving, it does not fully reflect the work that this Congress has done to effect permanent economies in government. Still further reductions will be made as reorganization takes place and the cutting out of duplication progresses, as the Executive weeds out unnecessary employees and recommends the abolition of all unnecessary boards, bureaus, and commissions as the laws are revised and amended.

In the very nature of things there are certain charges, rather of a fixed nature, which must be paid. They may be reduced somewhat, but in their substantial amounts they must be paid, as the following will illustrate:

Interest on the public debt	$640,000,000
Sinking-fund requirements	496,803,478
Veterans' Administration, including permanents and indefinites	1,020,364,000
Naval service, including permanent annual appropriations	318,906,141
Military service, exclusive of nonmilitary items, but including permanent annual appropriations	290,575,924
Postal Service	806,104,675
Total	3,572,754,218

At a glance it is easily seen that the reductions in these six items can not be as great as many would expect. Deducting this sum of $3,572,754,218 from our total appropriations of $4,761,192,479.24 for 1933, you have remaining $1,188,438,261.24. Thus it will be observed that the field of reduction is much more restricted than many believe. In a country filled with progressive, ambitious citizens, it is with much difficulty that appropriations are reduced. Yet in the face of all these obstacles we have effected a saving of $1,007,353,618.94. We believe that still further reductions may be made in several of the above items, but it will require a change of substantive law to effect them.

I voted for the retirement of 2,000 Army officers from the service to further economize, but the item was defeated in the Senate.

POSTAL COSTS MUST BE CUT TO A MINIMUM CONSISTENT WITH EFFICIENT SERVICE

The amount for the Postal Service likewise will afford opportunities for reduction, although we must admit that popular demand has insisted upon a progressive expansion of its service to the people. The demand for reading matter daily fills sacks with papers and magazines to be delivered by the rural carriers on rural routes reaching out in every direction. The Rural and City Free Delivery Service, the Parcel Post System, the savings-funds accommodation, money orders, air mail expansion—all have been demanded and have added to the total cost.

In 1931, out of a total expenditure of more than $802,000,000, the receipts from postal business alone aggregated more than $666,000,000, the deficit for 1931 amounting to $145,725,910. We believe that expenses may be cut so as to place the department upon a paying basis.

HOW MUCH DOES THE FRANKING PRIVILEGE COST THE GOVERNMENT?

As evidence of the interest in this department, we quote the following letter:

DEAR MR. GARBER: While at the post office to-day, a traveling man said that if Congress had abolished the franking privilege there would not have been any deficit and no need for a tax bill. We would like to know how much the franking privilege costs the Government.

The newspapers are responsible for a great deal of misinformation in regard to the cost of the franking privilege. The total cost for handling franked material of Members of Congress for the year 1931, which includes both Members of the House and Senate, was only $530,298.50—just a little more than half a million dollars. I have given you the actual figures, the accuracy of which is vouched for by the Postal Department. In the face of these figures, what becomes of the statement of the traveling man that "if Congress had abolished the franking privilege there would not have been any deficit and no need for a tax bill"?

AIR MAIL AND SHIP MAIL SERVICES ARE COSTING US TOO MUCH

Contrast the cost of the franking privilege of $530,000 with the free handling of newspapers published and mailed in the counties of their publication for 1931 of $8,425,242.11. Contrast the cost of the franking privilege of $530,000 with the cost of handling second-class mail over revenues for 1931 amounting to $96,973,717.40. We believe that substantial economies can be made in the Postal Department. For instance, in 1931 the maintenance of air mail for the domestic service cost $17,693,410, while the revenues received were $6,210,344.86, leaving a net loss of $11,383,065.14. Take the foreign air mail service. It cost the United States in 1931, $6,564,858, while the returns from our foreign air mail service aggregated $780,422, leaving a net loss of $5,784,435, or a combined net loss for 1931 for air mail service of $17,167,500.14.

Take the carrying of mail in American ships to foreign countries upon the basis of combined poundage, mileage, and speed of ships. The department during the year 1931 incurred a loss in the carriage of such mail of $18,911,474.

The above items of loss show that we have been forcing the carriage of air mail and ship mail far beyond its practical stage, and such items should be cut down to the limits of the revenue they afford.

CONGRESSIONAL COMMITTEE WILL STUDY PRACTICAL ECONOMIES FOR POSTAL SERVICE

A subcommittee of the House Committee on the Post Office and Post Roads has been directed to fully investigate and report at the next session all the economies which can be safely made in the Postal Department, and if such amendments include the abolition of the franking privilege I shall support it.

THE FRANKING PRIVILEGE IS FOR THE BENEFIT OF THE PEOPLE BACK HOME

The purpose of the franking privilege was to enable the Representative to send information back to his people, answering all their inquiries in regard to public questions, their petitions, protests, telegrams, giving his position on public questions, information as to what Congress is doing

or has done, such as I am now furnishing, giving the exact information as to what reductions this Congress has made in the expenses of government.

THE PEOPLE SHOULD MAKE THEIR CHOICE OF REPRESENTATIVE ON A BASIS OF SERVICE

It is the duty of a Representative to keep his constituents as fully informed as possible and to make to them a report of his services. This I have done at the close of each session so that the people of the eighth congressional district have been kept fully informed as to my position on all public questions. They know to-day where their Representative stands upon all national questions and how he has voted upon such questions as they came before Congress. It enables them to determine intelligently whether such course has represented their views and their interests as they saw them at the time. With such information continually at hand, it makes it difficult for the opportunist seeking self-preferment because he is a Democrat or a Republican, because he wants the office, or because the big interests of the country may feel that in his election they will have a friend in court. The position of Representative should be bottomed upon actual service to the people of the district and not to the special interests in Wall Street or the inside organization of any political party.

GIVE CONGRESS THE CREDIT IT HAS EARNED

While Congress, like all other legislative bodies, is subject to criticism, and deservingly so in many instances, yet I am sure the people which you represent will be glad indeed to give Congress credit for the actual accomplishment of reducing the costs of government during this last session $1,007,353,618.94.

DISCRIMINATION AGAINST THE FARMER

Mr. JONES. Mr. Speaker, a few days ago the gentleman from Oklahoma [Mr. GARBER], in the course of a speech which he delivered on the floor of the House, took occasion to offer some criticism of the Democrats for not passing some general farm-relief legislation during this session. This phase of his address ignores the most essential facts in connection with the situation.

Three farm organizations indorsed what is known as the 3-way bill which would have given the board the optional right to utilize the equalization-fee plan, the debenture plan, or the cost-price allotment plan. This so-called 3-way plan was favorably reported by both the Senate Agriculture Committee and the House Agriculture Committee. The House Agriculture Committee also favorably reported the debenture plan. The 3-way plan was taken up in the Senate and after discussion was not passed but was sent back to the committee by a vote of 38 to 28. After the adverse action by the Senate, the House did not take action thereon, although the bills, of course, remain on the calendar.

What is the basis of the farm problem to-day? Every thinking man must admit that the present farm conditions were brought about primarily by two things, first, the legislation which has heretofore been enacted favoring certain special groups, and, second, the discriminations against agriculture, especially in the tariff and freight rates.

The industrial tariff schedules, through a long period of years, have increased the price of the supplies which the farmer must buy. On the major surplus farm commodities, the tariff is of little, if any, advantage. This is especially true of wheat and cotton, and on cotton it can be of no advantage whatever.

This discrimination against agriculture has bled the agricultural sections white and destroyed the purchasing power of those engaged in farming. This has caused an economic paralysis which has slowly crept up on the rest of the economic body, and finally by destroying the purchasing power of the farmer has tended to destroy the market for the industrial products themselves.

During the last 12 years the Republicans have had control of the Executive and both legislative branches of the Government. In this period this favoritism and these discriminations have been practiced to a greater degree than ever before.

What has been the offering of the leaders of the Republican Party for restoring agriculture to a basis of equality with industry? They established the Federal Farm Board, with powers of such a nature that they could not touch the basic essentials of the problem. They put this board into the buying and selling of commodities, wholly ignoring the vital discriminations which are responsible for the present plight of the farmer. No matter how able the members of this board might have been, they did not have authority to do the things that would have been necessary to restore agriculture to its proper place in American life. They undertook to do a great many things that have tended to aggravate rather than help the situation.

I am not unmindful of the fact that they undertook this experiment in one of the most difficult periods of American history. At the same time, no matter what their ability might have been, the mere matter of marketing could not possibly heal the discriminations in our trade barriers and other legislation in operation at the same time which operated to the disadvantage of those who were engaged in tilling the soil.

During the long years of agitation for the equalization fee and the debenture plans the President has consistently opposed both of them.

When the equalization-fee plan was passed by the House and Senate some years ago it was vetoed by President Coolidge, a long statement from Secretary Mellon being attached as a part of the veto message. It was commonly understood that Mr. Hoover, then Secretary of Commerce, assisted in the preparation of the data and in paving the way for a veto. Senator L. J. DICKINSON, then a Member of the House, said that the arguments sounded "strangely like those of Mr. Hoover," the Secretary of Commerce.

Soon after Mr. Hoover became President he called the Congress into special session primarily for the purpose of enacting farm-relief legislation. His lieutenants, with his full approval, presented the principles of the present Farm Board act. It is his pet and his baby, and it was drafted in the form that he desired and it was crowded through the House and Senate without material amendment. While it was pending an effort was made to amend by attaching the equalization-fee plan. This was voted down. An effort was made to substitute the debenture plan. The effort became so serious that a letter addressed to Senator CHARLES L. MCNARY and signed by the President was sent to the Congress on April 20, 1929, and was read into the RECORD. In this statement the President gave 10 reasons why he opposed the debenture.

Thus the President opposed each of the plans which had for their purpose the removing of the discriminations against agriculture.

In his message to the Congress on April 16, 1929, the President specifically stated that there should be no fee imposed and that no form of price guaranteeing should be indulged in. Thus he specifically condemned the plans that were offered to restore equality and stood upon his own plan, which was enacted into law and for which he is primarily responsible.

What has been the result? The prices of wheat and cotton and of practically all farm commodities have been lower than at any time in a half century.

The program he advanced has not only not restored agriculture, but its very operations have tended to accumulate further surpluses while other nations of the world were disposing of theirs, to the point where we now have more than 11,000,000 bales of cotton—practically a year's production—in the carry-over; and we had more than 400,000,000 bushels of visible wheat before the harvesting of the 1932 crop began. These accumulations have been so enormous that any plan of real relief would be very greatly handicapped by these surpluses and would be in material danger of being swamped. Practically all of the reports from farm organizations admit that before the matter can be cured in any way some disposition must be made of these great surpluses.

We are not interested in political relief. What we want is real relief, or rather a real cure.

The Democrats have had control of the House of Representatives by a slender margin during the present session of the Congress. The Republicans have had control of the Senate. The Republicans have had control of the Presidency. They have had control of all three branches for 12 years. The occupant of the White House has been the same personage who has repeatedly condemned the various programs advanced by the farm groups.

With this situation prevailing, with the Republicans in control of two of the three branches of the Government, it is idle to talk about the Democrats, who are in control by a narrow margin of only one of the three branches of Government, being responsible for the failure of curative legislation and of their being charged with the duty under such circumstances of correcting all of the results of 12 years' Republican misrule. This is especially true when in any proposal that was suggested they were compelled to go into the teeth of the open and positive statement of the opposition of the President, placed in black and white, which constituted advance notice that any such action would meet a presidential veto.

In view of these facts, in view of the appalling mistakes of the last 12 years, in view of the stand-pat attitude of the present administration and its cohorts, the only hope for the American farmer is for him to remember the ides of November and vote to place the Democrats in power of both branches of the Congress and the Presidency.

If this is done, the Democratic Party will set about the task of removing the discriminations against agriculture, of doing away with the favoritism to special groups, and will legislate in such a way as to restore the Government of the United States to the people.

ACTIONS SPEAK LOUDER THAN WORDS

Mr. HESS. Mr. Speaker, Congress came to a close July 16 with no attempt by the Democrats in control of the House and its committees to carry out the promise of the Democratic national platform adopted June 29.

THE WORDS

Immediate modification of the Volstead Act to legalize the manufacture and sale of beer and other beverages of such alcoholic content as is permissible under the Constitution, and to provide therefrom proper and needed revenue.

THE ACTION

Just nothing, although the Democratic-controlled House had sufficient time to consider and pass a modification of the Volstead law and knew they would have the support of 77 Republican Members.

The people want action. They should not be fooled again by Democratic promises. When they vote for Republican candidates for the House and Senate who promise to vote for "immediate" modification and repeal, they know that those promises will be carried out.

The votes in the House at the last session on submission of the eighteenth amendment and modification of the Volstead law clearly prove a larger percentage of wet Republicans than of wet Democrats. The wet Republicans were ready and willing for action. The wet Democrats yielded their personal views to those of their party leaders.

Actions speak louder than words.

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 50 minutes p. m.) the House adjourned until to-morrow, Thursday, July 14, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

632. A letter from the Secretary of War, transmitting a report dated July 11, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Multnomah Channel, Oreg.; to the Committee on Rivers and Harbors.

633. A communication from the President of the United States, transmitting a supplemental estimate for the Veterans' Administration, for the fiscal year ending June 30, 1933, in the nature of a proposed amendment of Public Resolution No. 35, entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932 (H. Doc. No. 362); to the Committee on Appropriations.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PATMAN: A bill (H. R. 12957) to provide for controlled expansion of the currency, increase in commodity prices, relief of unemployment, and the immediate payment to needy veterans of the face value of their adjusted-service certificates; to the Committee on Ways and Means.

By Mr. RANKIN: A bill (H. R. 12958) to authorize additional broadcasting facilities for certain States whose facilities are below their established quota under the radio act of 1927, as amended; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. KELLER: A bill (H. R. 12959) to amend the Federal corrupt practices act, 1925, to provide minimum penalties of fine and imprisonment for violations thereof, and for other purposes; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. CHRISTGAU: A bill (H. R. 12960) to provide immediate gathering and dissemination of such economic data and information as will enable farmers to make such regional or national readjustments in acreage and in production as shall aid in bringing about the reconstruction of agriculture and the balancing of production and demand in the United States; to the Committee on Agriculture.

Also, a bill (H. R. 12961) to repeal the homestead, preemption, and desert-land laws of the United States of America and all laws or parts of laws amendatory thereto providing for the transfer of public lands to individuals for agricultural purposes; to the Committee on the Public Lands.

By Mr. KELLY of Pennsylvania: A bill (H. R. 12962) to provide for the stabilization of industry during the existing national economic emergency; to the Committee on the Judiciary.

By Mr. HOWARD: A bill (H. R. 12963) to deny compensation to Senators, Representatives, Delegates, and Resident Commissioners absent from the sessions of their respective Houses, except under certain conditions; to the Committee on the Judiciary.

By Mr. BYRNS: Joint resolution (H. J. Res. 473) to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932; to the Committee on Appropriations.

Also, joint resolution (H. J. Res. 474) making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof; to the Committee on Appropriations.

Also, joint resolution (H. J. Res. 475) making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 31, 1932; to the Committee on Appropriations.

By Mr. GARBER: Joint resolution (H. J. Res. 476) to limit the amount of compensation paid by common carriers by railroad which may be charged to operating expenses; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOYLAN: A bill (H. R. 12964) for the relief of Joseph P. Kinlen; to the Committee on Military Affairs.

By Mr. DELANEY: A bill (H. R. 12965) for the relief of the Mizrach Wine Co.; to the Committee on Claims.

By Mr. DOUGLASS of Massachusetts: A bill (H. R. 12966) for the relief of the Massachusetts Bonding & Insurance Co., a corporation organized and existing under the laws of the State of Massachusetts; to the Committee on Claims.

By Mr. HOGG of Indiana: A bill (H. R. 12967) granting an increase of pension to Elizabeth Plasterer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12968) granting an increase of pension to Harriet E. Hess; to the Committee on Invalid Pensions.

By Mr. HOLLISTER: A bill (H. R. 12969) granting Briggs Cunningham Jones the privilege of filing application for benefits under the emergency officers' retirement act; to the Committee on Naval Affairs.

By Mr. HOPKINS: A bill (H. R. 12970) granting an increase of pension to Anna Aughinbaugh; to the Committee on Invalid Pensions.

By Mr. KLEBERG: A bill (H. R. 12971) for the relief of D. E. Sweinhart; to the Committee on Claims.

By Mr. MOREHEAD: A bill (H. R. 12972) granting an increase of pension to Fannie Bates; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 12973) granting an increase of pension to Anna M. Thompson; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 12974) granting an increase of pension to Agnes C. Johnson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8532. By Mr. CRAIL: Petition of Studio Carpenters' Local Union, No. 946, Los Angeles, Calif., favoring the enactment of legislation providing for a $5,000,000,000 bond issue for necessary public improvements to give employment and relief to the people; to the Committee on Ways and Means.

8533. By Mr. LINDSAY: Petition of National Cooperative Council, Washington, D. C., urging the repeal of the agricultural marketing act; to the Committee on Agriculture.

8534. By Mr. RANSLEY: Resolutions from the Philadelphia Wool and Textile Association, favoring the abolition of those activities of the Government for so-called farm relief, which have proved to be impractical, wasteful, and at the same time harmful to business, to the end that further drains upon the Federal Treasury for such purposes may cease; to the Committee on Expenditures in the Executive Departments.

8535. By Mr. RUDD: Petition of National Cooperative Council, Washington, D. C., favoring the repeal of section 9 (known as the stabilization clause) of the agricultural marketing act; to the Committee on Agriculture.

SENATE

THURSDAY, JULY 14, 1932

(Legislative day of Monday, July 11, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. STEVENSON, Mr. GOLDSBOROUGH, Mr. MCFADDEN, and Mr. STRONG of Kansas were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the bill (S. 4747) to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed without amendment the bill (S. 3276) to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926.

The message also announced that the House had passed a bill (H. R. 8374) to authorize the settlement, allowance, and payment of certain claims, and for other purposes, in which it requested the concurrence of the Senate.

MERGER OF DISTRICT STREET RAILWAYS

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Vermont [Mr. AUSTIN] that the Senate proceed to the consideration of House Joint Resolution 154, to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes, and the Senator from Nebraska [Mr. NORRIS] is entitled to the floor.

Mr. BINGHAM. Mr. President, would the Senator from Nebraska be willing to yield to permit a motion to be offered for the reconsideration of the vote by which the farm aid bill was passed on yesterday?

Mr. NORRIS. The Senator does not want to take it up now, does he?

Mr. BINGHAM. I want to make the motion to ask for a return of the papers at once, as I understand the House is likely to consider the measure this morning. It may not be that the Senate will agree to a reconsideration.

Mr. NORRIS. I would not have any objection to yielding for the purpose of entering the motion, but, as I understand it, the papers in the case referred to have already been sent to the House, and that means the motion would be debated before bringing the papers back. It might lead to unlimited debate. I would rather the Senator would wait until I am through. I would rather not yield for that purpose.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me to enable me to suggest the absence of a quorum?

Mr. NORRIS. Yes; I will yield for that purpose.

Mr. SHIPSTEAD. Mr. President, will the Senator from Wisconsin withhold the suggestion for a moment?

Mr. LA FOLLETTE. Very well.

Mr. NORRIS. I yield.

Mr. LA FOLLETTE. I would like to ask the Senator from Connecticut whether he has consulted with the Senator from South Dakota [Mr. NORBECK], the author of the bill? As I understand it, the Senator from South Dakota is engaged in a conference meeting this morning. It seems to me he ought to be notified.

Mr. BINGHAM. I shall not press the motion to reconsider, merely the motion to ask for return of the papers.

Mr. NORRIS. It all means that the motion to reconsider will probably result in the bill being debated until it is too late to get action in the House. I decline to yield.

The VICE PRESIDENT. The Senator from Nebraska declines to yield.

Mr. BINGHAM subsequently said: Mr. President, I desire to enter a motion to reconsider the action of the Senate whereby the bill known as the farm aid bill, introduced by the Senator from South Dakota [Mr. NORBECK], was passed on yesterday.

Mr. NORRIS. Mr. President, has the bill been sent to the House?

The VICE PRESIDENT. It has been messaged to the House.

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Nebraska will state the parliamentary inquiry.

Mr. NORRIS. A motion made to reconsider could not be considered or entertained unless the papers are returned, could it?

The VICE PRESIDENT. Under the rule the motion can not be considered until the papers are returned. Also under the rule the motion to reconsider shall be accompanied by a motion to return the papers and action upon the motion calling for the return of the papers is to be taken without debate.

Mr. NORRIS. Would not the consideration of the motion lead to debate?

Mr. BINGHAM. The motion is not debatable and will not, therefore, lead to discussion.

The VICE PRESIDENT. The motion to return the papers is not debatable.

Mr. BINGHAM. In view of that fact I hope the Senator will not object.

Mr. SHIPSTEAD. Mr. President——

The VICE PRESIDENT. The Senator from Nebraska has the floor. Does he yield to the Senator from Minnesota?

Mr. NORRIS. I yield.

EMPLOYEES OF GOVERNMENT PRINTING OFFICE

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to introduce a substitute for Senate Joint Resolution 200 now on the table. This substitute is suggested by Mr. Carter, the Public Printer, at my request. I am informed that this substitute has been submitted to the Comptroller General McCarl's office, who gave an informal opinion that the aim to be accomplished by Senate Joint Resolution 200 can only be attained by the adoption of this substitute.

The joint resolution (S. J. Res. 205) relating to leave with pay for employees of the Government Printing Office was read the first time by its title, and the second time at length, as follows:

Whereas under authority of existing law it is the practice of the Government Printing Office in granting annual leave with pay to grant such leave only after the employee has earned during the fiscal year the full 30 days' leave; and

Whereas the practice in other Government departments has been to grant leave as earned at the rate of two and one-half days per month; and

Whereas the employees of the Government Printing Office in accordance with section 103 of Title I of Part II of the legislative appropriation act for the fiscal year ending June 30, 1933, will be deprived not only of leave earned during the fiscal year 1932 but also of leave earned during the fiscal year 1933, and the annual leave with pay accumulated during the fiscal year 1934 will not be available until after June 30, 1934; and

Whereas under the provisions of existing law employees of the Government Printing Office are not now and never have been entitled to sick leave with pay; and

Whereas the effect of such section 103 of such legislative appropriation act of 1933 discriminates against employees of the Government Printing Office: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provisions of section 110 of Title I of Part II of the act entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes," approved June 30, 1932, all moneys returned to the Treasury on account of furlough and pay reduction from the wages and salaries of employees of the Government Printing Office under said act are hereby reappropriated as they become available for use by the Public Printer in payment of leaves of absence earned by said employees during the fiscal year ended June 30, 1932; such payments to be in lieu of time off on account of said earned leaves of absence and in full compensation therefor; and all payments so made shall be in alphabetical order beginning with employees of the lowest grade and those who may die or be separated from the rolls during the fiscal year 1933, but shall not include payments for any leaves of absence earned during the fiscal year 1933.

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent for the immediate consideration of the joint resolution.

The VICE PRESIDENT. Does the Senator from Nebraska yield for that purpose?

Mr. NORRIS. That, too, will lead to debate.

Mr. SHIPSTEAD. I do not think it will. If it does, I shall withdraw my request.

Mr. ROBINSON of Arkansas. Mr. President, I do not think consideration of the joint resolution will call for much debate.

The VICE PRESIDENT. Is there objection to the request of the Senator from Minnesota?

Mr. JONES. Mr. President, I am heartily in favor of the joint resolution, but it ought to go to a committee and be reported back to the Senate first before we take action on it.

Mr. SMOOT. Under the rule it will have to go to a committee.

The VICE PRESIDENT. Without objection, the joint resolution will be referred to the Committee on Appropriations.

UNIT BANKING

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD of to-day's proceedings an address on the subject Holding the Line for the Unit Bank, delivered by H. B. McDowell, prominent Pennsylvania banker, vice president of McDowell National Bank, of Sharon, Pa., before the Thirty-eight Annual Convention of the Pennsylvania Bankers' Association, held in Pittsburgh May 17, 18, 19, 1932. Mr. McDowell is the son of the late Alexander McDowell, former Member of Congress at large from the State of Pennsylvania and later Clerk of the House of Representatives, and is at present a member of the executive council, American Bankers' Association, and past president of Pennsylvania Bankers' Association.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

HOLDING THE LINE FOR THE UNIT BANK

Mr. President, ladies and gentlemen of the Pennsylvania Bankers' Association, and guests, I have been asked to discuss with you the subject of pending bank legislation in Congress, particularly as it concerns unit banks. My text, therefore, is taken from Senate bill No. 4412, page 44, section 19, beginning at line 18, as follows:

"Paragraph (c) of section 5155 of the Revised Statutes, as amended, is amended to read as follows: '(C) A national banking association may, with the approval of the Federal Reserve Board, establish and operate new branches within the limits of the city, town, or village, or at any point within the State in which said association is situated: *Provided*, That if by reason of the proximity of such an association to a State boundary line the ordinary and usual business of such association is found to extend into an adjacent State, the Federal Reserve Board may permit the establishment of a branch or branches by such association in an adjacent State, but not beyond a distance of 50 miles from the place where the parent bank is located. No such association shall establish a branch outside of the city, town, or village in which it is situated unless it has a paid-in and unimpaired capital stock of not less than $500,000.' "

This simple statement means that if a national bank has $500,000 and upwards of paid-in capital it can establish branches in any part of the State in which it is located; and if it happens to be near the border, it can spread out for 50 miles into another State, whether the State laws in either State permit branch banking or not; and, further, even if the State laws absolutely prohibit branch banking. This, in my opinion, is intended only as the forerunner of nation-wide branch banking.

HISTORY OF BRANCH-BANKING PROPOSAL

Before going into the merits of this revolutionary proposal may I set forth a series of events that have led up to the legislation now before Congress? This discussion naturally divides itself into two parts, which are interrelated to a larger extent than would appear on the surface.

While there have been advocates of branch banking for many years, the first serious effort for a broad adoption of the principle was made in the American Bankers' Association convention at Los Angeles in 1925, where it was sought to place the convention on record in favor of branch banking. This effort was defeated, and the issue remained more or less dormant until 1928.

In May, 1928, Hon. John W. Pole in an address before the Maryland Bankers' Association at Atlantic City pointed out that 5,000 banks had failed, with liabilities of one billion five hundred million. He recommended as a cure enactment of a Federal law which would permit national banks in large cities to engage in branch banking within so-called trade areas.

The comptroller overlooked in this address the time over which these failures took place and the general location of the failed banks. Also that the total average assets per bank were only $300,000. Nor did he make any statement as to the actual final loss to depositors. Since large banks were included in his figures, he might have stated that many of the failed banks were very small and had no sufficient prospect of success even at the time their charters were granted. Had he pointed out that in the 9 years prior to 1928 only 121 banks had failed in the 14 Eastern States, including Ohio on the west and Maryland on the south; that in that same period there had been no failures at all in the State of New Jersey, only 6 in the State of Maryland, and only 36 in the State of Pennsylvania; that New York, Pennsylvania, Ohio, and West Virginia had the lamest record during this period, and that 6 of these 14 States had had only 1 failure each in 9 years; then these certainly would have been no cause for alarm about the unit-banking situation so far as these 14 Eastern States were concerned.

The reasons for the failures, which could have been cited in 1928, were that too many charters had been granted in all States, so that competition had been forced on established banks, both

by State and Federal authorities. In my own community one National and two State banks chartered, where no more were needed, have passed out of the picture.

The failures in New York, Pennsylvania, Ohio, and West Virginia, the 4 States of the 14 Eastern States having the greatest population and the largest number of banks, can be assigned to specific reasons in addition to the excess number of chartered banks.

(a) In New York—to speculation together with faulty and dishonest financing.

(b) In Pennsylvania—to a changed bituminous-coal situation in the western section, and a changed anthracite-coal situation in the eastern section, these changes due partly to State and Federal governmental interference. Also, real-estate speculation on the part of building and loan associations in the eastern part of the State caused much distress.

(c) In Ohio—to competition of banks with building and loan associations operating under laws very detrimental to banks, causing highly inflated real-estate prices.

(d) In West Virginia—to the bituminous-coal situation.

It must be admitted, in view of the foregoing, that bank management of any type—whether in centralized or unit banks, could not have controlled these conditions, nor could it have expected to cope successfully with, for instance, cotton and real estate in the South—wheat and farm products in the West—and the changes we experienced in basic industries in the Eastern States, including ill-advised building and loan competition operating under State law.

As a matter of fact the situation might well have been worse, since in addition to the economic recession large banks had sold many issues of bonds and stocks based upon all of the property and types of bad industry enumerated above. Under unified control, sales resistance would have been less and the chance increased for a greater distribution of bonds and securities faulty in their inception and not infrequently based on either ignorance or dishonesty, or both. In fact, one of the main contentions for branch banking is that a wider and more economical distribution of securities could be had, and a more mobile pool of accumulated savings would be available for the financial centers. Under that sort of control, one wonders to what lengths our recent debacle in investment securities might have taken us.

MORE HISTORY

The figures of 1928 showed that 121 banks had failed in the 14 Eastern States in the 9 years, while 4,439 had failed in the United States as a whole—a percentage of 2.7 per cent for the Eastern States. Had the facts been given the publicity they so richly merited, I firmly believe much of the trouble in the East would have been averted.

Starting about the time of the comptroller's 1928 address, many financial writers, speakers, and alleged authorities turned loose a running fire of propaganda which indiscriminately attacked country banks and held up branch banking as the cure for a "bad banking system." This in spite of the fact that the unit system had operated successfully in the Eastern States. It is significant that during the next two and one-half years to July 1, 1931, failures in Eastern States increased to 340, against a previous record of 121 failures in 9 years.

By July 1, 1931, there had been a total of 7,193 failures in 11½ years, divided as follows:

In 14 Eastern States	340 or	4.7 per cent
South of Maryland and east of Mississippi River	1,525 or	21.3 per cent
West of Ohio in remaining States	5,328 or	74 per cent
	100	per cent

This represents an increase from 1928 of 2,754, or more than 62 per cent, after the attack began. I am sorry that later figures are not available.

Published articles appeared in the Saturday Evening Post, Harper's, Atlantic Monthly, World's Work, Standard Statistics, Moody's, Business Week, and many other periodicals, including the daily newspapers, all pointing to the weakness of the unit-bank system and of country banks in particular. Many of these articles had every indication of being inspired by individuals and interests wishing to advance the branch-bank idea.

One of the most unfortunate omissions was that all failures of groups and chains were placed in the unit-bank-failure column. Not one official word, even yet, has appeared concerning the extraordinary failures centering about Louisville, Ky., where a group operating under the guidance of Rogers-Caldwell carried down almost 100 banks. Nor has much been said about the branch-bank experiments in New York, where many consolidations took place, and the failure of the Bank of the United States carried down more than 57 corporations; or of the Bankers Trust Co. in Philadelphia, with its 21 branches; or of Toledo, Canton, Youngstown, Ohio; New York, Boston, Chicago, Louisville, and other cities where branch or group banking is established. The assets tied up by these failures are of far greater amount than those of all the failed country banks put together. The contrast between these totals in the Eastern States is particularly impressive.

And while much has been heard, nothing has thus far been said about the situation in California, except that their climate remains soft and balmy.

Moreover, it should not be forgotten that these very failures of city banks adversely affected country banks and in many cases brought about their failure, also, because the city bank carried country bank reserve funds as well as funds in transit, both aggregating huge totals.

I assert that research and declaration have not sought the fundamental truth, namely, that one seat of the trouble was in too many banks. The record shows that North Dakota had one bank for every 750 of its inhabitants, and Iowa one for every 1,400. The situation in these States was not exceptional. On the contrary, an excessive number of banks had been established throughout those sections of the country mainly devoted to agriculture. It is admitted, also, that a further cause of difficulty and eventual failure was the Federal reserve act, which removed from city banks the cost of the transfer of funds and placed it upon the country banks by denying the latter the right to charge for checks drawn on them and sent for collection by their city correspondent banks.

Another contributing cause for uncertainty and bank failures has been the interference of the Federal Government in loaning money through the Federal farm-loan banks and joint-stock land banks, which have dumped surplus funds in prodigious quantity into agricultural sections at the same time, hampering the banks in their ability to loan money safely.

SOWING SEEDS OF DISCONTENT

For more than five years the unit bank has been under a constant fire of propaganda from writers and speakers, thus actually creating "events and circumstances" for immediate as well as ultimate use. The first and perhaps the greatest exponent of this art was the well-known P. T. Barnum. He has to-day many apostles in our centers of financial influence. While the Chicago troubles were on, articles in Moody's Letters and in Standard Statistics pointed to a "Recurrence of failures among country banks." Babson's Service also did a bit of pointing in the wrong direction. While the Pittsburgh troubles were on, the Pittsburgh Post-Gazette of October 26, 1931, spoke of troubles among country banks. Business Week, of September 17 and 24, 1931, spoke of weakness of country banks in the midst of grave troubles in New York, Philadelphia, and Chicago. Only last summer the president of a large Detroit bank said in an address having wide circulation that Federal legislation would be proposed for the purpose of preventing failures among country banks.

What the public might actually have been told was the course of procedure within the "big tent," meaning, of course, those unavoidable ceremonies within the larger groups where "shotgun weddings" of banks took first place in the order of the day's business. [Applause.]

POINTS OF VIEW

It is interesting to note here the vigorous opposition of city bankers to those provisions of the Glass bill dealing with holding companies and security affiliates.

In the May issue of the Atlantic Monthly, Mr. John T. Flynn describes "The Science and Art of Ballyhoo" as practiced by Edward L. Bernays. Mr. Bernays has established a very lucrative business dealing with the science of unconscious mental processes. He deals with the psychology of the crowd and he controls or directs mass thinking through group leaders. He sells his services. I do not know who has directed the propaganda for branch banking, but the methods used follow very closely those employed by Bernays.

First the attention of the public was called to the great number of bank failures, avoiding all suggestion as related to group, branch, and chain failures. Then the great strength of city banks was played up in contrast to the alleged weakness of country banks. Scant attention was given to city bank failures. The large tie-up of assets in cities as contrasted to the small asset tie-up in the country was missed as clean as a whistle. Then we had the testimony of the big boys before the Banking and Currency Committee, then interviews in newspapers and periodicals, and now more statements, from which I quote as follows:

Mr. Robert O. Lord, president of the Guardian-Detroit Union Group (Inc.), in the Wall Street Journal of May 3, says: "If the Glass bill in its present form becomes law and permits state-wide branch banking, there will not be the slightest danger of big banks obtaining sole control."

I have recently read in the May 7 issue of the Michigan Investor an address delivered by Mr. Lord before the Bankers' Club of Detroit at their semiannual banquet, in which he makes several statements and arrives at some conclusions. In regard to this I would only have this comment to make: That, having started with a wrong premise, Mr. Lord naturally arrives at a wrong conclusion, and when he says, 'that upon the enactment of the branch-banking provisions of the Glass bill there will be a greater anxiety on the part of the country banks to be taken over as branches than on the part of the city banks to take them over," it is permitted to raise a considerable question as to the accuracy of this statement in view of the opinions which I have heard expressed by several Michigan bankers outside of Detroit. In fact I believe the weight of opinion in both number and amount would be very much against the statements contained in Mr. Lord's address.

The vice president of a large New York trust company, in the Philadelphia Public Ledger and the Wall Street Journal of April 30, was quoted as declaring in an interview with President Hoover that the branch banking section of the Glass bill is of vital importance to the country. This gentleman has since said that the subject of branch banking was not even mentioned in his interview.

Royal Meeker, the economist, is quoted as having said that the national banks hail with joy the thought of Federal control of all banking processes.

Since these published items are all of the same cloth, it is pertinent to recall that the same sequence of events—namely, the World War, followed by the boom of 1919 and part of 1920, and the collapse of 1920 and 1921—which undermined a great many of our small agricultural banks, also undermined great branch-banking systems in many parts of the world. These failures include a great bank in Denmark; a great bank in Canada with 400 branches; the Banque Industrielle de Chine in China, with its widespread branches; the Banca di Sconto in Italy, with branches spread all over that country; and more recently the collapse of great branch-banking systems in Japan and Austria. In all parts of America the great bulk of unit banks as measured by resources survived the shock, and in every State the majority of unit banks in number and resources stand intact. As a matter of fact, despite the present business recession, more than 95 per cent of all bank resources are still intact.

THE AMERICAN BANKERS' ASSOCIATION ATTITUDE

May I refer to the position assumed by our own American Bankers' Association officers, who were instructed at Cleveland in 1930 to uphold the autonomy of State laws with regard to branch banking. Before the Senate committee they vigorously opposed certain other features of the bill which had not been anticipated by their members, and upon which no instructions had been given. Aside from the strong testimony of Mr. Rudolph S. Hecht, chairman of the economic policy commission, the official position taken by the American Bankers' Association on section 19 is weak indeed. I quote from a statement as follows:

"In regard to section 19 of the bill covering branch banking, we call attention to the resolution of the American Bankers' Association adopted at Cleveland in 1930 which reaffirms its belief in the unit banks, modified to the extent that community-wide branch banking in metropolitan areas and country-wide branch banking in rural districts, were economically justified, may be desirable, but in every respect preserving the autonomy of the laws of the separate States in respect to branch banking."

"Neither the executive council nor any committee of the association has power to take any position in conflict with the action of the convention."

Now, just what does this conclusion mean? Does it mean they are still of the same opinion as they were in 1930, or does it mean that because their hands are tied is the only reason why section 19 is not now indorsed? It certainly does not explain why it is that a vigorous protest against section 19 was not entered by the officers of the association in accordance with the convention mandate.

As the late Phineas T. Barnum might say: "The herd is now ready to tumble and throng its way past the box office." In other words, we are told in effect that the psychology of the mass has been prepared so that they will now accept branch banking as a cure for our present ills. Let me say, gentlemen, that if the unit bankers of America are not willing to accept that verdict, they must take off their coats and go to work.

I like to think I have many friends among city bankers for whom I have great respect. But to them this is simply an academic question. Even though many oppose branch banking, they know they can not be hurt by it, and besides a widening of their field may be of value to them in the future. Let us not fool ourselves by thinking that the public has any interest in this question except as they have been taken over by propaganda. The public, which does not understand the strangulation of branch banking, has only one interest—namely, that banks stay open. Unit bankers who want to preserve their business can not pass the buck to anyone. We must do the work ourselves, even though this warning may come to many of us as a distinct shock. Remember—

"Still as of old, man by himself is priced,
For 30 pieces of silver, Judas sold himself—not Christ!"

OTHER PHASES OF THE PROBLEM

May I refer to other phases of this problem? Commercial banking is not the only necessary and legitimate function of banks. Other bank services, however, seem to be receiving scant consideration at the hands of legislators. The time has not yet arrived when we must bend the knee and acknowledge as our sole god or king the creation and distribution of goods.

Twenty years ago character was considered to be an asset, and the elder Morgan once said something to the effect that he would rather loan to a man with good character than to a man with a good statement. To-day there is a great hue and cry for absolute liquidity, supported by balance sheets, which in many cases would exclude character loans. After all, the experience of the past few years might lead our Federal authorities to believe that character was an absolutely extinct asset; but out in the country districts we still know some honest folks, and maybe they can't pay in 30 days, but they will pay.

Before taking up some of the other things that have caused bank failures over the 12-year period from 1920 to 1932, let me observe that in spite of the record of the failures that those who were fortunate enough to have deposits in banks, either open or closed, during the past few years will come out with a much greater percentage of their principal left than they would have had if they had invested it in many of the so-called good securities which were offered with high recommendations.

And when we speak of consolidation and the economy thereof let us remember that corporations in the United States doing a business of one hundred and twenty billions in 1930 earned less than 1 per cent on the capital invested, and the record in 1931 and so far in 1932 is much worse. The overhead is hard to control.

The world was thrown out of joint by the World War. Ever since the armistice artificial respiration has been induced and we have tried to solve our difficulties by giving various kinds of shots in the arm to the sick patient.

We have had frequent but incomplete debt settlements. We have had a controlled money market. We have had conferences, and more conferences, and experiments. In December, 1930, a conference of the heads of the trade bodies was held at Washington. There was no use of it unless those who spoke were to give a true picture of their particular industry. In the light of later events it appears that most of those who spoke were, to say the least, not well informed. The conference was followed by private agreements not to reduce wages, on the theory that if labor costs were kept up commodity prices would soon be dragged up by the boot straps. Everyone was encouraged to believe that prices would rebound within a short time, but this did not work.

Again, we realize that central bank interest rates are manipulated throughout the world. So poorly have world finances been handled that Germany has had to establish an international barter clearing house. The Federal reserve banks buy Government bonds. The price goes up. Perhaps, whenever they stop buying, or when more bonds are issued, the price will come down. How far down? Is the question. Some think there is a world-wide necessity for credit inflation. To what extent is it necessary and when will our leaders stop inflating it?

Again, when the Interstate Commerce Commission grants to a railroad the right to issue bonds, should a banker be condemned for having bad judgment if he thinks the proceeds are to be used for railroad purposes? In 1928 such a privilege was granted to the Wabash Railroad. Sixty millions of bonds were issued. The proceeds, I am informed, were used to buy Lehigh Valley and Ann Arbor Railroad stocks. The road is now in receivership.

Likewise in 1928 and 1930 the Interstate Commerce Commission authorized the St. Louis & San Francisco Railroad to issue bonds. In 1932 they say to the same road, "You must reorganize your finances." Meaning, of course, that they must default interest on bonds issued in 1928 and 1930. Many other railroad bonds similarly authorized by the Interstate Commerce Commission are now quoted at receivership prices.

Should a mere banker be censured if he failed to visualize the Interstate Commerce Commission with their "tongue in their cheek"? Frankly, it would seem that somehow those in authority work like the census taker who somehow found the death rate in a certain town was 11.7. On being asked what that meant, he said he did not know unless 11 were dead and 7 were at the point of death.

At some time B. C. there were three wise men in the East—but that was B. C.

In 1931 President Hoover announced a moratorium on foreign governmental debts beginning July 1 and lasting one year. Concerning this, Sir Henry Strakosh, the English economist, wrote as follows:

"A moratorium has been aptly described as 'Insolvency for future delivery.' No debtor wants to be insolvent if he can help it, when delivery time comes, so he strains every nerve to realize assets and to curtail purchases in the intervening period; while creditors—bent upon creating liquid resources, in case the debtors should indeed become insolvent on the day of delivery—do likewise. The result is to double the pressure on realizations and so to accentuate the fall in prices and the lack of confidence it creates." If anyone doubts the logic of this statement, let him look back at what has happened since the moratorium was declared. Let him also look ahead and envision actual default in July, 1932.

In October, 1931, the National Credit Corporation was launched. Later, the Glass-Steagall bill and the Reconstruction Finance Corporation.

My friends, is it any wonder that people are confused and lack confidence? Is it any wonder that bankers everywhere have been unable to interpret movements correctly? And who is there that believes that centralized control of banks through branch banking would, or could, make the authorities any more expert in handling the morphine gun?

In all seriousness, I ask you if in your judgment we should, through the medium of branch banking, turn over our financial destiny to those who assume financial leadership, but who have themselves failed so miserably. Shall we not frankly admit that the idea of safety in "big-banking leadership in America" stands as a hopelessly exploded myth?

AS FOR RESULTS

There must, of course, be changes in banking law. One ought not criticize without offering some suggestion for a remedy. There should be a restriction on the number of charters that can be issued. The capital stock required should be increased so as to eliminate entirely the very small bank that can not profitably exist. I do not see why a code containing the fundamental principles of bank organization and management could not be gotten together, which would be universally adopted by the States in much the same manner as the negotiable instruments act was adopted, and in much the same manner in which the collection code is now being adopted. There are certain principles which are so fundamental that they could be included in such a code; and there would probably be very little difficulty in securing the adoption of the code in all States. If the same fundamental principles were the basic law of both the Federal and State banking depart-

ments, a uniformity could be had which would be of value in strengthening the unit system of banks.

Supervising agencies should be strengthened and enlarged so that complete examinations and honest and fearless bank direction could be applied.

However, there is no substitute for individual initiative. When folks point to the success of Canadian branch banks, I suggest that they go up to the lakes and follow along the American side and then return on the Canadian side. There is the same climate, the same natural resources, and about the same kind of people; but the difference in the growth and development of the two countries is startling. The strangulation that comes of branch bank control is at once apparent.

If you ask why the branch system has survived in Germany, the answer is found in the fact that since the reorganization of February 22, 1932, the Reich has supplied 90 per cent of the capital on one bank—70 per cent of the capital of a second bank—and 70 per cent of the capital of a third bank. The Reich controls the largest bank with the most extensive branch system. Of five most famous banks, only three remain; and the only banks in Germany which did stand up were the unit banks, which have not required Government assistance.

If you want to find out why they survived in France examine the French Government treasury figures showing that the Government absorbed the loss to French banks occasioned by England going off the gold standard.

And then go to Japan and you will find that the Japanese branch-banking system survived the war period of 1914 only to collapse in 1921 and later. Just another moratorium.

According to figures submitted by Senator GLASS before the Banking and Currency Commission, the wealth of this Nation was $376,000,000,000. The largest amount of gold we ever had was a little over five billion, or a ratio of something over 70 to 1. Five billion gold and three hundred and sixty-five billions of credit and property. In a period of three weeks in September and October, 1931, more than $1,000,000,000 of gold was withdrawn from this country. There must have been a shrinkage inevitably of more than seventy billions of credit. Does it not seem to you that this shrinkage, coupled with vacillation in the control of the money market, must have had more to do with bank failures than did inexpert bank management? The New York Times of April 17, 1932, said—"Business property alone has shrunk in value in the last three years by $100,000,000,000." We know that the shrinkage in the market value of stocks listed on the New York Exchange aggregates $64,000,000,000.

Let me say to you that the advocates of branch banking are on their toes and are turning all of these "events and circumstances" to further their ends. So far the unit bankers have been singularly silent. Only a few have spoken.

HELPERS

Charlie Zimmerman, who prevented the adoption of the branch bank resolution at Cleveland in 1930, told the bankers at Williamsport that we would have an organization of unit bankers for our own protection. He also informed the legislative committee of the executive council, American Bankers' Association, that if the association was not willing to appoint a functional committee so that the voice of the unit banker could be heard (for the first time perhaps), then that voice and the medium for its expression will have to be heard through some other avenue. He also reminded the Banking and Currency Committee of the Senate concerning the promotional idea that activates many of the advocates of branch banking. His work on behalf of the unit banker has been outstanding. [Applause.]

Then there is Felix McWhirter, of Indianapolis, president of the State bank division, American Bankers' Association. He gave the executive council at White Sulphur Springs the true American gospel. Many of the unit bankers are like a friend of mine up in Sharon. A preacher asked him if he was not ready to put the devil out of his life. My friend said, "I'm not so sure, the way business is, whether or not I should take on any more enemies."

CONCLUSION

What we are going through to-day is not new. Fifty years ago Prof. William G. Sumner, a professor at Yale, had the following to say: "Extravagant governments, abuses of public credit, wasteful taxation, legislative monopolies and special privileges, juggling with currency, restrictions on trade, wasteful armaments on land and sea, and other follies in economy and statecraft are capable of wasting and nullifying all the gains of civilization." He might have added branch banking as another folly in economy and statecraft, but unfortunately the fallacy was not so well known at that time.

The Glass bill now has preferred status on the Senate Calendar, and its place it held in the House by the Steagall bank deposit guaranty bill. If we are to defeat this strangling, stultifying legislation we must be up and doing.

Let us get busy before we have saddled upon us the Prussian idea of "The state-czar, absolute master of persons and things, which is flourishing and spreading to fantastic perfection in Germany. The German Republic controls all the banks and the movements of capital. It dominates all of the great industrial and commercial enterprises. The new economic constitution suppresses all liberty. The state fixes the scale of wages and the salaries of those in private pursuits. The economic constitution has no author. Each isolated measure has been taken under a supposed necessity; but all of these measures converge toward an economic system controlled and closed as strictly as that of Russia. The revolution evolves under our very eyes, while we continue to look for it in the future."

If unit bankers want to preserve their business and if this Nation of ours wants to have any semblance of individual liberty left, unified control of financial processes through a national system of branch banks must be prevented. The two agencies which can contribute most to that end are the unit bankers of America and the Constitution of the United States. [Applause.]

MAJORITY AND MINORITY STATEMENTS OF APPROPRIATIONS

Mr. JONES. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. JONES. It is customary for the chairman of the Committee on Appropriations, after Congress adjourns and within the time limit fixed for the printing of the RECORD, to file a statement regarding the appropriations for the session. I ask unanimous consent that I may have that privilege and also that the minority may have a similar privilege to file a statement.

Mr. McKELLAR. Mr. President, I have no objection, but I want to have the privilege of filing a statement on behalf of the minority.

Mr. JONES. Yes; I have made that a part of my request.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington as modified by the suggestion of the Senator from Tennessee? The Chair hears none, and it is so ordered.

DISARMAMENT

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the New York Times of July 3 entitled "New Phase in the Arms Parley Opens with Hoover's Proposal," written by Raymond Leslie Buell, research director Foreign Policy Association.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article is as follows:

NEW PHASE IN THE ARMS PARLEY OPENS WITH HOOVER'S PROPOSAL—A DECISION ON A DEFINITE PLAN OF REDUCTION IS NOW ASKED OF THE CONFERENCE, WHICH HAS PASSED FIVE MONTHS IN FRUITLESS DEBATE

(By Raymond Leslie Buell, research director Foreign Policy Association)

One year after his famous proposal for a debt moratorium, President Hoover has again startled the world with a far-reaching and drastic proposal for armament reduction on land, sea, and in the air. He advocates (1) the abolition of "aggressive" weapons, such as tanks, poison gas, large mobile guns, and bombing planes; (2) the reduction of the treaty tonnage of battleships and submarines by one-third, and of cruisers, airplane carriers, and destroyers by one-fourth; (3) the reduction by one-third of the "defense components" of armies.

The plan states that an army has two functions: (a) The maintenance of internal order, (b) defense against foreign attack. Having a population of 65,000,000, Germany was allowed an army of 100,000 by the treaty of Versailles on the theory that this number was necessary to maintain internal order. The President proposes that every country take the German proportion as a basis for fixing the "police" component of its army and then reduce by one-third the remaining effectives, constituting the "defense" component.

WHAT THE PLAN MEANS

It is believed that the adoption of this plan would reduce the number of men under arms in Europe, excluding Russia, by half a million. Moreover, the plan would result in the scrapping of 350,000 tons of ships by the United States, 366,000 by Great Britain, and 267,000 by Japan, or a total of 983,000 tons in comparison with the 1,645,000 tons scrapped as a result of the Washington conference of 1921–22. President Hoover believes the adoption of his proposal as a whole would save the world from ten to fifteen billion dollars during the next 10 years.

From the political standpoint, the proposal has given the arms conference new hope of life; has tended to relieve the United States of responsibility should the conference eventually fail, and has postponed an immediate demand on the part of Europe for cancellation of the interallied debt.

Geneva—First stage

Before analyzing the plan in greater detail and discussing the prospect for its adoption, it may be of interest to review the history of the disarmament conference since its first meeting at Geneva on February 2.

The first stage of the conference ended on March 17, when an adjournment over Easter was taken. During this stage three main proposals for disarmament were made: (1) The Italian proposal for the abolition of aggressive weapons, (2) the Russian proposal for progressive disarmament, (3) the French proposal for an international police.

I. AGGRESSIVE WEAPONS

Signor Grandi pointed out that the treaty of Versailles had forbidden Germany to maintain "aggressive" weapons, such as tanks, heavy artillery, military airplanes, battleships, poison gas, and submarines. Should every government agree to abolish such weapons a great step toward reducing arms would be made. During the first stage of the conference 27 of the 60 represented countries supported either total abolition or the restriction of certain aggressive weapons.

Those who advocated this measure declared that these new weapons of war had destroyed the traditional superiority of defense and that their abolition would make the invasion of a foreign territory, protected by fortifications and machine guns, almost impossible. Such abolition would convert armies into instruments of "defense" in accordance with the spirit of the antiwar pact. Moreover, abolition would be a concrete step toward reduction which could be taken without the necessity of agreeing upon the relative strength of every army in the world; such abolition would make possible an immediate saving in expenditure. Finally, it would be a step toward giving Germany equality with France.

OPPOSING ARGUMENTS

Three arguments were, however, made against the abolition of aggressive weapons. The first was that such a step would put an end to the mechanization of armies and bring about a return to mass movements. The abolition of tanks and artillery would not diminish the tensity of warfare, but merely produce a stalemate, making decisive victory impossible.

In the second place, the paper abolition of such weapons would not prohibit peace-time manufacture, if not in arsenals, at least in private factories. To remove this defect, some form of international supervision of the manufacture of arms and abandonment of industrial preparedness was necessary.

In the third place, it was objected that it was impossible to distinguish between an aggressive and defensive weapon. These arguments for and against aggressive weapons prevented progress being made on this question during the first phase of the conference.

II. PROGRESSIVE DISARMING

While the Italian plan aimed at attacking the problem of material, the Russian proposal for progressive disarmament was confined to man power. Thus M. Litvinov asked that States having armies larger than 200,000 reduce by 50 per cent; States with armies between 30,000 and 200,000 men reduce by a smaller percentage; while States having 30,000 men retain the status quo. This principle was aimed at securing "equality for all," but since its percentages were regarded as too drastic and since the plan ignored the differences between the great and small powers, it was not seriously considered.

III. AN INTERNATIONAL POLICE

The conference was startled on February 5 by a plan submitted by M. Tardieu, then French Premier, for the creation of an international police force. France believed, he said, in giving the league a real executive authority as an essential preliminary for disarmament. The present system of sanctions prescribed by Article XVI of the covenant was inadequate because of the difficulty in obtaining the necessary cooperation of States in times of emergency. If Europe could rely upon a league police force, it could consent to drastic disarmament.

Tardieu proposed the establishment of a small league army, to be supplemented in time of need by national contingents. Moreover, he would place "aggressive weapons" at the disposal of the league and organize an international civil air transport service. The purpose of this latter proposal was to meet the difficulty caused by the ease of converting a commercial into a military plane. If all the commercial aviation systems could be fused into a single international company, no one government could employ commercial planes for military purposes.

PLAN HELD PREMATURE

Although the plan of internationalizing civil aviation met with wide approval, even those who believed in the principle of international sanctions regarded the international police plan as premature. In fact, some observers were unkind enough to suggest that the Tardieu Government had advanced the plan in order to have a reason not to disarm. On June 20 the new Herriot Government announced that, for the time being, it had abandoned the idea of a league army.

Although the first stage of the conference did not arrive at any definite agreement, it was generally believed the conference would accept (1) the principle of budgetary limitation, (2) the abolition of poison gas, (3) the establishment of a permanent disarmament commission, (4) and possibly some method of internationalizing civil aviation in Europe.

The second stage

When the conference reconvened on April 11 Ambassador Gibson, head of the American delegation, accepted for the United States the idea of eliminating aggressive land weapons, such as tanks and heavy artillery. On April 15 Secretary Stimson arrived in Geneva and carried on conversations with the various delegations, including Prime Ministers Bruening, Tardieu, and MacDonald. Although at first the United States wished to limit the principle of aggressive weapons to armies, it finally agreed to the inclusion of navies.

In a resolution of April 22 the conference accepted the principle of "qualitative" disarmament, and instructed the special commissions to examine all armaments, whether naval, land, or air, with a view to selecting those weapons which are "aggressive" in character. On May 1 Mr. Stimson left Geneva, having failed in his plan to hold a further discussion over reduction of armies with the German and French prime ministers, because of M. Tardieu's illness in Paris.

DIFFERENCES APPEAR

Although the military experts who shared in shaping the treaty of Versailles had little difficulty in determining what weapons should be prohibited to Germany, the expert commissions of the Geneva conference could reach no agreement despite a month's debate. On May 26 the naval commission presented a draft report exhibiting an insoluble difference over the battleship and the submarine. Eleven countries, including France, Germany, and Italy, expressed the belief that the battleship above a certain size was an aggressive weapon. The three leading naval powers—the United States, Great Britain, and Japan—took the opposite view; they did not wish to abolish the basis of their naval supremacy over France and Italy.

The same division occurred over the submarine. The small countries regarded the submarine as the best "defense" against the battleships of the great powers; the United States, Great Britain, and Argentina believed, however, that the submarine was an "aggressive weapon."

On June 6 the land commission made a report revealing similar differences. It declared that all artillery could be used either for offensive or defensive purposes.

DISAGREEMENT ON AVIATION

Finally, two days later, the air commission reported that the delegates could not agree that bombing planes were any more aggressive than other types. It followed that the only means of ending the bombing danger to civilian populations was to abolish all aviation, which no one would consider.

These reports demonstrated that there were no technical criteria by which aggressive could be separated from defensive weapons.

Confronted by this anticlimax, the conference began to despair. There were rumors that the European States wished an adjournment for a year, until after the reparations question had been settled, but that the American delegation opposed such adjournment for political reasons. Meanwhile the French elections had resulted in the establishment of a radical socialist government, headed by M. Herriot, one of the authors of the famous but ill-fated Geneva protocol of 1924.

En route to the Lausanne reparations conference, Prime Ministers Herriot and MacDonald stopped off at Geneva on June 13 to see what should be done about the arms conference. A few days later Mr. MacDonald returned from Lausanne to Geneva, where Anglo-French-American conversations were again held.

At this stage it seemed that the idea of abolishing aggressive weapons had been given up. The French apparently proposed that the conference adjourn after agreeing to reduce military expenditures by a figure to be decided upon later, while the British suggested that for a term of years governments should not replace most of the offensive weapons prohibited to Germany by the treaty of Versailles.

The United States, however, was unwilling for the conference to end with these meager results. The press reported on June 19 that Senator SWANSON, one of the delegates, had warned that Washington could not give up its hopes of obtaining a reduction in land armaments, especially when being asked to cancel the interallied debt. One report intimated that if the conference failed, Senator SWANSON would attack debt cancellation in the Senate upon his return. These dispatches brought forth a denial from Secretary Stimson that the debt question had been injected into the situation.

The Hoover plan

At 2 o'clock in the morning of June 22 the league secretariat hurriedly sent out a call for a meeting of the conference. At this meeting the United States presented Mr. Hoover's far-reaching plan for reduction of armies and navies, including the abolition of tanks, large artillery, and bombing planes, and the prohibition of all bombardment from the air.

Although a large number of smaller countries, as well as Italy, came to the support of the Hoover proposal, its acceptance will finally depend upon the attitude of the leading military powers, particularly France. Their attitude is affected not so much by the general reduction features of the Hoover plan as by the following special considerations: (1) The Hoover plan, while proposing a reduction in the armies and navies of other powers, would authorize increases for the United States, particularly in its Army; (2) the plan would severely reduce the present military superiority of France over Germany without giving France any assurances that an extremist government in Germany, once it obtained military equality, would not repudiate all reparations obligations, seize the Polish Corridor, and revive pre-war plans for expansion in central Europe.

I—AMERICAN FORCES

Under the Hoover plan the United States alone will be authorized to carry on new naval construction—in the case of cruisers and aircraft carriers. Moreover, under the Hoover scheme of estimating "police components" the United States, having a population about twice that of Germany, would be authorized to increase its Regular Army from 140,000 to about 200,000 men.

Our Regular Army is already supplemented by a highly efficient National Guard having a strength of 187,000. Moreover the United States maintains 108,210 reserve officers, partly recruited through its Reserve Officers' Training Corps and summer camps. As this large number of officers indicates, the American Army is

not being trained primarily for defense against invasion. But it is scattered in small units all over the country so as to serve, along with our reserve officers, as a skeleton for six field armies of 4,000,000 drafted soldiers, which may be quickly mobilized and transported to Europe following the outbreak of war.

Although President Hoover, in submitting his plan to Geneva, declared that the antiwar pact means that arms must be used "solely for defense," he did not offer to reorganize the American Army so that it would become a purely defensive force. On the contrary, his plan would leave the national defense act of 1920 intact and would permit an increase in our regular Army to 200,000 men. Other countries are quick to point out that armies and navies are not based on any mathematical indexes of population and resources but upon "security" needs. If the United States, the one power in the world that is in no danger of invasion, proposes to increase its naval and military strength while at the same time urging other nations to reduce, the feeling of "insecurity" of countries actually surrounded by hostile neighbors will increase; and, confronted by the example of the United States, they will be less willing than ever to disarm.

An answer to this problem might be found along the lines which it is understood that the American delegation has suggested as a solution of Germany's demand for military equality with France. In return for the recognition of juridical equality, it is proposed that Germany make a unilateral declaration that it will not increase its army and navy for a given number of years. Similarly, the United States, while obtaining the treaty right to increase its Army and Navy for the sake of "parity," might give an undertaking that it would not exercise this right.

II—FRENCH SUPERIORITY

Inasmuch as Germany is already denied the right of maintaining aggressive weapons by the treaty of Versailles, the Hoover proposal to prohibit tanks, bombing planes, and heavy artillery would be a step toward abolishing French military superiority over Germany. Likewise, the Hoover proposal for the reduction of armies would have the same result, as it would reduce the French army from 615,000 to 435,000 men, not including colonial troops.

According to some observers, when the United States brings pressure upon France to surrender its present military supremacy, without undertaking at the same time to strengthen international organization, it is really joining Germany and Italy in asking France to surrender its political objectives in Europe. Such a program, it is urged, only arouses false hopes in Germany, thereby delaying Franco-German rapprochement, and tends to drive an indignant France into the arms of Japan. From this standpoint the Hoover disarmament proposal, unaccompanied by a political agreement, is regarded in France as an attempt by the United States to overturn the present balance of power in Europe.

A SUGGESTED COURSE

The one means by which President Hoover can answer this argument is by offering to strengthen international organization. The purpose of international organization is not to underwrite the present map of the world against change, but to guarantee that changes should not be made by force. It is only with the development of an international organization able to effect an equitable compromise between French and German interest that France can afford to renounce its military superiority.

Although the State Department announced on June 23 that the United States would not consider entering into a security pact with France under any circumstances, it is significant that the Republican platform adopted a week earlier at Chicago declared: "We favor enactment by Congress of a measure that will authorize our Government to call or participate in an international conference in case of any threat of nonfulfillment of Article II of the treaty of Paris."

According to many students, if President Hoover would announce his support of the Capper resolution authorizing the United States to impose economic sanctions against a state deemed to be an aggressor, the possibility that France and the other powers would accept the present disarmament proposal would be greatly increased.

WORLD WAR VETERAN'S ADJUSTED COMPENSATION

Mr. ROBINSON of Indiana. Mr. President, I ask unanimous consent to have inserted in the RECORD a petition in the nature of a resolution presented to me by a number of ex-service men with reference to adjusted compensation. I ask that the resolution may be referred to the Committee on Finance.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

JOINT RESOLUTION

To the Members of the Senate and House of Representatives of the United States, greetings:

We, the ex-service men of the United States, after serving our flag and country during the World War, returned to civil life feeling that we had accomplished our goal of preserving democracy within the borders of our country.

We were welcomed back as heroes and modestly found our places in industry and peaceful walks of life. For the first decade we toiled and provided for our families cheerfully in the belief that the Government which we defended would function properly as a cooperative democracy for the good of the greatest number of our citizens.

Our rank and file has not asked for any favors or special privileges which would exclude other classes of citizens. But rather we have opposed all special privileges and class legislation. We have endeavored to remain nonpartisan at all times and exert our meager influence in favor of the majority of our citizens.

But in course of time, after a decade of patient endeavor, we found not only ourselves and families but all the great mass of our citizenry being discriminated against by special class legislation. We found ourselves and neighbors being denied our constitutional rights of life, liberty, and the pursuit of happiness by the indirect method of having the opportunity denied us to work in gainful occupations and provide life, liberty, and happiness for our families.

In our chagrin and despair we decided to exercise our constitutional right to petition our Congress for a redress of grievances. Our previous petitions have been ignored or denied, so we, the ex-service men of the United States, decided to come to the seat of our Government in person and in the name of human rights and in the interest of ourselves and all the loyal citizenry of this country, register a joint protest against the autocratic and unjust usurpation of power and privilege being granted to property rights and the utter neglect of the human element for human rights. We, the ex-service men of the United States, and the degraded citizenry of the United States hereby jointly protest against these intolerable conditions, and: Be it

Resolved, That we favor the expansion of our currency system in like manner as suggested in an amendment of the Federal home loan bank bill, H. R. 12280, which was adopted by the Senate July 11, 1932, except that we urge our Congress to reconsider the method of putting this new currency into circulation.

We hereby urge and recommend in the same patriotic spirit which inspired us in 1917 and 1918, that the needy, unemployed, and disabled ex-service men of the United States be permitted and granted the permission to deposit their adjusted-compensation certificates with the Secretary of the Treasury as collateral for greenbacks at this time, and we promise our Government that we will be more patriotic than the bankers. We will not ask 3⅜ per cent interest, but will allow our Government to use our adjusted-compensation certificates gratis, without any interest, thereby saving our Treasury Department $37,500,000 annually for the next 13 years.

Respectfully submitted.

EX-SERVICE MEN OF THE UNITED STATES.

John H. Balch, 6448 North Seeley, Chicago, Ill.; Paul W. Davis, 377 South Oakland Avenue, Sharon, Pa.; Buell S. Shaw, Parkerville, Kans.; Victor E. Johnson, Seward, Alaska; Walter W. Berg, 6515 Wisconsin Avenue, St. Louis, Mo.; T. W. Sabing, R. F. D. No. 1, Marshall, Tex.; M. B. Beck, 8313 Madison Street, Houston, Tex.; Fred L. Baker, Trinity, Tex.; Hugh L. Scott, 600 Rector, Little Rock, Ark.; H. Hayden, 4721 Bell Avenue, Houston, Tex.; Dr. Samuel Ward, 273 South Third Street, Louisville, Ky.; Christ. Tesdall, 504 East Washington Street, Morris, Ill.

EMPLOYEES ON ISTHMUS OF PANAMA

Mr. BLAINE. I ask that Senate Joint Resolution 201 defining annual leave of Panama Canal and Panama Railroad Co. employees on the Isthmus of Panama be referred to the committee to which was referred the joint resolution recently introduced by the Senator from Minnesota [Mr. SHIPSTEAD].

The VICE PRESIDENT. Without objection the joint resolution will be referred to the Committee on Territories and Insular Affairs.

Mr. BLAINE. I asked that it be referred to the committee which will have charge of the resolution introduced by the Senator from Minnesota, so they may be considered together.

The VICE PRESIDENT. That joint resolution was referred to the Committee on Appropriations. Without objection, the joint resolution of the Senator from Wisconsin will be likewise referred to the Committee on Appropriations.

PROHIBITION—CONSTITUTIONAL AMENDMENT

Mr. NORRIS. Mr. President, when I yielded the floor last night I was discussing holding companies. I want to continue a little farther with that subject.

Mr. LEWIS. Mr. President, before the Senator enters upon that discussion will he permit me an inquiry?

Mr. NORRIS. I yield.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LEWIS. Under the rule does the joint resolution introduced yesterday by the Senator from Virginia [Mr. GLASS], looking to the announcement of the repeal of the

eighteenth amendment, come up in automatic process under any of the rules previous to 2 o'clock to-day?

The VICE PRESIDENT. It does not.

Mr. LEWIS. It can not be called up under the rule?

The VICE PRESIDENT. The Senate recessed last night and consequently there is no morning hour to-day. It will come up during the first morning hour.

Mr. LEWIS. I appreciate the suggestion of the chair. I thank the Senator from Nebraska for his courtesy in yielding.

MERGER OF DISTRICT STREET RAILWAYS

The Senate resumed the consideration of the motion of the Senator from Vermont [Mr. AUSTIN] that the Senate proceed to the consideration of House Joint Resolution 154, to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes.

Mr. NORRIS. Mr. President, when the Senate recessed last night I was discussing the question of holding companies and had discussed that subject at some length. I desire this morning to continue the discussion briefly. I want to take up some holding companies which are operating right under the nose of the Congress, right here in the Capital City.

The city of Washington is supplied with electricity by the Potomac Electric Power Co., but the Potomac Electric Power Co. is only a subsidiary company. The parent company is the North American Co. It owns the Washington Railway & Electric Co., one of the street-railway companies of Washington. In turn the Washington Railway & Electric Co. owns the Potomac Electric Power Co. The father of this corporation is the North American Co. Its child, or one of its children, is the Washington Railway & Electric Co. The Potomac Electric Power Co. is a child of that child, being a grandchild of the North American Co. The Potomac Electric Power Co. develops electricity and distributes it in the District of Columbia. It sells electricity to its own father, the Washington Railway & Electric Co. The grandchild makes the electricity, sells it to the child, and the thing is all owned by the child's father, the North American Co. The grandchild sells to the child the electricity at a lower cost than it sells electricity to anybody else. In addition to selling electricity to the Washington Railway & Electric Co., it sells electricity to all the people of the city of Washington, but the Washington Railway & Electric Co., its own parent, is a preferred customer. It gets electricity for less than anybody else. It does not require a very deep study of mathematics to see that the people of Washington are paying more for their electricity than they ought to pay, because a very large portion of the electricity manufactured is sold to a preferred customer.

COST OF ELECTRICITY IN WASHINGTON CITY

I know it may be said that we are getting cheaper electricity in Washington, and if the price be compared with that charged for electricity by the Power Trust all over the United States, that is true; but it is a demonstration of what could be done if the Power Trust which generates and sells electricity all over the United States were compelled to sell to all people alike, to sell at a reasonable profit, and to get rid of these holding companies, these subsidiaries, these children and grandchildren and great-grandchildren and great-great-grandchildren, all owned by holding companies. The only thing that can be said—and I do not know whether it is favorable or not—is they keep the profits all in the family, and the general public is "the goat" that bears the burdens and makes it possible for these children and grandchildren to prefer members of their family and give them special rates.

Another instance of holding companies in the city of Washington has to do with the gas company which supplies gas to all the people of the District of Columbia and, I understand, to some outlying municipalities.

RESTITUTION OF EMPLOYEES OF DETROIT POST OFFICE

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Michigan.

Mr. COUZENS. On yesterday there was reported from the Committee on Claims House bill 5256, to relieve a number of the underpaid employees of the Detroit post office. I ask unanimous consent that the bill may be considered at this time.

Mr. McKELLAR. Underpaid employees of what?

Mr. COUZENS. Of the Detroit post office. The bill is No. 1093 on the calendar, being House bill 5256. Of course it has passed the other House.

Mr. SMOOT. Is there a favorable report on it?

Mr. COUZENS. It comes from the committee of the Senate with a favorable report.

The VICE PRESIDENT. The Senator from Michigan asks unanimous consent for the present consideration of the bill the title of which will be stated.

The CHIEF CLERK. A bill (H. R. 5256) for the restitution of employees of the post office at Detroit, Mich.

Mr. ROBINSON of Arkansas. Mr. President, I think the Senator should explain the bill.

Mr. NORRIS. Well, Mr. President, I will not yield——

Mr. COUZENS. Will not the Senator yield just for a minute?

Mr. NORRIS. Very well; I yield, but if I yield once, there will probably be a dozen other requests.

Mr. COUZENS. There are only a few bills on the calendar.

It appears that an employee of the Detroit post office nearly six years ago embezzled some postage stamps in excess of the amount of his bond, which was $10,000. The entire embezzlement, I think, was some $19,000. The Government collected all the bond and some retirement funds the man had. He afterwards committed suicide, but, because of his defalcation, the Postmaster General at that time assessed the loss to some six or seven employees in the post office who, he said, should have been more alert and should have caught this man who was embezzling postage stamps. So he assessed them varying amounts.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. ROBINSON of Arkansas. Was the postmaster proceeding under the law to determine the liability of these employees?

Mr. COUZENS. I do not know whether he was proceeding under the law, but I know that he gave them the alternative of quitting or paying up, and in one case I think he gave an employee the alternative of taking a lower grade. One of them did take a lower grade rather than pay up, but the others paid up rather than lose their jobs. I do not know whether there is any statutory provision for that, but I do state, Mr. President, that he held a gun at their heads and said, "Come across and reimburse the Government or get out of your jobs." These men, of course, had families.

Mr. ROBINSON of Arkansas. What was the total amount of the embezzlement?

Mr. COUZENS. About $19,000 all together, and the Government recovered between ten and eleven thousand dollars on the bond and from other funds.

Mr. KING. I hope the Senator will not ask for the consideration of the bill at this time.

The VICE PRESIDENT. The Senator from Utah objects.

Mr. COUZENS. I hope the Senator from Utah will withhold his objection. This measure has passed the House; it has been before us for five or six years. The Committee on Claims gave the matter very careful consideration. The subcommittee, consisting of the Senator from Massachusetts [Mr. COOLIDGE] and the Senator from Oregon [Mr. STEIWER] gave very careful consideration to it. I went over the papers, and it is simply doing an injustice to hold these employees out of the money which they paid some five or six years ago.

Mr. McKELLAR. Mr. President, I notice the Post Office Department does not recommend the passage of the bill.

Mr. COUZENS. It makes no recommendation. It says that it does not feel justified in making any recommendation; that it is up to Congress.

Mr. KING. I shall object to the consideration of the bill now.

The VICE PRESIDENT. The Senator from Utah objects.

RIGHT OF SENATOR HOLDING FLOOR TO YIELD—INTERPRETATION OF RULE

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. Does not the Senator from Nebraska lose the floor when he yields for a matter of that kind?

The VICE PRESIDENT. The Chair thinks not, when he yielded for that purpose.

Mr. NORRIS. I would not blame the Chair if he held that I did lose the floor. I want to be courteous, Mr. President, and Senators will understand that it is difficult to refuse them when they say that a request they desire to make will take only a minute. I realize that often it takes much more than that, but I dislike very much to refuse Senators on these important matters.

As the same time, I realize that if the rule were enforced I would not be allowed to do it. I do not want to do it, and I wish Senators would refrain until I have concluded from trying to secure the consideration of other bills unless in the case of some measure that must be acted on before we adjourn. I do not think I ought to be asked to yield. If the Senator from Pennsylvania had made his suggestion to begin with, I would not have yielded to a single one of these interruptions, but I think it would hardly be fair now to take me off the floor.

The VICE PRESIDENT. May the Chair state that under the circumstances he will not hold that the Senator from Nebraska has lost the floor? But the Chair would like to state that the rule specifically provides:

It shall not be in order to interrupt a Senator having the floor for the purpose of introducing any memorial, petition, report of a committee, resolution, or bill. It shall be the duty of the Chair to enforce this rule without any point of order hereunder being made by a Senator.

The Chair having neglected to protect the Senator, he deems he should hold he still has the floor, but the Chair will hereafter hold that a Senator may not be interrupted unless in a matter of very great importance.

Mr. REED. Mr. President, will the Senator from Nebraska yield for a question?

Mr. NORRIS. I yield for a question.

Mr. REED. Am I right in thinking that the Senator understands I did not mean to be unpleasant technically about this matter?

Mr. NORRIS. I understand; I am not finding fault with the Senator.

Mr. REED. But when the Senator yields to some Senators and not to others, I think that we ought to enforce the rule.

Mr. NORRIS. That is a difficult thing, and I do not blame the Senator at all.

The VICE PRESIDENT. The Senator from Nebraska has the floor.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, informed the Senate that Mr. LUCE was appointed a manager on the part of the House, in place of Mr. STRONG of Kansas, at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The message also announced that the House had passed a joint resolution (H. J. Res. 475) making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 25, 1932, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 3276. An act to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926;

H. R. 11732. An act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes; and

H. R. 11897. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

MERGER OF DISTRICT STREET RAILWAYS

The Senate resumed consideration of the motion of the Senator from Vermont [Mr. AUSTIN] that the Senate proceed to the consideration of House Joint Resolution 154 to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes.

Mr. NORRIS. Now, if I can get back to where I was at the time I yielded, I will proceed. I think I was about to refer to holding companies in connection with the gas company in the city of Washington.

Mr. BLAINE. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. NORRIS. I yield for a question.

Mr. BLAINE. Does the Senator know that this baby of the North American Co. sells electric energy to the street-railway companies for about half a cent per kilowatt-hour, and then the other baby charges the consumers here in the District of Columbia a trifle over 4 cents per kilowatt-hour for electric energy?

Mr. NORRIS. Yes, Mr. President; I knew that fact. I do not know whether I have brought it out or not. If I have not done so, I thank the Senator for his interruption.

HOLDING COMPANIES

Mr. President, there has been a good deal of action taken, several hearings held, and some orders issued by the Public Utilities Commission of the District of Columbia in regard to the holding companies which own other companies that are supplying gas to the people of Washington.

The tortuous control of the Washington gas system by the Chase National Bank of New York is sketched as follows:

I am reading this from an article in the Washington Daily News.

The commission finds—

This is a quotation and is the finding of the commission; it is an official act; it is part of the official records of the commission of the District of Columbia:

The commission finds that the Chase National Bank is a corporation organized and existing under the laws of New York; that it controls the Chase-Harris-Forbes Corporation; that the Chase-Harris-Forbes Corporation, together with its affiliates, the United Founders Corporation and the American Founders Corporation, organized and control the Public Utility Holding Corporation of America; and that the Public Utility Holding Corporation owns 51 per cent and more of the stock and controls the Central Public Service Co.

The Central Public Service Co. owns and controls the Central Public Service Corporation, which controls the Southern Cities Public Service Corporation, the Public Service Engineering Co., the Safety Engineering & Management Co., the Utility Engineering Corporation, Federated Utilities (Inc.), and the Central Gas & Electric Corporation.

Federated Utilities (Inc.) controls, through a certain defaulted note for $13,725,000, the Westfield Trust. The sole beneficiary of the Westfield Trust is Albert E. Peirce, president of the Central Public Service Co., Central Public Service Corporation, Federated Utilities, Southern Cities Public Service, and numerous other subsidiaries of Central Public Service.

I wonder if any ordinary person will be able to follow that maze of ownership and control of one corporation by another which in turn is controlled by another, and that by another, and so on, until the one at the top is found to control a great number of subsidiaries? But we have not as yet reached the end.

The Westfield Trust owns all of the 171,188 shares of beneficial interest of Washington & Suburban Cos., which owns directly 109,196 shares of the common stock of the Washington Gas Light Co., constituting 84 per cent of the total common stock of that company.

The Southern Cities Public Service Co., a 100 per cent owned and controlled subsidiary of Central Public Service, owns and controls 70,000 shares, constituting all of the preferred shares of Washington & Suburban Cos.

The Washington—

WASHINGTON GAS LIGHT CO.

I am not quoting from the report now, but from the article—

Washington Gas stock was divided between five banking concerns which in April, 1929, entered into an agreement with Central Public Service whereby the latter agreed within two years to "find a purchaser" for the shares of Seaboard Investment Trust, organized for the specific purpose of holding the gas stock. Seaboard's name was later changed to Washington & Suburban Cos.

This is how they purchase, often, some outlying corporations which supply gas to various localities. For instance, the purchase of the Alexandria, Va., and Hyattsville, Md., gas systems are described, together with the posting of 20,000 shares of Washington Gas Light stock in the Riggs National Bank here as security for a loan of $1,000,000 for the Alexandria company. The meager information for the superstructure of holding companies is described as follows:

The said notes and preferred stock require $810,000 per annum in fixed charges and the income of the Washington & Suburban Co. in dividends from all of its holdings does not exceed $450,000, of which $392,371.20 represents dividends from the Washington Gas Light Co.

There is no revenue available to the Westfield Trust for payment of interest on its outstanding obligations, including the $6,000,000 collateral trust note, the $945,650 Washington & Suburban Gas. Co. note, and the $13,725,000 note issued by Westfield Trust for funds received by A. E. Peirce. All of the obligations of the Westfield Trust are in default.

And here is a quotation from the report again. What I have been reading recently is also a quotation from the report:

All of the efforts at management by the Chase-Harris-Forbes Corporation and its affiliates and subsidiaries, including the Central Public Service Corporation, are detrimental and harmful to the Washington Gas Light Co. and increase the costs thereof.

This is still from the report, an official document:

None of the parties hereinbefore enumerated has ever assisted in the financing of the Washington Gas Light Co. The Chase-Harris-Forbes Corporation, through its agents, affiliates, and subsidiaries, has controlled the capital stock of the Washington Gas Light Co. in such a manner that the annual meeting of the stockholders of the said corporation has been successfully continued from January, 1931, and that the said meeting has not yet taken place. All of these exercises of direct management and control were without the consent and without the knowledge of the trustees of Washington & Suburban Cos., and were merely subject to pro forma ratification by the said trustees.

Mr. President, that is right within sight of the dome of the Capitol. Some of the gas comes into the Capitol. It goes into practically every home in the District of Columbia through this maze of corporations, one owning the other, often without the investment of a penny of money, all oiled, all paid for by the consumers of gas in the District of Columbia; and here is the official report of a commission organized under a law of Congress, calling attention to the fact that the people of this Capital City are at the mercy of these corporations.

No one, without months of study, can possibly trace the ownership from one corporation to the other by affiliates, by subsidiaries, by banking corporations, all oiled, all kept in running order by the consumer, as shown in this official report.

Such, Mr. President, is an example of holding companies in the Capital City of the United States.

Mr. President, the method in which holding companies control the necessaries of life in the Capital City of Washington has attracted attention all over the country. Several years ago I made a study of the growth of the Washington Gas Light Co. I traced it from its birth, and the CONGRESSIONAL RECORD will show where I exposed that growth and showed that this company has grown out of almost nothing as far as investment is concerned. There was one time in its history when it had reached a capitalization of $2,600,000, when the gas company issued certificates of indebtedness to its own stockholders for $2,600,000, the exact amount of the capital stock outstanding. Every stockholder got a certificate of indebtedness, drawing 6 per cent interest, for an amount equal to the stock he held. He continued to draw dividends on his stock; he continued to draw 6 per cent on his certificate of indebtedness; and not one penny was ever paid for any of these certificates of indebtedness. In other words, they issued notes amounting to $2,600,000 to their own stockholders without getting a cent for them. Then, after several years, the board of directors took up these certificates of indebtedness and issued to the people who held them stock in the corporation equal to the face value of the certificates which the holder owned; thus, by that operation doubling the stock of the corporation without anybody's investing a single penny. Now, it has grown to such dimensions as I have shown by these various holding companies, covering and including a great many corporations outside of the District, headed by the Chase National Bank in the city of New York.

As I said, this has attracted some attention; and I have in my hand now a very able editorial printed in West Virginia, in the Wheeling Intelligencer, on May 17, 1932, in which, away out in West Virginia, the editorial writer very ably shows what a disgrace it is that in the Capital of the United States such things can go on unmolested and uninterfered with. They pay but little attention to the action of the Public Service Commission. They ignore the law which provides that the ownership of this corporation must always remain in the District of Columbia. They avoid it in one way and another. They defy the acts of Congress in carrying out the various schemes to rob the consumers of this necessary of life by charging them an exorbitant price, because they have no other income. That is the source of all their income.

I ask unanimous consent at this point to insert as a part of my remarks, without reading, the editorial to which I have referred.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the Wheeling (W. Va.) Intelligencer of May 17, 1932]

THE HOLDING COMPANY OUTRAGE

Elsewhere in this issue the Intelligencer presents a chart which tells graphically the story of the holding company outrage in the United States.

Starting with a few small gas and light concerns, we see this pyramid rise tier upon tier, each step representing new financing, new stock issues, new injections of water, new profits for the organizer, new millions of rate base for the consuming public to pay returns upon.

In this particular case the manipulators started out with three modest utilities—the Rosslyn Gas Light Co., the Georgetown Gas Light Co., of Montgomery County, and the Washington Gas Light Co., of Montgomery County. The first two were merged into the Georgetown Gas Light Co., and subsequently with the third formed the Washington Gas Light Co.

There the uninitiated might expect the process to stop. A compact holding company, controlling much of the gas and light business in the Washington area, had been established and was functioning. But the promoters were only starting. They had pocketed a fat profit from each consolidation, had arranged attractive service contracts, had puffed up the rate base in each instance, and were enjoying their experience immensely. Accordingly, they lumped the Alexandria Gas Co., the Washington Suburban Gas Co., the New York & Richmond Gas Co., put them together with the Washington Gas Light Co. and created the Washington and Suburban Companies. These, together with some six millions of collateral trust notes and other investments, found their way into ownership of the Westfield Trust Co.

Surely the time had come to call a halt. Westfield control had been established; the holding company idea had been developed to an extreme degree. But the financial manipulators were just getting warmed up. In rapid and bewildering succession we find control moving to Federal Utilities (Inc.), the Patuxent Gas Co., and the Central Gas & Electric Co. Then the whole, tossed in with the Utility Engineering Corporation, Safety Engineering & Management Co., Public Service Engineering Co., and Southern Cities Public Service Co., moving into the Central Public Service Corporation.

Even here the merging process was in but its early stages. Fifteen or twenty transactions had been completed. Unearned profits had been extracted from each. The investing public was being taken for a financial ride and the consuming public robbed systematically through artificially enlarged rate bases. But there still was big business ahead.

Further negotiations brought control into the Central Public Service Co., from where new expansions were undertaken, involving the United States & Overseas Corporation, and the Public Utilities Holding Corporation of America, which branched into the American Founders' Corporation, Chase-Harris-Forbes Corporation, the Harris-Forbes Trust Co., and the Harris Trust & Savings Bank. These led, in the final step, to the great Chase National Bank.

Of all the organizations represented in this financial maze, only eight at the bottom are operating companies, hence revenue producers. All of the others are holding companies of one type or another, except the three engineering companies, through which exorbitant and unnecessary charges were originally imposed for services.

How many millions in unearned profits were taken in the course of these various organizing steps, how much has been added to the gas and light bills of the people of Washington and vicinity because of fictitious values, how much has been lost by the purchasers of watered stock still are matters of speculation. That the public looting has reached tremendous proportions, however, is not to be doubted.

What is true of Washington Gas & Light control is true of almost every operating utility in the United States. The piling of holding company upon holding company, the imposition of ruinous charges for management, for financing, etc., the constant taking of unearned organizing profits, the imposition of higher and higher rates through the creation of fictitious "valuations" have reduced the utility situation to the point where one of but two solutions is possible:

Either this entire holding-company structure must be torn down and the financing profiteers driven out, or

The people of the United States must take over the utilities and operate them themselves.

MIDWEST UTILITIES CO.

Mr. NORRIS. Mr. President, a little further on holding companies. I want to take up now the Midwest Utilities Co., one that has recently failed, the Insull company. I had the data in my possession yesterday, but I could not get them when I was talking about Mr. Insull. I want to give you an idea of something of his companies.

When Mr. Insull sat at the top of the world, on the pyramid, and controlled States and attempted to control even the Senate of the United States by buying a seat here for one of his favorites, as I remember—and I am speaking from memory; I may be wrong—he was a member of the board of directors of 85 utility corporations. He was chairman of the board of directors, I think, of 50 or 60, probably more than that, and he was the president of the corporation itself in 11 of these instances.

The Midwest Utilities Co. had 12 principal subsidiary companies, and many of these subsidiary companies had other subsidiary companies, and those subsidiary companies had still other subsidiary companies. The Midwest Utilities Co. was the father, and from its various offspring from time to time there were born children, and they grew up, became big and monstrous, and had children of their own, until the Midwest Utilities Co. was a great-great-great-great-grandfather.

The principal 12 were the following:

The Central & Southwest Utilities Co. Now, let us stop right there. That is the first one. The Central & Southwest Utilities Co. had the following children: The American Public Service Co., the Central Power & Light Co., the Public Service Co. of Oklahoma, the Southwestern Gas & Electric Co., the Southwestern Securities Co., whose subsidiary is the Southwestern Light & Power Co.; so that the first subsidiary had five children of its own.

Let us keep right on there. The American Public Service Co., one of these grandchildren of the Midwest Utilities Co., had another subsidiary, the West Texas Utilities Co. That gets through with one of the subsidiaries.

The next one is the Central Illinois Public Service Co.

The third is the Central Power Co.

The fourth is the Commonwealth Light & Power Co., and the Commonwealth Light & Power Co. had one child of its own. The Commonwealth Light & Power Co. had one immediate subsidiary company, the Inland Power & Light Co.; but the Inland Power & Light Co. was not childless itself. It was a married man, and it had some children of its own. The Inland Power & Light Co. had six children. One was the Arkansas-Missouri Power Co. Another child was the Kansas Power Co. Another child was the Michigan Public Service Co. Another child was the Missouri Edison Co. Another child was the Missouri Public Service Co., and still another was the Dalhart Public Service Co. Of these great-great-grandchildren, one of them, the Arkansas-Missouri Power Co., owned the East Missouri Power Co.

We have hardly started in this enumeration of the children and the grandchildren. We have gotten down now to the fifth generation, and they are still having children.

Mr. LEWIS. Legitimate issue?

Mr. NORRIS. The Senator asks if they were legitimate. I do not think the father to begin with was legitimate. They started with an illegitimate parentage.

There is no excuse whatever for these corporations owned and owned and owned down the line. What would some one getting electricity, let us say, from the East Missouri Power Co. do if he wanted to find out who really owned the company? He would go, first, to the Arkansas & Missouri Power Co., and from the Arkansas & Missouri Power Co. to another corporation, and then go on to another one, and then he would have reached the Commonwealth Light & Power Co., and that is the child of the Midwest Utilities Co.; so you are back to the beginning.

Let us read some more of these. These are the direct subsidiaries, the children of the first generation, of the Midwest Utilities Co.; the Illinois Northern Utilities Co. It is important to remember the names, because one word may make all the difference in the world in the corporation. Another one is the Kansas Electric Power Co. Another one is the Kentucky Utilities Co.

Let us see about the Kentucky Utilities Co. The Kentucky Utilities Co. on December 31, 1930, had four children. I do not know whether there have been any born since or not.

Eighth comes the Michigan Gas & Electric Co., ninth the Missouri Gas & Electric Service Co., tenth the National Electric Power Co.; and the National Electric Power Co. has five children, first, the Michigan Electric Power Co., the National Public Service Corporation, the New England Public Service Co., the Ohio Electric Power Co., and the Penn Central Light & Power Co.

Some of these have children of their own. Of the subsidiaries, the National Public Service Corporation has three children. They are the Jersey Central Power & Light Co., the Municipal Service Co., and Seaboard Public Service Co.

That is not all. The Seaboard Public Service Co. is a full-grown institution and has children of its own. The Seaboard Public Service Co. has five children. They are as follows: The Eastern Shore Public Service Co., the Florida Power Corporation, the Georgia Power & Light Co., the Tidewater Power Co., and the Virginia Public Service Co.

I will go back again to the children of the first generation of the Midwest Utilities Co. I have called attention to 10 of them. The eleventh is the Northwest Utilities Co., and the twelfth is the United Public Service Co.

The New England Public Service Co., which is a child of the third or fourth generation, being a subsidiary of the National Electric Power Co., has some children of its own also. The subsidiary—the New England Public Service Co.—has five children, one of which is the National Light, Heat, & Power Co. We are a good ways from the parent now, but we are not as far as we will have to get if we trace it through. This New England Co., in the fifth generation, has five children, one of which is the National Light, Heat & Power Co., and it has one child, The Twin State Gas & Electric Co.

UNITED PUBLIC SERVICE CO.

The principal subsidiary, the United Public Service Co., has two children, and each of its children has, in turn, other children, the sub-sub-subsidiaries, the Kentucky Power Co. (Inc.), controlling the Kentucky Power & Light Co., and the United Public Utilities controlling 21 sub-sub-subsidiaries, as follows. Here we are away down in the fourth or fifth generation.

We find one of these corporations with 21 children—9 electric, 6 gas, and 6 ice and coal. They are as follows:

Alabama United Ice Co., Bradford & Gettysburg Electric Light & Power Co., Brookville & Lewisburg Lighting Co., The Buckeye Light & Power Co., Cap. F. Bourland Ice Co., Citizens Heat, Light & Power Co., The Eaton Lighting Co., Fort Smith Gas Co., Georgia United Ice Co., Greenville Electric Light & Power Co., Indiana Ohio Public Service Co., Knife River Coal Mining Co., Louisiana Ice & Coal Co., The Lynn Natural Gas Co., New Madison Lighting Co., North Dakota Power & Light Co., Northern Power & Light Co., The Peoples Service Co., Southern Gas Producing Co., Texas Ice & Refrigerating Co., and the Western Ohio Public Service Co.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. As I understand it, after they get down to about the fifth generation, we find a litter.

Mr. NORRIS. With some of them.

Mr. LONG. Is the Senator familiar with the saying we get from the late Victor Hugo, that in a litter of wolves there is occasionally one dog born which is immediately devoured by the mother of the litter for fear the dog might eat up its brothers and sisters?

ACTIVITIES OF THE POWER TRUST

Mr. NORRIS. That reference makes me think of what the investigation of the Federal Trade Commission showed a year or two ago, on a subject which I was not discussing, but which is fresh in my mind. I discussed it at length a year or two ago in the Senate.

It was disclosed that in their desire to control the sentiment of the United States, and control everything from school district to White House, they undertook to buy a lot of newspapers, and did buy a lot of newspapers. They had traveling men on the road, buying newspapers, and by reason of these subsidiaries and these sub-subsidiaries, these traveling men going from different companies got mixed up, and in one case down in South Carolina, or in North Carolina, the traveling man representing one corporation, trying to buy a newspaper, came in competition with the children of his father. There were so many of them scattered around over the country that they did not have any more worlds to conquer, and they commenced to conquer themselves, they commenced to eat themselves up. They got into competition, these two men to whom I have referred, representing in reality the same outfit, bidding against each other to buy a newspaper. They always paid a great deal more than the newspapers were worth. Money was not an object, because it was not their money; it was the money of the little fellow who has an electric light; it was the money of the washerwoman; it was the money of the taxpayer who has an electric light on the street corner. It was their money. So it was a very easy matter to spend money. It was unlimited. It is like one corporation commencing to eat another, and starting at the tail, while the corporation it was eating would commence to eat the tail of the corporation that was eating it. There was no limit to it. I am wondering, Mr. President, how long the American people are going to stand for that kind of business.

TAX UPON USERS OF ELECTRICITY

The Senate passed a tax bill some time ago, and as that bill passed the Senate we put in an amendment, introduced by my colleague [Mr. HOWELL], levying a very light tax upon these big corporations which are generating electricity. It was the belief of the introducer, it was the theory of the Senate when it adopted the amendment, that the amount was so small that as a practical proposition it would be impossible for the power company to pass on the cost to the consumer, because in every case, among other things, they would have to get the consent of the commission in the State where they were located before they would be allowed to increase their rates.

It will be remembered that in that condition the bill went to conference, and when it came back from the conference committee that provision was stricken out, and in lieu of it was language providing for a direct tax upon the consumer of electricity. One of the things creditable about it was that there was no deception in it. On its face it was a tax upon every home in the United States which uses electricity; it was a tax upon the owner of every country store which uses electricity, a direct tax.

There was quite a contest over it. It never yet has been defended anywhere. Although it was viciously assailed on the floor of the Senate, it never was defended by the conferees.

In the course of the debate, when I had the floor, I was interrupted by the junior Senator from Indiana [Mr. ROBINSON], who said:

> I want to observe, if the Senator from Nebraska will permit me, in connection with his suggestion as to the efficiency of the conferees on the part of the Senate, that I noted this morning in the press a statement from Congressman CRISP, to whom was attributed the responsibility for placing the burden of the power tax on the consumers. I would like to read it for the benefit of the Senate, assuming, of course, that he is correctly reported.

Then he read:

> "When the conferees reached the tax on the electricity item Senator SMOOT stated that it was confiscatory and that it would bankrupt certain public-utility companies in Utah. A majority of the Senate conferees said the item was impossible. After discussion and in the nature of a compromise, I suggested a retail tax on electric energy."

That is the end of the newspaper quotation which the Senator from Indiana read. Then he said:

> The interesting part of that statement, if the Senator from Nebraska will permit the further observation, is this line, and it comes from Mr. CRISP, according to the paper:
> "A majority of the Senate conferees"—
> That would be three—
> "A majority of the Senate conferees said the item was impossible."
> That was after a majority in this body had said that it was not only not impossible but that it was correctly and properly to be levied against the vendor. But a majority of the Senate conferees, three out of five, decided that a majority of the Senate was all wrong in the matter, and therefore they would just switch it around completely and add the burden of this tax to the already overburdened back of the taxpaying consumers of the country.

Those are the remarks of the Senator from Indiana [Mr. ROBINSON]. It will be noted that in the newspaper article from which he quoted, it was stated that it was said by the Senator from Utah [Mr. SMOOT] that this tax as the Senate had it would bankrupt certain public-utility companies in Utah.

Mr. President, it will be interesting to take up some of the public utilities in Utah and see just how they are built up in their superstructure. It is interesting not only because it shows that the method which I have outlined as being followed in other localities in the United States is being practiced in Utah just the same but it is likewise interesting to show that those public-utility corporations in Utah were making more money than they ought to have been allowed to make, or to keep.

UTAH LIGHT & POWER CO.

Let us see something about the public-utility corporations in Utah. The Utah Light & Power Co. is one of them. Let us trace it just a little. It is the Power Trust representative in the State of Utah, or one of them.

The properties, or securities representing their control, that were eventually consolidated for operation as the Utah Power & Light Co. came into control of the Electric Bond & Share Co. about June or July, 1912, as the managing director of a syndicate consisting of Electric Bond & Share Co.; Charles Hayden, of Hayden, Stone & Co.; James Campbell, of St. Louis, Mo.; and Joseph R. Nutt, of Cleveland, Ohio. Let me see! That name sounds familiar. Who is Joseph R. Nutt? Why, Mr. President, he is the treasurer of the Republican National Committee, having for his principal job the reelection of Herbert Hoover as President of the United States. He was one of the syndicate, so the investigation before the Federal Trade Commission discloses.

The properties involved are in the States of Utah, Idaho, Colorado, and Wyoming. Electric Bond & Share Co., as the managing director of the syndicate, caused three new companies to be organized in 1912 and one in 1913. The companies were as follows:

POWER COMPANY ACTIVITIES IN UTAH

Utah Power & Light Co., organized to become an operating and subholding company, owning and operating, either directly or through its subsidiary, the Western Colorado Power Co., the properties controlled by the syndicate. The Utah Power & Light Co. was incorporated under the laws of the State of Maine. That is interesting—doing business in Utah and incorporated in Maine. It was incorporated on the 6th day of September, 1912, but did not begin to function as a going concern until December 6, 1912, on which date the first actual transfer of properties to it was completed. Between September 6 and December 6, 1912, the properties controlled by the syndicate were being used as the basis for financing two other companies, namely, Utah Power Co. and

Utah Securities Corporation. Notice the similarity in names, but not referring to the same corporation. Here is the Utah Power & Light Co. The one I am speaking of now, the Utah Power Co., is a different corporation, and the Utah Securities Corporation is still a different one.

Utah Power Co. was incorporated under the laws of the State of Maine on September 6, 1912, the same day on which the Utah Power & Light Co. was incorporated. The principal function performed by the Utah Power Co. was to serve as an intermediary through which properties and securities were transferred from the syndicate to the Utah Power & Light Co. and at prices in face values of securities far in excess of their cost to the Electric Bond & Share Co. as managing director of the syndicate.

Utah Power Co. was made a subsidiary of Utah Power & Light Co. Since the completion of the consolidation in 1912 the principal function of the Utah Power Co. has been to hold the contract under which Phoenix Utility Co.—there is another corporation coming in now—formerly the Phoenix Construction Co., an incorporated construction department of the Electric Bond & Share Co., another subsidiary from the same parentage exactly, has built and reconstructed properties of the Utah Power & Light Co. The Utah Power Co. has been relatively inactive since 1922.

Following the consolidation the Western Colorado Power Co. was organized as an operating company subsidiary to the Utah Power & Light Co. All properties in Colorado that were owned or controlled by Utah Power & Light Co. were transferred to the Western Colorado Power Co. for operation in 1913.

The Utah Securities Corporation was organized to act as a holding company controlling the Utah Power & Light Co. and its subsidiaries, the Utah Power Co. and the Western Colorado Power Co.

Utah Securities Corporation was incorporated under the laws of Virginia on September 10, 1912. It acquired control of Utah Power & Light Co. by 100 per cent common-stock ownership, except directors' qualifying shares, in 1912, and continued to control it by 100 per cent ownership until 1925, when the control was passed on intact to the Electric Power & Light Corporation, successor by reorganization to Utah Securities Corporation. Electric Power & Light Corporation still continues to control the Utah Power & Light Co. by 100 per cent ownership of the latter's common stock.

I now come to an outline of the steps in the consolidation. By the first step part of the properties and securities controlled by the syndicate were transferred to the Utah Power Co. These properties cost Electric Bond & Share Co. or the syndicate $2,975,091.35. For them the Utah Power Co. issued to the Electric Bond & Share Co. securities to the amount of $8,498,200, representing a pumping into the stock of water, pure water, to the extent of $5,523,108.35 over their cash cost. That is one of the great power companies which it was said is going to be injured and killed unless this tax, the light tax the Senate put on, was taken off and put upon the already overburdened shoulders of the consumer.

The securities given by the Utah Power & Light Co. represented all the securities it had outstanding except 18 directors' qualifying shares, and consisted of 1-year 6 per cent gold notes, $2,500,000; 10,000 shares of 7 per cent preferred stock, $1,000,000; and 49,982 shares of $100 par value common stock, $4,998,200.

By the second step $8,498,200 of securities issued by the Utah Power Co. to the Electric Bond & Share Co. were combined with other securities controlled by the syndicate to form a basket that was transferred on the next day, September 26, 1912, to Utah Securities Corporation. The total cash cost of the basket to the Electric Bond & Share Co. was $4,950,000. In the transfer the basket was divided into two parts, the first part consisting of all securities in the basket except $4,498,200 aggregate par value of Utah Power Co. common stock, and the second part consisting of $4,498,200 par value of Utah Power common stock. For the first part of the basket Utah Securities Corporation paid $4,950,000 in cash, representing the total cash cost of the basket, and for the second part Utah Securities Corporation issued $27,499,000 aggregate par value of its common stock. Since the $4,950,000 paid in cash represented the total cash cost of the basket, the $27,499,000 par value of common stock of Utah Securities Corporation was acquired by the Electric Bond & Share Co. (or the syndicate) without the expenditure of one cent. In other words, it was all water, $27,499,000, and yet we are told on the floor of the Senate that the conferees met the Senator from Utah [Mr. SMOOT], who said, "If you put a tax upon these corporations, it will ruin this great company in Utah."

To obtain the cash with which to pay $4,950,000 for the basket and for further acquisitions, Utah Securities Co. pledged the securities included in the basket and pledged the securities to be obtained in the future under a collateral trust agreement as security for the issuance of $25,000,000 of 6 per cent gold notes. Thus the cash with which to pay for the basket and for other purposes was obtained by the sale of bonds secured by the properties and securities contained in the basket and the pledge to add other securities to the collateral pledged as they were acquired.

Later, on October 31, 1912, an additional $2,500,000 of 6 per cent notes and $2,500,000 par value of common stock were issued by Utah Securities Corporation to the Electric Bond & Share Co. to be sold to obtain cash with which to pay for another basket of securities, making the total face value of 6 per cent notes outstanding $27,500,000 and of common stock $30,000,000, all issued to Electric Bond & Share Co. The cash price paid for this basket was its cost price to the Electric Bond & Share Co. Electric Bond & Share Co. found purchasers for the total of $27,500,000 in notes and gave a like amount, $27,500,000, par value of Utah Securities Corporation common stock to their purchasers.

This distribution of the common stock as a bonus left in the hands of the Electric Bond & Share Co. $2,500,000 par value of common stock of Utah Securities Corporation, which was shared with other members of the syndicate as part payment for their risk and services as promoters of reorganization. Do not forget the syndicate. Do not forget that at the beginning of this explanation of what happened in Utah I named the syndicate.

The Electric Bond & Share Co. itself purchased $3,220,000 face value of the notes. With them was received as a bonus $3,220,000 par value of Utah Securities Corporation common stock. They also retained $987,500 par value of the $2,500,000, which was divided with other members of the syndicate. They also received $201,900 in cash commissions for the sale of the 6 per cent notes, making their total promoters' profit in cash on the par value of the common stock $4,409,400.

That illustrates, Mr. President, how these holding companies bleed the subordinate subsidiary companies. It shows they are charging a commission and they are getting cash for doing something for themselves in reality. They do something for themselves, charge a commission for it, and the poor consumer of electricity has to pay. But when we come with a proposition to tax these great corporations that are indulging in this kind of financial murder we are told that it can not be done without ruining some of these great corporations in Utah.

Now let us get a general survey of what happened in Utah. Let us see just how much water was put into this business; let us review it.

Mr. FLETCHER. Mr. President, will the Senator from Nebraska yield to me?

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Florida?

Mr. NORRIS. I yield to the Senator on condition that it be understood that I do not lose the floor and that the conference report which I understand the Senator desires now to have considered will not take up any material amount of time.

Mr. FLETCHER. I am authorized to submit a conference report, representing a unanimous agreement, signed by both the House and the Senate conferees on a very short bill having reference to loans for farmers in cultivating as well as producing crops.

Mr. KING. Mr. President, I think we had better defer the report.

The PRESIDENT pro tempore. Objection is made.

Mr. KING. We have a street railway merger bill pending, and I do not want that to be superseded.

Mr. FLETCHER. The report will occupy but a minute.

Mr. KING. It might consume more time. I think it will require some debate, and therefore I object.

Mr. NORRIS. Now let us review what happened with these companies which can not afford to pay a tax to the Federal Government.

At the end of the financing of the Utah Securities Corporation control of the properties and securities originally controlled by the syndicate had been transferred to Utah Securities Corporation. On December 6 the first transfer of these properties and securities to Utah Power & Light Co. occurred. On that date the physical properties of the Telluride Power Co., acquired by Utah Securities Corporation at receivership sale at a cost of $6,480,708.32, were transferred to the Utah Power & Light Co. which wrote them on its fixed property account at $22,100,000.

That is a nice bit of water pumped into this concern overnight. They bought the property for $6,480,708.32, and the next day it was worth $22,100,000; and that is one of the power corporations that can not afford to pay the tax the Senate proposed to levy upon it. This represented a write-up which means water of $15,619,291.68. More than fifteen and one-half million dollars of water pumped into that capitalization overnight; and the poor people of Utah, Colorado, and the other States that are paying the bill have to stand it all. The corporations are converting water into gold by this process; and yet we are told that we must not tax them, because they can not stand it; and therefore we must levy the tax upon the poor consumer who is now paying the revenue on all of this water.

In the other case that I mentioned a while ago there was $27,000,000 of water, now nearly $16,000,000 is added to it out in Utah. I do not know whether in Utah, as I said a while ago, it is pure water; perhaps it is salt water; perhaps it is taken out of the Great Salt Lake, and that may be one of the reasons why the Great Salt Lake has been receding for the last several years and getting smaller and smaller all the time.

Subsequent acquisitions, including both properties acquired by purchase and properties constructed by Phoenix Utility Co., or its predecessor, the Phoenix Construction Co., which was the incorporated construction department of Electric Bond & Share Co., were similarly written up on the fixed capital account of the Utah Power & Light Co. at prices $9,610,828.49 in excess of their cash cost to Utah Securities Corporation, making the total write up in fixed capital $25,230,120.17.

That ought to buy a whole lot of water which the consumers have converted into gold and are now paying returns on; and yet we dare not tax these great concerns.

Not all assets acquired by the Utah Power & Light Co. at prices in excess of their cash cost to affiliated interests were of such a nature as to be chargeable to fixed capital account. Consequently not all of the inflation in its accounts was included in the $25,230,120.17 of inflation in fixed capital. The total amount of inflation established was $34,330,246.

Over $34,000,000 of water, over $34,000,000 of air converted into capital stock, converted into assets upon which the consumers of electricity in those Western States must pay a return through all eternity.

As of December 31, 1930, this total inflation of $34,330,246 was equal to all of the book value of the common stock outstanding, amounting to $30,000,000, all of which was owned by Electric Power & Light Corporation, and to $4,330,246, or 16.8 per cent, of the total book value of the preferred stock outstanding. In previous years, when the total of the preferred stock outstanding was less, the percentage thereof represented by inflation was correspondingly greater.

The Electric Power & Light Corporation has no cash investment in the common stock of the Utah Power & Light Co. except accumulated earnings to the amount of $4,979,474, left in the business as a surplus. Yet it received—remember, it has no cash investment in the common stock of the Utah Light & Power Co. except those accumulated earnings of less than $5,000,000—yet it received in cash dividends thereon $6,150,000 from 1925 to 1930, inclusive. In other words, it got over $1,220,000 more in dividends in five years than its entire investment in the property; it received $6,150,000 in cash dividends on the $30,000,000 of common stock, all of which was water when issued.

We must not tax a corporation like that! Oh, we must take the tax off that power concern and put it on the poor fellow in his humble home, upon the laborer, upon the small business man, scatter it over, and make the consumers pay it! They have been paying it for years; they are used to it. Add this additional burden to the one who is already overburdened, but, for God's sake, do not touch the corporation that is getting over $6,000,000 out of an investment of nothing on earth but water!

In addition the Electric Bond & Share Co. received $201,900 in cash commission on the sale of bonds of Utah Securities Corporation and fees in cash paid to Electric Bond & Share Co. and its incorporated construction department, Phoenix Utility Co., to the amount of $2,974,029 from 1912 to 1930, inclusive. They received in dividends in five years $6,150,000 without the investment of a single cent of cash and in addition got nearly $3,000,000 in fees from 1912 to 1930.

These samples of financing are enough to show that if the Utah Co. were threatened with bankruptcy the draining off of money by its controlling interests would be responsible. But it appears that, even with this manipulation of the operating company for all the direct and indirect profits it can be made to produce, the Utah Co. has had big profits left.

In 1930 the power companies generally had a very good year, both their gross earnings and their net earnings increasing. The Utah Co. had a rate of return on its fixed capital which was something over 10 per cent. This comes from the report of the Federal Trade Commission. Its earnings for the last 11 months of 1931 and the first month of 1932 I find set forth in the Electrical World of May 28, 1932, on page 931. They appear under the heading: "Earnings of operating companies dropped but little in 1931–32." The Utah Co.'s gross earnings for this 12-month period ending January 31, 1932, are shown to have dropped only 5 per cent from the previous 12-month period, which covered nearly all of 1930 and the month of January, 1931. The net earnings show a decline of 9 per cent, from $6,117,744 to $5,555,986.

A footnote to the table in which these figures are given points out that "net earnings are gross earnings, less taxes, operating and maintenance expenses."

I wonder if the Senator from Utah will tell us where he finds in this any evidence of impending bankruptcy. Does this evidence tend to show that the great Utah Co. is so poor that it can not and could not have paid the light tax that was levied on it by the United States Senate? It looks as though the only real fear of the power barons controlling these Utah properties was that their own profit might be reduced. In other words, what they were struggling against was further curtailment of the million dollars a year or more they have been taking out of the Utah Co. in dividends on common stock, which is all water, and which never cost them a single cent.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield to the Senator.

Mr. LONG. I was unavoidably called from the Chamber, but I am very anxious to get the statistics. How much was the common stock that they watered up? Did the Senator give the figures on that?

Mr. NORRIS. I did; yes. I can not point it out, but I think it was $30,000,000, all water.

Mr. LONG. How much have they paid in dividends on that watered stock?

Mr. NORRIS. I gave that, Mr. President, but I should have to look back to get the figures.

Mr. LONG. Several millions of dollars?

Mr. NORRIS. Oh, yes; a great many millions of dollars.

Now, Mr. President, I want to give the Senate some evidence taken from official sources. I am going to read and comment on an extract from Exhibit 5164 of the power and gas utilities investigation before the Federal Trade Commission (Seventieth Congress, first session) as of June 15, 1932. This refers to the Utah Power & Light Co.—the same company that can not be taxed for fear of being driven into bankruptcy.

I have already given, from other sources, a history of this company, some of which is repeated here in this official report; so, since there is some repetition in it, probably I had better ask permission to insert in the RECORD this extract from the report. It bears out all of the facts that I have narrated to the Senate. It is an official document from the Federal Trade Commission, and it is from the evidence adduced there that I have already outlined to the Senate what actually happened.

I now ask unanimous consent to insert in the RECORD at this point the extract from the exhibit that I have indicated.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

[Extract from Exhibit 5164, power and gas utilities investigation, S. Res. 83, 70th Cong., 1st sess., June 15, 1932]

SUMMARY OF REPORT ON UTAH POWER & LIGHT CO.

COMPANIES DIRECTLY INVOLVED

Utah Power & Light Co. was organized and incorporated by Electric Bond & Share Co. as managing member of a syndicate under the laws of the State of Maine on September 6, 1912. It began to function as a going concern on December 6, 1912. During the latter part of 1912 and early in 1913 Electric Bond & Share Co. in the same capacity organized three other companies, namely: Utah Power Co., on September 6, 1912, in the State of Maine; Utah Securities Corporation, on September 10, 1912, in the State of Virginia; and the Western Colorado Power Co., on March 12, 1913, in the State of Colorado.

These companies were organized by Electric Bond & Share Co. for the purpose of consolidating various electric utilities in Utah, Idaho, Wyoming, and Colorado. Utah Securities Corporation was organized as a holding company to control Utah Power & Light Co., which in the final set-up at the end of the consolidation in turn controlled Utah Power Co. and the Western Colorado Power Co.

FINANCING UTAH SECURITIES CORPORATION AND UTAH POWER CO.

On September 25, 1912, Electric Bond & Share Co. received for the account of the above-mentioned syndicate $8,498,200 in aggregate par value of the securities of Utah Power Co. in consideration for properties costing it $2,975,091.35, or an excess of $5,523,108.35. The $8,498,200 in securities of Utah Power Co. consisted of $2,500,000 in 1-year, 6 per cent notes, $1,000,000 par value of 7 per cent preferred stock, and $4,998,200 par value of common stock. The excess paid was equal to all of the common stock and more than half of the preferred stock issued.

On September 25, 1912, Electric Bond & Share Co., as managing member of this syndicate, through Harry M. Durning, intermediary, received for account of the syndicate $27,499,000 aggregate par value of the common stock of the Utah Securities Corporation, the total consideration given being the aforesaid $4,998,200 aggregate par value of the common stock of Utah Power Co. which Electric Bond & Share Co. had received as syndicate manager without cash cost. On September 25, 1912, the board of directors of Utah Securities Corporation authorized the placing of an arbitrary ledger value of $1,000,000 on the $4,998,200 par value of Utah Power Co.

On September 14, 1912, Utah Securities Corporation issued $25,000,000 principal amount of its 10-year, 6 per cent notes to a syndicate headed by Electric Bond & Share Co., and on October 31, 1912, it issued to Electric Bond & Share Co., as managing member of a syndicate, an additional $2,500,000 principal amount of its 10-year, 6 per cent notes and an additional $2,500,000 par value of its common stock, making the total of notes issued to October 31, 1912, $27,500,000, and of its common stock issued to that date, $30,000,000. In the sale of the $27,500,000 principal amount of notes, Electric Bond & Share Co. delivered to the purchasers as bonus a like amount ($27,500,000) in par value of Utah Securities Corporation common stock. The remaining $2,500,000 par value of Utah Securities Corporation common stock was "retained by Electric Bond & Share Co. in part payment for its risks and services." Electric Bond & Share Co. shared this $2,500,000 of common stock with other members of the syndicate which handled the original issue of $25,000,000 of notes on September 14, 1912. Electric Bond & Share Co. retained $987,500 of this common stock as its share of the portion not distributed as bonus with the notes.

The total financial benefit to Electric Bond & Share Co. from this financing of Utah Securities Corporation was $201,900 in cash commissions and $4,207,500 par value of common stock of Utah Securities Corporation.

On October 31, 1912, Utah Securities Corporation placed a total ledger value of $1,101,000 on the $30,000,000 aggregate par value of its common stock issued as a bonus to subscribers of its notes. In 1914 blocks of this Utah Securities Corporation common stock were sold to Sperling & Co., of London, England, at $25 a share and to Harris, Forbes & Co. at $19.25 per share.

FINANCING UTAH POWER & LIGHT CO.

In December, 1912, properties costing Utah Securities Corporation $6,480,708.32 cash, i. e., $6,460,000 at receivership sale on November 18, 1912, plus subsequent interest adjustments of $20,708.32, were written on the books of Utah Power & Light Co. on December 6, 1912, at $22,100,000, or at an excess amount over cash cost to Utah Securities Corporation of $15,619,291.68.

Subsequent acquisitions of properties from or through Utah Securities Corporation, including both properties acquired by purchase and properties constructed by affiliated interests, were charged to the fixed capital account of Utah Power & Light Co. at amounts totaling $9,610,823.49 more than their cost to Utah Securities Corporation. Thus the total inflation in the fixed capital account of Utah Power & Light Co. over cash cost of the properties to the Securities Corporation was $25,230,120.17.

Not all assets acquired by Utah Power & Light Co. at prices in excess of their cash cost to affiliated interests were of such nature as to be chargeable to fixed capital account. Consequently not all of the inflation in its accounts was included in the $25,230,120.17 of inflation in fixed capital. The total amount of inflation established is $34,330,246.

As of December 31, 1930, this total inflation of $34,330,246 was equal to all of the book value of common stock outstanding amounting to $30,000,000 (all of which was owned by Electric Power & Light Corporation) and to $4,330,246, or 16.8 per cent of the total book value of preferred stock outstanding. In previous years, when the total of preferred stock outstanding was less, the percentage thereof represented by inflation was correspondingly greater.

FEES PAID TO AFFILIATED INTERESTS

During the period of 18 years covered by the examination, namely, from 1913 to 1930, inclusive, Utah Power & Light Co. paid fees, etc., in cash to its affiliated interests as follows:

Construction fees paid to Phoenix Utility Co., 100 per cent Bond & Share, and charged to fixed-capital account of Utah Power & Light Co., amounted to $780,766.16.

Engineering fees paid to Electric Bond & Share Co. and charged to fixed capital account of Utah Power & Light Co., amounted to $316,211.96.

Supervision and service fees paid to Electric Bond & Share Co. and charged to operating expenses by Utah Power & Light Co. amounted to $1,736,913.20.

Fees paid to Electric Bond & Share Co. for issuing obligations, and charged to bond discount and expense, or organization expense accounts, which were closed out to fixed-capital account, amounted to $140,137.68.

The total amount for all fees paid during this 18-year period—1913 to 1930—was $2,974,029.

During the period from January 1, 1920, to December 31, 1922, Utah Securities Corporation paid supervision fees to Electric Bond & Share Co. in behalf of Utah Power & Light Co. and its subsidiary, the Western Colorado Power Co., to the amount of $397,322.85. The last two companies named likewise paid the same amount to Electric Bond & Share Co. for the same period, thus paying twice for the same service. Electric Bond & Share Co. carried this amount of $397,322.85 in its accounts as "suspense accounts payable" and credited interest thereon through 1923 and 1924, until the total of the account on December 31, 1924, was $440,564.81. On March 12, 1925, Electric Bond & Share Co. was finally "released" from its liability to refund this amount at the time Utah Securities Corporation was reorganized into Electric Power & Light Corporation.

DISCOUNTS, COMMISSIONS, AND PROFITS ON SALE OF SECURITIES

During 1914 and 1915 Utah Securities Corporation loaned cash to the amount of $8,155,338.21 to Utah Power Co. with which to pay for construction performed by Phoenix Construction Co. When the completed properties were transferred to Utah Power & Light Co. the latter company took up the loans by issuing $7,976,507.88 principal amount of 4 per cent notes at a price 82½ and $1,660,120, principal amount of 5 per cent notes at 95, both payable on or before August 1, 1922. The total discount amounted to $1,481,289.67. This discount was charged by Utah Power & Light Co. to its fixed capital account.

From 1917 to 1925 Utah Power & Light Co. paid Utah Securities Corporation a total of $831,200 in commissions ranging from $7 to $10 per share for "finding" a purchaser for 89,200 shares of Utah Power & Light Co.'s preferred stock. The purchaser "found" in every case was Electric Bond & Share Co. Access to records, which would show what profit was made on the sale of this preferred stock, was refused by Electric Bond & Share Co., this matter being involved in pending litigation.

By a readjustment in Utah Power & Light Co.'s capitalization made in 1913 at the instance of Utah Securities Corporation, the latter company surrendered $4,500,000 face value of 6 per cent gold notes and $2,837,000 par value of Utah Power & Light Co.'s common stock, and received in lieu thereof $3,000,000 par value of 7 per cent preferred stock and $4,331,000 par value of 6 per cent second preferred stock. The financial benefit to Utah Secu-

rities Corporation from this readjustment for the year 1913 was the difference between the interest on the 6 per cent notes surrendered and the dividends on 6 per cent and 7 per cent preferred stock received. This profit amounted to $200,220 for the year 1913. Beginning with January 1, 1914, the dividend rate on the 6 per cent preferred stock was increased to 7 per cent, making the total profit to Utah Securities Corporation for 1914 and each succeeding year during which it continued to hold the preferred stock $243,590.

In 1927 all common and preferred stock of Utah Power & Light Co. was changed from par to no par stock. When this change was made Electric Power & Light Corporation owned $1,000,000 par value (10,000 shares) of 7 per cent preferred stock of Utah Power & Light Co. This $1,000,000 par value of the old stock was exchanged for 10,000 shares of $6 no par preferred stock of Utah Power & Light Co. and $166,666.66 in cash. Electric Power & Light Corporation then sold these 10,000 shares of no par preferred stock through Electric Bond & Share Co. at prices netting 94½. By this transaction Electric Power & Light Corporation made a cash profit of $111,666.66 and Electric Bond & Share Co. benefited by $20,000, representing its commission of $2 per share on the sale.

Prior to the year 1925 no dividends were paid by Utah Power & Light Co. on its $30,000,000 of common stock outstanding. All of this common stock was held by Utah Securities Corporation or its successor, Electric Power & Light Corporation, at no cash cost. During the years 1925 to 1930, inclusive, Utah Power & Light Co. has paid the Electric Power & Light Corporation $6,150,000 common-stock dividends in cash.

From 1912 to 1930 the total capitalization of Utah Power & Light Co., consisting of stock and bond issues and surplus, increased from $33,296,338 to $103,038,597 in ledger value. Of this amount $3,400,000 plus was water. From 1913, the first full year of operation, to 1930, its annual operating revenue increased from $1,377,078.75 for 1913 to $10,639,302.80 for 1930.

ELECTRIC BOND & SHARE CO.

Mr. NORRIS. The Electric Power & Light Corporation's offices are those of the Electric Bond & Share Co. They are separate corporations, but as a matter of fact I do not know which owns which; but they own each other. There is not any doubt about that. The Electric Power & Light Corporation has no office. It has no personnel of its own. They are all provided by the Electric Bond & Share Co. They all office together. It is the same concern under different names.

I want to give to the Senate an idea of the wonderful scope of the Electric Bond & Share Co., this great parent corporation in Wall Street, New York.

The Electric Bond & Share Co. in one form or another, through its subsidiaries, either controlled 100 per cent or partially controlled, so that it has complete control over all the transactions and operations of these subsidiaries, operates in the following States:

Washington, Oregon, Idaho, Montana, Colorado, Wyoming, Arizona, Nevada, Texas, Kansas, Nebraska, Minnesota, Missouri, Arkansas, Louisiana, Mississippi, Florida, Oklahoma, Tennessee, Pennsylvania, and Alabama.

The American Gas & Electric Co., closely affiliated, operates in Virginia, West Virginia, Ohio, Indiana, Michigan, and Tennessee.

The American Gas & Electric Co., through its various subsidiaries, has a total write-up, a total amount of water in its capitalization, of $85,000,000.

Electric Bond & Share Co. interests drained millions of dollars out of their Utah utility properties in dividends, fees, and other charges, the Federal Trade Commission disclosed yesterday.

This is from the Washington Herald of June 16, 1932. That is what the evidence disclosed on the day before, June 15, 1932, and the evidence brought out that day showed—

Subholding companies collected $6,150,000 in cash dividends in six years on Utah Power & Light Co. common stock that was pure "water" and cost the controlling interests nothing.

They collected a total of $831,200 in commissions for "finding a buyer" for the company's securities, although the buyer in every instance was the parent Electric Bond & Share Co.

In other words, the Electric Bond & Share Co. charged the subsidiary for finding a buyer for its stock which it itself purchased. I hope Senators get that point. The mother company, acting as agent for the subsidiary, charged the subsidiary a commission for buying the securities of the subsidiary itself!

Since management, engineering, and other fees were introduced many years ago they have brought in $2,973,000 more. Commission records show these fees are more than half profit.

Management fees were collected double through three years from the Utah Co. and from the subholding company above it, it was testified. The debt to the Utah Co. resulting from this overcharge was mingled with other transactions in a later reorganization, and Bond & Share counsel contended it was thus paid.

Inflation of capital in the Utah Co. was put at $34,330,000—

As I have already shown.

Mr. President, as showing just what the commission developed on that day, I ask unanimous consent to include in the RECORD at this point an article from the Washington Daily News of June 16, 1932, entitled "Utah Power Firm's Big Profits Bared by United States Commission."

The PRESIDENT pro tempore. Without objection, it is so ordered.

The article is as follows:

[From the Washington Daily News of Thursday, June 16, 1932]

UTAH POWER FIRM'S BIG PROFITS BARED BY UNITED STATES COMMISSION—FIRM FOR WHICH SMOOT SPONSORED ELECTRICITY TAX ON CONSUMERS MAKES HUGE RETURN

Utah Power & Light Co., for whose benefit Senator SMOOT, of Utah, successfully demanded that the electricity tax be carried in the new revenue bill be transferred from corporations to consumers, has been earning lucrative returns even on inflated values, the Federal Trade Commission disclosed to-day.

The commission disclosed that this company, organized by Electric Bond & Share in 1912, bought properties at a total cost of $6,480,708 and immediately entered them on their books as being worth $22,100,000. This was a write-up of about 240 per cent. As new properties were acquired other write-ups were added until they now total $34,330,246, according to Trade Commission records.

WHAT INFLATION MEANT

This inflation, according to the records, was equal to all of the $30,000,000 book value of common stock of the company outstanding in 1930, and to $4,330,246 or 16.8 per cent of the total book value of preferred stock outstanding.

Two weeks ago SMOOT told conferees on the tax bill that a tax on gross earnings of electric power companies "was confiscatory and would bankrupt certain public utility companies in Utah," according to a quotation inserted in the CONGRESSIONAL RECORD.

The Trade Commission reports, concerning Utah Power & Light, the one large company in SMOOT's State, that generous returns on investment were made by the company in 1930, the last year covered by its investigation.

SHOWS BIG RETURN

The rate of return in that year was 6.7 per cent on fixed capital of the company. After deducting excess of ledger values of properties over cash cost, the rate of return was 9.75 per cent in 1930. After the further deduction of ledger value of intangibles, the rate of return was 10.10 per cent.

This generous rate of return was possible despite numerous large fees paid by Utah Power & Light to Electric Bond & Share and other subsidiaries of the main holding company for services, the record shows. For a time, the company was paying Electric Bond & Share twice for the same service—once directly and once through Utilities Securities Corporation.

From 1917 to 1925 Utah Power & Light Co. paid Utah Securities Corporation a total of $831,000 in commissions ranging from $7 to $10 per share for "finding" a purchaser for 89,200 shares of Utah Power & Light preferred stock. The purchaser "found" in every case was Electric Bond & Share.

Mr. NORRIS. From the evidence before the commission, it was shown that stock watering and the like was found up in the subholding company, where it was perhaps of somewhat less concern to consumers, but of much more direct interest to investors. We must bear in mind that it is not only the consumer who is interested in the honest management of these great corporations dealing in a necessity of life, but the investor must be protected. Recent events have disclosed that hundreds and hundreds of millions of dollars have been lost by the honest investor being induced to part with his hard-earned cash for all kinds of securities that were floated upon the market by holding companies and otherwise.

The Electric Bond & Share Co., as managing member of a syndicate, started out on a program of organizing and financing new corporations in 1912 with certain Utah properties that had cost it $2,975,000. These were turned over to a newly formed operating company, which issued against them securities totaling $8,498,000. Of these securities, totaling $8,498,000, approximately $5,000,000 were turned over by the Electric Bond & Share Co. to a newly formed holding company; and against this $5,000,000 of operating company securities the holding company issued $27,499,000

of its own common stock. There was no other consideration involved. The financing thereafter became somewhat complicated, but the upshot of it was that out of the financing of the subholding company the Electric Bond & Share Co. got more than $4,400,000 in cash and stock. This is shown in the summary of the Utah report, which says:

The total financial benefit to Electric Bond & Share Co. from this financing of Utah Securities Corporation (the subholding company) was $201,900 in cash commissions and $4,207,500 par value of common stock of Utah Securities Corporation.

That is just a short review of the evidence I have already put into the RECORD.

I ask permission at this point to insert in the RECORD an article from the Washington Daily News of June 17, 1932, entitled "Huge Profit Made by Utilities Group Is Bared by United States."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HUGE PROFIT MADE BY UTILITIES GROUP IS BARED BY UNITED STATES—RETURN OF 200 PER CENT ON CONSTRUCTION AND MANAGEMENT EXPENDITURES IS REVEALED

Utility companies in the Associated Gas & Electric group paid $9,970,944 between 1924 and 1929 for construction and management services which cost their holding companies just $3,397,204, the Federal Trade Commission disclosed to-day.

This was a profit of approximately 200 per cent on services rendered.

The Trade Commission has pointed out repeatedly during its utility investigation that utility holding companies have made a practice of transferring large sums of money as fees from the regulated operating companies to unregulated companies. This make possible continuation of high consumer rates.

In the latest group under investigation, seven holding companies were receiving construction and management fees from the network of operating companies in the group.

In 1924 fees collected amounted to $562,191, while the cost of rendering services was $274,378. By 1929 the amount of fees collected had increased to $3,773,563, while the cost of service was $1,294,867.

These disclosures were made in the course of the investigation which the administration has attempted to halt in the name of economy. The Budget Bureau recommended last December that no funds be made available for this work, and President Hoover stressed this in his Budget message. The House refused to let the investigation be stopped and so has the Senate Appropriations Committee. The Senate will pass on the matter next week.

Mr. NORRIS. Mr. President, these investigations from time to time have called forth many protests from all over the country. The evidence disclosed by the Federal Trade Commission in its investigation has shocked the conscience of all honest men and women who are familiar with the disclosures. Nothing like it has ever occurred in the history of the United States.

I have in my hand an editorial from the Mansfield (Ohio) Journal, calling attention to some of the awful disclosures which have been made in this investigation. The title of the editorial is, "Once Again—'The Consumer Pays.'" At this point in my remarks I desire to include that editorial in full.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[The Mansfield (Ohio) Journal, June 7, 1932]

ONCE AGAIN—"THE CONSUMER PAYS"

The spectacle of a government hog-tied by selfish monopolistic interests rather than functioning in behalf of the public was witnessed yesterday afternoon in Washington during the final stages of enactment of the billion-dollar tax bill which it is now necessary to load upon the American ptople as a result of governmental profligacy, past and present.

By shrewd last-minute manipulation an item of 3 per cent tax on the consumption of electricity, originally voted by the Senate against the gross income of power companies, was changed in the Senate and House conference to provide for the tax being collected by power companies from consumers.

Under the routine of parliamentary procedure the protest raised against this action by the conferees was promptly overruled by Vice President Curtis, and in an appeal to the Senate it lost by the narrow margin of 41 to 33.

As handled this shifting of the tax on consumption of electricity from the power companies to the consumer is an example of clever manipulation of legislation in the interests of powerful special interests that it would be difficult to surpass. The intent was to assess the 3 per cent tax against the power companies marketing electricity and agreement on the item was in that form—left so until the last possible minute so that efforts of those looking to the real interests of the public might be construed as an attempt to impede the passage of the bill, for which all machinery had been well greased.

It would have been colossal incompetence, however, on the part of lobbyists for the power interests to have permitted the item to stand in its original form—this added penalty for using electricity must be passed along to the consumers.

The pathetic impotence of the well-intentioned Senators who sponsored this item, intending it as a fair assessment against the income of power companies, is shown by the manner in which it was turned against them and made to increase the heavy toll already being paid to unbridled monopoly's supergovernment.

Sponsors of the item, joined by a number of Democrats and Republicans, assailed the action, denounced shifting the tax from power companies to consumers and contended the conferees had exceeded their authority—but all to no purpose—the power companies know how to do those things, and they do them.

The final vote in the Senate was 46 to 35, and while the individual explanations of its opponents will be awaited with interest it is entirely probable that the vote for its passage would have been considerably higher had it not been for the last-minute atrocity perpetrated upon it by the power interests.

Mr. NORRIS. Mr. President, I have another editorial, from the Galveston Daily News, of Galveston, Tex., entitled "How the Power Companies Were Saved $60,000,000." I ask to have that printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Galveston Daily News, Galveston, Tex., June 11, 1932]

SHIFTING TAX—HOW THE POWER COMPANIES WERE SAVED $60,000,000

Among the new taxes to be collected after June 21 is a 3 per cent levy on electrical energy for domestic or commercial use. This tax is to be collected by the vendor from the consumer and remitted by the vendor to the collector of internal revenue. It applies to publicly as well as privately owned power plants.

For example, a Galveston householder incurs a bill of $10 for electric service. To that amount the local electric company adds a tax of 30 cents, payable with the bill itself. It is a sales tax which falls directly on the consumer. Companies selling electric energy merely function as tax collectors for the Government.

How this electric energy tax was switched from the producer to the consumer forms one of the most interesting and singular episodes in the checkered career of the tax bill. From the CONGRESSIONAL RECORD these facts are gleaned:

When the tax bill was being debated in the Senate a few days before its final passage, Senator HOWELL, of Nebraska, offered an amendment to levy upon energy sold by privately owned and operated electrical power companies "a tax equivalent to 3 per cent of the price for which so sold, payable from net income but not otherwise." In other words, he proposed to collect the tax from the producers. Senator HOWELL had offered the same amendment to the Finance Committee, but it had been rejected.

The usual lengthy debate ensued, in the course of which Senator SMOOT offered an amendment to impose a 5 per cent tax, collected by the vendor, upon electrical energy sold for domestic purposes. It was rejected, 45 to 40. Senator REED, of Pennsylvania, then offered an amendment identical with SMOOT's except that it proposed to tax energy sold for commercial as well as domestic purposes. It was rejected, 47 to 35. Both amendments sought to relieve the producer from taxation. After further debate the Howell amendment was put to a vote and carried, 61 to 19. Thus it was clearly indicated that the Senate desired the tax to be paid by the producer rather than the consumer.

After the bill emerged from conference committee, however, it was discovered that it provided for a 3 per cent tax on the consumer. When Senator HOWELL challenged the Senate conferees to explain the alteration they declined to do so. But the bill was then up for final passage, and supporters of the Howell amendment had no alternative but to accept the alteration or delay the entire bill. This was after President Hoover had made his personal appeal to balance the Budget. Rather than be put in the attitude of obstructing the Budget balancing process, a majority of the Senators voted for the bill. In other words, high-pressure tactics were used to force through a sales tax to which the Senate previously had registered its overwhelming opposition.

As a result of this secret juggling in conference, the $60,000,000 it is estimated this tax will yield will come from the pockets of the people—3 cents on every dollar's worth of electricity used—instead of from the coffers of the power companies, which have felt the effects of the depression perhaps less than any other major industry. REED and SMOOT fought the power companies' fight in debate. SMOOT asserted that if the tax were collected from the consumers it would bankrupt every power company in Utah, though the Howell amendment plainly provided that the tax should come from net income. If no net income were earned, naturally no tax could be collected. But at no time was any proof produced to show that the power companies were actually unable to pay the tax. Had the power companies themselves pulled the strings the strategy which saved them $60,000,000 a year couldn't have been more effectively handled.

It isn't often the public is victimized to the tune of $60,000,000 by an operation which suggests nothing so much as the shell game formerly used to separate yokels from their money at county fairs.

Mr. NORRIS. Mr. President, there were a series of three articles, all of them short, written by M. L. Ramsay, of the Hearst Service, who has followed, perhaps as fully as anybody in this busy world can, the disclosures made from time to time in this wonderful investigation. These articles appeared in the New York American and other Hearst publications. The titles are, "Water Power Looters Face Crisis in Court Decision," "Inflation by Power Companies Declared Menace to Investors," and "Strict Federal Regulation Needed to Prevent Power Firm Inflation." I ask unanimous consent to have the articles printed at this point in my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

WATER POWER LOOTERS FACE CRISIS IN COURT DECISION—GOVERNMENT CALLED UPON TO PRESERVE SITES IN PUBLIC CONTROL, AS RIGHT TO INVESTIGATE PLANT'S COST IS UPHELD IN CLARION RIVER CASE

By M. L. Ramsay, Universal Service correspondent

(This is the first of a series of three articles by M. L. Ramsay, a Washington correspondent for Universal Service and specialist on power, regarding the Government's recent court victory in the Clarion River case. The articles will discuss the effect of the victory upon ownership of power sites, consumers' rates, and protection of investors.)

WASHINGTON, June 17.—By a second overwhelming victory in the Clarion River Power Co. case, the Federal Government and the States have been brought face to face with a crisis in the looting of water-power resources, which has gone stealthily forward for 12 years.

Power Trust leases upon public hydroelectric sites are judicially proclaimed "a gratuity, a privilege from the sovereign."

They "can only be justified on the theory of the benefit to inure to the public."

In such forceful and all-inclusive language the District of Columbia Court of Appeals has summoned the Government to make restitution for a dozen years' neglect and inaction; to preserve the Nation's power sites in public ownership and control.

The court's notable opinion, written by Associate Justice Charles H. Robb, backs up another equally sweeping by Associate Justice Jesse C. Adkins, of the District Supreme Court.

Together, and beyond the fundamental question of ownership, they lay a broad and strong foundation for cheaper electricity for consumers; safety for investors.

DUTY IS PLAIN

Strict regulation of Power Trust plant investment is held the plain and inescapable duty of the Federal Power Commission. That duty is not to be delegated to Power Trust financiers. And the duty is pointed out expressly with a view to the preservation of ownership, the control of rates, and the safeguarding of the investor, as well as the consumer, from the menace of heavy losses lurking in inflation and manipulation.

The decisions uphold specifically the Government's right to investigate how much a power company spent to build a hydroelectric plant on the Clarion River in Pennsylvania, and then fix officially the amount of this investment.

The power company wanted to write its own ticket. The Government was merely to file the company's claim. If it doubted any items, it was to wait 50 years until the company's lease upon the waters of the United States and the State of Pennsylvania should have expired.

COURT TO ACT TARDILY

Then, if anyone wanted to be sure how much the company's plant cost, a Federal court was to try to find out.

Rejecting this contention and an alternative the company proposed, the appeals court said:

"In our view, such an interpretation of the statute is unreasonable, for during the 20 or 50 years the regulatory powers of the commission must be constantly exercised."

On this and other points the tribunal saw eye to eye with the lower court.

Although power company lawyers say the case will be carried up to the United States Supreme Court, attorneys generally think the decision will stand.

Hence the critical conflict shifts to the Federal Power Commission. There five commissioners are about to start deciding issues of power-plant investment, like the Clarion case, involving thus far a total of $600,000,000.

AUTHORITY UNLIMITED

Most directly at stake is a difference of scores of millions, between Power Trust claims and proposed Government allowances.

The commission has unlimited authority over the 12-year accumulation of cases. Some are close to decision, which is understood to wait upon:

1. Confirmation or rejection by the Senate of the reappointment of Marcel Garsaud, of New Orleans, whose vote gives the conservative group in the commission a majority.

2. Adjournment of Congress, forestalling for months to come either effective protest or possible remedy, if the commissioners sanction inflation.

The commissioners' decisions will largely govern reasonableness of rates, soundness of securities and the continued public ownership—or the loss for all time—of leased power sites.

The issue of public ownership of the power sites underlies the issue of investment in this way. After fighting against all water-power regulation for 15 years, the power companies spent the decade from 1920 to 1930 in obstructing and evading it.

BLOCKED THE WAY

In this period they blocked completely the establishment of immediate reserves, and of machinery for future reserves, which would reduce the cost to the Government of recapturing plants and recovering sites. That was a long step toward permanent alienation of the resources.

Their alienation will be completed if recapture prices are made prohibitive. The power companies have submitted huge claims of investment which threaten this effect and thus far have thwarted every effort to root out the inflation.

Had the Government lost the Clarion case, the huge alleged investment would have been permitted to stand, making recapture virtually impossible.

The price of the recapture or purchase of the Clarion plant by Chief Accountant William V. King's figures, would be based upon an original cost of less than $6,000,000. By the company's figures the base would be $11,032,000, which, with additions through the years, probably would make the recapture price prohibitive.

WHAT ROOSEVELT SAID

Accordingly the company would keep its plant and with it the public's power site. The result would be the permanent vested rights which Theodore Roosevelt scornfully refused to confer in the James River case 23 years ago. His prophetic veto message said:

"To give this away, one of our greatest resources, without recompense, would be an act of folly.

"If we are guilty of this, our children will be forced to pay an annual return upon capitalization based upon the highest price which the traffic will bear.

"They will find themselves face to face with a powerful interest entrenched behind the doctrine of vested rights and strengthened by every defense which money can buy and the ingenuity of capable corporation lawyers can devise.

"Long before that time they may, and very probably will, become a consolidated interest, controlled from the great financial centers, dictating the terms on which the citizen can conduct his business and earn his livelihood, and not amenable to the wholesome check of public opinion."

(NOTE.—The second article of this series will record the conspicuous result of the court decision, which will enable the Government to work out of hydroelectric companies millions of dollars in inflation.)

INFLATION BY POWER COMPANIES DECLARED MENACE TO INVESTORS—COURT BATTLES BY UTILITIES TO AVOID INVESTIGATION INCREASE NEED FOR FEDERAL FUNDS FOR CARRYING ON PROBE

By M. L. Ramsay, Universal Service correspondent

WASHINGTON, June 18.—A conspicuous result of the Government's victory in the Clarion River case is to focus the whole issue of utility rate profiteering, vastly aggravated by the depression.

The court decision clinches the Federal Power Commission's authority to root out of hydroelectric company capital, scores of millions of dollars of inflation already revealed by Power Commission audits and the Federal Trade Commission investigation.

Upon this "water" consumers are forced to pay a return in rates. Against it securities have been issued and sold to investors.

MENACES INVESTOR

That the inflation of power company capital results directly in excessive rates, and menaces the investor as well, was made clear by the District Supreme Court in its Clarion decision.

This decision, now upheld on appeal, warned of "serious effects" of delay in establishing investment accurately. It continued:

"On the one hand it will have a tendency to cause the items to assume the nature of vested interests; on the other if these items, years hence, are finally eliminated from the capital, the value of plaintiff's securities will be suddenly and greatly lessened. And much more important—if items are erroneously retained in the capital accounts, the rates to be charged by the plaintiff during this long period will be higher than if they should be eliminated from the actual net investment at the present time."

RELATIONSHIP SEEN

The same inescapable relationship between cost or investment on the one hand, and rates and profits on the other, was seen by the appellate court:

"Under section 16 the United States is authorized to take over a project in time of war by paying compensation fixed by the commission 'upon the basis of a reasonable profit in time of peace.' Under the act reasonable profit depends upon original cost.

"Under sections 19 and 20 the commission is authorized to fix rates under the various conditions and circumstances recited in those sections, and the basis of these rates under the provisions of the act is the original cost of the project."

"COSTS" IN AUDIT

In the cost of the Clarion River plant auditors found items like these:

Four dozen neckties bought at a fashionable New York shop—$144. Tips to porters, etc., $95.

Expenses grand opening (of power plant), $4,365.

Fee to controlling interests for persuading their construction company to build a plant for their power company, $200,000.

Fee to same interests for persuading their utility company to buy their power company's output, $300,000.

For persuading this utility company to guarantee the power company's bonds, $200,000.

For interesting investors and expenses in connection with security issues, $294,000.

TAKES SEVEN YEARS

Governmental effort to get the facts in this case has required thus far, seven years. Three audits were thwarted by failure of the company to furnish complete records.

In 1928 the power commission reported the facts to Congress with this comment:

"The book costs of this project are probably inflated by not less than $4,000,000, and possibly by much more. * * * Further action is dependent upon securing means to prosecute such cases of apparently flagrant lack of compliance with the law."

But Congress was not permitted to see this report. The Niagara Falls Power Co., whose finances were similarly dissected, induced the commission to withdraw it and strike out all such disclosures.

Thereupon the House voted down a bill to supply the commission with auditors and lawyers, with one Representative declaring bluntly that two-thirds of the Members knew virtually nothing about what they were voting upon.

REFUGE IN COURTS

When the suppression of the report to Congress, and the Clarion case itself, were brought to light by Senate investigators two years later, prodding the power commission into action, the Clarion Co. took refuge in the courts.

Precisely the same fight is being made by the utilities against disclosures of rate secrets by other regulatory and investigative agencies.

Control of the Clarion plant, although not the responsibility for its original financing, rests with the Associated Gas & Electric Co.

This company has been contesting before the Public Service Commission and the courts of New Hampshire for two years an attempt to disclose and regulate the toll taken by companies higher up from rates paid by the consumers to operating companies.

It has just halted a similar investigation in New York by refusal to produce witnesses.

FUNDS REQUIRED

The associated system is under examination by the Federal Trade Commission in the general investigation of utilities. It will escape much of this inquiry, with the greatest of the Morgan combines and the Cities Service system, unless Congress provides funds.

The Budget estimates of President Hoover, who has vouched for the power companies' "glass pockets," failed to provide for the power investigation.

Meanwhile a rejuvenated utility commission in Wisconsin and a few elsewhere are working to bring rates down in some relation to the fall of other prices and to shrunken incomes.

Although holding companies have been hard hit, operating power companies have maintained their profits at predepression levels.

Power Commission and Trade Commission audits have shown that a large part of these profits is being paid out upon "water," and this "water" remains frozen in the capital of operating companies with which the consumer deals, even while the holding companies are scaling down their capitalization.

STRICT FEDERAL REGULATION NEEDED TO PREVENT POWER FIRM INFLATION—PROPAGANDA DIRECTED AGAINST CITY, STATE, AND FEDERAL DEVELOPMENT PROJECTS FAILS

(By M. L. Ramsay, Universal Service correspondent)

WASHINGTON, June 19.—Preventing a repetition of recent losses of hundreds of millions of dollars to investors in power securities, through strict Federal regulation, is one of the great possibilities held out by the Clarion River decisions.

Such regulation is generally regarded in Washington as inevitable, especially since these losses have occurred in a virtually "depression proof" industry.

Power company profits on the average are about as large as before the depression. "Not one of the major operating companies has omitted dividends so far," according to the Electrical World.

The flood of "water" that has been poured into them has been turned to gold by expanding sales of electricity to household users at top rates. Accordingly the investor who bought operating company securities has suffered only to a limited extent. The consumer has made good for him.

LOSSES LOCALIZED

Greatest losses to investors have been largely localized in the holding companies, supersensitive to small-profit fluctuations, and revealed by the Trade Commission as more flagrantly manipulated and "watered" than the operating companies.

The Clarion decisions would sustain, even with existing but unused legal machinery, regulation of security issues of operating water-power companies. It would thus embrace a substantial part of the financing upon which has been reared the superstructure of holding company financing.

With new legislation the same decisions would help to sustain direct regulation of holding company securities.

Many States have no control over utility security issues, and none regulates holding company securities. The Power Trust's supreme effort in this field has been directed against regulation by the Federal Government, which has an ample authority the States lack.

ORDER POSTPONED

Confronted with this relentless opposition, the Federal Power Commission has regulated securities only once. Then, acting with State authorities in the preliminary steps, it reduced proposed flotations for the Conowingo plant in Maryland by more than $5,000,000.

Even here determination of the amount actually invested in the project remains incomplete after six years.

Just before the Coolidge Power Commission went out of office it adopted an order for a limited regulation of securities. At the first meeting of the Hoover commission, enforcement of this order was "indefinitely postponed."

It has remained postponed right down to date.

Two years later a "joker" which would have wiped out even the authority for securities regulation was found in a power commission reorganization bill. It was detected and removed.

PROPAGANDA FAILS

On all three cardinal issues of ownership of sites, consumers' rates, and securities, the importance of the Clarion decisions is enhanced by a collapse of the Power Trust propaganda to belittle water power's importance.

A thunder of this propaganda has dinned into the ears of the country for several years past the dogma that water power was out of date, "uneconomic." It had been outstripped by cheap production of power from coal and natural gas.

This propaganda was aimed directly at the city, State, and Federal development projects, commonly hydroelectric. By extension it grew into arguments that strict regulation of investment and safeguarding of public rights of recapture where the resources had been leased to the trust were a waste of money.

First the propaganda boomeranged against the industry when investors and bankers became doubtful about hydro plants.

USE REVEALED

Now a report by the industry and the Bureau of Mines discloses that the country's water power, only about 20 per cent developed, has supplied lately as much as 46 per cent of national power requirements, the largest proportion on record.

And the Electrical World, telling how power companies are weathering the depression, reveals that—

"Various economies of labor and operation have been introduced, notably the extensive use of hydro capacity on many properties * * *."

The Power Trust's "privilege from the sovereign," as the governmental grants to it were styled by the District Court of Appeals, is being exploited to the limit.

Mr. NORRIS. Mr. President, I now want to pass to another branch of the subject, to show the influence and the strength of the Power Trust, even coming up to the very verge of the court itself. They have not hesitated to penetrate any sanctum by any means, if they were able to influence anybody, from the private citizen clear to the top of the Government, and especially influence anyone occupying an official position.

There has been a great deal of litigation. I am going to call attention to only one case, and only briefly to that. I refer to the litigation now pending in the Federal courts in regard to the New River project, where the Power Trust is seeking to get a license to build a dam in that river, claiming that it is not subject under the law to the water power dam act passed by Congress, and that the Federal Power Commission—I am speaking of the Federal Power Commission and not the Federal Trade Commission, for the time being—has no jurisdiction.

A great deal was said in the newspapers some time ago about the concealing from the public of an answer filed by the commission. Incidentally, everybody knows, I think, that the commission is not any too friendly in its aspects to the people in the controversy it is having with this great power institution.

EMPLOYMENT OF MR. HUSTON THOMPSON

On account of public sentiment in the matter it was found advisable to, and they did, employ a very eminent attorney to represent the Federal Government, which in that case was the Federal Power Commission, in this litigation. Mr. Huston Thompson, a former member of the Federal Trade Commission, an attorney of national reputation, and of unquestioned ability and honesty, was retained.

Senators will remember that there was a great deal in the newspapers at the time to the effect that Mr. Thompson's

answer had been taken away from the files by a member of the bar representing the power company, that newspaper men went from Washington down to Lynchburg, where the clerk's office was located, and were unable to get a copy or to see the answer which had been filed, which Mr. Thompson had prepared and sent down there.

I have had some difficulty in getting that answer. I have had correspondence with several officials with regard to it. I finally wrote to Mr. Thompson himself and asked for a copy of the answer.

The power company was afraid to have the public see the allegations Mr. Thompson made in his answer. He prepared the answer and sent it down to the clerk. At the same time he sent a copy of the answer to the attorneys in the case, including Mr. Abbott, the local attorney at Lynchburg. Mr. Abbott immediately went to the clerk's office, and, being an attorney of record, of course, was allowed to take the answer from the files. He took it, although he had in his pocket at the time a copy of the answer sent to him by Mr. Thompson through the mail. When anybody went to see the answer, when newspapermen went all the way from Washington to get a copy of that answer from the records, they were told that the attorney had come to the office and gotten the answer.

They went to his office and he refused to give it to them. He kept it in his pocket, and it never saw the light of day until some time after, when there was a hearing before the judge on a motion which had been filed prior to the answer being filed, which gave them an ostensible reason for keeping the answer from the public, because the motion had, as a matter of fact, not yet been disposed of.

I want to read this letter from Mr. Thompson:

I am in receipt of your letter of recent date, together with the correspondence between you and the Federal Power Commission relative to your being allowed a copy of the answer that was tendered by me to the clerk of the United States district court at Lynchburg, Va., in the case of the Appalachian Electric Power Co. against George Otis Smith et al. The culmination of the correspondence on the part of the commission leaves it up to me or the Department of Justice as to the sending of the answer to you. In your letter you also asked me to advise you as to the publicity of the answer.

Permit me to say that since I have been connected with this case I have purposely refused all interviews with the press and have given out no publicity. I feel, however, that as the commission is the agent of Congress and as this document when it was tendered to the clerk of the United States district court was a public document, that it would not be proper for me to refuse to let you have the answer, nor would it be within my province to say what you shall do with it after you have received it. I am therefore forwarding a copy of the answer to you herewith.

I may say that I had written to the commission and asked them to send me a copy of the answer. They had a copy and they sent it to me, but they said in their letter that it was confidential and that I would not be allowed to use it. Without reading the answer, I sent it back and said I would not accept it on those conditions. That resulted in my writing Mr. Thompson, and the letter I am now reading is an answer to my letter to him.

I do not know that all of it would be interesting. The part I want to get to is as to what happened with the answer Mr. Thompson sent down to the clerk's office. I continue reading from Mr. Thompson's letter:

You have informed the commission and me that you have heard from many sources the facts that occurred with respect to the tendering of the answer, and you therefore request me to give you what information I have about it. The following are the circumstances:

On March 14, 1932, at Norfolk, Va., counsel for plaintiff and defendants appeared before Judge Luther Way, who entered an order upon the request of plaintiff requiring the defendants to file a motion to dismiss plaintiff's bill within a certain time and thereafter to tender their answer to the clerk of the United States district court. I objected to tendering answer before we had finished with the motion to dismiss, but counsel for plaintiff insisted on their right to see the answer regardless of the consideration of the motion. I filed the answer on April 27 with the clerk as required. I also sent copies to the several counsel for plaintiff, including Mr. Abbott, of Lynchburg, Va., and received acknowledgment from him that he had received his copy on the 27th.

On the 28th members of the press called me and asked for a copy of the answer. I refused their request, stating that I did not wish to appear in any way as encouraging publicity, but that the document was a public document and that they could get a copy at Lynchburg. On the 29th I was informed by a Mr. Ramsey, a member of the press, that he had been to Lynchburg and asked the clerk for the answer. The clerk, according to Mr. Ramsey, informed him that he did not have the answer, the same being in the possession of Mr. Abbott, attorney for plaintiff; that Mr. Ramsey then went to Mr. Abbott and requested permission to see the answer; that the latter refused to permit him to see it, to state what was in it or whether he would return it to the clerk. Mr. Ramsey and other members of the press again requested a copy, and I declined for the aforesaid reasons.

On May 2 I was in the courtroom at Norfolk prepared to argue the right of certain parties to intervene in the case. Mr. Jackson, of counsel for plaintiff, asked me to take part in a conference in the judge's chambers, and I acquiesced. Counsel immediately began attacking the answer as scandalous. Judge Way was called out into the courtroom by the grand jury, which was assembled, and in his absence counsel attacked me on the ground that my purpose was that of seeking publicity. I refused to discuss the matter and left the room, being followed by counsel who begged me not to insist on the answer being filed as it would be very injurious to them at this time of depression.

After considering the matter during the lunch hour, I finally agreed that if counsel would make the motion to withdraw the answer pending the action on the motion to dismiss and right was reserved to me to renew my tender of the answer, if I thought it necessary after action on the motion to dismiss, that I would not oppose counsel's motion. Subsequently the matter was brought up in court, counsel made his motion, and I notified the court that I would not oppose it under the circumstances presented to me. The court then asked us to retire and draw the order. When the order was completed and signed by us and we started for the court room Mr. Abbott stepped up and drew the answer which I had filed from his pocket and handed it to me. Subsequently in the court room the court admonished Mr. Abbott not to do such a thing again. I was informed thereafter that the answer had never been returned to the clerk after Mr. Abbott had taken it from the clerk's office.

Mr. President, it is interesting to know just what there was in that answer that made this great power-trust corporation afraid to have publicity. Their own attorney went to the clerk's office, taking advantage of the fact that he was an attorney, and took away the answer and never returned it to the files of the court. I think probably this is the part of the answer which had a good deal to do with the taking away of the answer by the attorney for the power trust. I am reading just a part of the allegations, just a part of one paragraph of the answer:

That plaintiff at all times—

This is referring to the power company that is trying to get a very valuable power site for the building of a dam and going into court to prevent the Federal Government from having anything to say under the power act as to the cost or the kind of a dam or anything whatever to do with it, claiming that the act passed by Congress had no application to the particular case. The Government of the United States, through Mr. Huston Thompson, in its answer, said, among a great many other things, referring to the power company:

That plaintiff at all times has followed a system of "writing up" its investments in its projects. That in the past it has made an investment in all of its properties, of, to wit, $72,621,455.20, being the total book value, and has issued and sold securities on said investment of $139,039,648, being an increase of $66,418,192.80 above the total book value, and has issued securities upon the basis of said "write-up"—

"Write-up," we must all remember, in common language means water pumped into the capitalization of the corporation—

has issued securities upon the basis of said "write up" and has sold a great part of said securities, based upon fictitious values of, to wit, many millions of dollars, to the public; that plaintiff sought to be relieved under section 23 of the said act of all restrictions on the part of the Federal Power Commission so that it might continue in its proposed project its practice of "writing up" over and above the actual investment as in its other projects, to wit, to the extent of many millions of dollars in securities, and of selling them to the public; and defendants aver that it was for this reason that plaintiff sought and now seeks to be relieved of the control by the Federal Power Commission over the construction, operation, and financing of its project.

That got into court. Mr. Huston Thompson, on behalf in reality of the people of the United States, in his official capacity has made this allegation in a suit now pending in court, and so afraid were the Power Trust and their attorney that the public would find out something about what Mr. Thompson had alleged that they took the paper from

the clerk's office and refused to let anybody see it—a public document filed with the clerk of the United States court taken away by the attorney for the Power Trust in order, as Mr. Thompson's letter said, to conceal from the public the allegations that had been made on behalf of the public for fear, as they said, in this time of depression it might injure them financially.

They are afraid of the truth. They dare not face the truth. They are adepts in covering up the truth and here is an illustration where they have gone into the very presence of the ermine of the judiciary in order to conceal the truth from the American public. They were afraid to let the newspaper people go into court and read a public document filed in a law suit. It might injure them. It would not injure them in the financial market if they had been honest. The reason they are afraid that it would injure them is because of the allegation that they were dishonest, that they were selling securities to the public the only value in which was water, that they were "writing up" overnight their capitalization by the millions and then selling the securities to the investing public.

That is the allegation which was made in that case in court, and so afraid were the Power Trust that the public would find it out that, in violation of all professional ethics, the attorney for the Power Trust took the papers away and kept them away so nobody could see them. If that had happened in my State before a justice of the peace the attorney who would do such a thing would have been disbarred from practice. It is unprofessional and unethical. But if a Power Trust attorney does it, it is bright, sharp practice and he can stand forth without any criticism. He was lightly tapped on the hand by the judge. The judge said, "Do not do that again." That was his punishment. This is only another example of the depths to which the Power Trust will stoop in trying to carry out its program of controlling the United States Government.

HOLDING COMPANIES VERSUS OPERATING COMPANIES

Mr. President, the investigation before the Federal Trade Commission will show that operating companies—an operating company is the company which makes the electricity and sells it—have been milked of very large sums in fees and charges of various sorts by contracts forced upon them by their controlling holding companies. In the case of the Electric Bond & Share Co. we are without complete information because certain books have been refused and the case for their production is still pending in court. I ought to say, by the way, that the Federal Trade Commission is in court now to try to get some of the books that some of the corporations have refused to permit their experts to examine.

But the commission was able to determine that on the fees charged to operating companies Electric Bond & Share Co. made as high as 105 per cent profit on the cost of doing the work, this in the face of the fact that its responsible officers had solemnly told the commission in a prior investigation that all of these services were rendered at actual cost. This was so reported to the Senate in the Senate Document 213, Sixty-ninth Congress, second session, page 75. They testified early in the hearings that when the holding companies like the Electric Bond & Share Co. did perform some service for an operating company, they charged nothing but the actual cost for the service. They testified to that and the Federal Trade Commission so reported. But further investigation developed that that testimony was not true, but that they made a profit as high as 105 per cent on some of the things they did for the operating companies. That means that the consumer of electricity had to pay that enormous profit of a corporation in reality charging itself a commission for something it did itself for itself. That is the reason why they have so many corporations. One can charge the other, and it in turn can charge the next one, and so on.

Operating companies have been charged by their holding group Federal income taxes. I am coming to something that I wish the people of the United States knew. I wish that Congress knew it because I doubt whether many of us are informed on the particular point. Operating companies have been charged by their holding group Federal income taxes based on their total income, but such sums have not been paid to the Government because of the permission to file consolidated returns, enabling the holding company to consolidate a weak sister with a prosperous operating company. One may examine the books of the operating company and find that a certain amount is charged for income taxes to the Federal Government, but that goes to the holding company and they consume it. If there is any other operating company that has not made a profit upon which such a tax would be payable, they put them all together and keep the money, and the Federal Government goes without taxes. That is the way they operate it.

In some cases the amount so charged to the consumers of the operating company has been very large, although little or none of it has reached the Federal Treasury. In other words, the consumer pays the tax, but the Government does not get it. Somewhere along the line from one holding company to another it is gobbled up by a holding company. Here are two examples shown officially before the Federal Trade Commission.

Exhibit 4834, report of Examiner Roger E. Barnes on New England Power Association, in parts 31 and 32, at pages 632 and 633, contains this information, and this is the official record of the Federal Trade Commission from which I am going to quote:

> The association charges the subsidiary companies an amount equal to the tax that would have been paid had an individual return been filed. It then files a consolidated return which is less in aggregate than the total of all the companies computed on the basis of individual returns. By this method the association collected more for taxes than it paid by the amount of $304,633.64 in 1928, and $72,337.72 in 1929.

That is going on right under the nose of Congress. Following that which I have just quoted is a table showing from which subsidiaries the aggregates are collected.

Exhibit 4868, part 33-34, page 777, shows that the North American Co. collected more from its subsidiaries for Federal income tax than it paid to the Government by the following amounts for the years shown: In 1927 the North American Holding Co. collected $324,915.17 more in income taxes from its subsidiaries than it paid to the Government of the United States. I wonder if Senators get that point. In 1928, this same corporation collected $675,000 more from its subsidiaries for income taxes than it paid to the Federal Government.

Mr. BORAH. Mr. President——

Mr. NORRIS. I yield.

Mr. BORAH. How could they do that except through the neglect of the Internal Revenue Bureau?

Mr. NORRIS. I think the Senator did not hear what I previously read, and I will read it again. This is the way it is done; this is an official quotation.

> The association charges the subsidiary companies an amount equal to the taxes that would have been paid had an individual return been filed.

Mr. BORAH. Mr. President——

Mr. NORRIS. Let me finish reading this, and I think I shall make it plain.

> It then files a consolidated return which is less in the aggregate than the total of all the companies computed on a basis of individual returns. By this method the association collected more for taxes than it paid.

Mr. BORAH. Would not its return to the Government be a false return?

Mr. NORRIS. I take it not, I will say to the Senator from Idaho. I think it is the fault of the law which permits them to file consolidated returns, but I doubt whether it is according to law when they collect a sum for taxes and keep it themselves. Whether it is legal; at least it is morally wrong. The consumers in a community are compelled to pay, and the holding company collects taxes as though that company were the only company, but over here in another State they have a company that has not prospered so well; they put them both together and they make a consolidated return to the Government, the subsidiary not making a return, and in that way they make these

profits. In other words, they do not hesitate to charge the consumers hundreds of thousands of dollars on account of taxes which they never pay; they keep the money; and that is where they get some of their profits.

When the Senator from Idaho interrupted me I was not through. I had given the figures as to this company for two years. I am now speaking of the North American Co. I gave its profits in 1927 and also in 1928 from this method of computing taxes. In 1929 this company collected $275,000 more from the subsidiaries for taxes than it paid to the Federal Government. That is for three years of which we have a record. Combined in those three years, what does it mean? It means that this one company in this one instance has collected in three years $1,274,915.17 more for taxes than it paid to the Federal Government for taxes.

I wonder if anybody would like to stop an investigation that is developing that kind of financial manipulation that is going on, every penny of which is paid for by the consumers of electricity by the charges levied upon them, while these poor corporations can not afford to pay the tax that the Senate proposed to levy upon them as taxes have been levied upon everybody else? They said, "Oh, no; we can not pay it." So the conferees were so kind to them as to bring in a conference report by which we took the tax off them and put it on the little fellow, who is not organized, who can not cry out, and who is so used to being pressed down to the ground that it is felt he will stand for it without complaint. These big fellows, these millionaires, these fellows who are turning water into gold by the millions, they can not pay the tax; it would not be right to tax them; they are exempt; they are too holy; we must not tax them. Tax the poor devil, tax the fellow that is ground down into the earth now by paying exorbitant taxes for this necessity of life.

Information is that already several holding companies have abolished service fees, put them at cost or lowered them, all to the benefit of the consumer and to the rates.

Mr. President, I have no doubt that is true; I have no doubt that many of these corporations, with this investigation going on, seeing what is in store for them, and what is ahead, have changed their practice in this regard. They paid hundreds of thousands of dollars, and used the people's pennies in doing so, to kill and to prevent the investigation, but as it goes on it is disclosing this highway robbery and it has had this effect. As stated, much of it has ceased because the light of day has commenced to penetrate into their activities; their sins are being told to the people of the country, and in the face of the sentiment it would create they can no longer keep up such a practice. So the investigation has paid for itself many times over in the money that it has saved the modest class of people in the United States in the way of electric-light rates.

In some instances original surpluses to the lure of investors have been shown to consist largely of "write-ups." I think I have covered that point.

In the case of the taking over by the Insull and North American group of the Studebaker group the admission obtained by the chief counsel from a responsible officer on the witness stand comes mighty near to showing direct violation of the antitrust laws in their efforts to control and divide territory and to suppress competition.

I wish everyone could read the testimony referred to in that statement. Mr. Healy, the able attorney who has been employed and who has had charge of this investigation, has shown in my judgment that these corporations are violating the antitrust laws. They divide the country up between them; they do as was done in Cæsar's time, "divide Gaul into three parts."

One of the outstanding facts which appears as a result of the Federal Trade Commission's investigation of utilities, and which seems supported by general knowledge and information, is that the local operating companies and their moderate-salaried staffs have quite generally carried on well; that the operating companies, except in cases where their superimposed holding companies have borrowed what they can not repay, are generally sound. This means that in the utility structure it is not the high-salaried absentee financiers and so-called general supervisory managers who have done the work, but that the low-salaried local men are the real performers. But this again leads to the inescapable conclusion that something is wrong in the utilities structure and that a remedy must be found for the system which has put upon the backs of these operating companies an unwarranted load of capital structure, of fees and charges of various sorts and even compelled them to part with their money on forced loans.

Recently, February 26, the financial editor of the Electrical World, leading paper of the electrical industry, suggested one possible alternative in centralization. This means nothing else in plain English than returning the local operating company to its independent position, permitting it to do its own work and carry its load and then to carry additional loads. Obviously the removal of these loads will be to the benefit of the rate payer, to the benefit of the operating company actually performing the service, and to the benefit of investors.

The service performed by the Federal Trade Commission disclosing the almost endless variety of schemes by which operating companies have been milked is of great value.

GREAT SERVICE OF FEDERAL TRADE COMMISSION

Mr. President, we do not fully comprehend the great service that the Federal Trade Commission has already rendered the people of the United States. I read not long ago a statement made by some one in behalf of the electric company that supplies Washington with electricity, comparing the present rates with the rates of some years ago. They have been very much reduced; but I venture the assertion here to-day, Mr. President, that if it had not been for those who have found fault, who at the risk of their reputations have proclaimed aloud that this great corporation was unduly milking the poor people of the District of Columbia by making them pay exorbitant rates; if we had not proclaimed that to the world; if there had been no investigation—and they fought the investigation every step of the way and tried to prevent it—if there had been nothing said, we would be paying in the city of Washington to-day 10 cents a kilowatt-hour for electricity, which was the rate when I first began to study this question. Those who have refused to follow the mandates and obey the will and the command of political leaders selected by Power Trust officials to carry out their will, to do their bidding; those who have had the courage to stand out and say "no," have been called bolsheviks and socialists and outcasts in society and in politics, but their work has brought to the people of the United States and to the capital city a saving of millions and millions of dollars in the rates they have been paying for electricity.

The service performed by the Federal Trade Commission, as I have said, has been very great. It is only too bad that this work by the Federal Trade Commission could not have been started three years earlier than it was at the time I introduced my original resolution of investigation. If it had been, I believe the investing public would have been saved literally hundreds of millions of dollars, and the crash that has come to all financial institutions would not have been what it has, as far as utilities, at least, are concerned.

Mr. LA FOLLETTE. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. NORRIS. I yield to the Senator.

Mr. LA FOLLETTE. The Senator is making a very remarkable address. I therefore suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. NORRIS. I do.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Reed
Austin	Davis	Kean	Robinson, Ark.
Bailey	Dickinson	Kendrick	Robinson, Ind.
Barbour	Fletcher	Keyes	Schall
Barkley	Frazier	King	Sheppard
Bingham	George	La Follette	Shipstead
Black	Glass	Lewis	Shortridge
Blaine	Glenn	Long	Smoot
Borah	Goldsborough	McGill	Steiwer
Brookhart	Gore	McKellar	Stephens
Bulkley	Hale	McNary	Thomas, Idaho
Bulow	Harrison	Metcalf	Townsend
Byrnes	Hastings	Moses	Trammell
Capper	Hatfield	Neely	Tydings
Cohen	Hayden	Norbeck	Vandenberg
Connally	Hebert	Norris	Wagner
Coolidge	Howell	Nye	Walcott
Costigan	Hull	Patterson	Watson
Couzens	Johnson	Pittman	White

The VICE PRESIDENT. Seventy-six Senators have answered to their names. A quorum is present. The Senator from Nebraska has the floor.

Mr. NORRIS. Mr. President, during the course of its investigation the Federal Trade Commission, under Senate Resolution 83, to date has made field examinations of the books and accounts and records of about 50 per cent of the public-utility companies coming under the resolution, and has had public hearings, and reported to the Senate on over 33 per cent of the public-utility companies coming under the resolution.

I think it important to consider that fact in connection with what I have already produced in the way of evidence and what I shall produce later on, because this investigation is not finished. Some of the books, documents, and papers have been withheld from the commission, and it has been necessary to go into court in order to have the matter determined. Cases are pending now and undetermined. It may be if the decisions of the courts are against the commission in some of these important investigations that it will be necessary before we finish the investigation to have additional authority conferred by Congress; and I want this taken into consideration, especially in relation to the so-called write-ups that I am soon going to take up, showing what has been developed up to date. Of course, we do know that only a part of it has been disclosed, and what is undisclosed no man now knows.

The Associated Gas & Electric Co.: Beginning June 14 and ending July 1, Examiner Charles Nodder, of the Federal Trade Commission, under questioning by Chief Counsel Robert E. Healy, has put into the public record a most amazing and complicated story of the transactions and practices of the Associated Gas & Electric Co. Into this company have been absorbed two groups which previously were of considerable size and importance, namely, the W. S. Barstow group and the J. G. White Engineering Co. group. At one time the White Co. stood high in its field. The two men who have been the directing geniuses of the complicated Associated Gas & Electric Co. group are H. C. Hopson and J. I. Mange, who control Associated Gas & Electric Properties, a Massachusetts voluntary association, which in turn controls the Associated Gas & Electric Co., with stated balance-sheet assets of nearly $1,000,000,000. About 180 operating companies were in this group at the end of 1929, extending in groups from New England to Arizona, with an operating revenue for 1929 of nearly $69,000,000, of which enough came through to the holding company to make the income of the Associated Gas & Electric Co. nearly $49,000,000.

It is impossible in my limited time to do more than call attention to a few of the outstanding points.

Exhibit 5157, which is the second volume of Mr. Nodder's report, lists and describes 31 different stock and security issues between 1922 and 1931. Mr. Nodder says in his report:

> The financial structure of the Associated Gas & Electric Co. has been of extreme complexity.

One reason for this, he says—

> Is the physical character of the numerous securities issued; their complex, exchangeable, and convertible features, and constant calling and substitution thereof by subsequent issues. This is further complicated by dividend payments on one class of stock made in another class of stock.

A little later he says:

> Securities were issued from time to time without authority of the board, and to correct this situation the board on two occasions passed retroactive resolutions ratifying various issues made.

The total water pumped into the capital of this group was not as large as in some others, amounting in the aggregate to about $20,000,000, which Mr. Nodder was able to demonstrate and which he says probably amounted to some larger figure, which it is impossible to trace through accurately. However, there are many other features, some of which are new and startling, so that the amount of actual inflation becomes comparatively a minor thing.

Prior to December 31, 1929, when the examiner closed his work on their books, the Associated Gas & Electric Co. had paid no Federal income taxes for the years 1926, 1927, 1928, and 1929, although it had accrued to itself from its subsidiaries by monthly accruals plus compound interest a sum amounting at that time to $2,938,513.12. (Exhibit 5157, pp. 1061, 1063.)

By a series of intercompany transactions it finally assigned its managerial contracts to the J. G. White Management Corporation, which had cost the Associated Gas & Electric Co. nothing, for a consideration of $8,000,000. (Exhibit 5157, p. 1087.) In other words, they got $8,000,000 for nothing. They pulled it right out of the air.

All value which this assignment carried was based upon what, through its contracts, it could take out of the various operating utility companies.

At another time it received stock valued at $5,100,000 for the assignment of a construction company. (Exhibit 5157, pp. 1093 and 1094.) Outside of certain equipment whatever value it had came from its ability to charge construction fees to the operating companies of the group.

A purchasing company was set up to do all the purchasing for the group. From this purchasing company the associated system received notes in the sum of $3,700,000. The sole value for such payment which the purchasing company capitalized as "cost of contracts" was its right to make purchases for the companies of the system. (Exhibit 5157, pp. 1103 and 1104.) It set up a corporation to buy things for it, that is all.

A company for the sale of appliances in connection with the system was set up which took over the inventories of appliances of the various companies, so that the operating companies thereafter really acted as display agents and sales agents for the merchandising companies. For this privilege the merchandising company paid the associated system $10,000,000. (Exhibit 5157, pp. 1110–1116.)

In other words, this corporation set up another corporation to buy something for it; and when it set up this corporation, it owned the stock—it was itself, in fact—and then it would buy something and turn it over to the other company and charge it a commission of several million dollars, and the transaction would be complete. In other words, it had bought something for itself, in reality, or had done some service for itself, in reality, and then charged itself a commission on what it had done. That is like pulling one's self over the fence by financial bootstraps if there ever was such a thing.

Besides this, H. C. Hopson, one of these two directing geniuses, set up a financial organization under the name "H. C. Hopson & Co.," at 61 Broadway, where the offices of the association are, and through it he has collected many fees for alleged financial services from the system.

In buying out the Barstow interests Mr. Nodder's report shows that for property having a ledger value of $314,614.88 the system paid money in stocks of a total value of $49,923,855.17. This is found beginning on page 535 of Exhibit 5156 and ending at page 548.

This is official information from the Federal Trade Commission. This particular company I am using as a sort of sample—and that is all, just a sample—this corporation set up to buy some other corporation. The report shows that

for property having a ledger value of $314,614.88 the system paid $49,923,855.17. That is financial ability. I think some of these fellows who are able to pluck millions out of the air like that ought to be appointed by Mr. Hoover to get away with the deficit, instead of bothering Congress about it.

WATER IN SECURITY VALUES

Mr. President, it would be interesting, I know, at least to the student, to have a general synopsis of the amount of water that has been pumped into security values shown by this investigation up to date. I have it not quite up to date. As I said a while ago, it is not complete—there is more to come—but I have a list in detail showing the so-called "write-ups." I do not like the term "write-up." It is rather a new name in financial phraseology, as I understand it. It is a polite name for "water." It is a polite name for "nothing." It is a polite name for thin air converted into value by a financial hocus-pocus, upon which the people of the country have to pay through all time dividends for the men who have made water into gold, and turned air into currency.

Mr. President, the investigation of the Federal Trade Commission so far has made a showing of companies putting water into capitalization, so-called "write-ups," as follows. We can get the information from Senate Document 92, volume 22, page 1199. The write-ups are as follows of the different companies composing the American Gas & Electric Co.

Appalachian Electric Power Co	$66,418,192.80
Ohio Power Co	2,775,371.77
Indiana & Michigan Electric Co	5,958,475.29
Scranton Electric Co	4,426,327.58
Kentucky-West Virginia Power Co. (Inc.)	3,300,000.00
Atlantic City Electric Co	2,212,774.86
Wheeling Electric Co	901,518.00

Making a total for the American Gas & Electric Co. group of $85,992,660.30.

So much air converted into money. Now, we will take the Electric Bond & Share group.

Electric Bond & Share Co. (S. Doc. 92, vol. 23 and 24, p. 49)	$399,201,827.39

I am considering now the Electric Bond & Share group, but I am taking the American Power & Light Co., one of its subsidiaries, and taking the subsidiaries of that company to start with. They are as follows:

Kansas Gas & Electric Co	$2,547,542.24
Texas Power & Light Co	8,160,000.00
Nebraska Power Co	5,866,452.58
Minnesota Power & Light Co. (Nov., 1920)	20,251,682.47
Minnesota Power & Light Co. (May, 1924)	1,383,246.62
Florida Power & Light Co	30,232,007.85

Making a total for the subsidiaries of the subsidiary of the American Power & Light Co. of $68,440,931.76.

National Power & Light Co., $35,000,000.

Electric Power & Light Corporation, $42,341,947.02.

Then, coming under the Electric Bond & Share Co. group, are some more:

Middle West Utilities Co. (report not yet printed), $30,816,770.

Standard Gas & Electric Co. (report not yet printed), $6,974,253.

New England Power Association, which is reported in Senate Document No. 92, volumes 31 and 32, page 635. The total water put into that corporation was $41,575,771.

The North American Co. (S. Doc. No. 92, vols. 33 and 34, p. 759), $5,040,105.

North American Light & Power Co. (report not yet printed), $23,180,934.36.

New England Power Co. (S. Doc. No. 92, vols. 31 and 32, p. 511), $2,000,000.

W. B. Foshay Co. and subsidiaries, $4,018,953.93.

Southeastern Power & Light Co., through its subsidiaries, first, the Alabama Power Co., $6,392,241.73.

Georgia Power Co., $33,453,500.

Appalachian Development Co., $4,389,679.75.

Mississippi Power Co., $12,724,558.73.

Southern Power Securities Corporation, $26,898,275.47.

The Southern Fuel Co. has changed water into gold to the amount of $1,799,000.

Dixie Construction Co., $1,000,000.

Southeastern Realty Co., $175,394.99.

Louisville Gas & Electric Co.—that is of the Byllesby group and the report is not yet printed. They put air and water into their capitalization to the amount of $2,013,500.

Mississippi Valley Gas & Electric Co., which is a part of the Byllesby group and the report has not yet been printed, $373,500.

Electric Power & Light Co. subsidiaries of the Electric Bond & Share Co.: First, the Arkansas Power & Light Co., which has had write-ups to the amount of $6,970,601.61; Louisiana Power & Light Co. have put water into their capitalization to the amount of $10,076,594.16; and Mississippi Power & Light Co., $10,714,544.37.

Washington Water Power Co., $2,591,185.30.

National Power & Light Co., $3,723,957.53.

Oklahoma Gas & Electric Co., report not yet printed, $3,263,560.16.

Nebraska Power Co.—excess of write-ups on operating-company books over write-ups on holding-company books—report not printed, $2,521,063.35.

Pacific Power & Light Co., not printed, $5,679,427.66.

Northwest Electric Co., report not printed, $5,000,000.

Idaho Power & Light Co., report not printed, $9,692,314.99.

Tide Water Power Co., report not printed, $2,714,967.75.

Carolina Power & Light Co., volume 26, page 90, $22,414,833.79.

United Public Service Co., $6,818,940.16 (Thompson Ross & Co).

TOTAL OF WRITE-UPS

Mr. President, what do you imagine is the total of the write-ups? How much water, how much air, have these financial jugglers changed into gold upon which they are taxing the American consumers of electricity? How much do you think, sir, it amounts to up to date, with the investigation probably not much more than half finished? Here is the grand total of the sums I have just read: $925,985,795.26.

Just try to comprehend what that means. With the investigation only partially finished, the Federal Trade Commission have disclosed write-ups in round numbers to the amount of $925,000,000 upon which the poor people, the common people, must pay a profit for all time—not for a day, not for a year, but, unless some change is made by the proper authorities, it must be paid forever. Our people are thus burdened down with $925,000,000 of water upon which we will make them pay through all their long tedious lives an income that will keep in luxury these financial vultures who are thus trespassing upon the rights of their fellow men. Who is going to stand for it? Where is there a representative of the Government of the United States who will say that we should permit this to go on? Yet when we tax them they have influence enough to control the Congress of the United States to take the tax off of themselves and have it put on the poor devil who is already overburdened.

As I showed yesterday in the beginning, all this investigation would have stopped if President Hoover had his way. He is opposed to it all. His own Budget would have cut the Federal Trade Commission off without a dollar to continue this work in behalf of the people. I wonder how long a suffering country is going to stand that kind of treatment? Are we helpless? Is there any way under heaven by which this downtrodden people can be rescued from this great octopus that is hanging about the neck of the Government of the United States? Nine hundred and twenty-five millions of dollars of air for which we are all paying and then we are afraid to tax them!

WHAT FEDERAL TRADE COMMISSION HAS ACCOMPLISHED

Mr. President, I have had prepared for me by representatives of the Federal Trade Commission a short synopsis of what the commission has done, what it has accomplished not only in the way of investigating public utilities, but

several other big trusts and corporations, including the chain stores and the cement companies. It is an exceedingly interesting document, but I do not believe I shall take the time of the Senate to read it. Therefore I ask unanimous consent that at this point in my address it may be included and printed as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The synopsis is as follows:

Since the commission began its public hearings in the power and gas utilities investigation, one of the largest holding company groups has reduced the service charges to its operating companies by over a million dollars a year, and another large group has eliminated entirely all profit from such services to the operating companies, which results in a saving to the operating companies of approximately a million dollars a year. If these reductions to the operating companies have been passed on to the consumers, in these two instances alone consumers have been saved more than the total cost of this investigation, including the amount provided for by this amendment for the next fiscal year. During the progress of this investigation rate reductions to consumers have been quite general. One company stated that $2,600,000 had been saved by residential customers as a result of such a reduction in rates. This is more than twice the total cost of this utilities investigation to date.

By the terms of section 5 of the Federal Trade Commission act the commission is directed to prevent "unfair methods of competition in commerce," and by the terms of the Clayton Act it is specifically directed to prevent under certain conditions price discrimination (sec. 2), exclusive and tying leases, sales, or contracts (sec. 3), combinations through capital-stock acquisitions (sec. 7), and interlocking directorates (sec. 8). With reference to these practices the commission is without discretion as to whether or not it will proceed. Such methods are declared unlawful, and the commission is directed to prevent them. The procedure to be followed by the commission in preventing such practices is set out in the statutes. When there is brought to the attention of the commission facts which seem to indicate the possible violation of these acts the commission makes a preliminary investigation sufficient to determine whether there is enough merit in the matter to warrant the docketing of the matter for a thorough investigation. If it decides that there is, the matter is docketed as an application for complaint; and after thorough investigation, if the commission believes that a practice prohibited by the statutes is being engaged in and that a proceeding by it would be to the interest of the public, it issues and serves upon those using the practice a complaint charging such person or persons with violation of the particular act involved. After the issuance of such complaint the parties named as respondents have opportunity to file an answer, and after answer is filed testimony is taken and the case is briefed and argued before the commission, which disposes of it by either issuing an order to cease and desist from the practice or practices involved, if it thinks the charges of the complaint have been sustained, or by an order of dismissal, if it believes that such charges have not been sustained.

If an order to cease and desist is issued, the person against whom such order is directed may apply to a United States Circuit Court of Appeals for review of the order, and such court has authority to make and enter a decree affirming, modifying, or setting aside the order of the commission. The commission may appeal to such court for enforcement of an order to cease and desist where such is not obeyed. The proceedings before a circuit court of appeals are subject to review by the Supreme Court of the United States upon certiorari. The commission can compel the attendance of witnesses and the production of documents in proceedings before it by action before a district court of the United States.

Since its organization and up to June 30, 1931, the commission has under these powers instituted 19,212 inquiries, of which it has dismissed after preliminary investigation 12,296 and has docketed as applications for complaints 6,609. Of these investigations which have been docketed as applications for complaints, 4,228 have been dismissed, after thorough investigation, without the issuance of complaint. Complaints have been issued in 1,972 of the matters, and after proceedings on the complaints orders to cease and desist have been issued in 1,080 instances and the complaints dismissed in 662 instances. The other matters are still pending, awaiting final disposition. In the lower Federal courts the commission has had 193 cases, of which 182 had been disposed of by June 30, 1931. In the Supreme Court it had had 57 cases, all of which had been disposed of by June 30, 1931.

By these orders to cease and desist the commission has prohibited such practices as false and misleading advertising as to business status, nature of product, indorsement of product, results of product, source of product, etc.; misleading trade or corporate name; the use of bogus independents; combining and conspiring to restrain or monopolize trade by seeking to cut off competitors' sources of supply, labor, to fix and maintain prices, etc.; threatening suits not in good faith; maintaining resale prices; misbranding; wrongfully disparaging or misrepresenting competitors or their products; using exclusive dealing or tying contracts, price discrimination, the acquisition of stock of competitors, and many others.

It has been testified that as a result of one of these cases alone the farmers of the Middle West were saved $30,000,000 annually (the case against the United States Steel Corporation, so-called Pittsburgh Plus case). In another case the commission protected the cooperative method of marketing grain and established the right of farmer organizations, grain growers, and shippers to admission to the trading places, preventing a monopoly in the grain trade (the case against the Minneapolis Chamber of Commerce). The commission has literally saved the public millions of dollars annually by the prevention of various fraudulent and misleading advertising and misbranding practices. The commission has protected hundreds of business men from the unfair practices of rivals whether practiced directly or through bogus independents.

In certain types of cases where the proposed respondent is willing to cease and desist the practice the commission accepts a stipulation in which the proposed respondent agrees not to indulge further in the practice complained of. From December 1, 1925, to June 30, 1931, such stipulations had been accepted in 837 instances. The commission also prevents certain forms of false and misleading advertising by accepting stipulations to cease and desist using such advertisements. From May 6, 1929, to June 30, 1931, stipulations had been accepted in 119 such matters, and 389 such cases had been handled.

As a result of the above activities of the commission the public has been saved millions of dollars.

In addition to the above statutes the commission is also charged with the duty of enforcing the so-called export trade act, and in accordance with this the commission has continually had supervision of the activities of between 50 and 60 export-trade associations involving annual exports of hundreds of millions of dollars. In 1929 the value of such exports was $724,100,000, and in 1930, $661,000,000. The commission has instituted under this act to June 30, 1931, 881 investigations, including foreign-trade inquiries, and disposed of 364 such investigations.

This work of the commission and 73 special investigations have been done with a maximum annual appropriation of $1,864,800, a minimum annual appropriation of $430,964, and an average annual appropriation of $1,174,317.42; a maximum annual number of employees of 663 for the war year 1918, a minimum annual number of employees of 214, and an average annual number of employees of 348.35.

The utility corporations' investigation is one of the largest undertaken by any Government department. It involves an investigation and study of the practices, organization, relationship, conduct, and management of utility corporations throughout the United States. The organization, management, and relationship of many of these corporations are quite complicated and complex. Some of the holding corporations have as many as 250 to 400 subsidiaries; and in order to trace the growth, development, and relationship of these various corporations it is necessary to review the books of these corporations for periods of from 10 to 20 years. There is involved an investigation and study of much of the same character of information for utilities as is required by the Interstate Commerce Commission of the railroads in its efforts to value the railroads, upon which that commission has been working for 19 years, and for which particular work there has been appropriated $40,506,234.91, considerably more than the total appropriations for the Federal Trade Commission during its entire existence. The electric and gas utility companies constitute an industry comparable in size to the national railway systems. The public utilities represent an investment of about $25,000,000,000 as compared with $26,000,000,000 invested in the railroads.

There are about 170 Portland-cement mills in the United States, located in 35 of the 48 States. The total production during 1930 was 643,620,000 sacks (94 pounds each). This production dropped to about 498,280,000 sacks in 1931.

For convenience in stating price reductions since the commission started the investigation of the cement industry, the United States has been divided into four sections, namely, (1) the northeastern section, including the States north of Virginia, and Tennessee, and east of the Mississippi River; (2) the southeastern section, including the States south of Kentucky, West Virginia, and Maryland, and east of the Mississippi River, also including Louisiana; (3) the central section, including the States west of the Mississippi River and east of the eastern boundary line of Montana, Wyoming, Colorado, and New Mexico; (4) the Rocky Mountain Pacific section, including the States west of the central section. The total shipments by all mills in the United States during 1931 were approximately 505,860,000 sacks.

The consumption of cement in each of these four sections, as reflected by the shipments into the several States of each respective section, during 1931 was as follows:

	Barrels	Per cent
Northeastern and lake section	73,138,484	57.8
Southeastern section	14,433,563	11.4
Central section	25,849,691	20.5
Rocky Mountain Pacific section	12,183,824	9.6
Exports	387,486	.3
Territories	471,952	.4
	126,465,000	100.0

According to the Bureau of Mines, Department of Commerce reports, the net mill value of cement covering the entire United States declined from approximately $1.44 per barrel in 1930 to $1.12 per barrel in 1931, a reduction of 32 cents per barrel or 8 cents per sack. This figure reflects the reduction in prices put into effect during 1931. The net mill value of 1931, however, includes

sales during the first part of the year, before the reductions became effective.

The mill base prices of cement at the various mills in the northeastern and lake section were reduced during 1931 subsequent to the beginning of the investigation of the cement industry by the commission from 40 cents per barrel at the mills in the Lehigh Valley to 75 cents per barrel at the silos in Cleveland, Ohio.

The mill base price at the mills in and around Birmingham, Ala., was reduced since the beginning of this investigation by 26 cents per barrel.

The mill base reductions in the central section during the investigation ranged from 44 cents per barrel at Iola, Kans., to 84 cents per barrel at Ada, Okla. No attempt has been made as yet to arrive at the average reduction in mill base prices in any of the above sections.

The commission has received direct from dealers throughout the United States the retail price per sack of cement in small quantities beginning with January, 1929, to and including the year 1931. In the northeastern and lake sections, which consumed approximately 73,000,000 barrels of cement, 57.8 per cent of the total consumption for the United States, reports show reductions in prices since the investigation began, ranging from 5 cents per sack in Buffalo, N. Y., to 30 cents per sack at Painesville, Ohio. These reports cover 33 locations in the States of Massachusetts, Connecticut, New York, Pennsylvania, West Virginia, Ohio, Illinois, Indiana, Michigan, and Wisconsin. Twelve of these locations reported reductions of 20 cents or over per sack. Nine additional locations reported reductions of 15 cents or more per sack.

From the southeastern section, which consumed approximately 15,000,000 barrels, or 11.4 per cent of the total consumption of the United States during 1931, there are reports from only seven different locations, which show reductions in price since the investigation began, ranging from 4 cents per sack at Mobile, Ala., to 15 cents per sack at Knoxville, Tenn.

In the central section of the United States, as defined above, 33 different locations in the States of Iowa, Kansas, Missouri, Nebraska, Oklahoma, Texas, and Minnesota show reductions in prices since the investigation began, ranging from no reduction at Norton, Kans., to 35 cents per sack at Leoti, Kans. Fifteen of the thirty-three locations showed reductions of 20 cents or more per sack. Seven additional locations showed reductions of 15 cents or more per sack. A dealer in Nebraska reports a reduction in the price per sack of 27 cents, 37½ per cent; a dealer in Michigan reports a reduction in the price per sack of 22 cents, 35 per cent; a dealer in Michigan reports a reduction of 21 cents per sack, 31 per cent; a dealer in Iowa reports a reduction of 15 cents per sack, 18¾ per cent; a dealer in Minnesota reports a reduction of 15 cents per sack, 18¾ per cent.

Reports from the retail dealers in the Rocky Mountain Pacific section are not complete. The general information, however, is that there were very slight reductions in prices to the small consumer in this section. However, the section consumed only approximately 12,000,000 barrels, or 9.6 per cent of the total consumption of the United States. No attempt has been made as yet to estimate the average reduction in the retail price of cement in any of the above-described sections of the United States.

The mill-base prices which are used by the manufacturers in determining the delivered price of cement for the mills east of the Rocky Mountains declined within a range of 26 cents per barrel for the Birmingham mills to 84 cents at Ada, Okla., and these reductions are reflected in the retail price of cement as noted above.

The study of discounts and allowances in the chain-store investigation has apparently led to the abolition of a large part of such and thus saved thousands of small independent merchants from being forced out of business.

The commission at present has on its pay roll 519 employees. Unless the commission is allowed this $360,000, in addition to the amount now carried in the bill, it will be necessary for the commission to discharge over 200 of these employees, over 38½ per cent.

ACTIVITIES IN NEBRASKA

Mr. NORRIS. Mr. President, yesterday and to-day I have taken Senators all over the United States just giving brief glimpses here and there. Senators have noticed, or if they will think about it they will notice, that the so-called write-ups, this water that has been pumped into the capitalization of public-utility companies, is not common to one locality. Senators probably noticed when I read the list that it covered practically every nook and corner of the United States. It covers the whole country. The investigation is not yet completed. When it is completed it will be seen that there is hardly a locality or school district in the United States that is not affected by the unconscionable operations of the Power Trust. No one has been forgotten. It covers everybody and everything.

I want to conclude what I have to say by adding one more locality. I want now to take you, Mr. President, to my own State of Nebraska. I have taken as samples, and only as samples for the purpose of illustration, companies operating in various localities, and have shown what they have been doing. To some extent I want to do that in my own State, and I shall only touch the high spots there. I shall be able to show in this case, as I could show in almost every other case, that while they are pumping water into their corporations they are not forgetting anything else. They never forget anything. While they are changing water into gold they are not forgetting about politicians in school districts, in legislatures, in senatorial campaigns, in presidential campaigns. They have their men ready to write a platform from prohibition to declaration of war to suit any convention that wants to use it if they can keep out of that convention platform anything that might hurt them.

Mr. President, when we get to Nebraska the first thing we run up against is the Nebraska Power Co. It is the great representative there of the Electric Bond & Share Co., of Wall Street, New York. The Nebraska Power Co. was developed from the systems of the Omaha Electric Light & Power Co. and the Citizens' Gas & Electric Co., of Council Bluffs, which was a subsidiary of the Omaha company. The Council Bluffs company, now a subsidiary of the Nebraska Power Co., is known to-day as the Citizens' Power & Light Co. The Omaha and Council Bluffs companies together serve a population of about 214,000 in Omaha and 42,000 in Council Bluffs, and operate also in about 40 towns and rural territories within a radius of 50 miles of Omaha and within a radius of 25 miles of Council Bluffs in Iowa.

As a foundation for the financial manipulation which took place in the transfer of 1917 and since there are the extraordinary growth and the ample and sustained earning power of these Omaha and Council Bluffs utilities. The Nebraska Power Co. itself has acknowledged that its steady growth and financial success has been due in a considerable part to the foodstuffs industries in and about Omaha, which show a steady growth without violent fluctuations in periods of inflation or deflation. This is shown from a transcript of the Federal Trade Commission hearings, March 9, 1932, at page 19578.

In the 1917 transfer the value of the properties was written up over night by more than 100 per cent. To get the full significance of this "write up" it is necessary to go back some years into the early history of the Omaha utilities. Now over night—and this is from the investigation of the Federal Trade Commission—the capitalization had pumped into it 100 per cent of water and the next morning that was gold. When we go back we find that the writing up of the assets and the issuing of watered stock began very early, so that the inflated financial structure of 1917 was reared not upon a solid foundation of property or value but in large part upon water that had been pumped earlier into the old companies, as well as the new companies, which the Omaha council has imputed is "a most profligate issuing of stocks and bonds that represented no investment whatever."

Here is a sketch of what happened. The original electric plant was built in Omaha in 1885. It changed hands in 1889 and again in 1903. When the second transfer took place in 1903 an inventory was prepared indicating that the utility company itself valued its properties at that time at $794,000. Yet these properties changed hands with a capitalization of $1,201,000, as they passed out of the control of the old owners, and with a capitalization of $3,831,000 as they came into the control of the new owners. Just get that picture! In the first place they themselves admitted that the total valuation was only $794,000 when the original company sold it, but they sold it at a value of $1,201,000—quite a profit that was for one day—they sold it to another corporation, and the next day on the books of the new company the valuation was $3,831,000, showing that over night two transactions of converting water into gold had taken place.

It was the conviction of Omaha's mayor and city council, expressed in a rate decision years later, that even the $1,201,000 exceeded the value of the property; and these officials found that when the capitalization was boosted to $3,831,000, or more than 200 per cent, in 1903 not a stick nor a stone of property was added; not a single thing of value was added except 200 per cent of water. The additional securities were water. A utility baron of that city took them for his own when he acquired the control of an

old company and transferred its properties to a new one headed by himself. His little deal was exceedingly profitable; for in later years, between 1903 and 1917, the new company's common stock, all "water," paid dividends as high as $600,000 a year—$600,000 annually for nothing. In those days even utility barons rated that as a pretty fair profit. (Exhibit 5038, appendix 10, sheet 5, of the Federal Trade Commission.)

At the same time that the fixed capital was written up and the watered stock was issued, apparently, the public-utility franchise which one of the old companies had obtained from the city of Omaha was put on the book as an asset having a value of $2,055,000, or more than three times the value of the company's tangible property as shown by its inventory, as shown by its own books. The franchise was greater in value than all the property they owned, as shown by their books; a franchise that, of course, did not cost a cent, a franchise that, as a matter of truth and honesty, belonged to the people of Omaha and not to the corporation.

The franchise was being carried on the books at this value when the Omaha system next changed hands in 1917.

When this transfer in 1917 took place the Omaha utility purported to have assets of $6,432,000, but, with the franchise value eliminated, the amount of the assets was only $4,377,000. It is by no means certain that they were worth even that much, because, as we have seen, the Omaha City Council believed that even before the franchise value was assigned, in 1903, the utility's assets were overvalued, and the old inventory bears this out. But the power barons who took hold in 1917 were not concerned with pools of "water" behind; their eyes were glued upon the rivers of "water" and the floods of profits ahead. They hurdled clear over the $4,377,000 assets value without the franchise, and the $6,432,000 assets value with the franchise, and set up a new value of $13,500,000.

That is "going some." The mighty Electric Bond & Share Co. had taken charge. The whole of the transfer deal of 1917 was engineered by this company, which controls one of the greatest of all the power systems in the country and has been in the forefront of every conflict between the Government and the power industry for years past.

The Electric Bond & Share Co. wished to obtain control of the power system centering around Omaha and to make this system a part of its own much greater system. This it accomplished, first, by buying up the common and preferred stocks of the Omaha Electric Light & Power Co. For those securities it paid, in one form or another, a total of $4,633,000. Then it took these same securities and sold them to one of its own subholding companies, the American Power & Light Co., for $5,865,000, netting a profit, in cash and stock, of $1,232,000. There was not any property added, Mr. President; it was the same property; they merely sold it to themselves and increased its value.

This sale need not be regarded very seriously as the American Power & Light Co. is, in fact, a sort of "paper" company, which is virtually identical with the Electric Bond & Share Co. itself; that is to say, it is staffed and officered by Electric Bond & Share; much of its controlling stock is held by Electric Bond & Share, and there are various other devices which make the union extraordinarily close. The American Power & Light Co., at any rate, paid the Electric Bond & Share for the Omaha securities by issuing demand notes and securities of its own and delivering them to the Electric Bond & Share Co. Then, being possessed of the securities of the old Omaha Co., the American Power & Light Co. turned them over to its new Nebraska Power Co. through a "dummy" and recapitalized the properties. In doing so it disregarded entirely the $4,377,000 which, be it remembered, was the amount of the assets with the franchise eliminated. It disregarded also the $4,633,000 which the Electric Bond & Share Co. had paid for the Omaha properties, the $5,865,000 which American Power & Light had paid to Electric Bond & Share for them, and the $6,432,000 purported fixed capital which appeared on the books of the old company. Instead of heeding any of these figures, it caused the new company to enter upon its books as fixed capital $13,500,000 and to issue its securities accordingly. This was accomplished merely by writing a new set of figures on the books.

The report of Examiner J. W. Adams, of the Federal Trade Commission, states explicitly that there was no change whatever in the amount or the character of the properties. All that happened was that the Omaha Electric Light & Power Co. closed its books on May 31, 1917, with a fixed capital of $6,432,000, and the Nebraska Power Co. opened its books the next day showing a fixed capital of $13,500,000. The difference, or write-up, was $7,068,000. Adding some write-up for the Council Bluff subsidiary, there was a total write-up of $7,387,000. On the 31st day of May, 1917, the corporation holding these properties in Omaha and vicinity was turned over to another corporation, and in the transaction, all of which was completed between the closing of one day's work and the opening of the next day's work, there was $7,387,000 of water pumped into the capitalization of that company, upon which the people of Omaha and vicinity will be paying revenue through all time unless some remedy in some way may be provided to rectify the condition.

The whole procedure was not only unsupported by any additions to plants or equipment; but it appears to have been entirely arbitrary. As in many other such deals, the commission found no record of any appraisal of the properties. They did not even pretend to have an excuse; they just wrote that much water in the valuation on their books the next morning after the transfer had been made.

Against the "paper" addition to assets of $7,387,000, the promoters "wrote up" the company's surplus $177,000. Substantially all the rest of the increase was made the basis for new securities. Where $3,789,600 securities had been outstanding, exclusive of the big bond issues, the new company issued $10,999,500. (Transcript, March 10, p. 19693.)

Substantially all these securities were delivered to the American Power & Light Co. A large portion of them was handed on by this company to the public. From $5,500,000 of the Nebraska Power Co. securities, the American Power & Light Co. realized at the time of the transfer, or thereafter, more than $5,000,000. It took, for itself, $5,000,000 of the Nebraska Power Co.'s common stock. Since it paid for the Omaha properties, technically, the $5,865,000, and got back more than $5,000,000 of this through the sale of securities, the American Co.'s books should indicate cost to it, for the Nebraska Co.'s common stock, of about $766,000, but what the books show here is not the real truth.

The technical cost to the American Co. of the Omaha properties, $5,865,000, included the profit of $1,232,000 to the Electric Bond & Share Co., and the deal which gave rise to this profit was merely one between the left hand and the right hand.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. If the Senator will permit me, I should like to remark that that was rather a conservative rake-off, was it not? That was not customary; that was only about one-third of what is usual, and that would seem to represent an improvement.

Mr. NORRIS. Probably they had taken such a big rake-off before that they were ashamed to do the same thing again so soon afterwards.

Mr. LONG. A profit of two or three times that size would be customary.

Mr. NORRIS. The deal which gave rise to this profit was one merely between the right hand and the left hand. The Electric Bond & Share Co., the American Power & Light Co. and the Nebraska Power Co. were, for all practical purposes, a single entity. Their real nature is best illustrated by the fact that a law firm in Augusta, Me., which looks after the incorporation of Electric Bond & Share enterprises and votes their stock by proxy, voted all the stock of all three companies at each stockholders' meeting.

We must remember they are incorporated over in Maine to do business in Nebraska.

When we eliminate the $1,232,000 profit to the Electric Bond & Share Co. on the "sale" of the Omaha properties to its own subholding company their cost was only $4,633,000. Then, since the American Power & Light Co. realized more than $5,000,000 from its security sales, it actually profited by approximately $466,000 besides retaining for itself the $5,000,000 of common stock at no cost. (Transcript, March 10, p. 19702.)

The results were:

First, the expenses of the Omaha acquisition were paid.

Second, the Electric Bond & Share took a profit of $1,232,000 upon the sale of the Omaha properties to its subholding company, the American Power & Light Co.

Third, over and above these expenses and this profit there was an excess capitalization of $5,000,000 or more, which was utilized for the issuance of a huge block of common stock to the American Power & Light Co. at no cost, and, in fact, with a cash profit to that company on the side.

It is this huge block of common stock which has brought the greatest profit to the controlling interests, and which has chiefly served to drain off the excess earnings of the Omaha property, which means its excess collections from the consumers. This is clearly shown in the dividend records of the Nebraska Power Co. during the 12 years from 1917 to 1928.

In these 12 years there was paid in dividends a total of $7,663,000. Of this total, $4,075,000 was paid in dividends on the common stock alone, and virtually all of this common stock was held by the American Power & Light Co., which, as I have pointed out, is all but identical with the Electric Bond & Share Co. Therefore, say the Trade Commission's reports, the indications are that "practically all the $4,075,000 paid went to the American Power & Light Co." (Exhibit 5038, p. 194.) And remember that all these dividends were paid as a return on a supposed investment which was in reality no investment at all.

The holding company's pickings have grown richer from year to year. In 1924, these common-stock dividends amounted to only $367,000 a year; but by 1927 they had grown to $741,000, and by 1930 to $1,200,000 a year.

It may be wondered how profits so extravagant can be piled up on stock which is nothing but water. There are several very compelling reasons for this.

In the first place, there is the part played by the investor who is permitted by the promoting and controlling interests to put up all or nearly all of the money which is actually needed, either to take over properties or to expand them.

A second factor in making possible the huge profits is the phenomenal increase in the use of electricity. Between 1918 and 1930, the Nebraska Power Co.'s production increased about 325 per cent. Thus, even if the cost of producing electricity had remained the same, the company could have made larger and larger profits from year to year.

But the cost, in fact, went down sharply, thus providing a third factor leading to increase of profits. In the same period, from 1918 to 1930, the average generating cost declined from approximately three-quarters of a cent per kilowatt-hour to a little more than a third of a cent per kilowatt-hour. (Transcript, March 9, p. 19617.) Other costs also declined. The total expense per kilowatt-hour for both generation and distribution, including taxes and depreciation as well as uncollected bills, dropped from 2.23 cents in 1920 to 1.24 cents in 1930.

The reasons for this sharp decline in costs were several. Because of the increased production there was a more continuous utilization of equipment. The equipment itself became more efficient. Accordingly the consumption of coal per kilowatt-hour was cut in half. The price of coal declined sharply, and likewise the prices of supplies needed for the power plants. Then the new machinery proved so efficient that, instead of using more labor as the production increased, the company actually used less labor. During the period from 1920 to 1930, for example, when production increased 180 per cent, the number of employees declined 5.6 per cent, or from 124 to 117.

The vast savings which were made possible by all these factors were not, of course, monopolized entirely by the power company. It was necessary to reduce rates somewhat, although some of the reductions were made by the company against its will. At any rate, when the total expense of generation and distribution was declining from 2.23 cents to 1.24 cents per kilowatt-hour between 1920 and 1930, the average selling price of current to all classes of consumers dropped from 2.90 cents to 2.27 cents.

The Trade Commission's examiners even concede that by and large the savings in production and distribution costs were passed on to the consumers; but they point out that there were further large savings in financing which were not passed on at all. These savings were made possible by the financing of new construction, made necessary by the big increase in production and sales, by means of bonds and preferred stocks, which carried moderate rates of interest.

The effect of these savings due to declining costs and financing at low rates of interest, and the failure of the company to pass on more than a limited part of these savings to the consumers, is more clearly shown in an analysis the commission has made of the distribution of the consumer's dollar. Since the reorganization of 1917, the proportion of this dollar absorbed by production and distribution expenses, by interest, and by dividends on preferred stock has shown a "marked decrease." During the same time there has been a "marked increase" in the portion of this consumer's dollar going into common-stock dividends and surplus. The result is that whereas in 1918 common-stock dividends and surplus absorbed only 3.58 cents of each dollar, by 1930 they were absorbing 22.77 cents, or nearly a fourth of every dollar the consumer paid in.

In newspaper accounts of the Trade Commission hearings there were cited rates of return on the common stock held by the holding company ranging up to 338 per cent. Such a rate of return appears fantastic, but a close examination of the commission's reports shows that even this figure is in a sense an understatement. To compute the rate of return it was necessary to credit the holding company with an equity in the common stock; and, although the company has such an equity from the accounting standpoint, this equity results entirely from an accumulation of the company's surplus earnings. It does not represent money which the holding company itself has furnished but money which consumers have paid in, and which the company has permitted to remain in the enterprise over and above the amount it has drawn out in common-stock dividends.

From 1917 to 1926 there was no equity whatever behind the common stock, according to the commission's studies. Since then, as the accountants put it, "the entire common-stock equity has been built up from earnings carried to surplus." (Transcript, March 9, p. 19638.)

Now, turning from the returns on the common stock to the return on the actual investment in the property, so far as this investment could be computed by the Trade Commission, we find that between 1923 and 1928 the total investment ranged from $12,500,000 to $18,500,000. In not one of these years from 1923 to 1928 was the return on investment less than 12 per cent. In 1928 it rose to 13.4 per cent. (Exhibit 5038, p. 237.)

These percentages appear conservative because, while the commission in computing investment excluded the "write-up" of 1917, it had no means of determining accurately the investment in early years, and therefore was compelled to accept certain book figures.

The power companies gave no help in digging deeper for facts. Both at Omaha and in New York, commission examiners were told that records of the predecessor company had been misplaced or destroyed, although the company produced them in Omaha in 1920 when they were needed to further its application for an increase in rates. (Transcript, March 10, pp. 19684–19685 and Exhibit 5038, p. 172.)

The probable truth is, Mr. President, that the figures I have given are much too conservative. The facts are that the Federal Trade Commission have never been able to get

to the bottom of it. They do not know themselves, from their investigations, all of the write-ups. They can not tell, from their investigations, how much water has been pumped into these securities in the past.

The power companies say that the books are lost; that they are not able to find the records. They evidently have been destroyed, although when they wanted to use them for their own purposes in 1920 they found no difficulty in finding them.

FEES

Now, about the fees:

The approximately $4,000,000 which the Electric Bond & Share interests have taken out of the Nebraska Power Co. in common-stock dividends without making an investment do not represent all the profit accruing to these interests. They have profited also through fees imposed upon the local company by the Electric Bond & Share Co., and by commissions on the sale of the local company's securities. From 1918 to 1930, these fees and commissions amounted to $1,431,000. The fees were imposed for supervision of operations and of management, for financing, for construction work and for "special services." The construction fees the commission has already found to be practically clear profit.

The collecting of them is scarcely more than a racket for bringing additional profits into the holding company's treasury. As to the fees as a whole, there is less known, but the commission has established that there is a big profit in them without being able to determine its exact extent. Neither my constituents in Nebraska nor I as a Member of the United States Senate am permitted to know the amount of this profit. When the trade commission made its first power investigation half a dozen years ago, pursuant to a resolution I introduced, the Electric Bond & Share Co. assured the trade commission that these fees were nonprofit making. In the present power investigation, under Senator WALSH's resolution, the commission has stated that this claim is false and that there is a substantial profit in fees. But when the commission sought to examine the records which would show the extent of the profit, the Electric Bond & Share Co. refused to yield access to these records. Its attorney stated that they would not disclose matters which were "wholly private and confidential." It has tied up the trade commission in the courts for three years. The commission is about to get a decision in this case, and probably to get the records also, if it is allowed sufficient funds to complete its investigation.

The fees paid to the Electric Bond & Share Co. by local companies are provided for in contracts which must be approved by the local companies' directors. For this and other financial reasons, and for political reasons as well, the directorships are important.

LOCAL SUPPORT

For its Nebraska Power Co. directorate, the Electric Bond & Share interests have installed not only a half dozen of their men, who quite evidently run the local company, under directions from New York, but nine of the most prominent business men in Omaha. These local business men may not have much work to do, because a majority of the officers, and two out of three members of the executive committee, are connected with Electric Bond & Share interests higher up. But they are securely tied to the company and, along with them, all the influence they command in Omaha and the surrounding country.

Listen to this, speaking of the Nebraska Power Co.: Each of these local men is permitted to buy 5,000 shares of Nebraska Power Co. stock at 50 cents a share. On his $2,500 investment each one of these men collects dividends amounting to from $6,000 to $6,500 a year.

That ought to keep them sweet. That ought to keep the local fellows good to the foreign companies in this great concern doing business in Omaha. That means from 240 to 260 per cent on the investment. Each time one of them attends a directors' meeting he is paid $30. When he retires, his stock is repurchased at a price 150 per cent in excess of cost, which nets him a parting profit of $3,750.

I wonder whether the people of Omaha and Nebraska comprehend really what that all means, how a few of their prominent citizens are given directorships where they have nothing to do except to say "amen" to what the bosses in New York tell them. All the thing is for is to sweeten the corporation in the eyes of the great consuming public in Nebraska, who have to pay the bills, and the prominent men are given these important positions in order that their influence may go out over the country and the surrounding towns and keep the people quiet. Each one of them is permitted to purchase this stock at 50 cents a share, and when they retire it is repurchased at $1.50 a share. That makes a clear profit of $3,750. In the meantime, when they meet with the board of directors and are given a few high-priced cigars to smoke, and perhaps something else, they get $30. On the investment they have been permitted to make they get a rate of return of from 240 to 260 per cent.

Dividends netting a return of 160 per cent on the cost of the stock were paid in the years 1927 and 1928, after smaller but handsome and constantly increasing dividends had been paid to local directors in earlier years. The commission listed as directors in 1928: Joseph Barker, Thomas B. Coleman, Harley G. Conant, Gould Dietz, A. W. Gordon, Dan A. Johnson, John W. Welch, Glen C. Wharton, and Fred E. Hovey, president of the Stockyards National Bank.

The six directors belonging more particularly to the Electric Bond & Share wing were: W. W. Head, chairman of the Nebraska Power Co. and chairman of the Omaha National Bank; James E. Davidson, president of the Nebraska Power Co.; Roy Page, then assistant general manager of the company and now its vice president and general manager; J. A. C. Kennedy, company counsel; A. S. Grenier; and C. E. Groesbeck. Grenier is an Electric Bond & Share Co. man and Groesbeck was then an officer and director of Electric Bond & Share and American Power & Light, and is now president of the Electric Bond & Share Co.

Not all of these more active directors figured in the stock ownership plan in which the local business men were allowed participation. Two company officers, who may have been directors, held similar blocks of stock in 1929 and 1930. Four directors of the Council Bluffs subsidiary also were let in. (Transcript, March 22, p. 20220.)

Mr. Davidson has come to the commission's attention before. Prior to scrutinizing high finance as it has been practiced in the Nebraska Power Co., the commission learned how the power magnates "doctored" school books and wrote new ones of their own. This Mr. Davidson, who is president of the Nebraska Power Co., is also one of the gentlemen who wants to alter our educational system. He says it is not fair. A few years ago, when he was president of the National Electric Light Association, he wrote a friendly little letter, telling just what he thought. It reads:

NATIONAL ELECTRIC LIGHT ASSOCIATION,
Omaha, Nebr., August 15, 1925.

Mr. FRED R. JENKINS,
Chairman Educational Committee,
National Electric Light Association, Chicago, Ill.

DEAR MR. JENKINS: I have read with a great deal of interest your letter of July 1, and also those of August 11 and 12 to Mr. Aylesworth about the work of the educational committee, doing everything possible to right the unfortunate situation that now exists in having textbooks that are in the hands of pupils of the schools containing erroneous and unfair information about the economics of our business and particularly those pertaining to electric light and power companies, their financial matters, operations, and policies.

I was very much surprised when I read Mr. GILCHRIST's report on this condition. I think your idea is very good of having Dean Heilman handle this matter. It is fortunate, too, that Mr. Mullaney will also help.

You have my very best wishes for a successful result in the very important work which you are undertaking.

Very truly yours,

J. E. DAVIDSON, *President.*

(Part 4, Exhibit No. 2540, p. 912.)

Mr. President, I think most of the Senators will remember that this letter is only a part of the great propaganda that was undertaken by the Power Trust to change the textbooks in our public schools, under the guise of some other

reason, to get their agents to become friendly with the Boy Scouts, to get into the schools, to have things taught in the schools that would be friendly toward the idea held by the great Power Trust.

I remember that it was shown in the investigation that they circulated in some of the schools of New England a catechism, working carefully, through various ingenious means, teaching the school children that they must look with horror upon any such thing as public ownership of a public utility like an electric-light plant; lecturers telling the children, and telling the teachers, some of whom were employed on the side at salaries paid by the power company, to put the poison of the electric-power influences into the minds of the growing children of the United States.

This letter of Mr. Davidson is simply a part of the program. He says that the textbooks in the hands of the pupils contain erroneous information. Of course, they give that as a reason. The real reason is that they want to write the textbooks for the children, as the evidence developed by the Federal Trade Commission that if they could get their influence into the minds of the young, while they were forming their minds, while they were schoolboys and schoolgirls, they would grow up to be men and women friendly to the ideas of the Power Trust.

I remember that in that investigation something happened in regard to the secretary of a State press association who was doing a lot of work quietly for the Power Trust, sending out letters on which they paid the postage, for which they paid the expense, trying to poison the minds of the people against municipally owned electric-light plants. This Davidson letter is a part of it all.

NYE COMMITTEE INVESTIGATION IN NEBRASKA

Mr. President, I think I ought to digress here to make a remark or two about one or two of the prominent men in the Nebraska Power Co. who were allowed to get this stock at the low rate and sell it at the high rate and get these fabulous dividends. One of them was Walter Head. Who is Walter Head? He is the financial genius of the Missouri Valley. For a while he had headquarters at Omaha. He is a personal friend of Herbert Hoover, President of the United States. The Nye committee, when they were investigating campaign expenditures last year, ran on to his tracks out in Nebraska. They had a long siege of it before they traced him down. Walter Head was then connected with one of the big banks in Chicago. He had formerly lived in Omaha and operated the Omaha National Bank. He controlled or was supposed to control the financial operations of all the banks of the State. To a great extent he took care of the politics of the State. On the face of it he was a Republican, but always for the power companies first. He financed a good many operations.

The Nye committee put on the witness stand a man by the name of Victor Seymour. It had been reported to the committee that Seymour had been actively engaged in looking after the senatorial campaign in Nebraska. He went on the stand and under oath explicitly denied all knowledge of any connection with politics. He had nothing to do with it. He did not know anything about a bogus grocery man who disgraces the name I bear, who had been put into the campaign as a competitor of mine. He knew nothing about it. All he knew was what he saw in the papers, and I think the committee believed him, but it later developed that it was all false. It later developed that he had an office there and did not do anything else but politics, that he had his men all over the State canvassing. He was engaged exclusively and entirely in the senatorial campaign. It was recognized that he must have had considerable money to carry on that kind of an operation. The investigation kept on, came to Washington, went back again to Chicago, and back again to Washington, Walter Head knowing all the time what was going on and that they were trying to find out who furnished the money for Victor Seymour.

Finally the Nye committee got it so close to Walter Head that when he knew he was going to be disclosed he came to the witness stand and admitted it. In order to put himself right before the people he told before the committee what he was. Everybody in Nebraska knew it before. He was chairman, or a member, at least, of the board of directors of some of the great railroad companies of the United States. He was head of the Boy Scout movement. He was chairman of the board of the Nebraska Power Co., and that is where he comes into this case. Incidentally he might have told them that he had the reputation—which I presume was purposely circulated over the State years before when he wanted to control the politics of the State—of being teacher of the biggest Sunday school in the State—a very religious man, running the Boy Scout movement; but incidentally it developed that he had put up several thousand dollars of money for Mr. Seymour, the man who had already committed perjury. He knew Seymour had done that. He saw the committee go from one end of the country to the other trying to find out the truth about it. He remained silent, this great Christian Sunday-school teacher.

He is one of the men who at that very time—I presume it was within those dates—was drawing these fabulous sums from the Nebraska Power Co. The people of Nebraska did not know it then. Nobody suspected that this great Sunday-school man, this great Boy Scout Christian, was engaged with Victor Seymour in the disreputable business in which he was engaged. But he admitted under oath that he had furnished four or five thousand dollars of money to Victor Seymour. He said it was his own money. Oh, no; it was not paid by the power company! But the evidence before the Federal Trade Commission shows that he was getting a rake-off from the Nebraska Power Co. of thousands of dollars which honestly, morally, and rightfully was not his money. He did nothing to earn it—nothing, at least, that was legitimate. So he was connected up with the matter.

I might say incidentally in passing that this man Victor Seymour was indicted for perjury committed before the Nye committee. He is as clearly guilty of perjury as any man in the civilized world has ever been guilty of perjury. He testified point blank that he knew nothing about the transactions, when, as a matter of fact, he was behind them from beginning to end, and it was afterwards disclosed and proven that he was. Even Walter Head's own testimony shows what the man's business was.

Here is a peculiar thing. This man Victor Seymour has no money. That is not to his discredit, and I am not mentioning it for that reason. I only mention it to show that as a matter of fact if he relied upon his own financial responsibility he could not hire the lawyers who had been engaged in his defense. Who are they? This shows the bipartisan condition of many of these great combinations. First, one attorney who is representing him is chairman of the Nebraska Democratic central committee and another attorney is, I believe, ex-chairman of the Republican State central committee, the heads as it were, of the two great political parties of Nebraska. They are both fine men, I have not a thing against either one of them. Both are good lawyers, but in my judgment neither one of them was employed on account of his legal ability. Neither one of them could have been employed by Victor Seymour. I venture the assertion without fear of any contradiction from any reliable source that Victor Seymour never did employ either one of them. They were employed for their political influence more than their legal ability, although they have legal ability and political influence both. They were employed for the same reason that ex-Senator Lenroot was employed by the Power Trust to appear before the senatorial committee in their behalf—not because of his legal ability, but because of his supposed political influence.

This man Victor Seymour could not get to first base in paying an attorney fee to either one of the men who were employed for him. They have gone out of their way in the litigation. They have tried every avenue of escape for this perjurer. They have had the case considered on some technicality which they tried to find in the indictment. It was taken to the court of appeals on that technicality. They have had habeas corpus proceedings tried in the Federal courts. They carried it to the next higher court, being defeated both times. The expenses of those attorneys, with-

out any fees, would be much more than Mr. Seymour has ever been worth in all his lifetime.

The indictment was quashed the first time on some technicality. He was reindicted and they made motions to quash and filed demurrers and resorted to every legal technicality known to the legal mind, and still were unsuccessful. They finally went to trial and the jury disagreed, and that is where, perhaps, the wisdom of selecting these attorneys was shown. The jury stood 11 to 1 for conviction of this perjurer and, of course, that meant that the jury had to be discharged.

Who employed these great men at the head of the great political parties, using their wonderful influence and their legal ability for a man who has not a dollar? Who hired these lawyers? Who paid these lawyers their fees and their expenses? Echo answers "Who?" I hurl the question into the face of Walter Head, the personal friend of Herbert Hoover, who put several thousand dollars of his money into Victor Seymour's hands. Let him answer. Let these attorneys answer if they dare. Walter Head is shown here, by the evidence I have produced, as getting an enormous rake-off from the Nebraska Power Co., posing as a Sunday-school teacher, and furnishing his money to this perjurer to carry on his disreputable business.

J. B. WOOTAN'S LETTER

But, Mr. President, that was not quite all. I have here a copy of a letter written by J. B. Wootan. He is connected with the publication of a Power Trust magazine in Chicago. He wrote to his friend Brown in Lincoln, Nebr., while the investigation was going on, after the primary and while the election contest was going on. Brown is the representative of the Power Trust in the State. This letter was written during the campaign. I got hold of it. It has always been a mystery how I got it. I read it from the rostrum in a public speech that I made in that campaign. Many people went into hysterics the next day when it was published.

The man to whom it was directed, the power-company tool, immediately got on his high horse and said he was going to have me prosecuted for interfering with the mails; that it must be that I must have robbed the mails to get that letter. He was going to have an investigation from Washington at once and "have Senator NORRIS arrested for robbing the mails." I read the letter again at the next meeting after he made that charge and defied him to go ahead with his investigation. He did. I have had representatives of the Secret Service of the Department of Justice at Washington calling on me asking questions about the letter. They seem to take for granted that I have gone into the post office and broken into the mail and robbed it of this precious letter.

Part of the letter refers to the Senator from North Dakota [Mr. NYE], but the tone of the letter shows what the Power Trust wanted to happen in Nebraska in the senatorial campaign. I think they are hunting yet to find out how I got that letter, and it is so interesting to see them hunt, it is so interesting to see them all get worked up about it, that I have never told them [laughter], although I could do it very easily and it would be very simple. No one has ever denied anything the letter contained, oh, no; but the means by which it was obtained is still a mystery to them. I read:

DEAR BROWN: Our mutual friend Arthur Huntington, of Cedar Rapids, has just been in my office and given me a most interesting bit of news, and I want to know from you if you think it would justify me in running out to Nebraska and getting this matter first hand in such shape, if possible, as to enable us to publish it.

He is the publisher of a Power Trust magazine in Chicago.

The thing is this—

He says—

Huntington says that either Senator NYE or one of his confederates in the snooping business demanded of one of the hotels of Lincoln the privilege of tapping such telephone wires in the hotel as he might desire and doing this in the name of the United States Government. The manager of the hotel is reported to have replied that he would be willing to have this done provided NYE or his confederates would bring mandamus suit to compel him to do it, whereupon the matter was dropped, and NYE was out of town in five hours. If this thing can be verified to make it safe for publication, it seems to me it ought to be done. It looks as though it is a corking good newspaper story, and possibly it has been published; I don't know. At any rate, write me and let me know what you think about it. Meantime—

And this is the real crux of it all—

Meantime, has Hitchcock any chance whatever of beating NORRIS? I wish I could think so, but from all the information I have been able to gather it looks dubious.

I am, with kind regards, yours truly,

J. B. WOOTAN.

Of course, the fairy tale to which he refers about what happened to Senator NYE is all made out of the whole cloth; but it shows how anxious this Power Trust sheet was to get hold of something that it could publish. The writer of the letter was willing to come to Nebraska if he could be assured of getting facts that would make it safe to publish that falsehood and that lie. Then he showed where his heart was in the last paragraph of the letter and where the heart of the great Power Trust was and is now.

Mr. President, the Nye committee remained there and brought out evidence that startled the whole country. It showed that there was a conspiracy to prevent the voters of a great Commonwealth from having the right to express themselves on the senatorial candidate and that it was one of the most disgraceful episodes in the history of American politics.

The Nye committee remained there and developed the facts, and the answer to the insinuations in that letter all came from the evidence when the Nye committee showed that Victor Seymour had been planted in the capital, had rented an office, employed a stenographer, and had a whole lot of men traveling over the State, and that he was doing it secretly, under the guise of doing something else; that he himself had prepared a written statement for the bogus Norris to issue when he came out in the campaign; that he was the author of it and that it was written in his own handwriting. Yet on the witness stand he denied he had ever heard of it until he saw it in the newspapers; he denied that he had had anything to do with anybody's campaign, and said that he had not spent a dollar in any activity of this kind. He stands now indicted for perjury, and if justice shall have its way he will eventually be looking through the bars. There can be no escape.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Texas?

Mr. NORRIS. I yield.

Mr. CONNALLY. What connection did Mr. Lucas, the executive head of the Republican National Committee, have with reference to stirring up this man Seymour?

Mr. NORRIS. Mr. Lucas was not connected directly with Seymour. He was connected with another occurrence almost as disgraceful in connection with the Nebraska election, but I have not gone into that because there is not any connection between Walter Head and Lucas, so far as I know. Walter Head is connected with the Power Trust.

Mr. CONNALLY. I want simply to observe that I followed the Senator's progress in the campaign in Nebraska with a great deal of interest. I wanted to see him elected; I was reading all I could in the press at the time, and I had obtained the impression somewhere in some way that this man Lucas had been using the powers of his office to encompass the defeat of the Senator from Nebraska.

Mr. NORRIS. That is all true. I think the means which he used were as disgraceful or almost as disgraceful as those which were used when they tried to put the bogus man with the same name in the campaign.

Mr. CONNALLY. I agree with the Senator. Both of them aroused my utter condemnation and scorn as political performances. I thought both proceedings absolutely disgraceful.

Mr. NORRIS. The story of the way Lucas was found out by the Nye committee, while not directly—and that is the reason I am not going into it, because it is not directly connected with the subject I am discussing—is just as interesting, and it shows the most disgraceful and obnoxious methods used by Lucas to cover up his tracks, to

conceal his methods. to conceal the use of money, methods just as bad as anything that ever occurred anywhere else in anybody's campaign.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. I should like to mention this fact: The Senator from Nebraska was up for election at the same time I was in the State of Louisiana. I had been nominated by the Democratic Party, and when the Republican organization was carrying on its nonpartisan move against the candidate of its own party I was given to understand that an attack might be made on my nomination by the Democrats in the September primary because I had spoken over the radio and said that the Senator from Nebraska should be returned to this body, and he was not a member of my party.

Mr. NORRIS. I thank the Senator very much, and I may add that the great Power Trust is no respecter of parties. They do not care for the Republican Party or the Democratic Party or the Socialist Party or the Communist Party or any other party. They would do anything to get—that is what they are after—to get anybody who will do their bidding. He is the man they will support, and the evidence taken by the Federal Trade Commission shows that to be so. They prepare speeches for Democrats and speeches for Republicans to be delivered. They can condemn the Republican Party in as severe terms as any Democrat of the worst type would want them to do. They will fix it up to order, if you want them to, and they will do the same for the other party.

Mr. LONG. Is it not a matter of common knowledge that they planted their henchmen and tried to make two of them nominees of the Democratic Party in Chicago, one of them the head of the General Electric, Mr. Owen D. Young, and the other a lawyer from Cleveland, and tried to deadlock that convention and put them over on the party—heads I win and tails you lose—and before the people at the November election?

Mr. NORRIS. Yes, they do all those things; that is part of their business; they always employ somebody to do it; somebody like Walter Head, for instance, who they can say is the head of the Boy Scout movement, who teaches Sunday School every Sunday, who asks a blessing at his table at every meal—a great, prayerful man—that is the kind of man they want to use. And when they want a fellow to handle the underworld they get the type they want to do that. It does not make any difference to them—politics or anything else.

Walter W. Head financed the senatorial survey of 1930 and got a slice of the big profits of the Electric Bond & Share people provided by it for local directors during both 1929 and 1930. As a director of the Nebraska Power Co. he held 5,000 shares of the Nebraska Power Co. stock which he had been permitted to buy for $2,500—50 cents a share. His dividend on this $2,500 investment amounted to $6,500 in 1929 and $6,000 in 1930. The official statement of this profit is given in testimony of Examiner Meleen before the Trade Commission of March 22, 1932. Here is a quotation from his testimony:

> In 1929 dividends were paid of $1.30 per share, which, in the case of 5,000 shares. amounts to $6,500, a return of 260 per cent. In 1930 dividends were paid of $1.20 per share, and amounted to $6,000 on 5,000 shares, or a return of 240 per cent.

That is what Walter Head got according to the transcript, March 22, pages 20215 and 20216. That is Walter Head, the Sunday-school man; Walter Head, the Boy Scout man; and through it all and in it all and with it all a Power Trust man.

NEBRASKA POWER CO.

Besides the profits accumulated through dividends and through fees imposed upon the subsidiary companies for supervision, construction, and the like, the Electric Bond & Share Co. interests, profits through the commissions on sales of securities, and besides this direct profit, they control the use of large amounts of subsidiary company funds for extended periods.

We have been told that one of the great advantages of a utility company being under the wing of a giant holding company is economy in borrowing money. Let us see how it works out. Properly done, I think, that would be true; in theory it is all right; if an honest man managed it, it would be all right; but here is the way it works out:

In the reorganization of 1917 the Nebraska Power Co. issued $1,500,000 of notes along with other securities. These notes were to run for 10 years. They bore an interest rate of 5 per cent. Through them this Omaha company was obtaining the use of money at 5 per cent and had the right to continue doing so for 10 years; but instead of doing so the controlling interest caused $400,000 of these notes to be retired only two years after they were issued by means of refinancing. The notes contained no provision for this, but the holder of them was the controlling holding company, and this company wanted cash. The bond issue which was used for the refinancing bore interest at the rate of 5 per cent like the notes, but when the bankers' discount, the commission of the Electric Bond & Share Co., and the expenses of the issue were deducted from the proceeds the real interest rate, or what the accountants call the effective interest rate, became 6.64 per cent.

There is an illustration, Mr. President. They already had money at 5 per cent that they had a right to keep for 10 years; but they took it out and borrowed money, nominally at the same rate, but the effect of the commission they had to pay made the new rate of interest nearly 7 per cent, all of which the consumers of electricity had to pay. The profit went to the holding company. The profit went to those who controlled the Electric Bond & Share Co.

Again, three years later, in 1922, the remaining $1,100,000 of these notes were retired, again by refinancing. This time the refinancing was accomplished through an issue of 6 per cent debentures, on which the real or effective rate of interest amounted to 7.49 per cent. They owed over $1,000,000, drawing 5 per cent, that was not due for about five years. They took it up and paid it, and to do it they borrowed the money. and they paid a rate of interest of 7.49 per cent to get that money to make the payment. Those are the people of efficiency! They are the people who we are told can run the big business of this country with great efficiency. That is efficiency for you! That is where monopoly becomes efficient. That is where the power trust shines—in that kind of efficiency. But the poor devil at the bottom who is paying for his electricity, the poor woman who is earning her money sewing at night by an electric lamp is paying the bill that all these millionaires slipped down into their pockets as profit.

The additional cost represented by the higher interest rate in these two instances amounted to $33,950 a year for this one company, a total of $180,000. Thus high rates of interest were substituted for low rates of interest in one instance eight years before it appears to have been necessary to refinance; in another instance five years before it appears to have been necessary to refinance. The subsidiary in Nebraska had to assume the burden of the higher interest rates.

If this looks like holding-company exploitation, consider the next instance cited by the Trade Commission.

Some years ago the Nebraska Power Co. issued $1,100,000 of general mortgage gold bonds. Money rates were high at that time, and the bonds bore interest at the rate of 8 per cent. It would seem that to pay so high a rate the Nebraska Co. must have needed money badly; but from the records and the correspondence obtained by the Federal Trade Commission investigators it appears that the Nebraska Power Co. did not need money at all. It was the holding company that needed it. The Nebraska Power Co. did not even know—I wish Senators would listen to this—that it was borrowing any money until it was told about it by the Electric Bond & Share Co.

On June 10, 1921, the Electric Bond & Share Co. notified the Nebraska Power Co. by a letter that the Nebraska Power Co. was floating a loan in the principal sum of $1,100,000.

It was being credited on the books of the holding company with $951,500 as the estimated proceeds of the loan; and its account was being so credited as of May 1, 1921, or about 40 days before the Nebraska Power Co. heard anything about the deal.

Think of that, Mr. President! Oh, that is efficiency! Oh, that is the way private business can operate public utilities! So efficient! It is not affected by the dead hand of Government ownership. There is no socialism in it. There is no bolshevism in it. There is no communism in it. It is all pure, private efficiency, private ability.

Here is a holding company in New York which wanted some money. How much was it? Well, let us see. I think it was something over a million dollars—$1,100,000—that they wanted; so they said, "Well, here, we will just have the Nebraska Power Co. borrow that for us. We own them. They are incorporated under the laws of Maine. We will send up there and tell the representative up there to have the Nebraska Power Co. borrow $1,100,000."

So it is done. The Nebraska Power Co., away out in Nebraska, plodding along with the farmers and the merchants, did not know anything about it. They did not know that they had borrowed $1,100,000. They had no idea about it. So from Wall Street the Electric Bond & Share Co. writes a letter and says, "Why, do not you know, you have borrowed some money? You have borrowed $1,100,000. You have given your notes for it, and we credit you on our books for those notes." "How much?" "Nine hundred and fifty-one thousand five hundred dollars."

So the poor Nebraska Power Co. borrowed money when it did not want it, borrowed money that it never got, borrowed money amounting to $1,100,000, and was given credit on the books of the Electric Bond & Share Co. in New York for only $951,500. The balance was expense—selling their own loan, buying their own loan. They sold it for the Nebraska Power Co., and they bought it for themselves, and they charged them the difference between $1,100,000 and $951,500 for that work—for buying some bonds for themselves and getting the money themselves. Fine work! That is efficiency!

If a public utility owned by a little municipality should do such a thing as that, what would happen? Why, we would charter a vessel at once, and put the perpetrators on it, and send them over to Russia without opportunity to say goodbye to their wives. We would not stand for such an unpatriotic thing. But these men, these Sunday-school superintendents, these Boy Scout leaders, will borrow money, and they will saddle the burden upon the poor, downtrodden people who are paying all the money and all the expense of this outrageous and inhuman and unjustifiable conduct of millionaire monopolists.

Well, the Nebraska Power Co. found out that they had borrowed this money and they found out how much credit they were getting down in New York and Wall Street. They were notified in June that they had borrowed some money and that the Electric Bond & Share Co. had sold the bonds for them, and they had it, and they had given the Nebraska Power Co. credit for $951,500 as of May 1. That was kind. That not only showed great ability but it showed great honesty and kindness and consideration for the poor devil at the other end of the line who has to pay the bill.

Their account was so credited as of May 1, 1921, or about 40 days before the Nebraska Power Co. heard anything about the deal. Meanwhile the American Power & Light Co., the subholding company for Electric Bond & Share, had issued and sold, partly on the security of these bonds which the Nebraska Power Co. had not known it was going to issue, $3,500,000 of its own gold bonds. It was not until June 20 that the Nebraska Power Co. bonds were authorized by the Nebraska Power Co. directors.

On the $1,100,000 bond issue by the Nebraska Power Co. there was a discount of 13½ points, or $148,500, charged by the American Power & Light Co. There was an expense of $650, and a year and a half later the bonds were retired.

Think of it! They were borrowing money when they did not need it, did not want it, and in fact did not know it, and they paid this enormous rate of interest for it, and they kept the money only 18 months. So for the use for 18 months of $951,500 which they apparently did not need, the Nebraska Power Co. paid a discount and expense of $149,150, plus interest of $132,000 on the principal amount of $1,100,000, or a total of $281,150. This was equal, the Trade Commission accountants report, to an interest rate of 19.71 per cent a year.

That is what these great financiers paid. They borrowed money when they did not want it and did not need it and did not know they got it; but they did borrow it, and they had to pay at the end of the transaction an interest rate of 19.71 per cent. That is what these poor Nebraska fellows were paying. That is what these fellows over in Council Bluffs, Iowa, were paying. That is what the washerwoman had to pay in order to feather the nest of this great trust in Wall Street. If anybody wants to look that up, it is Exhibit 5038, page 82. Even the poor farmer can borrow to better advantage than that.

Since the proceeds of the loan were merely applied against the indebtedness of the Omaha company to the holding company, and the average rate previously charged on this indebtedness was only 7 1/8 per cent, the additional interest cost was $119,000 a year, or a total of $179,000. All of this added cost went to the holding company.

Again, in 1924 the Nebraska Power Co. floated securities to the amount of $1,000,000. For these securities it received in net proceeds $902,000; and the great bulk of this, $825,000, was merely left with the Electric Bond & Share Co. to lend out in the call-loan market. Some of it was not drawn upon by the Nebraska Power Co. for five months.

Think of that! This holding company had the Nebraska Power Co. borrow some more money, a million dollars this time, and leave it with them, and they loaned it out on call—gambled with it, in other words. But the poor fellows who had to pay it, and who owed it all, after all, were the little home owners, the laboring men and women of Omaha and surrounding towns.

SALES TO SUBSIDIARY

The Nebraska Power Co. sells electricity to its Council Bluffs subsidiary. The price this Council Bluffs subsidiary pays to the Nebraska Power Co. becomes the basic cost for the fixing of rates in Iowa. On these sales the Nebraska Power Co. takes an estimated profit of 0.04 cent up to 0.63 cent per kilowatt-hour. Chief Counsel Healy intimated that this practice of exacting a profit on sales from the right hand to the left hand might be reached under the Supreme Court decision of February 29, 1932, in the case of the Western Distributing Co. against The Public Utilities Commission of Kansas. This decision appears to have broadened greatly the authority of State utility commissions to regulate charges between affiliated corporations.

Mr. PITTMAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Nevada?

Mr. NORRIS. I yield.

Mr. PITTMAN. I ask permission to introduce a bill and have it properly referred.

Mr. BINGHAM. A parliamentary inquiry. If this permission is granted, will it constitute business which would make in order the calling of a quorum?

The PRESIDENT pro tempore. Undoubtedly.

Mr. PITTMAN. If there is to be an objection, I will not ask the permission.

Mr. NORRIS. Mr. President, the effect of the sales to the subsidiary is to permit the Nebraska Power Co. to collect two profits on this subsidiary's operations. It profits on the direct sales of energy and also on the dividends upon the subsidiary's common stock, which is held by the Nebraska Power Co. The dividends amount to slightly less than $60,000 a year. Ultimately the profits, whichever way they may be made, redound to the benefit of the Electric Bond & Share or American Power & Light interests holding the common stock of the Nebraska Power Co.

RATES

Even after a reduction of domestic rates forced by the Omaha City Council in 1921 and a voluntary reduction of domestic rates in 1929–30, the average Omaha consumer is

paying 5.5 cents per kilowatt-hour for his electricity, according to the commission's examiners. The consumer in the small town pays 7.8 cents per kilowatt-hour and the farmer pays an average of 12.8 cents. (Transcript, March 9, p. 19661.)

That rate reductions have been inadequate is evidenced by this testimony of Examiner J. W. Adams:

> Obviously the company's problem is, as stated by its manager, that of getting its rates down as a means of increasing consumption. Such action, however, would have to be carried somewhat further than it has in the past in the direction of rate reductions before it would tend to pass on to consumers any considerable part of large profits that hitherto have been retained for the common-stock equity. (Transcript, March 9, p. 19665.)

Adams's statement takes on more force when it is considered in conjunction with the record of Nebraska Power Co. earnings available for the common stock, which is so much "water," and for surplus. These earnings increased from $829,940 in 1926 to $1,755,303 in 1930. They are estimated to have increased about $160,000 more in 1931, despite the depression. (Transcript, March 9, p. 19637.)

Adams sums up the situation when he says:

> From this showing it appears that in making voluntary reductions in residential rates in Omaha in 1929 the company by no means endangered its ability to pay dividends on the common stock owned largely by its parent company, the American Power & Light Co. The fact is that in every year since the properties were taken over the Nebraska Power Co., after paying all expenses, taxes, interest, and dividends on preferred stock, has realized substantial profits for its common stock, the bulk of which, as shown by the accountant's report, was actually held by the American Power & Light Co. for nine years at no cost to itself. (Transcript, March 9, p. 19629.)

The company actually waged a prolonged fight for higher rates when its earnings fell off just after the war, although the Omaha City Council pointed out that the only result would be to make this "watered" common stock more profitable. (Exhibit 5038, Appendix 10, sheet 9.)

Its application for the rate increase was denied. The company spent $95,000 on rate investigation and valuation, however, and charged it up to operating expenses. (Exhibit 5038, pp. 169–170.)

As I said a while ago, the poor consumer pays it all. It is nothing to the power company how much it pays for a contest over rates; they do not care, they are just collectors, that is all; and they charge a mighty big profit and commission for collecting. The poor consumer bears the entire burden.

WAR AGAINST MUNICIPAL PLANTS

Now see what happens to this municipal competition which is about the only means of regulating the charges and practices of the private companies. Speaking now of Nebraska, and the Nebraska Power Co. and its activities, municipal ownership centers in the two communities of Fremont and Blair. Blair is an oasis of public ownership in Washington County. Nearly all the rest of that county pays tribute to the Nebraska Power Co. Fremont is in somewhat the same position in Dodge County. Blair only distributes its energy, first buying it at wholesale from the Iowa-Nebraska Light & Power Co. Fremont has its own generating plant, serving the city itself and a small rural territory. These towns are 40 or 50 miles from Omaha.

The Iowa-Nebraska Light & Power Co., which sells at wholesale to the city of Blair, serves the territory adjoining that of the Nebraska Power Co. and its Council Bluffs subsidiary. It pretty well surrounds not only the territory of the Nebraska Power Co. but the municipal plants of Fremont and Blair and certain other municipal systems. This Iowa-Nebraska Light & Power Co. is not under Electric Bond & Share, as the Nebraska Power Co. is. It is part of the United Light & Power Co. system, otherwise called the Eaton-Schaddelee group. But its lines interconnect with those of the Nebraska Power Co. and the Nebraska Power Co. subsidiary in Council Bluffs. It buys energy from the Nebraska Power Co., and, more important, it has a "gentleman's agreement" with the Nebraska Power Co. for division of territory. Between the territorial limits of the two companies there is a neutral zone about 2 miles wide into which either company may extend its lines and sell electricity. When a municipal plant can be persuaded to sell out or an opportunity is offered to land a new customer in this neutral zone representatives of the two companies get together and decide which shall have the business.

Against this background of common interest, the Nebraska Power Co. has expanded to the west and northwest in the Platte River Valley in the last few years by purchasing many small private and municipal distributing systems. Several of these systems formerly were served by the Fremont municipal plant, which sold them energy at wholesale.

The result of this expansion by the Nebraska Power Co. is that the Fremont municipal plant is entirely surrounded by Nebraska Power Co. lines. It has lost most of its outside market. But it has continued to operate and, under the law adopted by initiative in 1930, giving municipalities the right to own power lines beyond their municipal boundaries, it is extending its lines into rural territory. (Transcript, March 9, p. 19573.)

In its determination to expand and to put the municipal plants out of business, the Nebraska Power Co. has paid extravagant prices for these municipal plants. To get what idea it could of values, the Trade Commission examiners scrutinized exhibits prepared by the Nebraska Power Co. itself in connection with litigation in Nebraska. They found that, even accepting the company's figures, it had paid for seven plants over 30 per cent more than the estimated cost to reproduce them, without any allowance whatever for depreciation or for obsolete equipment.

There we have it, Mr. President. It took a good while to introduce it, to show what I was going to show, but here we have it. This great representative of the great Power Trust sees, 40 or 50 miles from Omaha, a city owning its own electric-light plant, paid for by its own citizens, giving an illustration, as a matter of fact, of cheap electricity to its citizens. It has expanded and extended its lines. It is serving seven or eight towns in the vicinity, where the people buy current at the Fremont plant and distribute it themselves.

What happens? The Nebraska Power Co. creeps out and surrounds that city with its wires, its network, and it goes to this municipality and to that municipality to buy their distributing system. What do they do? The Federal Trade Commission finds that they paid for those seven plants 30 per cent more than it would cost to build them now, without making any allowance for depreciation or wear and tear. Probably it would be fair to say that they paid 50 per cent more than the plants were worth.

That is poor business. Everybody knows that when that kind of a thing happens somebody must bear the loss. Like others of the extravagances and the bad financing of the Power Trust, it is the poor devil down in the humble home who has to bear the loss.

For the seven plants the company showed a reproduction cost new of $103,783, compared with the purchase price of $134,955. For the Cedar Bluffs group of plants there was shown a reproduction cost new of $24,134 against a purchase price of $35,000. For the Arlington municipal plant there was shown a reproduction cost new of $27,285, compared with the purchase price of $34,000.

The examiners point out that as none of these plants were new and there was no allowance for depreciation, the premiums the power company paid to get them out of the way were actually "considerably greater" than these figures show.

Roy Page, vice president and general manager of the Nebraska Power Co., admitted that the physical value was only a small part of the basis used for determining prices. (Transcript, March 9, p. 19578). A company official testified in the Nebraska litigation that as to certain properties no estimates of value whatever had been made prior to the purchases.

It seems clear that what the company was buying was: First, complete monopoly; second, freedom from regulation which operation of the municipal plants imposes; and, third, opportunity for unhampered profiteering.

Pointing out that the prices for municipal plants have been large and arbitrarily fixed, and that regulation is very limited, with the company admittedly fixing its own rates in the smaller towns, Examiner Adams declared that—

It is reasonable to assume that full prices paid for properties have been considered in any valuation of properties used by the company in determining what its small town rates shall be. (Transcript, March 9, pp. 19581 and 19582.)

INSTANCES CITED ARE ONLY EXAMPLES

Mr. President, this, of course, is only a sample. What the Nebraska Power Co. is doing in Nebraska is being done by the subsidiaries of the Power Trust all over the land. I have been giving concrete instances, but they are only examples. They are no worse than is going on everywhere. I could go over the sunny South in the same way and tell of one case, for example, where the Power Trust went to a municipality that owned its own system and offered to pay a price for it. The price was more than it would have cost to rebuild the plant. The voters voted on the proposal and turned it down. Hardly had the result of the election been announced when the Power Trust came forward with another proposal and a higher offer, and another election was called. The offer was turned down again. Then within a reasonable time after that happened they came forward with a third offer, in which they offered really three or four times more than the plant was worth; and the people voted to sell it. Every time they made a higher offer they got a few more votes, and they kept on until they got their offer so high that the people felt they could not refuse to sell.

What does it mean? It means monopoly. It means they do not want a municipally owned plant that will stand out as a yardstick. They do not want that known or shown any more than they want the discussion to take place in the Senate of the United States in regard to their great propaganda program which they have carried on for the last six or seven years. They will do whatever necessary to accomplish their end. It is the plant they want. They want to prevent such a municipally owned plant from showing to the people what can be done by a municipally owned and properly operated plant. They are afraid of the new yardstick. They have a monopoly and are willing to spend millions to keep it, but the money they spend is not theirs. It is collected in pennies from God's poor.

Mr. LONG. Mr. President, will the Senator yield again? I am really sorry to interrupt the Senator.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. The very vicious attitude which the Power Trust has shown against Governor Roosevelt is one which some of us can not understand. Does the Senator attribute it to the position he has taken with reference to the ownership of power companies in the State of New York?

Mr. NORRIS. They will take that position against anyone. Let anyone say he is in favor of municipal ownership and he is a marked man so far as the Power Trust is concerned, and it does not make any difference whether he is a candidate for President of the United States or whether he is a candidate for the office of assessor in a country precinct. They are the kind the Power Trust want to defeat. Whenever anyone says or does anything officially or privately that conflicts with their interest and their wishes he is a marked man and he must get on his knees and beg for forgiveness and show by his action that he is willing to be their slave before they will look upon him with favor.

WHEN WILL THE PEOPLE TAKE ACTION?

Mr. President, although I have consumed a good deal of the time of the Senate, nevertheless I have only given the Senate a glimpse at certain spots in the United States, just a glimpse. I could cover the whole country and disclose the same things practically everywhere. Remember, too, as I said in the beginning, that this investigation is only partially finished. God only knows what the future has in store, Mr. President; but if the American people are to be trampled down into the earth by this greatest human monopoly that was ever put together in the history of civilization, I am not willing to say what the result may be. Here in this year of depression, when nearly everyone is suffering, when millions are starving for something to eat, hundreds of thousands of women and children are without suitable clothing to wear, this great trust marches on and on, making its profit on a necessity of human life, and then says to us, and it has the influence to carry out what it says, "You dare not tax us, but you may tax the little fellow."

Some day, Mr. President, the people of the United States, it seems to me, will realize that this great octopus, this greedy monopoly, living on the pennies which are contributed by God's poor, stealing out of the school children's hands the pennies given to them by their parents, going into every home, into every little town, and taking their toll from the toil and sweat of millions of our people in order that they may debauch the very people they rob, presents a picture that ought to cause every man to raise his voice in condemnation of such an unholy, such a wicked, such an indefensible thing.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H. R. 12946) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting a public-works program, in which it requested the concurrence of the Senate.

CHANGE IN THE DATE OF INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the Governor of Louisiana, together with a concurrent resolution of the Legislature of the State of Louisiana, relative to the proposed amendment to the Constitution of the United States fixing the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress, which were ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF LOUISIANA,
EXECUTIVE DEPARTMENT,
Baton Rouge, July 5, 1932.

Hon. CHARLES CURTIS,
Vice President of the United States,
United States Senate, Washington, D. C.

DEAR SIR: I have the honor to transmit herewith a duplicate original of Senate Concurrent Resolution No. 2, adopted by the Louisiana Legislature at its present session.

Yours very truly,

OSCAR K. ALLEN, *Governor.*

Senate Concurrent Resolution No. 2, relative to the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress. (By Mr. Peltier)

1. Whereas at the first session of the Seventy-second Congress of the United States of America it was resolved by the Senate and House of Representatives of the United States in Congress assembled (two-thirds of each House concurring therein) that the following article be proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as part of the Constitution, viz:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January and the terms of Senators and Representatives at noon on the 3d day of January of the years in which such terms would have ended if this article had not been ratified, and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission": Therefore be it

Resolved by the Legislature of the State of Louisiana, That the foregoing amendment to the Constitution of the United States of America be, and the same is hereby, ratified to all intents and purposes as a part of the Constitution of the United States.

2. That the Governor of the State of Louisiana is hereby requested to forward to the Secretary of State and to the presiding officer of the United States Senate and to the Speaker of the House of Representatives of the United States an authentic copy of the foregoing resolution. The clerk of the house and secretary of the senate are hereby instructed to send to the governor a certified copy of the action of the House and Senate on this resolution.

JNO. B. FOURNET,
Lieutenant Governor and President of the Senate.
ALLEN CLAUDER,
Speaker of the House of Representatives.

Approved, July 4, 1932, 8.45 p. m.

OSCAR K. ALLEN,
Governor of the State of Louisiana.

TAX ON FUTURE COMMODITY TRANSACTIONS

The VICE PRESIDENT laid before the Senate a telegram from Thomas Y. Wichkam, chairman of the Grain Committee on National Affairs, Chicago, Ill., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

CHICAGO, ILL., *July 11, 1932.*

Vice President CHARLES CURTIS,
President of the United States Senate:

A grave situation has developed as a result of the utterly prohibitive tax of 5 cents on each $100 value of future commodity transactions. This tax is a 400 per cent increase. The Purnell bill (H. R. 12886), which has the approval of major farm organizations, the Department of Agriculture, bankers, and the Nation's marketing institutions would put this tax back at 2 cents, still a 100 per cent increase. Genuine alarm prevails through agriculture and the agricultural trades that the startling restriction of markets may make it impossible to absorb the new incoming crops. The commodity exchanges of this country, being prevailed upon by the producers everywhere to aid in the situation, wish to advise those in authority that unless the Purnell bill, now in the House Ways and Means Committee, is enacted before Congress adjourns that there is real danger that during the heavy crop-movement period the weight of hedges may prove too great for the markets. As an agricultural emergency relief measure, we can not too strongly urge the necessity of reducing this tax to a level that will not paralyze the movement of commodities and state that an adjournment of Congress without such action can only be construed as utterly disregarding the welfare of agriculture in this pressing emergency.

GRAIN COMMITTEE ON NATIONAL AFFAIRS,
THOMAS Y. WICHKAM, *Chairman.*

Representing: Buffalo Corn Exchange, Chicago Board of Trade, Duluth Board of Trade, Kansas City Board of Trade, Milwaukee Grain & Stock Exchange, Minneapolis Chamber of Commerce, New York Produce Exchange, Omaha Grain Exchange, St. Louis Merchants Exchange, Grain and Feed Dealers National Association, Chicago Livestock Exchange, Chicago Mercantile Exchange, and New York Cotton Exchange.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of Edward Melve, of Sellersville, Pa., praying for a congressional investigation to determine who was the first conceiver (the inventor) of the wireless telephone invention, etc., which, with the accompanying papers, was referred to the Committee on Patents.

He also laid before the Senate memorials, and papers in the nature of memorials, from sundry citizens and organizations of the States of Massachusetts, Michigan, Minnesota, Ohio, Pennsylvania, Washington, and Wisconsin, remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

Mr. SHEPPARD presented a resolution adopted by the First Mexican Christian Church of San Benito, Tex., representing 50 people, opposing the resubmission of the eighteenth amendment of the Constitution, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

Mr. ASHURST presented a telegram from A. H. Strasser, Tucson, Ariz., which was ordered to lie on the table and to be printed in the RECORD, as follows:

TUCSON, ARIZ., *July 13, 1932.*

Hon. HENRY F. ASHURST,
United States Senate, Washington, D. C.:

It is the earnest plea of the trainmen in this State that you gentlemen use your influence to prevent Congress from adjourning until the Costigan-LaGuardia bill "to provide emergency financing facilities for unemployment workers, to relieve their distress, to increase their purchasing power and employment, and for other purposes," is passed and signed by the President.

A. H. STRASSER.

THE BANKRUPTCY LAW

Mr. COOLIDGE. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a copy of a report by the New Bedford Bar Association of New Bedford, Mass., relative to the contemplated changes in the present Federal bankruptcy act contained in the new bankruptcy bill now under consideration by committees of the Senate and House of Representatives, and a copy of the resolution adopted by the New Bedford Bar Association.

There being no objection, the matter was referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

NEW BEDFORD BAR ASSOCIATION,
New Bedford, Mass.

GENTLEMEN: We, the committee of the New Bedford Bar Association appointed to study the contemplated changes in the present Federal bankruptcy act contained in the new bankruptcy bill now under consideration by committees of the Senate and House of Representatives, report as follows:

The proposed legislation, unless radically amended, should not have the association's approval, for, in our opinion, it has left unimproved many things that ought to be amended and improved and has incorporated many features which are either impractical or dangerous innovations.

We object specifically to the provisions of the new bill which authorize the Attorney General to appoint a number of administrators, not exceeding 10, at salaries not to exceed $7,500 each, and also a number of examiners who are subject to civil service at salaries not to exceed $4,000 each. We believe this to be an unwise extension of the present tendency of the Government toward multiplication of bureaus and bureaucratic control, with the attendant increase of expense, without holding forth any real hope or promise of improvement in the present system. We approve the provisions of the proposed legislation which require the referees to devote their time exclusively to their duties as such, and which enlarge their jurisdiction. We submit that if the new act should charge the referee with the duty of supervising in greater detail the administration of estates the necessity not only for administrators and examiners, but also for authorized trustees, would be obviated and there would be less division of responsibility.

Your committee is of the opinion that the provisions regarding suspended discharges can not be made to work effectively. We agree that many of the evils existing under the present law arise as a result of the inadequate provisions regarding discharges, but we believe that this situation can be remedied by amendments: (a) Which would place upon the bankrupt the complete burden of proving his right to a discharge rather than upon his creditors to prove that he is not entitled to it; (b) which would shorten the period within which a bankrupt is entitled to apply for his discharge; (c) which would allow the expense of objecting to a discharge to be paid by the estate.

Your committee does not approve in its present form the provision pertaining to assignments for the reason that the act gives to assignments the protection of the bankruptcy court without requiring the estate to be administered under the supervision of the court.

The committee therefore recommends the adoption of the following resolution:

"*Be it resolved*, That the New Bedford Bar Association, through its council, adopts the report of its committee appointed to study the proposed bankruptcy act and for the reasons contained in said report records its disapproval of the passage of the bill in its present form; and

"*Resolved further*, That we request that action on said bill should be delayed until the next session of Congress in order that opportunity may be had for further study of the proposed legislation in the light of the objections raised throughout the country."

SOLOMON ROSENBERG,
WM. B. PERRY, Jr.,
SAMUEL BARNET,
WILLIAM S. DOWNEY,
Committee.
FISHER ABRAMSON,
Chairman.

FARM RELIEF

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD three addresses delivered July 9 by farm leaders of national standing. The first is by Edward A. O'Neal, president of the American Farm Bureau Federation; the second by Charles E. Hearst, vice president of the American Farm Bureau Federation; the third by Earl C. Smith, president of the Illinois Agricultural Association.

I hope every Senator will read these three addresses. In the main I agree with the statements made by these three farm leaders.

This session of Congress has been a busy one; it has faced a most serious situation; it has struggled earnestly to enact emergency relief legislation. But, Mr. President, this Congress has not done its duty. It has refused to deal with fundamentals. It has ignored what seems to me to be a plain fact, that unless and until agriculture is placed in position where the farmer as a whole can receive the cost of production for his products there can be no real relief; there can be no return of employment.

Wages are paid, in the last analysis, by basic commodities. The basic commodity-price level is too low. It is too low not so much because of surpluses as because our monetary system has broken down.

Mr. President, when these farm leaders plead for the passage of the Goldsborough bill to stabilize the purchasing power of the dollar, they are pleading not only for agriculture but for labor, for industry, for business generally. They are pleading for an honest dollar for the benefit of 90 per cent of the people of this country.

The Federal reserve system should be managed in the interest of the 90 per cent who are producers; not in the interest of the small percentage of the population who are primarily dealers in money.

The plea of these leaders for the enactment of the Norbeck bill, as an emergency measure to force higher prices for wheat, cotton, and hogs, should be heeded by this Congress.

I ask that these addresses be printed for the information of the country and the guidance of Congress.

The VICE PRESIDENT. Without objection, the addresses will be printed in the RECORD.

The matter referred to is as follows:

RADIO ADDRESS OF EDWARD A. O'NEAL, PRESIDENT AMERICAN FARM BUREAU FEDERATION, SATURDAY, JULY 9, 1932, WASHINGTON, D. C.

My friends, we are here in Washington, once more, in a final appeal to Congress to come to the rescue of agriculture; once more to demand that Congress not adjourn until it does something fundamental for the relief of agriculture and the Nation.

If this Congress adjourns without doing something effective to save agriculture, then next fall we, too, must cry out, like the prophet of old—

"The summer is ended; the harvest is past; and we are not saved."

But then it will be too late for Congress to repent of its folly that means that farmers would have to go through another year without relief.

How can they do that under present conditions, without unparalleled suffering and distress which may shake to its very foundation our whole economic structure?

Since I talked to you during the Farm Bureau party-line hour, a month ago, a new low record for farm prices has been recorded by the United States Department of Agriculture. Then its latest report showed that the index of farm prices was 56 per cent of the pre-war level; a record low. Since then, the index of farm prices has dropped to 52, the lowest point on record in this country.

It is reported that one of the largest wheat growers in the United States, who is harvesting 500,000 bushels, is receiving but 16 cents per bushel on board the cars, which will leave him but 8 cents after paying freight and commission charges. Cotton has reached the lowest level of prices in its history, and when harvest season comes, what will happen? The producer will not be able to sell some of it at all at any price unless something is done. The prices of wheat and cotton affect the prices of all other basic farm products. With half the Nation unable to pay its debts, its taxes, and its interest, and without money to buy the products of industry, then it must be evident that the welfare of the Nation is at stake in the restoration of farm prices. There are millions of people needing food and clothing, yet this is the condition. Senator BORAH said in the Senate yesterday, there is "no escape from chaos unless the Government stays the fall of commodity prices."

How can farmers exist on such price levels? How can they pay their taxes, maintain their schools and churches, pay the interest on their mortgages and other debts, and save their homes, on such prices? How can they buy the necessities of life for their families? How can our agriculture exist on such prices without being degraded to the level of peasantry?

Yet Congress and the administration, with the power to act to relieve this situation in a far-reaching and effective way, thus far have done nothing fundamental to remedy it. They seem to be concerned mainly with helping the railroads, the banks, the corporations, and the unemployed in the cities, forgetting that there can be no permanent recovery in this country until we start at the bottom and rescue agriculture, the basic industry of this Nation.

The bill to give a moratorium to foreign war debts was passed and signed within 6 days; the Reconstruction Finance Corporation act for the relief of the railroads, banks, and other corporations was passed and signed within 13 days; the Glass-Steagall bill for the further relief of the banks was passed and signed in 12 days; but agriculture has waited in vain for more than 7 months—more than 200 days—for some action on the constructive program of agricultural relief which we presented to Congress when it opened early last December.

Let me review for you briefly the record of this Congress and you be the judge of whether it has given agriculture a fair deal. I want to give Congress full credit for the little which it has done for agriculture.

The House passed the Goldsborough bill by a big majority, but the reactionary interests in the Senate thus far have blocked us. The tax bill in the main was fair to agriculture, although containing some unduly burdensome items. Our greatest victory, the defeat of the Federal sales tax, was a fundamental victory, a victory against the leadership in both great parties, a victory that was made possible because agriculture and labor, throughout the Nation, rose up in rebellion against it. Several minor credit measures were passed, which will be of some help to agriculture, but nothing has been done to raise the prices of farm products, so the farmers can pay their debts.

The Reconstruction Finance Corporation act and the proposed Garner-Wagner bill amending that act, if finally enacted, allocate to agriculture less than 5 per cent of the stupendous sum of over $4,000,000,000 of public funds appropriated for relief purposes. The big interests have again defeated us in our efforts to control speculation in the marketing of our crops. In our fight for the equalization-fee principle, both Agricultural Committees, after long delay, reported our bill to the Senate and the House, but thus far the House has taken no action, and the Senate recommitted the bill to the committee.

Truly this is a poor record for Congress and the administration. Strange to say, we have been defeated to a large extent by the supposed friends of agriculture—those who ought to have been for us and for our program.

When the 3-way farm bill amending the marketing act was before the Senate, the motion to recommit was made by a Senator from a farm State, and 23 of the 38 votes for recommittal were Senators from predominantly farm States. Had only 5 of these 23 Senators voted against recommittal, our bill would have been saved. We might have had action on it this session. Now it will have to go over until the short session next December, unless Congress is held in session. Most of those who spoke on the floor of the Senate against various phases of our bill were from predominantly farm States—men who ought to have been with us.

In spite of these discouragements, we are fighting on. In the latter days of this session, seeing the danger of no legislation as a result of the long procrastination of Congress, we brought forward an emergency measure, sponsored in the House by Congressman RAINEY, and in the Senate by Senator NORBECK—a measure of an emergency character to tide over our farmers until something more permanent and more fundamental can be passed. It displaces in no way our fight for the equalization-fee principle. We are also making a final desperate effort to obtain action upon the Goldsborough bill for an honest dollar. But few hours are left of this session. Urge your Congressmen and Senators to get in quick action.

Our proposal for allocating Reconstruction Finance Corporation funds for financing the exports of farm surpluses has been included in the conference report on the Garner-Wagner relief bill and will become effective if that is finally enacted into law. This will be most helpful in removing the burden of accumulated surpluses.

I want to say right here that agriculture still has some stalwart friends in Congress—men who are sincere and loyal friends of the farmers, men who have labored earnestly and faithfully here during the past seven months trying to get something fundamental done for agriculture. The blame for Congress's inaction should not be laid upon them. But I am sorry to say there are many others who ought to have been with us and working for our program who have either openly fought our program or who have injured it by their indifference and inaction.

Since I talked to you a month ago, we submitted to the two great national parties our recommendations of fundamental principles for agriculture and the Nation. They gave us courteous hearings and several of our recommendations were adopted in the party platforms. I prefer to reserve an analysis of the platform until they are interpreted by the nominees whose duties are to interpret and carry out the platforms.

But I could not but be appalled and saddened by the fact that at neither of these national conventions, during the sessions which I attended, was there any delegate who stood up on the floor of the convention during the consideration of the platforms to raise his voice in behalf of distressed agriculture and plead her cause although a great many of the delegates had been elected to represent farm States where their farmers were faced with utter ruin.

On the Fourth of July, farmers in more than 10,000 communities throughout the nation, under the leadership of the American Farm Bureau Federation, assembled themselves together in Independence Day picnics in honor of George Washington and rededicated themselves anew to the ideals for which Washington stood.

On that day was sounded a call to the farmers of America to rally together for the preservation of American agriculture as the basic industry of this country. I declared war on the forces of economic greed and selfishness who have dominated this country too long, and who are unwilling that industry and agriculture shall have an honest dollar, who are unwilling that the farmers who produce the basic wealth of this Nation shall have a fair share of the consumer's dollar, a fair share of the national income. I declared war upon the unfaithful legislators and public officials who are willing to vote relief for all other industries but allow agriculture, our basic industry, to sink into ruin. I asked for 10,000,000 volunteers to help me in this struggle for economic freedom and equality for agriculture—a struggle not of violence but of ballots.

The time has come when we must assert ourselves in no uncertain terms. We must elect those who are true friends of agriculture, those who will pledge themselves to carry out our program. I ask your help. I ask you to join with us in this struggle. Let us find out who are our friends and who are not; who are for us and who are against us. Demand of your candidates for public office that they declare themselves on these great principles for which we are standing. Demand that they pledge themselves to support this program for the rehabilitation of agriculture. If they refuse, then give them your answer at the ballot box next November.

We can not win this struggle unless we are united, because our enemies are powerful and numerous. They have vast financial resources and powerful political connections. But if the farmers of America will stand together as one, we will win.

Agriculture must lead the way to the economic recovery of the Nation. It was the deflation of agriculture and the curtailment of her buying power which, more than any other one single factor, wrecked the prosperity of this Nation and brought us to the sad conditions in which we find ourselves to-day.

Why are the factories closed and their employees walking the streets vainly searching for work while their families subsist upon a meager public charity? Why are the great office buildings in New York, Chicago, and our other great cities desolated with deserted offices? Why are the banks failing, factories closing, and business stagnating? Because the buying power of nearly one-half of the population of this country, dependent upon agriculture, has been drying up for more than a decade. You can not cut off the buying power of more than 53,000,000 people without profound disaster to the entire Nation. Many of the greatest business executives of this country with whom I have talked recently now freely concede these facts.

Our great industrial and commercial structure collapsed because its foundation was undermined. We must build anew our economic structure so that such catastrophes as this will not occur. We must build a structure of agriculture, business, and industry founded upon a sound foundation. The chief corner stone of this foundation must be cooperation, equality of opportunity to all—the assurance of a fair share of the national income to each group in our Nation. Too long have we permitted the few to exploit the many. Too long have we allowed those who control the capital wealth of this country to take the major share of the profits, while the farmers who produce the basic wealth of the Nation and the laborers who contribute of their toil take the crumbs that are left.

Such conditions must not be again. After the close of the World War, when the body of the unknown soldier was being laid to rest in Arlington National Cemetery amid impressive rites, and the Nation stood with bowed head, silent in grief because of the loss of millions of heroes, the flower of its manhood, the President voiced the sentiment of a war-torn and war-sick world when he fervently declared, "It must not be again." So to-day, as we stand with our heads bowed in sorrow and anguish over the loss of so many homes and fortunes, when we survey the anguish and suffering, the human misery of the world growing out of this depression, we, too, feel constrained to send up a solemn resolve, "It must not be again."

The economic effect of this deflation is much worse than that war. The war cost thirty-five billions, but this cost about $200,000,000,000.

May God hasten the day when our Nation shall be freed from greed and selfishness and when the principles of cooperation and economic justice to all shall prevail. I appeal to you of the city, town, and country, to join with us in the Farm Bureau in this great undertaking.

RADIO ADDRESS OF CHARLES E. HEARST, VICE PRESIDENT AMERICAN FARM BUREAU FEDERATION, SATURDAY, JULY 9, 1932, WASHINGTON, D. C.

The Goldsborough bill seeks to provide the Nation with a national monetary policy for the first time in its history. This policy is to provide an honest dollar for agriculture, industry, and trade, a dollar that is stable in value, a dollar that measures the true exchange value of commodities instead of measuring only the supply and demand for gold.

Congress has never fulfilled the obligation imposed upon it by the Constitution of the United States. The Constitution directed the Congress to provide a stable currency. Any dollar which fluctuates in value from 64 cents one year to $1.61 in another year is dishonest. Is there any stability of values when such fluctuations are permitted? The fluctuation in the value of the dollar since 1929 measured in commodity prices makes the debtor who borrowed $100 in 1929 pay back $202 to-day. Is there any justice in such a monetary standard?

The Goldsborough bill seeks to remedy this injustice by restoring to normal the purchasing power of the dollar and stabilizing its value at a fair level.

It declares the national monetary policy of the United States is to restore the purchasing power of the dollar to the average of the period 1921 to 1929, inclusive, and to maintain its purchasing power at that level. This to be accomplished by controlling the volume of credit and currency. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are charged with the duty of making effective this policy.

They already have the power to expand and contract the volume of credit and to expand and contract the volume of currency, but heretofore these powers have not been directed toward a basic national policy but have been subject to the individual opinions and wishes of these officials and influenced by the demands of various groups. The result has been that we have had a vacillating policy of inflation and deflation, with disastrous consequences to the whole Nation.

The House passed the Goldsborough bill by the overwhelming vote of 289 to 60. When the bill went over to the Senate the Committee on Banking and Currency sidetracked it by substituting a proposal sponsored by Senator GLASS, of Virginia. The Glass proposal is a mere makeshift, which does not go to the root of the trouble, but was offered, according to the Senator's own published statement, for the purpose of stopping the Goldsborough bill. His proposal allows the national banks to issue currency on the basis of Government bonds owned by them. It is estimated that a maximum of about $1,000,000,000 in additional currency could be issued under the Glass proposal. This might do temporary good, but obviously it does not go to the base of the problem. It prescribes no policy to guide the extent to which this currency shall be issued; each bank can do as it pleases in this regard. It establishes no national monetary policy. It does nothing to prevent the recurrence of these periodic inflations and deflations. It utilizes only one method of expansion of the currency, a method which is rather expensive, costing the people about $40,000,000 to issue it, if the maximum amount is issued. It is obvious that this proposal is a banker's bill and not one which will bring its first benefits to our citizens.

The Glass substitute is now pending before the Senate. The session of Congress apparently is drawing rapidly to a close. Despite our repeated insistence, no action has been taken by the Senate on the Goldsborough bill. Many Senators would like to vote for it, but have not been given an opportunity because of the action of the committee in substituting the Glass proposal.

Obviously if this type of legislation is to be secured there must be prompt action on the part of the Senate. In order to get something done before adjournment our friends in the Senate are trying to get action on the Glass substitute—if necessary, pass it through the Senate, in order to get the two measures in conference between the two Houses, at which time there is hope that a satisfactory compromise can be agreed upon which will receive the approval of both Houses. That is what we are hoping and working for now. We are demanding that something be done now before adjournment and before the whole Nation is ruined by the onward march of the deflation.

This Congress has done but little for agriculture, despite the valiant efforts of some of our stanch friends in Congress. It has passed a lot of so-called relief measures, but few of their benefits have percolated down to the farmers and the masses of the people. Little fundamentally has been done to correct the economic catastrophe which threatens to overwhelm us. "Credit" has been the magic key with which this Congress and this administration has sought to solve all our economic ills. Credit has been the panacea for all evils which beset us. A foreign government has been given a moratorium, the banks, railroads, insurance companies, and other corporations have been doled out credit through the Reconstruction Finance Corporation, a small portion of which went to agriculture for limited purposes. Again the banks have been extended further credit facilities through the Glass-Steagall bill. The farmers have been extended a few credit measures.

But still the depression goes on; prices sink lower and lower. The forced liquidation of real estate in city and country continues. Unemployment increases. Industry stagnates, banks fail, agriculture remains prostrate.

The mere extension of credit does not go to the root of our troubles but merely postpones for a time the evil day. Soon it is necessary to come back again and ask for more credit to postpone it still longer, and thus the process continues until final ruin overtakes many, while the strongest are able to survive only with heavy losses.

Something more fundamental must be done than to extend credit. We must strike at the root of the evil—the deflation of our prices to their present ruinous levels. Something must be done to restore the commodity-price level, so debts can be repaid, so the farmers' purchasing power will be restored, so our factories

can reopen and put to work our unemployed. There will be no trouble about balancing the Government Budget when we do something fundamental to balance the citizens' budgets. A restoration of the price level, and not credit, is necessary in order to bring this about.

The Goldsborough bill would give immediate and effective relief not only to agriculture but to industry and to labor by restoring the commodity price to a normal level.

RADIO ADDRESS OF EARL C. SMITH, PRESIDENT ILLINOIS AGRICULTURAL ASSOCIATION, SATURDAY, JULY 9, 1932, WASHINGTON, D. C.

While pleased to avail myself of this opportunity to speak over the National Broadcasting chain, yet, in these crucial hours and days we are passing through, I feel as never before the responsibility one carries who attempts to discuss vital issues of the day. Not only the future welfare of agriculture but the principles of our Government are hanging in the balance. It is, therefore, imperative that the great majority of our citizens who are yet wanting to be fair come to a full understanding as to the cause of the present situation and the forces that are operating to retard recovery" from the present depression.

After 12 years of continued deflation in agriculture, we are witnessing what has long been predicted—the complete collapse of our business and financial structure. Any industry which comprises in large part the sources of new wealth can not long be ignored or neglected without a situation presenting itself such as we have to-day.

Throughout these years agriculture, while only partly organized, has honestly and aggressively presented its problems and remedies at council tables with leaders of the State and Nation. With very few exceptions, the answers to these appeals have been the answers of those in control of the finances of the Nation. Farmers have not been given what they asked for but rather have been given palliatives which were doomed to failure at the outset. These programs have not only failed to revive agriculture but have operated to cause many well-thinking people to believe that legislation is not essential to bring about the stabilization of agriculture and prosperity of farm people.

The present Congress has given practically its entire attention to legislation having for its purpose assistance and relief to the large financial and industrial interests of the Nation.

The basic industry of all, agriculture, has been either neglected or ignored. Recognizing this situation and the fast approaching close of Congress, the American Farm Bureau Federation prepared a very simple, practical emergency measure having for its purpose the immediate price improvement of agriculture's three largest crops—hogs, wheat, and cotton. This measure was introduced in the House by Representative HENRY T. RAINEY, of Illinois, majority leader of the House, and in the Senate by Senator NORBECK, of South Dakota, chairman of the Senate Committee on Banking and Currency. We have appeared before the agricultural committees of both House and Senate in executive session to explain this measure and its purposes. Following these meetings the committees reported the measure to the House and Senate, where they now rest on the calendars. We are insisting that Congress not adjourn until it has taken action on this emergency legislation.

Briefly the measure proposes through the issuance of negotiable certificates to give to the farmer the full benefit of the tariff on that portion of his production needed for domestic consumption. This in addition to the present price he is receiving.

It would increase his present returns by 42 cents a bushel on wheat, 2 cents a pound on hogs, and 5 cents a pound on cotton.

It would not cost the Government Treasury one penny, as all revenue necessary to absorb the increased returns to farmers is realized through a tax imposed at the point of processing these commodities.

In practical operation the present channels or system of distribution could and would easily absorb this tax, which is imposed in an amount equal to commodity tariff rates.

On these three commodities alone, nearly 3,000,000 farmers would have an increased cash income of approximately one-half billion dollars within the next year.

Economists tell us that such price improvement on these three basic crops would cause or influence an increase in price levels of other agricultural commodities equal to another $500,000,000.

This legislation has been discussed with many leaders and Members of Congress, several administrators of Government, and many business leaders of national reputation. With hardly an exception they admit this legislation will accomplish what is claimed for it by its authors and sponsors. Practically every thinking person now recognizes that the price improvement of agricultural crops and consequent increased return to farmers is an essential to assist in getting America started out of the present depression.

Raise the price levels of basic farm products, thereby adding $1,000,000,000 to the buying power of agriculture in the next year, and you will again start the wheels of industry, restore jobs to hundreds of thousands of unemployed in the cities, and inspire the whole country with a new confidence and hope for the future.

With such admitted facts it would seem inconceivable, nevertheless it is true that Congress is fast approaching adjournment and yet addresses its attention to relief legislation which is almost totally confined to further relief for large industrial, commercial, and banking institutions.

If agriculture is to receive proper attention in this emergency, farmers of the Nation must rise up and immediately demand that their representatives in Congress actively participate in the movement to block adjournment of Congress until this or other equally effective emergency legislation is enacted into law.

Surely Congress will assume a grave responsibility if it adjourns without action upon proper and effective measures necessary to assist farmers in getting to their feet, and allows the ruinous condition now confronting farmers to longer continue in their destructive effects, not only upon agriculture but upon the Nation.

ENROLLED BILL PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, July 14, 1932, that committee presented to the President of the United States the enrolled bill (S. 3276) to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 4975) granting a pension to Lemuel T. Wilson (with accompanying papers); to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 4976) granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the South Fork, Forked Deer River, on the Milan-Brownsville Road, State Highway No. 76, near the Haywood-Crockett County line, Tenn.; to the Committee on Commerce.

By Mr. STEPHENS:

A bill (S. 4977) for the relief of certain Mississippi Choctaw Indians; to the Committee on Claims.

By Mr. JOHNSON:

A bill (S. 4978) granting a pension to Alfred Call, jr. (with accompanying papers); to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 4979) providing for advances to unemployed veterans on their adjusted-service certificates, and for other purposes; to the Committee on Finance.

SIX-HOUR DAY FOR EMPLOYEES OF CARRIERS

Mr. PITTMAN. Mr. President, I desire to introduce a bill, and ask for its reference to the Committee on Interstate Commerce. I know there will be no action on it now, but I want to have it available for study during the adjournment.

The bill (S. 4980) to establish a 6-hour day for employees of carriers engaged in interstate and foreign commerce, and for other purposes, was read twice by its title and referred to the Committee on Interstate Commerce.

By Mr. HOWELL:

A joint resolution (S. J. Res. 204) to provide transportation and travel subsistence to World War veterans temporarily quartered in the District of Columbia; to the Committee on Appropriations.

CLAIM OF MISSISSIPPI CHOCTAW INDIANS

Mr. STEPHENS submitted the following resolution (S. Res. 275), which was referred to the Committee on Claims:

Resolved, That the bill (S. 4977) entitled "A bill for the relief of certain Mississippi Choctaw Indians," now pending in the Senate, together with all the accompanying papers, be, and the same is hereby, referred to the Court of Claims, in pursuance of the provisions of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; and the said court shall proceed with the same in accordance with the provisions of such act and report to the Senate in accordance therewith.

AGRICULTURAL RELIEF

Mr. BINGHAM. Mr. President, I desire to enter a motion to reconsider the vote on the passage of the bill (S. 4940) to provide temporary aid to agriculture for the relief of the existing national economic emergency. Also I make the motion provided by the rule that the House be requested to return the bill to the Senate.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). The question is on agreeing to the motion of the Senator from Connecticut.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	La Follette	Schall
Austin	Frazier	Lewis	Sheppard
Bailey	George	Long	Shipstead
Barbour	Glenn	McKellar	Shortridge
Barkley	Goldsborough	McNary	Smoot
Bingham	Gore	Metcalf	Steiwer
Blaine	Hale	Morrison	Stephens
Borah	Hastings	Moses	Thomas, Idaho
Bulkley	Hatfield	Neely	Townsend
Bulow	Hayden	Norbeck	Trammell
Byrnes	Hebert	Norris	Tydings
Capper	Howell	Nye	Vandenberg
Cohen	Johnson	Patterson	Wagner
Connally	Jones	Pittman	Walcott
Costigan	Kean	Reed	Walsh, Mass.
Couzens	Keyes	Robinson, Ark.	Watson
Davis	King	Robinson, Ind.	White

The VICE PRESIDENT. Sixty-eight Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from Connecticut that the House be requested to return the bill S. 4940 to the Senate.

Mr. NORBECK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORBECK. Is this a motion to reconsider the vote by which the bill was passed.

The VICE PRESIDENT. It is a request to return the papers.

Mr. NORBECK. But for what purpose? Is the purpose stated?

The VICE PRESIDENT. It is a part of the motion entered to reconsider the vote by which the bill was passed.

Mr. NORBECK. Is the motion debatable?

The VICE PRESIDENT. It is not. The question is on the motion of the Senator from Connecticut.

Mr. BINGHAM. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I am advised that he would vote as I intend to vote. Therefore I feel at liberty to vote and vote "nay."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING]. I transfer that pair to the junior Senator from Massachusetts [Mr. COOLIDGE], and will vote. I vote "yea."

Mr. MCNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. SCHALL (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. I understand that he would vote as I intend to vote. I therefore feel at liberty to vote and vote "nay."

Mr. SHORTRIDGE (when his name was called). Reannouncing my general pair with the senior Senator from Montana [Mr. WALSH], and not knowing his views on this question, I may not vote. If permitted to vote, I should vote "nay."

Mr. STEIWER (when his name was called). On this question I have a pair with the senior Senator from New Mexico [Mr. BRATTON]. In his absence I withhold my vote. If permitted to vote, I should vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. WATSON (when his name was called). In the absence of my general pair, the senior Senator from South Carolina [Mr. SMITH], and not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. GLENN. I have a general pair for the remainder of the session with the junior Senator from Washington [Mr. DILL], who is necessarily absent, and, therefore, I withhold my vote.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. BLAINE. I have a general pair with the junior Senator from Kansas [Mr. MCGILL], and therefore withhold my vote.

Mr. BINGHAM (after having voted in the affirmative). On account of my general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent, and being unable to obtain a transfer, I withdraw my vote.

Mr. BULKLEY. I am paired with the junior Senator from Wyoming [Mr. CAREY], who is absent. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. MCNARY. I wish to announce the following general pairs:

The Senator from Ohio [Mr. FESS] with the Senator from New York [Mr. COPELAND];

The Senator from Nevada [Mr. ODDIE] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Vermont [Mr. DALE] with the Senator from Alabama [Mr. BANKHEAD];

The Senator from Iowa [Br. BROOKHART] with the Senator from Missouri [Mr. HAWES];

The Senator from Colorado [Mr. WATERMAN] with the Senator from Tennessee [Mr. HULL]; and

The Senator from Iowa [Mr. DICKINSON] with the Senator from Kentucky [Mr. BARKLEY].

The result was announced—yeas 30, nays 25, as follows:

YEAS—30

Ashurst	Gore	Metcalf	Tydings
Bailey	Hale	Morrison	Vandenberg
Barbour	Hastings	Moses	Wagner
Byrnes	Hebert	Patterson	Walcott
Cohen	Kean	Reed	Walsh, Mass.
Couzens	Keyes	Smoot	White
George	King	Stephens	
Goldsborough	Long	Townsend	

NAYS—25

Austin	Hatfield	Neely	Schall
Bulow	Howell	Norbeck	Sheppard
Capper	Johnson	Norris	Shipstead
Connally	Jones	Nye	Trammell
Costigan	La Follette	Pittman	
Fletcher	Lewis	Robinson, Ark.	
Frazier	McKellar	Robinson, Ind.	

NOT VOTING—41

Bankhead	Carey	Harrison	Steiwer
Barkley	Coolidge	Hawes	Swanson
Bingham	Copeland	Hayden	Thomas, Idaho
Black	Cutting	Hull	Thomas, Okla.
Blaine	Dale	Kendrick	Walsh, Mont.
Borah	Davis	Logan	Waterman
Bratton	Dickinson	McGill	Watson
Brookhart	Dill	McNary	Wheeler
Broussard	Fess	Oddie	
Bulkley	Glass	Shortridge	
Caraway	Glenn	Smith	

So the House was requested to return the papers.

PAY OF PAGES

The VICE PRESIDENT. The Chair lays before the Senate a joint resolution from the House of Representatives, which will be read.

The joint resolution (H. J. Res. 475) making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 25, 1932, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to provide for the payment of 21 pages for the Senate and 41 pages for the House of Representatives at the rate provided by law from July 16 to July 25, 1932, both dates inclusive.

Mr. JONES. Mr. President, the joint resolution merely extends the time for payment of the pages from July 16 to July 25. It looks as though we are not going to adjourn immediately, and I ask unanimous consent for the immediate consideration of the joint resolution.

Mr. KING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. Will this request, if agreed to, displace the unfinished business?

The VICE PRESIDENT. It would not.

Mr. KING. If it would, I should object to the consideration of the joint resolution.

The VICE PRESIDENT. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed.

ENTRY UNDER BOND OF CERTAIN EXHIBITS

The VICE PRESIDENT laid before the Senate the amendments of the House to the bill (S. 4747), to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea, which were on page 2, line 20, to strike out all after "date" down to and including "use" in line 24; and on page 3, line 8, after "Treasury," to insert: ": *And provided further*, That all such articles shall, at the expiration of two years, be subject to the impost duty then in force, unless the same shall have been sold or exported from this country prior to that period of time."

Mr. WAGNER. I move that the Senate concur in the House amendments.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House further insisted upon its amendment to the amendment of the Senate No. 1 to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, and further insisted upon its disagreement to the amendment of the Senate numbered 2 to the bill.

EMERGENCY UNEMPLOYMENT RELIEF

The PRESIDING OFFICER (Mr. VANDENBERG in the chair) laid before the Senate the action of the House of Representatives further insisting upon its amendment to the amendment of the Senate numbered 1 to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, and further insisting upon its disagreement to the amendment of the Senate numbered 2 to the bill.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate insist on its disagreement to the amendment of the House to Senate amendment numbered 1, that it further insist upon its amendments numbered 1 and 2, and that it ask a further conference with the House, and that the Chair appoint the conferees on the part of the Senate.

Mr. CONNALLY. Mr. President, what particular amendments are the ones upon which we are asked to insist?

Mr. ROBINSON of Arkansas. The disagreement reported was an entire disagreement.

Mr. GLASS. There is but one amendment.

Mr. CONNALLY. I thought I understood the motion to apply to two amendments.

Mr. ROBINSON of Arkansas. The House made only one amendment to the Senate bill. The conference reported a complete disagreement.

Mr. CONNALLY. The reason for my inquiry is that I had understood the House was insisting on the publicity amendment and that the Senate conferees were resisting it. I do not want to be placed in the position of now voting to insist on disagreeing to the publicity amendment if that is what is holding up agreement on the bill.

Mr. ROBINSON of Arkansas. Actually it is my information that an agreement was in sight upon every subject except the publicity amendment, but the report as made to the House was a complete disagreement.

Mr. CONNALLY. The effect of it is that what the Senate conferees are standing out against is the publicity amendment which was adopted by the House. I, as one Senator, do not want to be placed in the position of blocking all relief legislation because the Senate is unwilling to agree to the publicity amendment placed on the bill by the House.

Mr. ROBINSON of Arkansas. I think it would be in order, if the Senator wishes to do so, to move to instruct the Senate conferees to yield with respect to that subject.

Mr. CONNALLY. I intend to make a parliamentary inquiry about that matter before I shall give up the floor, to ascertain whether that would be in order.

Mr. ROBINSON of Arkansas. I believe I have the floor, but I have done about all I can do with the matter for the present.

The VICE PRESIDENT. The Senator from Texas is recognized.

Mr. CONNALLY. Mr. President, I think the Senate will place itself in a very untenable position if the Senate takes the position that it is going to defeat relief legislation unless the House of Representatives recedes from the amendment providing for publicity with relation to loans to be made by the Reconstruction Finance Corporation. The money which the Reconstruction Finance Corporation is going to loan does not belong to that corporation. It does not belong to Mr. Hoover. It does not belong to Senators. It belongs to the people of the United States. For one, I believe that under proper safeguards, not during the pendency of the loans perhaps, but after the loans are made, the Senate and the country ought to have information as to what the loans are and who are getting the loans. It is public money. The people of the country, according to the information I can get from the country, are just about gorged already with the dishing out of billions of dollars by the Treasury to certain particular favored interests.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Tennessee?

Mr. CONNALLY. I yield.

Mr. McKELLAR. I want to ask the Senator if the banks which borrow the money do not have to make reports any way to the Comptroller of the Currency and does not every borrowing from the Reconstruction Finance Corporation have to become public anyway?

Mr. CONNALLY. I do not know about the exact character of the reports required to be made to the Comptroller of the Currency.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Arkansas?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Arkansas. Of course, the Senator understands that I have no objection to the fullest possible publicity. I want to point out that there would be in the bill a provision requiring full publicity as to all loans made under the act, and that we have already passed a resolution creating a special committee of five to investigate all loans made by the Reconstruction Finance Corporation, and that while the investigation could be executive, the committee would have full power to publish any information they obtain. There is also pending a separate resolution of the Senate, being the resolution of the Senator from Nebraska [Mr. NORRIS], which has been presented and discussed to some extent, which would enable the Congress to provide the publicity that is provided for in the House amendment. What I am seeking to avoid is just such condition as arose here a week or two ago, when, on account of a difference, the bill was vetoed.

Mr. CONNALLY. Does the Senator agree with the policy of having the President tell us in advance just what we may pass?

Mr. ROBINSON of Arkansas. Certainly not!

Mr. CONNALLY. Is not that in effect the course we are to follow if we meet the wishes of the White House?

Mr. ROBINSON of Arkansas. Having been advised that the bill would be vetoed if a certain provision was retained——

Mr. CONNALLY. Did the President convey that information by message?

Mr. ROBINSON of Arkansas. Oh, no. I am referring now to the veto that has already occurred in connection with the bill. Having been advised that the veto would be made, I think it would have been the part of wisdom to have modified the bill so as to pass it then. I have no information that the President would veto the bill if the publicity provision were retained in the House amendment.

I have no information that the President would veto this bill if the publicity provision were retained as incorporated in the bill by the House. What I am seeking to say is that

we ought not to get into a deadlock and that if it be true that such a provision would prompt a veto, it would be a mistake to insist upon the retention of that provision in this bill, particularly in view of the publicity provisions that are already in the bill and of the resolution which has already been passed and the fact that we can determine the question of the publicity separately if we desire to do so. In other words, I want to pass this bill. I am weary of controversies that ought to be eliminated or that can be eliminated.

I am perfectly willing that the conferees should take this matter back and reach an agreement. I think they ought to reach an agreement, and I think they will reach an agreement. If the Senator wishes to move to instruct the conferees to yield on the publicity point, we can test out here the sense of the Senate, and I myself will not resist it.

Mr. GLASS. Mr. President, if I may intervene——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Virginia?

Mr. CONNALLY. I yield.

Mr. GLASS. I have no objection, as one of the conferees, to being instructed.

Mr. CONNALLY. The House has just voted on this proposition again, and reinforced its attitude, and stated that it would not recede from the publicity amendment; and yet Senators here are asking to have another conference, when it is admitted that the only real point of difference is the publicity provision.

I want to say, Mr. President, that I do not approve of the position of Senators finding out in advance just what the White House wants and then insisting on not passing anything except what has been handed down to us with the approval of the White House. It is the duty of the Senate and the duty of the House to enact legislation which meets with our views of soundness and of propriety. If the President wants to veto it, that is his constitutional function. The way to convey information to the branches of the Congress by the White House is through a presidential message. This backstairs arrangement by which the President, through his emissaries, is seeking constantly to instruct the Congress and to threaten the Congress with what he will do unless the Congress passes exactly what he dictates is not at all in harmony with American traditions and American institutions.

Mr. BYRNES and Mr. GLASS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from South Carolina.

Mr. BYRNES. I should like to ask the Senator from Texas whether he intends to offer a motion to instruct the conferees?

Mr. CONNALLY. I may or I may not. I will get to that a little farther on.

Mr. GLASS. I suggest to the Senator that, unless he wants to sacrifice all provisions of the bill put in by the Senate which were not contained in the House bill, we will have to have another conference.

Mr. CONNALLY. I am not objecting to another conference, but when the conferees go back I am interested in what they are going to do.

Mr. GLASS. No; the Senator is now proposing without any qualification to sacrifice every provision that the Senate put in the bill and to agree to the House bill?

Mr. CONNALLY. Oh, no. The Senator from Texas is not proposing to sacrifice anything; but the Senator from Texas wants to remove the obstacle to an agreement if the only obstacle is publicity.

Mr. GLASS. Why does the Senator not move to instruct the conferees?

Mr. CONNALLY. I do not want to move to instruct them now because the Senate perhaps at this moment is not in the temper to instruct them. The Senator from Virginia would vote against instructing them.

Mr. GLASS. I have no objection——

Mr. CONNALLY. Would the Senator vote to instruct them? Oh, no; the Senator would not.

Mr. GLASS. I say I have no objection to being instructed.

Mr. CONNALLY. But the Senator would vote against instructing the conferees; so would the Senator from Arkansas, and so will other Senators.

I should like to make a parliamentary inquiry.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Texas first proposed a parliamentary inquiry.

Mr. CONNALLY. While the conferees are out, before bringing any report back to the Senate, is it in order at any stage of the proceedings to move to instruct the conferees as to points in disagreement?

The VICE PRESIDENT. Not after the conferees have been appointed.

Mr. CONNALLY. Not after they have been appointed?

The VICE PRESIDENT. No. The time to make such a motion is after the pending motion shall have been agreed to, to send the bill to conference, and before the appointment of the conferees.

Mr. CONNALLY. There is just one little flitting moment when it can be done. When they once get the bill and go off in a room there is no power that the Senate has to control them unless they come back and ask for instructions. Is that correct?

The VICE PRESIDENT. That is correct.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LEWIS. I have been called out, and have just returned at the moment when this very agreeable altercation between Hercules and Achilles is being conducted in the highly Grecian style which was emulated with joy by the Romans; but I do not understand, in this very agreeable verbalistic combat, what is the question before the Senate.

The VICE PRESIDENT. The pending question is the motion of the Senator from Arkansas to insist upon the Senate amendments to the House bill and ask for a conference.

Mr. LEWIS. I thank the Chair.

Mr. COUZENS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Michigan?

Mr. CONNALLY. I yield.

Mr. COUZENS. I should like to ask the Senator from Arkansas, with the permission of the Senator from Texas, if the House provision makes the publicity provision retroactive, or is it just in the future?

Mr. ROBINSON of Arkansas. I think it is retroactive.

Mr. WAGNER. It is in the future.

Mr. ROBINSON of Arkansas. I am informed by the Senator from New York that it is effective for future loans.

Mr. COUZENS. Only for future loans?

Mr. WAGNER. Mr. President, will the Senator from Texas yield?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from New York?

Mr. CONNALLY. I yield.

Mr. WAGNER. I merely wish to express confidence that the conferees will reach an agreement in a very short time. I do not want to deter the Senator if he wants the conferees instructed. Of course, I have no objection to that; but I am expressing my own individual opinion when I say I am very confident of an agreement being reached in a short time.

Mr. McKELLAR. Mr. President, will the Senator permit me to ask a question of the Senator from New York?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Tennessee?

Mr. CONNALLY. I yield.

Mr. McKELLAR. I should like to ask the Senator from New York, does he believe that the publicity provision will be stricken out by the conferees? I am very much in favor of the publicity provision of the House bill.

Mr. WAGNER. Again expressing an individual opinion only, I do not think it will be. That is my individual opinion.

Mr. McKELLAR. I certainly hope it will not be.

Mr. CONNALLY. Mr. President, I do not want to take up much more of the Senate's time, but while I am on this subject I want to make a few more remarks.

Suppose the President of the United States does veto the relief bill because of the clause providing for publicity respecting Reconstruction Finance Corporation loans, whose responsibility will it then be if this bill shall fail? The responsibility will not rest upon the Congress; it will not rest upon the House of Representatives or the Senate; it will rest squarely on the doorstep of the White House. The President, up to date, has had his way in dictating to the Congress the exact form, the exact outlines, the exact substance of the relief bill in its general provisions. If the President wants to take the responsibility of vetoing this bill, let him veto it, and let the country know where the responsibility rests.

What will his objection be? He will veto it on the ground that it will be wrong to let the people know where their money is going, being loaned by a board under the control of the President, by a board that can be removed by the President in a moment, by a board that is now dominated by the President, and by a board into whose affairs the President already on more than one occasion has intervened with reference to loans pending before them. Why should the President be afraid of the publicity of what that board may do? Why should the board be afraid? If the loans they make are based upon adequate security, if they are to concerns engaged in business or industry, giving employment to the unemployed, why should anybody fear publicity? Why is it unsound?

I want here and now to state that, in my opinion, this whole proceeding by which we have introduced into our system a new plan of Executive legislation, Executive dictation in advance of what legislation shall be, is un-American. I am surprised that some Senators, who on ordinary occasions are so courageous and so bold, should offer on the floor of the Senate an argument that unless we draw this bill exactly in a precise form it will possibly meet a presidential veto. Let the President perform his functions; let the Congress perform theirs; and when he sends his messenger here to tell the Senate and the other House of Congress in advance what they must do, let the Congress send back its messenger with a statement that if the President will perform the Executive functions the Congress, as representatives of the people and pursuant to constitutional provisions, will perform legislative functions.

Mr. President, I desire the Chair to advise me just when I may make the motion, in order that I may not overlook the opportunity of making the motion, to instruct the conferees.

The PRESIDENT pro tempore. That may be done as soon as the motion which has been made by the Senator from Arkansas has been agreed to and before the Chair has appointed the conferees. The present occupant of the chair will protect every right the Senator from Texas has.

Mr. CONNALLY. I thank the Chair.

Mr. LONG. Mr. President, I am going to undertake to advise the Senator from Texas, though I do not expect him to accept the advice, and to indulge in a little frank talk to the Senate about publicity of Reconstruction Finance Corporation loans.

The Senator from Texas is a new convert, so far as his voice in the Senate is concerned, about the publicity for these loans. We have before the Senate right now a resolution which does not have to be attached to this bill, which does not have to be hooked up to this bill at all, thereby risking a veto of the bill on account of it. The Senator from Nebraska has a resolution now pending before the Senate providing for publicity of all loans made by the Reconstruction Finance Corporation.

Mr. President, if this provision in this bill is going to mean a veto, I am not in favor of the provision remaining in the bill, because the last House bill that the Speaker of the House insisted upon did not have in it the provision for publicity of loans made by the Reconstruction Finance Corporation. The bill that was vetoed by the President had in it certain private loans; and the bill was vetoed, as we understood, because the President would not sign the bill with the private loans in it. Therefore the Democrats of the Senate concluded to remain in session and to let the President take the responsibility for having stricken out the provision for private loans, and to prefer to pass a bill giving nine-tenths of the desired relief rather than a bill giving the people no relief at all.

So we went ahead on that course. Now the measure has gone over to the House, and the House has stricken out its bill and put another matter in the bill that was not heard of in the other bill that went to the President, that we are told from some sources means another veto of the bill.

This talk about standing pat and not letting the President dictate this legislation is something that I agreed with a long time ago, but it is too late to talk about that now. That is not the view that this side of the Chamber has taken. This side of the Chamber has taken the position that it was going to extricate all the benefits it could out of the bill that was vetoed by the President of the United States. It never was in the minds of men on this side of the Chamber that they were going to go out and have the House write into that bill some new matter equally objectionable and equally certain to cause a veto of this relief legislation.

If we had any idea of having another showdown with the President on something else, there was no sense in holding the Senate and the Congress in session to send something else back to the President of the United States. I think the position that is taken by the House of Representatives in this matter is extremely unwise.

I am for all the harmony in the Democratic Party that we can have. I am no particular partisan of the views of the Senator from Arkansas [Mr. ROBINSON]. I think I have established that pretty well in this body. I am not particularly undertaking to promote the ideas of anyone, but we have certain things in this bill. When we were debating as to what we ought to do, whether we ought to stand pat on the veto by the President of the bill that was sent to him the last time and adjourn, or come back and cut out what we knew he would not sign and what we knew we could not pass over his veto, I went on the other side of the Chamber and consulted such men as the senior Senator from Idaho [Mr. BORAH], and others, because there was not any particular unanimity of feeling among the Democrats as to what would be the best thing; and it was the view of the men on the Democratic side and the progressives on the Republican side that we had to pass some relief bill getting whatever relief we possibly could get from this Congress, and that bill had to have the signature of the President.

It could not be passed without it. It is foolish to talk now about another impasse, to throw out this bill and have another test of strength and another deadlock because something has been written into this bill that was not in the last bill at all, and allow the House to come here and put something else in this one and then go back and have this one vetoed, and then cut that out and have the House put some other political plank in the bill and get it vetoed. We might as well have adjourned this session of Congress when we passed the last bill as to come back here now and have another test of political strength.

I think it is bad strategy from a political standpoint on the part of the President of the United States. I think he is making a mistake in not having publicity of these loans of the Reconstruction Finance Corporation. I was in favor of that. A week ago I stood on the floor of the Senate for about 45 minutes and made a speech in favor of the Norris resolution. None of these enthusiastic Senators made any remarks at that time undertaking to pass the Norris resolution. That resolution was on the calendar then and is on the calendar right now. If we are anxious to have this session of Congress pass upon whether or not the Reconstruction Finance Corporation is going to publish its reports, we can hold Congress in session long enough to pass on the Norris resolution, and not have the meritorious features of this relief bill vetoed because the Norris resolution can not be hooked into it. That is what we can do.

It is not sense, it is not doing right by the people of this country, for the bullheadedness of any one man—I do not

care who he is—of any party to deadlock Congress and beat this relief bill again. We know the position of the President of the United States.

My State has some benefits in this bill. We need the help of this bill. The 48 States of America need it. It may be thought that I am selfish about it, but I am no more so than any of the other people from the 48 States. We know that there is certain legislation that the President will not sign; and I am not willing, any more than I was willing in the case of the League of Nations or anything else, for one little point which may be of benefit to keep us from deriving nine-tenths of the benefit of any bill.

So I say, Mr. President, that it should be our move here on both sides of this Chamber to convince the House conferees that we do not want another political proposition, however sound it may be, attached to this bill if it means another veto. We ought not to do it. I am not willing to have it done.

I do not believe the men on this side of the Chamber ought to want it done, and I do not believe they ought to have it done. I think we ought to stand on this report, send it back, and use a little bit more common sense in telling somebody else they may have to give in a little bit.

I am tired of giving in, and pulling chestnuts out of the fire for some people that get themselves in an embarassing position on this bill. I am tired of it. We need this help in this country. It is not all we need. We need to have the Reconstruction Finance Corporation investigated; but when we know we can not get that, is that any reason why we have to put our heads in a halter and hang the balance of this bill and have it defeated for the American people at this time?

I submit, Mr. President, that we ought to sustain the position that we stand by all that we have said there, and when the bill goes back to conference, then, the conferees can find out what will happen, as they found out last time. We knew last time that the other bill was going to be vetoed if we left the private loans in it. We were told that, and we knew it; and we can know now, if the Reconstruction Finance Corporation publicity remains in the bill, whether there is going to be a veto or not. If it does mean a veto, I think our conferees should stand to get the benefits of this bill. However, if they find that if the bill is passed by the two Houses it will not meet an Executive veto, then I would say keep the publicity there.

I am so new in this body, and I am so unfamiliar with its rules, that I should like to ask the Senator from Arkansas [Mr. ROBINSON] this question:

If a resolution is passed by the two Houses to have the Reconstruction Finance Corporation report its loans to Congress, does that require the signature of the President?

Mr. ROBINSON of Arkansas. Yes.

Mr. LONG. That is required?

Mr. ROBINSON of Arkansas. Yes.

Mr. LONG. Then if Senators want to make a political issue with the President, they can stay here and have him veto that resolution just the same. If they want to show his position, there is a fair, uninterrupted, unobstructed method by which his stand can be made known to the American people. But there is no rhyme or reason or excuse in defeating a relief bill that has been worked for by the men on this side of the Chamber. This is a Democratic relief bill, framed by the Democrats of this Congress in the Senate, and it is not fair to this body to have it hazarded and to have these relief benefits stricken out or vetoed and another blockade created here.

Mr. LEWIS obtained the floor.

Mr. WAGNER. Mr. President, will the Senator yield to me just long enough to present the report of the conference committee?

Mr. LEWIS. Yes. I want to say just a word.

Mr. WAGNER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, having met, after full and free conference have been unable to agree.

PETER NORBECK,
SMITH W. BROOKHART,
P. L. GOLDSBOROUGH,
CARTER GLASS,
ROBERT F. WAGNER,
Managers on the part of the Senate.

J. W. COLLIER,
HENRY T. RAINEY,
R. L. DOUGHTON,
W. C. HAWLEY,
ALLEN T. TREADWAY,
Managers on the part of the House.

Mr. LEWIS. Mr. President, I am very much moved by what must be the appearance to those who reflect upon the object of this body in hearing these discussions as to the President's veto.

The ordinary traveler, touched here and there with the classics of life, should he find himself in the great capitol at Rome, and near to the great forum which held the famous body of the Roman Senate, would be reminded that upon a statue there is the famous query which, we are told, Christ addressed to Saint Peter. When Peter was seen in the shadows, rushing over to an opposite road, we are informed that the voice exclaimed:

Quo vadis?

We ask here, in the words of the sacred suggestion, which way are we going? To which way are we moving? When has it become the sense of propriety, or that which could be called the statesmanship of this body, that we should rise here from time to time to anticipate what the President of the United States may or may not do and then flash with a judgment against the President on some assumed theory that he will veto this measure or that unless we yield or detract in something? I ask, where is the theory of our organization that justifies this great body, in the exercise of its intelligence and propriety, in assuming that under every conceivable circumstance the President is going to do something which the Senate feels will be wrong, and, therefore, on the assumption denounce the act before it is committed, continue denouncing the author and perpetrator of an imaginary act before he has committed it? And, sirs, let me demand, where is the right to assume on the part of this body that has a duty to create conflict between Members on either side as, between themselves or as against its political opponents, upon the theory that, if something is contained in a bill or something is omitted from a measure, therefore, the President of the United States, in an arbitrary spirit, will take such actions as will make the one appropriate to his favor or the other obnoxious to the rights of the Senate?

Where, sir, is the source that has communicated to us what the President intends to do? Who conveys the secret mind of the President to our chamber of horrors? Who carries the inner reflection of the President to whisper it to us? Who has been ordered here to be the oracle of the Delphic temple from which issue the whispers as to what the President will do and what he will not do in each given course? And, may we not ask, what manner of action are we, the eminent Senators of the United States, in this great body, to justify ourselves in firing ourselves into a hysterical dilemma, together with a hysterical eruption, upon some sizzling theory of what each Senator assumes the President of the United States may or may not do with a measure after we have passed it to him?

Is it not decorous that we proceed to do that which we feel is our duty under the conditions which surround us, and then let that duty pass in the ordinary course as provided by the Constitution up to the Executive power, if it is that to which it is to go? Then and there trust in the theory that the Executive, in the execution of the Constitution, in the discharge of a conscientious duty, and in the performance of what he owes to his country under the same circumstances

that impel us, will execute in his own behalf and the just need of the Nation the discharge of his duty guided by the commands of law and the voice of conscience. Then, when such is done, we will have some vision of what has transpired; we will be justified in some comment or commendation.

Under the present circumstances, to give evidence to the country all around us that we summon up the ghost of peril and antagonism and turn against it and with horror shudder at the contemplation of a thing we assume the President will commit, and thus leave direct everything to a confusion worse than chaos, is not characteristic of the body of the Senate nor justified by the situation on the presented facts.

I, sir, take the liberty to suggest that the course shall be that which should be the course of the United States Senate. The Senate to perform its own obligation as it feels it, discharge its duty as it contemplates it, and do that which it thinks is best under the conditions under which it or he or they shall speak, then send the measure forward to the Executive under the assumption in his behalf that we trust him, will believe in him, and let him know that we support him in the faithful discharge of his duty, and do not accuse at the beginning that his conduct will be wrong and in violation of the rights of the American public. Let us continue the fraternity of official trust and mutual confidence.

The report was agreed to.

EMERGENCY EMPLOYMENT

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Arkansas that the Senate insist upon its disagreement to the amendment of the House to Senate amendment No. 1, that it further insist upon its amendments Nos. 1 and 2, that it ask a further conference with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

Mr. CONNALLY. Mr. President——

The PRESIDENT pro tempore. The Chair is on the point of naming the conferees.

Mr. CONNALLY. Mr. President, I do not want to do anything that will hinder in any wise the conferees in their action toward getting an agreement, and if the conferees will give assurance that before they strike out this publicity amendment they will come back to the Senate to report first, I shall not press my motion.

The PRESIDENT pro tempore. There is no parliamentary method by which that assurance may be procured.

Mr. CONNALLY. Mr. President, I shall not insist on the motion at this time, in view of certain assurances from Senators.

The PRESIDENT pro tempore. Under the motion, the Chair appoints the senior Senator from South Dakota [Mr. NORBECK], the senior Senator from Iowa [Mr. BROOKHART], the junior Senator from Maryland [Mr. GOLDSBOROUGH], the junior Senator from Virginia [Mr. GLASS], and the junior Senator from New York [Mr. WAGNER] conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 4522. An act to authorize the conveyance to the State of Tennessee of certain land deeded to the United States for the Great Smoky Mountains National Park and not needed therefor; and

S. 4661. An act to repeal an act entitled "An act to legalize the incorporation of national trade-unions," approved June 29, 1886.

The message also announced that the House had passed the following bill and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 10372. An act to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants;

H. J. Res. 473. Joint resolution to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932; and

H. J. Res. 474. Joint resolution making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof.

TRANSPORTATION OF VETERANS

Mr. JONES. Mr. President, I ask that the Senate proceed to the consideration of House Joint Resolution 473, which has just come over from the House.

The joint resolution (H. J. Res. 473) to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932, is hereby amended to read as follows:

"That to enable the Administrator of Veterans' Affairs, upon the request of any honorably discharged veteran of the World War temporarily quartered in the District of Columbia who is desirous of returning to his home, to provide such veteran with transportation thereto prior to July 25, 1932, by railroad or such other means of transportation as the Administrator of Veterans' Affairs may approve, including allowance in advance for gas and oil for travel in privately owned automobile, together with travel subsistence at the rate of 75 cents per day, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000, and in the event such amount is insufficient there is hereby appropriated out of the general post fund authorized by the act of July 1, 1902, and the act of June 25, 1910 (U. S. C., title 24, secs. 136 and 139), such amount as the Administrator of Veterans' Affairs may determine to be necessary: *Provided*, That where transportation is authorized by other than railroad the amount allowed for same shall not exceed the cost of railroad transportation: *Provided further*, That all amounts expended under this appropriation in behalf of any veteran shall constitute a loan without interest which, if not repaid to the United States, shall be deducted from any amount payable to such veteran on his adjusted-service certificate."

Mr. JONES. Mr. President, the availability of the money for the transportation home of the ex-service men now in Washington will expire at midnight to-night. This joint resolution is simply one extending the time until the 25th of July, if any additional money is needed to carry out the original purpose of the appropriation. I ask for the present consideration of the joint resolution.

The PRESIDENT pro tempore. Is there objection?

Mr. KING. Mr. President, the consideration of this joint resolution will not impair the status of the merger bill?

The PRESIDENT pro tempore. The Senator from Vermont is being protected amply in his rights by the present occupant of the chair.

Mr. KING. I wanted to be sure the Chair would protect him.

The PRESIDENT pro tempore. Is there objection to the consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to a third reading, read the third time, and passsed.

APPROPRIATIONS FOR THE AGRICULTURAL, TREASURY, POST OFFICE, AND WAR DEPARTMENTS

Mr. JONES. Mr. President, I ask that the Senate proceed to the consideration of House Joint Resolution 474, which has just reached the Senate from the House.

The joint resolution (H. J. Res. 474) making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the appropriations and authority with respect to appropriations contained, respectively, in the regular annual appropriation acts for the fiscal year ending June 30, 1933, for the Department of Agriculture, the Treasury and Post Office Departments, and the military and nonmilitary activities of the War Department, shall be available from and including July 1, 1932, for the purposes respectively provided in such appropriations

and authority for the service of such fiscal year. All obligations incurred during the period between June 30, 1932, and the respective dates of enactment of each of such acts in anticipation of such appropriations and/or authority are hereby ratified and confirmed if in accordance with the terms thereof.

Mr. JONES. Mr. President, I may say that this is simply a joint resolution reaffirming the validity of appropriations that were made after the 1st of July for activities of the Government beginning the 1st of July. I ask for the immediate consideration of the joint resolution.

Mr. KING. Mr. President, will not the Senator explain the significance of the resolution?

Mr. JONES. Mr. President, as I understand, as to appropriation bills we passed, say, the 5th or 6th of July, or any time after the 1st of July, there is some uncertainty as to whether the appropriations made will relate back to the 1st day of July, and this joint resolution would remove all doubt about that.

The PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to a third reading, read the third time, and passed.

CONTRACT FOR THE PURCHASE OF TWINE

Mr. REED. Mr. President, yesterday, in discussing a certain contract let by the Post Office Department for twine, I believe that I did an injustice to the officials of the Post Office Department who had charge of the contract. I have read the letter to the senior Senator from Washington [Mr. JONES], which appears on page 15207 of the RECORD, and as the facts are stated in that letter, I want to say now that I think the action of those officials was correct, and was necessitated by the language of the law which we have passed.

Mr. BYRNES. Mr. President, the Senator from Pennsylvania says he has changed his opinion by reason of the letter written to the chairman of the Committee on Appropriations by the Postmaster General. I hope the Senator from Pennsylvania in reading the letter from the Postmaster General noticed this statement, which appears on page 15207 of the RECORD:

> When the bill was under discussion by the Senate, the committee amendment was objected to by Senator REED.

If the Senator from Pennsylvania will look at the RECORD of June 28 he will find that he, the Senator from Pennsylvania, did not object to the amendment. On the contrary, he stated that he did not object to it, that he was not inclined to make any objection to the amendment offered by the Senator from Georgia [Mr. GEORGE].

Mr. REED. Yes; but that is not the amendment to which the letter refers. The amendment referred to in the letter is the amendment changing the word "or" to "and."

Mr. BYRNES. I will say this, that if the Senator from Pennsylvania will look at the RECORD he will find that he made no objection to any amendment offered by the Senator from Georgia.

Mr. REED. No; I did not.

Mr. BYRNES. That being true, I want to call his attention to the fact that the Postmaster General advised the chairman of the Committee on Appropriations that the Senator from Pennsylvania objected to the amendment.

Mr. REED. Oh, no. He was talking about the committee amendment, to which I did object.

Mr. BYRNES. The Senator from Pennsylvania will not find in the RECORD that he objected to the committee amendment. If he will examine the RECORD, which I have looked at in the last two hours, he will find that that is a fact.

Furthermore, may I call attention to the fact that it is stated in the letter from the Postmaster General:

> Following a protracted discussion, the committee amendment was rejected.

That statement has absolutely no foundation in fact. There was no protracted discussion. There was no statement by any Senator except the Senator from Georgia [Mr. GEORGE], who explained the amendment, and the Senator from Pennsylvania, who said that, having heard the amendment read at the desk, he was under the impression that it was only discretionary; however, that he had no objection to it.

That was the "protracted discussion," because when the Senator from Pennsylvania made that statement, the Senator from Nevada [Mr. ODDIE], the chairman of the committee, said he had no objection to the amendment. The amendment was agreed to, and the Postmaster General calls that a "protracted discussion."

From those two statements contained in the RECORD, the accuracy of the statements of the Postmaster General can well be judged. The Senator from Georgia, who offered the amendment, urged it with no purpose in mind other than to carry out the intent of the Congress that American produced and manufactured goods would be given preference; and the Postmaster General has deliberately sought to read into the language of the amendment of the Senator from Georgia an intent and a meaning not justified by the language, and certainly not justified by the intent of the Senator from Georgia [Mr. GEORGE].

Mr. GEORGE. Mr. President, I do not now wish to discuss the letter of the Postmaster General further than to say that his interpretation of the amendment is childish. I said very plainly on this floor when the question was under discussion the Postmaster General was not free to deal with the particular problem presented to him by this amendment, because of the tremendous power of one of the most highly protected interests in this country; that is, the jute interest, the Ludlow interests, an interest that has written its tariff directly in opposition to every accepted principle of protection, for its own private benefit, and it has had always the servile acquiescence of that party which now controls the Post Office Department.

FUNDS OF GOVERNMENT PRINTING OFFICE EMPLOYEES

Mr. SHIPSTEAD. Mr. President, I present a communication from employees of the Government Printing Office and ask that it may be read.

The VICE PRESIDENT. Without objection, the Secretary will read, as requested.

The Chief Clerk read as follows:

> North Capitol Savings Bank, 1 H Street NW., was closed by the Comptroller of the Currency, John W. Pole, to-day and has caused a serious condition for the employees of the Government Printing Office.
>
> Twenty-nine out of thirty-two sick-relief and pension associations of the Government Printing Office had all of their funds in this bank.
>
> Practically all of the employees had their savings in this bank, which are lost. The Government Printing Office employees' associations have at the present time on the sick list and in hospitals over 60 employees who are being cared for through the relief funds which have been lost in this bank. Each employee contributes from $1 to $5 per month voluntarily. This relief fund is necessary on account of the fact that there is no sick leave at the Government Printing Office.
>
> Practically every employee of the Government Printing Office, with any savings at all, had them in this bank. The condition is really serious.
>
> The employees of the Government Printing Office beg the Senate to give them the money they have earned.

Mr. SHIPSTEAD. Mr. President, I felt it necessary to have that statement read in order to inform the Senate of the condition of the finances of the employees of the Government Printing Office, with the hope that action upon the resolution which I offered this morning may be facilitated if it is possible for the Appropriations Committee to do so.

I have talked to the chairman of the Appropriations Committee and he tells me it is going to be very difficult at this late hour to secure any action upon the resolution referred to; but, for the information of the Senate and for the information of members of the Appropriations Committee, I have had the statement read in order that they may be informed.

The VICE PRESIDENT. The communication will be referred to the Committee on Appropriations.

DEVELOPMENT OF INLAND WATERWAYS

Mr. SHIPSTEAD. Mr. President, we are in the closing days or hours of this session of Congress, and, in view of that fact, I feel it my duty to make known to the Congress,

on behalf of the great many people in the great Mississippi Valley, their keen disappointment at the failure of Congress to carry out the great program for development of inland waterways that has for years been sponsored by the President of the United States.

Mr. President, the failure of the Congress to provide a comprehensive plan for financing and finishing the inland waterways at this session of Congress leaves the old method of making piecemeal appropriations and letting contracts by piecemeal that has been pursued for the last 30 or 40 years—a system of wasteful, pork-barrel appropriation and contracting that has resulted in spending $470,000,000 upon the so-called Mississippi River system, including the Ohio, Tennessee, Mississippi, Illinois, and Missouri Rivers.

The relief bill that was passed by the Congress provides for the continuation of that system of letting contracts and that system of making appropriations. Under that procedure the chances are that it will take another 20 or 30 years to complete these inland waterways.

When I say that the people of the Mississippi Valley are greatly disappointed that the present Congress has not carried out the program of the President as enunciated for years by President Hoover, I have in mind the program that he has enunciated and for which he has spoken—that is, a plan of financing the construction of these inland waterways that could complete them in five years.

But I need not in my words state what the President said. I will quote his own words in order that the Congress may know the President's former attitude on the development of these inland waterways.

In his speech of acceptance of August 11, 1928, he said:

Nature has endowed us with a great system of inland waterways. Their modernization will comprise the most substantial contribution to Mid West farm relief and to the development of 20 of our interior States.

This modernization—

He continued—

includes not only the great Mississippi system, with its joining of the Great Lakes and the heart of the Mid West agriculture to the Gulf, but also a shipway from the Great Lakes to the Atlantic.

These improvements—

He said—

would mean so large an increment in farmers' prices as to warrant their construction many times over.

He said at that time and in that address:

There is no more vital method of farm relief.

At Louisville, Ky., on the 23d day of October, 1929, in an address, he stated:

The Mississippi system comprises over 9,000 miles of navigable streams. I find that about 2,200 miles have now been modernized to 9 feet in depth, and about 1,400 miles have been modernized to at least 6 feet in depth. Therefore some 5,000 miles are yet to be connected or completed so as to be of purpose to modern commerce.

He said:

We should establish a 9-foot depth in the trunk system. • • • We should complete the entire Mississippi system within the next five years.

That statement was made in 1929. In 1926, on July 20, just about six years ago on this day, in describing this trunk system, he said:

One of them is an east-and-west waterway across half the continent from Pittsburgh to Kansas City along the Ohio, Mississippi, and the Missouri Rivers, the other a great north-and-south waterway system across the whole Nation reaching up the Mississippi from the Gulf, dividing into two great branches, one to Chicago and extending then by the Lakes to Duluth, and the other the Upper Mississippi to the Twin Cities.

That was his opinion and statement in 1926, six years ago.

The year before, 1925, seven years ago, on October 19, while he was Secretary of Commerce, he made an address at Kansas City, in which he said:

There is one vital factor which must be made effective before these services can bring their results both in rates and in service to an important part of our Mid West agriculture and industry. That is, we must make these waterways into a full and completed transportation system by joining up their broken links. I can not insist too strongly upon the necessity of this full completion of the whole system, for every part bears a relation to every other part no matter how remote.

Again, on that occasion he said:

Our objective is of wider importance than the solely waterside transport. We aim to carry the benefits of cheaper transportation back into the hinterland, where goods must be gathered and distributed by rail and in which the rivers will form a connecting link of cheaper transportation. But before this can be effective the waterway link must be long enough to overcome the extra cost of loading from cars. That is, the cheaper rates of the water section must more than offset the cost of additional loading and reloading. And this only becomes possible when there are long water hauls. And we shall not have arrived at these long stretches of water in full measure until we have completed the whole Mississippi system of interconnected segments.

In the same address, delivered in 1925, seven years ago, he also said:

On the Mississippi system these engineering questions are behind us. We know what we should do. We know its vast benefits. We know it can be accomplished by a comparatively trivial cost compared to these benefits. We should go to it and have it completed within the next decade.

At Minneapolis, July 20, 1926, Mr. Hoover shortened this period to five years, and in his Louisville address, delivered October 23, 1929, Mr. Hoover, then President, stated:

We should complete the entire Mississippi system within the next five years.

When Secretary of Commerce, Mr. Hoover said at Minneapolis, July 20, 1926:

We need a definite commitment to complete the whole system, including the links proposed in the present bill over a definite short term of years. By so doing our engineers can provide for equipment and contracts that will complete it at much less cost in time and money than by our tentative and gingerly handling of it all.

I might inform the Senate that General Brown stated that if a businesslike method of financing the construction of these inland waterways could be inaugurated, so that contracts could be let on a businesslike basis, the Corps of Engineers, he estimated, could save 25 per cent of the estimated cost of the building of these inland waterways and could complete the job within a comparatively short period of years, within about five years. He said he could economically spend in a businesslike program $100,000,000 in this fiscal year and $150,000,000 in every year after this and employ 160,000 men for five years, employing them for 120 days every season and complete the system.

When Secretary of Commerce, Mr. Hoover said at St. Louis, Mo., November 22, 1926:

A unified, connected system with interconnection of the great Mississippi system and the Lakes is essential. Disconnected though improved segments are of no avail. The whole chain is only as useful as the weakest link.

As President, Mr. Hoover stated at Louisville, Ky., October 23, 1929:

We should complete the entire Mississippi system within the next five years. We shall then have built a great north-and-south trunk waterway entirely across our country from the Gulf to the northern boundaries, and a great east-and-west route halfway across the United States. Through the tributaries we shall have created a network of transportation. We shall then have brought a dozen great cities into direct communication by water; we shall have opened cheaper transportation of primary goods to the farmers and manufacturers over a score of States.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Maryland?

Mr. SHIPSTEAD. For what purpose?

Mr. TYDINGS. Did the President say when that was to be done?

Mr. SHIPSTEAD. In all of these statements he said, as long ago, I think, as in 1926, that they ought to be done within five years.

Mr. TYDINGS. It looks as if we are a little late getting under way.

Mr. SHIPSTEAD. I am reading the President's statements. I will leave Senators to make their own interpretation.

BENEFITS RESULTING TO AGRICULTURE AND INDUSTRY FROM IMPROVEMENT OF INLAND WATERWAYS

When Secretary of Commerce, Mr. Hoover stated at Kansas City, October 19, 1925:

If we have back loading, 1,000 bushels of wheat can be transported 1,000 miles on the Great Lakes or on the sea for $20 to $30; it can be done on a modern-equipped Mississippi barge for $60 to $70, and it costs by rail from $150 to $200.

Mr TYDINGS. Mr. President, will the Senator yield again?

Mr. SHIPSTEAD. I yield.

Mr. TYDINGS. I take it for granted from what the Senator has said that a part of the address of Mr. Hoover was in the nature of a campaign speech.

Mr. SHIPSTEAD. I would prefer that the Senator would put his own interpretation on the purpose for which it was made. I assume and believe that the speech was made in good faith. Facts were stated as he saw them as an engineer and as an economist.

Mr. TYDINGS. If I may transgress a moment more, it would be interesting to know why nothing has been done and why the President has been quiescent on this subject so long, after having made such definite statements as to what ought to be done.

Mr. SHIPSTEAD. I can not answer the Senator. The President said:

These estimates are not based upon hypothetical calculations, but on the actual, going freight rates. The indirect benefits of the cheaper water transportation to the farmer are of far wider importance than the savings on individual shipments might indicate. In those commodities where we are depending upon exports for a market—and upon some domestic markets—the price level will be determined at the point where the world streams of that commodity join together in the great markets. Thus the price of wheat is made at Liverpool, and anything that we can save on transportation to Liverpool is in the long run that much in addition to the farmer's price. And it is not an addition solely to the actual goods which he may have shipped to that market, but it lifts the price level in our domestic market on the whole commodity in this same ratio. Thus if we can save from 5 to 7 cents a bushel additional by the completion of the Mississippi and Great Lakes systems we will have added a substantial amount to the income of every farmer in the Middle West.

When Secretary of Commerce, Mr. Hoover stated, at St. Louis, November 22, 1926:

The necessary increase in railway rates is as if a series of tollgates around the Mid West have distorted the economic setting of this whole section. And to this is added the additional economic distortion due to the completion of the Panama Canal. It has thus become doubly urgent that we find a new and cheaper means of transportation for our bulk commodities if we are to relieve adverse pressures and maintain the equal advancement of all parts of our country. We can not without ruin to our railways reduce her rates to pre-war levels. We must find relief in our waterways, and we can rest with full confidence that the growth of the country will more than maintain railway traffic.

Nor are the economic benefits to be derived from completion of this great new system of river and lake ways limited to the actual savings made on particular goods which may be shipped. It is possible to demonstrate that great economic benefits would come to agriculture and industry even though there be but a minor part shipped by water, because of the potential effect upon the price of commodities.

He was not then talking about a system which has never been completed due to the wasteful methods of making appropriations and contracts, a practice under which for 40 years we have never had a completed system. He was talking then of a completed system. He said:

Taking many different Mid West points and calculating the rates by water on completed systems, there shows a cheapening of various amounts from 6 to 15 cents per bushel on wheat in the cost of delivery to Liverpool. Obviously, the Liverpool buyer would bid up to this margin in the price he offers, and his competitive bidding should lift the price of all the wheat in the region, whether the wheat actually went to Liverpool or not.

Nor is the importance to industry limited only to the amount of goods that would be carried over this transportation system. With the distortion of transportation rates resulting from the war and the Panama Canal, there has been a natural tendency of industry and commerce to migrate from the Midwest to seaboard.

This migration is exactly in the wrong direction. Sound national economy requires the establishment of industries nearer to our farmer consumers, for it gives both an immediate market to agricultural products and a large diversification of employment. Furthermore, if through cheaper transportation of raw materials we can give equal economic opportunity for the establishment of industry in the West, we shall secure a better distribution of population and a trend away from the growing congestion of our enormous urban centers.

As President, Mr. Hoover stated at Louisville, Ky., October 23, 1929:

Some have doubted the wisdom of these improvements. I have discussed the subject many times and in many places before now, and I shall not repeat the masses of facts and figures. The American people, I believe, are convinced. What they desire is action, not argument.

I might refer that statement of the President to his representatives at the convention in Chicago who wrote the Republican platform, and also to some members of his Cabinet, particularly to Mr. Mills and to Mr. Hurley.

When a bill was introduced in the Senate, a bill which I had the honor to introduce on behalf of the Mississippi Valley Association, a similar bill being introduced in the House by Mr. MANSFIELD, a measure which had the indorsement of the shippers, represented by a thousand delegates at St. Louis last November, two members of the Cabinet, the Secretary of War and the Secretary of the Treasury, wrote letters to the Committee on Commerce of the Senate in opposition.

Mr. McKELLAR. Mr. President, if the Senator will yield, I call his attention to the fact that when the President was making his campaign in east Tennessee in 1928 he told the people in that section of the country that he was in favor of having the Government develop Muscle Shoals, and the Cove Creek Dam in connection with it, but afterwards the President vetoed a bill designed to accomplish what he had recommended.

Mr. SHIPSTEAD. I thank the Senator.

At Kansas City on October 19, 1925, in advocating the speedy completion of the Mississippi system of inland waterways, Mr. Hoover, then Secretary of Commerce, said:

We have learned that expenditures on great reproductive public works are neither a waste nor a burden upon the community. They bring a rich harvest in increasing wealth and greater happiness. They tend to strengthen the foundation of agriculture and industry. Even from the narrower point of view of taxation, they are an economy, for it is by such works that we increase the income available to taxation and thus reduce individual burdens.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. SHIPSTEAD. I yield.

Mr. NORRIS. Where was that statement of President Hoover made, and when?

Mr. SHIPSTEAD. When he was Secretary of Commerce he delivered an address at Kansas City on October 19, 1925. That was seven years ago.

At St. Louis, Mo., on November 22, 1926, he said:

I could not sum up our proposals better than to quote his [President Coolidge's] terse and lucid language in referring to these projects: "It is not incompatible with economy, for their nature does not require so much a public expenditure as a capital investment which will be productive."

So we have the support at that time of President Coolidge and his then Secretary of Commerce, now President, Hoover.

Mr. NORRIS. But that was some time ago, was it not?

Mr. SHIPSTEAD. That was in 1926, just seven years ago.

Mr. NORRIS. That is a good deal like his statement referred to by the Senator from Tennessee about Muscle Shoals. That was made while he was out. He feels differently since he has gotten in.

Mr. SHIPSTEAD. Most people seem to feel differently after they get in. On October 23, 1929, at Louisville, Ky., Mr. Hoover said:

To carry forward all these great works is not a dream of the visionaries, it is the march of the Nation. We are reopening the great trade routes upon which our continent developed. This development is but an interpretation of the needs and pressures of population, of industry, and civilization.

Continuing, he said:

A nation makes no loss by devotion of some of its current income to the improvement of its estate. * * * It is our duty to make them [our waterways] available to our people.

However, here comes a little different note. On May 22, 1932, when the river and harbor section of the bill that happened to be before the Congress was being considered, the President in a letter to the American Society of Civil Engineers said—and this letter was given to the press on May 22, 1932:

> The vice in that segment of the proposals made by your society and others for further expansion of "public works" is that they include public works of remote usefulness; they impose unbearable burdens upon the taxpayer; they unbalance the Budget and demoralize Government credit. * * * Nonproductive "public works" in the sense of the term here used include * * * river and harbor improvements, * * * which bring no direct income and comparatively little relief to unemployment.

Let me read that last statement again:

> Nonproductive "public works" in the sense of the term here used include river and harbor improvements, which bring no direct income and comparatively little relief to unemployment.

When Secretary of Commerce, Mr. Hoover said at Kansas City on October 19, 1925:

> We must conceive and attack their construction as a connected whole, not as a collection of disconnected lake and river projects.

Of course, the President realized that unless we change our point of view and attack their construction as a connected whole and not as a collection of disconnected lake and river projects appropriations for the development of inland waterways would simply continue a wasteful "pork-barrel" expenditure, as they have been in the last 30 or 40 years.

Mr. President, I have referred to the development of the inland waterways, and a plan to develop them on a businesslike basis, and have quoted from statements of the President of the United States while he was Secretary of Commerce, and also since he has been President, statements showing his clear comprehension of the vast benefits to accrue after these waterways were developed, and also his complete understanding of the necessity of completing the inland waterways within a period of five years. He made that statement as long as seven years ago.

On November 22, 1926, the President made a very excellent address in St. Louis, in which he said, referring to the past and also the present method of wasteful "pork-barrel" appropriations and methods of letting contracts:

> We have wasted vast sums of money in interrupted execution and sporadic and irresolute policies, until to-day we find ourselves with a mass of disconnected segments of a transportation system, the peacefulness of some of which from the noise of commerce furnished constant munitions of criticism to our opponents, but which in fact bears no more relation to the real possibilities of our waterways than would the New York Central Railroad if it has but a few stretches of stagecoach in its main trunk lines.
>
> If we are to substitute trains of steel barges on our rivers for box cars, we must not only have depth but we must have interconnection so that we may find employment for these box cars with diversified traffic meshing into the different seasons of the year. Without such a completed and interconnected transportation system we can not expect the most economic transportation on any one section; we can not expect that our waterways will perform their real function either as to cost of transportation or as to supply of sufficient craft, or the building up of sound transportation companies to take advantage of their opportunities. Nor without interconnection of our great Mississippi system with the Lakes will we realize the full values of either.

As President, Mr. Hoover stated at Louisville, Ky., October 23, 1929:

> Substantial traffic or public service can not be developed upon a patchwork of disconnected local improvements and intermediate segments. Such patchwork has in past years been the sink of hundreds of millions of public money.

Permit me to repeat that statement. Here is a statement by the President of the United States giving his opinion of our habitual year-to-year process of appropriating money for the development of inland waterways and the same system is in existence now under the President's so-called relief bill. Here is what he said:

> Such patchwork has in past years been the sink of hundreds of millions of public money.

When the President said that he told the truth. We have wasted hunderds of millions of dollars in this "pork-barrel" method of appropriating money for inland waterways. Because that method is continued with the support of the members of the President's Cabinet, the Secretary of War and the Secretary of the Treasury, is why I feel it my duty to call the attention of the Senate to the great disappointment of the people of the great Mississippi Valley that this program is continued of throwing away the taxpayers' money, in digging a river without completing the channel so that commerce may have the benefit of finished channels for transportation.

Those of us who have endeavored to carry out the program of the President have had no aid or comfort from the White House in stopping "pork-barrel" appropriations and completing a business-like job.

In 1928 the convention that nominated Mr. Hoover for the Presidency had a very excellent plank in their platform, a great promise to the people of the Mid West for relief from that economic degeneration that started after the passage of the transportation act. Here is what the Republican convention said in 1928 in the platform upon which Mr. Hoover became a candidate for the Presidency and upon which he was elected:

> Cheaper transportation for bulk goods from the Mid West agricultural sections to the sea is recognized by the Republican Party as a vital factor for the relief of agriculture. To that end we favor the continued development in inland and intracoastal waterways as an essential part of our transportation system.

Senators will notice that the Republican convention did not designate the development of inland waterways in 1928 as "pork." The platform continued:

> The Republican administration during the last four years initiated the systematic development of the Mississippi system of inland transportation lanes. It proposes to carry on this modernization of transportation to speedy completion. Great improvements have been made during this administration in our harbors, and the party pledges itself to continue these activities for the modernization of our national equipment.

In 1928, the Democratic Party had the following plank in their platform dealing with waterways:

> We favor the fostering and building up of water transportation through improvement of inland waterways and removal of discrimination against water transportation.
>
> We favor and will promote deep waterways from the Great Lakes to the Gulf and to the Atlantic Ocean.

In the absence of Republican support for the President's waterway program, Speaker GARNER included the President's program in the Speaker's relief bill. It came to the Senate under fire from the White House as a part of that bill and was taken out in conference under the pressure, it was said, of the threat of a veto by the President.

Mr. President, in conclusion let me say to Senators who have done me the honor of listening to me that we have spent in the last 40 years $470,000,000 on the Mississippi River system. The only part of the tributaries of the Mississippi that has been completed, and the only part of the Mississippi that has been completed, is up to St. Louis from New Orleans. The Ohio River and its tributaries were completed a few years ago. It was estimated when the plans were laid for its construction that if it could be completed within 10 years it could be constructed for the sum of $60,000,000. But under the system of piecemeal appropriation, under the system of piecemeal letting of contracts, and under the system of "pork-barrel" appropriations for the benefit of contractors who seemed to want no development finished, it took 20 years to develop the Ohio River, and it cost $103,000,000. But in spite of that fact, having been completed, it carried 64,000,000 tons of freight last year, which is 24,000,000 tons more than was carried through the Panama Canal.

All of the Missouri River, the upper Mississippi, and the Tennessee, have not now and have not had any completed channels in spite of the fact that hundreds of millions of dollars have been wasted in so-called inland-waterway development. Because of these facts the people of the great Mississippi Valley, comprising 22 or 23 States, are greatly disappointed that the Congress of the United States and the administration, the representatives of the White House,

have exerted their efforts to prevent a comprehensive scheme for financing, letting of contracts, and development of inland waterways so that the people of this vast inland empire might have the benefit of cheaper transportation and have the benefit of the great savings that could be accomplished if this development was carried out on a businesslike basis.

Think of the $470,000,000 invested in the last 40 years without any material return, without any material benefit except where completed. Think of the loss of interest on the money invested and that is unproductive because of this almost criminal system of "pork-barrel" waste of public funds. Can we wonder that the people are disappointed that the promises made to them have been forgotten? When is the Government of the United States going to keep its promises to the people? Either the system of development of inland waterways ought to be completed on a businesslike basis and save the taxpayers' money and give relief, or we ought to stop the appropriations because of their almost criminal waste of public funds.

Mr. President, I ask to have printed at the close of my remarks a statement issued on June 29 by Mr. C. C. Weber, president of the Upper Mississippi Barge Line Co.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

FATE OF UPPER MISSISSIPPI 9-FOOT CHANNEL PROJECT DEPENDS UPON PRESIDENT HOOVER

The people of the Northwest should know the status of legislation now in Congress having for its purpose a sound and economical plan for financing waterway improvements. The Shipstead-Mansfield bond bill, which was indorsed by the Mississippi Valley Association, the National Rivers and Harbors Congress, and all those sincerely interested in the speedy development of waterways throughout the country, was embodied in full in the national emergency relief bill which has passed the House. The Commerce Committee of the Sen te gave the waterways bond bill its approval; and the Senate relief bill, which has passed the Senate, embodies to an extent its provisions. Both bills are now being considered by Senate and House conferees; and the possibilities are that, if the administration withdraws its opposition, our waterway program will be embodied in the conference report and enacted into law.

The Mississippi Valley and the Northwest have a right to look to President Hoover for support in this particular matter. Before and after his election he was the outstanding advocate of waterway improvements as an aid to commerce, agriculture, and industry. In October, 1929, at Louisville, Ky., he declared for a 5-year construction program to complete the entire Mississippi system. The Shipstead-Mansfield bond bill is the only plan so far proposed that will carry out this program. The depression which followed that address emphasized the immediate need for these improvements not only in aid of commerce, agriculture, and industry, but as a means of relieving unemployment. Further than this, the Mid West has a special right to demand that its balanced trade relations destroyed by governmental action in the building of the Panama Canal be speedily restored through the improvement of the Mississippi Valley system of inland waterways. The duty to correct these distorted conditions without further delay rests with the Government responsible for their creation.

It is with amazement that the people of the Mid West read Mr. Hoover's statement of May 21, 1932, in which he termed river and harbor improvements nonproductive public works. Mr. Hoover, when Secretary of Commerce, traveled the length and breadth of this land advocating the improvement of waterways, including the Mississippi River system, on the premise that it would increase the income of every farmer in the Mid West from 5 to 10 cents per bushel on grains, revive industry, and restore the purchasing power of its people. At Minneapolis on July 20, 1926, he said:

"On the Mississippi system there are no unknown engineering questions. We know what we should do. We know its vast benefits; we know it can be accomplished by comparatively trivial cost compared with these benefits."

President Hoover stated as the policy of his administration that, "We should complete the entire Mississippi system within the next five years."

Three years have since elapsed and no adequate financial policy has been proposed by the administration to carry out its announced policy. The people of the Mississippi Valley and the Northwest have supported the Shipstead-Mansfield bond bill as the only practical financial plan yet proposed to carry out the President's program and this plan will be included in the conference report provided that the administration withdraws its opposition.

We feel in this emergency the public is entitled to the facts in order that the responsibility may be placed where it belongs in the event that this legislation, which means so much to the people of the Mississippi Valley, fails of enactment. This is not a political question. It is and should remain purely economic.

UPPER MISSISSIPPI BARGE LINE CO.,
C. C. WEBBER, *President.*

JUNE 28, 1932.

SOUTH FORK, FORKED DEER RIVER BRIDGE

Mr. VANDENBERG. Mr. President, I ask unanimous consent, out of order, to report back favorably from the Committee on Commerce Senate bill 4976, and I submit a report (No. 1001) thereon. This is a bridge bill which the Senator from Tennessee [Mr. McKELLAR] is very anxious to have sent promptly to the House. There is no controversy about it.

The PRESIDENT pro tempore. Without objection, the report will be received.

Mr McKELLAR. Mr. President, I ask unanimous consent for the immediate consideration of the bill. It will take but a moment.

Mr. REED. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. REED. Will this interfere with the pendency of the motion of the Senator from Vermont [Mr. AUSTIN]?

The PRESIDENT pro tempore. If done by unanimous consent, it will not.

The bill (S. 4976) granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the South Fork, Forked Deer River, on the Milan-Brownsville Road, State Highway No. 76, near the Haywood-Crockett County line, Tenn., was read, considered by unanimous consent, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Highway Department of the State of Tennessee, its successors and assigns, to construct, maintain, and operate a free highway bridge and approaches thereto across the South Fork, Forked Deer River, at a point suitable to the interests of navigation, on the Milan-Brownsville Road, State Highway No. 76, near Haywood-Crockett County line, Tennessee, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

INVESTIGATION OF SHORT SELLING ON STOCK EXCHANGE

Mr. NORBECK. Mr. President, I send to the desk a resolution and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. Without objection, the resolution will be received and read for the information of the Senate.

The resolution (S. Res. 276) was read, as follows:

Resolved, That the Secretary of the Treasury is requested to make available and furnish such information in the possession of the Treasury and its various departments as may be called for and deemed necessary by the Committee on Banking and Currency of the Senate, or any duly authorized subcommittee thereof, or their duly authorized agents, pursuant to the investigation being conducted under Senate Resolution 84, as continued by Senate Resolution 239.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. REED. Mr. President, will the Senator explain to us the purpose of the resolution?

Mr. NORBECK. The resolution has reference to the investigation of the stock exchange. It will simply make available to the committee any Government records that the committee as such may believe they need in the Treasury Department, which would include the comptroller's office.

I have another resolution referring to the Federal Trade Commission.

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. NORBECK. I yield.

Mr. COUZENS. May I ask the Senator if the resolution would include the submission of income-tax returns to the committee?

Mr. NORBECK. I think it would.

Mr. REED. O Mr. President, that could be done only by act of Congress.

Mr. NORBECK. Then it does not include it.

Mr. REED. That is why I wanted to interpose the correction.

Mr. COUZENS. The purpose of the resolution, as I understood, was to secure the income-tax returns of some of the witnesses who appeared before the committee, to ascertain whether they had not defrauded the Government. In other words, as I recall, the testimony submitted was to the effect that deductions for losses in the case of one firm were made by both the firm and the stockholders themselves. If the resolution does not include that I think it ought to, because it is my understanding that any committee of Congress is entitled to these records.

Mr. REED. Mr. President, if the Senator will yield, by act of Congress those income-tax returns are made confidential, except from the Joint Committee on Internal Revenue Taxation and from the Finance and Ways and Means Committees. That can be changed only by action of the two Houses of Congress, approved by the President. If that is the Senator's purpose—and I am in sympathy with it—he ought to make this a joint resolution, so that it will have the effect of modifying the present statute.

Mr. COUZENS. Will the Senator explain to me, then, how the select committee of the Senate secured all the income-tax returns when the select committee was investigating the Bureau of Internal Revenue?

Mr. REED. I do not recall, Mr. President, excepting that the secrecy provision must have been enacted afterwards.

Mr. COUZENS. Oh, no. The committee kept them secret. The select committee, of which the Senator from Indiana [Mr. WATSON] was chairman at one time, and later myself, kept all of these secret; but there was no joint resolution passed, and we had access to every single return, and there was none exposed. The Banking and Currency Committee intends to follow the same procedure in checking up to see whether these deductions have been made both by firms and by individuals.

Mr. REED. Mr. President, I am in sympathy with what the Senator from South Dakota is trying to do, and I think I have done my duty in calling his attention to the possible invalidity of his resolution; but I am perfectly willing to let him pass it for what it is worth.

Mr. NORBECK. All right; and I want to say to the Senator from Pennsylvania that I have another resolution drafted to cover the specific matter that has been referred to here.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered by the Senate and agreed to.

Mr. NORBECK. Mr. President, I offer another resolution, which I send to the desk and ask to have read.

The PRESIDENT pro tempore. Without objection, the resolution will be received and read for the information of the Senate.

The resolution (S. Res. 277) was read, as follows:

Resolved, That the Federal Trade Commission is requested to make available and furnish such information in its possession as may be called for and deemed necessary by the Committee on Banking and Currency of the Senate, or any duly authorized subcommittee thereof, or their duly authorized agents, pursuant to the investigation being conducted under Senate Resolution 84 as continued by Senate Resolution 239.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered by the Senate and agreed to.

SILVER SITUATION—ANALYSIS BY SENATOR PITTMAN

Mr. KING. Mr. President, the senior Senator from Nevada [Mr. PITTMAN] has prepared a very able and lucid analysis of the present silver situation. I am sure it will be considered of value by those who are interested in the silver question, which is indeed our monetary question. I ask that the analysis may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The analysis is as follows:

The silver plank in the Democratic platform is a victory for the Western States, which are both directly interested in the production of silver and in the export trade to China. The rehabilitation of silver, of course, is a world economic question which affects all international trade and commerce, and particularly that of the United States.

Before analyzing the effect of the promise with regard to silver contained in the Democratic platform it will be better instead if we quote the plank. It reads as follows:

"We advocate: A sound currency to be preserved at all hazards; and an international monetary conference called on the invitation of our Government to consider the rehabilitation of silver and related questions."

In the first place, the plank satisfies all sections of the country and those Democrats who had an abiding fear that the efforts toward the rehabilitation of silver meant some form of attack of a destructive nature upon our existing monetary system.

Again, it is emphatic in its promise that our Government, under a Democratic administration, will issue the invitation for an international conference, not alone "to consider * * * the position of silver," as stated in the Republican platform, but for "the rehabilitation of silver," as stated in the Democratic platform. The strongest promise carried in the plank, from the viewpoint of the West, is the unequivocal pronouncement in favor of the "rehabilitation of silver."

While shorter—and necessarily shorter—than the plank that I submitted on the subject to the platform committee, it follows closely and contains substantially all of the promises that I requested. I realized, when drafting the plank that I submitted, that it was the purpose of the committee to prepare and adopt a short platform, and that, in such event, details of promised legislation would be impossible.

Some of the friends of the rehabilitation of silver, not realizing the situation, might at first experience some disappointment. I am aware that some of the delegates from some of the silver-producing States advocated a much further advance than is expressed in the platform. They should not be disappointed at their failure. They have been far more successful than were western delegates to the Republican convention.

The Democratic plank discloses a sincere sympathy for the rehabilitation of silver and the determination that our Government shall take the initiative. Without such sincere sympathy, no platform pronouncement has any value or gives any assurance. This plank assures that a conference will be held in the United States, where it should be held. It insures that the representatives of our Government at such conference will be in sympathy with the purpose proposed to be obtained and will include representatives who are not only in sympathy with the purpose of bringing about the rehabilitation of silver but who understand the subject.

An amendment to the second deficiency appropriation bill providing $40,000 to defray the expenses of our Government in such conference has just been adopted. This will make it possible for the President to appoint Members of the Senate and House and economists in civil life as members of such a conference, in addition to representatives of the executive department. This is of great importance, as the financial and economic advisers of the present administration have disclosed that they are not in sympathy with any effort for the rehabilitation of silver.

It is to be hoped that the strong pronouncement in the Democratic plank will convince President Hoover of the expediency, if not the wisdom, of issuing the invitation for such a conference. Every Member of the United States Senate, as far as I know, is in favor of the calling of such a conference by our Government.

In February a year ago the Senate voted unanimously for a resolution introduced by me requesting the President to invite the other governments of the world to an international conference for the purpose "of having governments agree to abandon or suspend the policy and practice of debasing and melting up silver coins and disposing of the metal upon the markets of the world," and for the further purpose of agreeing upon the uses and status of silver as money.

Recently the Committee on Banking and Currency of the United States Senate reported favorably a bill introduced by me for the purchase by our Government of silver produced in the United States at the market price and with silver certificates. This bill will undoubtedly pass Congress unless the congested condition of emergency legislation prevents its consideration. By thus taking off of the markets of the world about the same amount of silver annually that is now being dumped by India through the melting up of silver coins, it will aid in the rehabilitation of silver. It will suggest one plan for the consideration of an international conference. There are many other plans that, of course, will be considered at such a conference.

The situation looks more encouraging than it ever has during the 19 years that I have been in the Senate.

REPUBLICAN AND DEMOCRATIC PLANKS ON PROHIBITION

Mr. BROOKHART. Mr. President, I ask permission to have printed in the RECORD an excerpt from the keynote speech of the chairman of the Prohibition National Conven-

tion held at Indianapolis, July 5–7, 1932, on the subject of the Republican and Democratic planks on prohibition.

The VICE PRESIDENT. Without objection, it is so ordered.

The excerpt is as follows:

The Democratic liquor plank is perforated with corkscrews and bungholes. Not satisfied with repeal, it demands the nullification of the eighteenth amendment by an act of Congress permitting the manufacture and sale of preprohibition beer and "other alcoholic beverages" pending repeal.

If the Democratic Party carries the Congress and wins the Presidency on that plank, the eighteenth amendment is doomed and damned. The dry Democrats of the South must assume the responsibility for the return of the legalized liquor traffic if they support that platform.

If they were justified in rejecting Al Smith, and if they rejected him as they said they did, not on account of his religion but because he was wet, even when the platform and the vice presidential candidate was dry, how can they consistently support the ticket now, with both candidates and platform calling for repeal and nullification pending repeal?

We would prefer, if the legalized saloon is to come back, that it come back by a Catholic President than that it should return at the hands of a Protestant, whether High Church Episcopalian or Low Church Quaker.

A HOUSE DIVIDED

The Republican National Convention was divided into two camps, the wringing wets and the wobbling wets. Not a voice was heard but the voice of Esau, ready to sell the birthright of the party for a mess of wet politics. "When the country is teetering on an economic brink, all the Republicans can think about is whisky," said William Allen White at the Chicago convention. "It is grotesque that our sole interest here is in a bottle of booze."

The wringing wets were led by Butler, BINGHAM, and Wadsworth; the wobbling wets were led by the administration "yes men," Garfield, Mills, and Brown. The party not only adopted a repeal plank, it did worse. It proposes, without repealing the amendment, to allow the States by a majority referendum to decide whether they will come under the operation of the Constitution; to put into the Constitution a modifying substitute amendment that applies only to a part of the States while the original amendment will continue to apply to the others. It is what Raymond Robins and the dry leaders have been denouncing as "selective anarchy" for years.

GOOD LORD—GOOD DEVIL

James Francis Burke, general counsel for the Republican National Committee, says, "The plank is fair to both wets and drys, because the major principles of the prohibitionists are preserved and the major demands of the antiprohibitionists are met!" The drys who demand the maintenance of the amendment find that the party is opposed to repeal; the wets who demand repeal find that the party, while retaining the amendment in the Constitution, proposes by the adoption of a supplementary amendment "to allow the States to deal with the problem as their citizens may determine" in a referendum election, thus to license the manufacture and sale of what the Constitution forbids!

Let us suppose that after the adoption of the thirteenth amendment abolishing slavery the Democratic Party had won the election on a plank permitting the former slave States to decide by a majority vote whether the thirteenth amendment should become operative in those States and that the Federal Government would pledge itself to protect such States in their choice, whether it was to abide by the thirteenth amendment and remain free, or rescind the thirteenth amendment and restore the institution of slavery in those States. That is the Republican liquor plank. "If there is no other name by which we may call it, let us call it treason."

The New York Times calls it "left-handed repeal," and says to get that "one has to cut through the worst jungle of verbiage that platform makers ever devised to conceal their thought." The Republican Herald Tribune says, "It includes retention and repeal, a Bratt system, a Quebec system, and a further beauty is none other than the essence of the famous Raskob-Smith plan."

There never was a clearer case of political larceny in American history. It is the Raskob-Smith liquor plank written into the Republican platform bodily. "Leave the eighteenth amendment in the Constitution exactly where it is and put a new amendment in the Constitution which will provide that nothing in the Constitution of the United States shall prevent any State from taking over complete control of manufacturing, transportation, importation, and sale of intoxicating beverages within its own territory," said Raskob at the Democratic National Committee meeting a year ago and at Boston and elsewhere since.

I denounced it as a treason against the Constitution then and I will not vote for it now.

"The Raskob plan, to my way of thinking, meets the prohibition question, * * * a proposal which shall allow any State to get from under the operation of the eighteenth amendment, after a plan approved by it in a popular referendum," said Al Smith in Boston last January and elsewhere.

And we dry Christians who damned Al Smith and supported Herbert Hoover in the last election are now asked to swallow that! Dressed in sheep's clothing and labeled "Republican," we are asked to accept it and give to it the sanction of our votes. Whoever does that owes an apology to Al Smith for what the Protestant pulpit did to him in the last presidential election. If now we support a wet Protestant of either party who stands for the same thing, we will brand ourselves as hypocrites before an accusing world.

THE HOOVER HOAX

It is worse than the Curtis hoax that betrayed Colonel Lindbergh while a guest at his table. The Republican ambidextrous, amphibious, and porus-plaster plank is capable of bending in either direction like a piece of whalebone. It takes off from dry land and cracks up in a still. It avoids the word repeal, but provides the method for repeal. It is the most pitiful example of ducking, dodging, and duplicity in the history of American politics. It is the most stupendous, titanic, colossal, calamitous, crimson, consciousless, barbaric, and cataclysmic fraud ever perpetrated upon the American people.

As Senator BORAH said in his speech in the Senate three days after its adoption, "It destroys the uniformity of the Constitution throughout the United States. It permits us to have a Constitution applying in one part of the country and not applying in another * * * it is nothing but legalized secession."

"The platform," the Senator says, "has but one definite, unmistakable proposition in it, and that is the repeal of the eighteenth amendment." And the association of organizations in support of the eighteenth amendment are asked to vote for that!

For the past six months the National United Committee has been campaigning in New England, calling upon the people in over 300 mass meetings to "stand by President Hoover" in his brave fight to uphold the Constitution, assuring them, as the President's friends have assured us, that he would not weaken in his support of the eighteenth amendment, proclaiming in half a thousand pulpits that our "unfinished task was to hold New England for the constitutional candidate in the November election," and that "Massachusetts, Rhode Island, and Connecticut was the cockpit in the conflict." I owe to them an apology! And the President owes an apology to the cause which he has betrayed.

POLITICAL EXTREMITY IS PROHIBITION'S OPPORTUNITY

The enemies of national constitutional prohibition are divided into two wet camps. The hour has struck for a new political realignment of the patriotic voters of the country, uniting the drys of the Democratic South with the dry Republicans of the North into a solid phalanx of American patriots in defense of the Constitution as framed by the founders of the Republic and constitutionally amended by their successors, until, as Washington said in his Farewell Address, "It has been changed by the explicit and authentic act of the whole people."

In this hour of their division into two hostile camps there is the possibility of the election of a constitutional President by the united moral forces of the Nation. Moral revolutions do not require, and seldom if ever have received, the support of the majority. The election of Abraham Lincoln and the abolition of slavery did not come about through the support of the majority, but by the division of the proslavery Democratic opposition. Abraham Lincoln was a plurality President, lacking one million and a half of having a majority. The same was true of our World War President, Woodrow Wilson, who was elected by a division of the opposition into two separate camps, and lacked more than two and a half million votes of having a majority.

If those national dry organization and those militant religious denominations which have repeatedly warned the President and the Republican Party of the penalty they would pay if they betrayed the eighteenth amendment to the Constitution make good their threats and prove that their professions of loyalty to prohibition were not empty words, if they will show their faith by their votes and carry out their expressions of devotion and the punishments which they have again and again declared they would impose, the next President of the United States will be a dry candidate of their choice.

The Prohibition Party offers them such a candidate and stands pledged to withdraw him for Senator BORAH or any other candidate on a dry platform that the association of organizations in support of the eighteenth amendment will name. The responsibility is theirs. "Choose ye this day whom ye will serve."

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H. R. 8374. An act to authorize the settlement, allowance, and payment of certain claims, and for other purposes, was read twice by its title; to the Committee on Claims.

H. R. 10372. An act to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants; to the Committee on Public Buildings and Grounds.

RECESS

Mr. McNARY. Mr. President, I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and the Senate (at 6 o'clock and 12 minutes p. m.) took a recess until to-morrow, Friday, July 15, 1932, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

THURSDAY, JULY 14, 1932

The House met at 12 o'clock noon.

Rev. J. R. Duffield, secretary of the Washington Presbytery, offered the following prayer:

O God, our Heavenly Father, we rejoice to know that we are in Thy presence; and that as we face the transactions of the affairs of state we face them as Thy servants. Rejoicing as we do in the privileges, and even the responsibilities, that are committed unto us, grant unto us Thy guidance in whatever we do. We thank Thee, O God, that we know who Thou art; that in Thy strength Thou hast ministered to us in the hours of our weakness; that in our sins and in our wandering we have always been certain of Thy forgiveness. As Thou art and always will be unto us, help us to be to each other until the spirit of love and fraternity and fellowship and cooperation shall spread throughout this land of ours. We pray Thee, O Father, that in all things we shall do Thy will as Thou dost give us to see our duty. Amen.

The Journal of the proceedings of yesterday was read and approved.

TRANSPORTATION FOR WORLD WAR VETERANS

Mr. BYRNS. Mr. Speaker, by direction of the Committee on Appropriations, I call up a resolution (H. J. Res. 473) to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the House joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932, is hereby amended to read as follows:

"That to enable the Administrator of Veterans' Affairs, upon the request of any honorably discharged veteran of the World War temporarily quartered in the District of Columbia who is desirous of returning to his home, to provide such veteran with transportation thereto prior to July 25, 1932, by railroad or such other means of transportation as the Administrator of Veterans' Affairs may approve, including allowance in advance for gas and oil for travel in privately owned automobile, together with travel subsistence at the rate of 75 cents per day, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000, and in the event such amount is insufficient there is hereby appropriated out of the general post fund authorized by the act of July 1, 1902, and the act of June 25, 1910 (U. S. C., title 24, secs. 136 and 139), such amount as the Administrator of Veterans' Affairs may determine to be necessary: *Provided*, That where transportation is authorized by other than railroad the amount allowed for same shall not exceed the cost of railroad transportation: *Provided further*, That all amounts expended under this appropriation in behalf of any veteran shall constitute a loan without interest which, if not repaid to the United States, shall be deducted from any amount payable to such veteran on his adjusted-service certificate."

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the House joint resolution was passed was laid on the table.

CONFEREES—HOME LOAN BANK BILL

Mr. STRONG of Kansas. Mr. Speaker, on yesterday I was appointed as a member of the committee of conferees on the home loan bank bill, representing the House. The gentleman from Massachusetts [Mr. LUCE], a member of our committee, was a member of the subcommittee which prepared the bill and has done an immense amount of work upon it. I ask unanimous consent that my name be stricken from the committee of conferees and the name of the gentleman from Massachusetts [Mr. LUCE] placed thereon in my stead.

The SPEAKER. The gentleman from Kansas asks unanimous consent that he may be excused from serving as a conferee on the home loan bank bill. Is there objection?

There was no objection.

The SPEAKER. The Chair appoints the gentleman from Massachusetts [Mr. LUCE] to fill the vacancy on the conference committee, and the Clerk will inform the Senate of the change in conferees.

EXTENSION OF REMARKS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting remarks supplementary to those I made on Tuesday, giving a list of contributors to the Republican campaign fund who have been granted refunds on income taxes from the Treasury.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. SNELL. Reserving the right to object, if the gentleman will include a list of the parties who have contributed to the Democratic campaign fund along with it, I will not object.

Mr. O'CONNOR. If I can find any Democrats who have received refunds——

Mr. SNELL. Not any "ifs" about it. If the gentleman will put it all in, I will not object. Otherwise I will.

Mr. O'CONNOR. If there are any Democrats who have been so fortunate as to get refunds, I will put them in.

Mr. SNELL. I want it perfectly understood that it will be a complete history of the whole proposition.

Mr. O'CONNOR. As far as I can make it.

Mr. SNELL. No; not as far as the gentleman can make it, but I want the whole proposition.

Mr. O'CONNOR. Mr. Sinclair leads the list, I will say to the gentleman.

Mr. SNELL. It does not make any difference. I want the entire list in. Unless the gentleman thinks he can put in the entire list, I shall object.

The SPEAKER. Objection is heard.

DEPARTMENTS OF AGRICULTURE, POST OFFICE, TREASURY, AND WAR APPROPRIATION BILLS

Mr. BYRNS. Mr. Speaker, by direction of the Committee on Appropriations, I call up a resolution (H. J. Res. 474) making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the House joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the House joint resolution, as follows:

Resolved, etc., That the appropriations and authority with respect to appropriations contained, respectively, in the regular annual appropriation acts for the fiscal year ending June 30, 1933, for the Department of Agriculture, the Treasury and Post Office Departments, and the military and nonmilitary activities of the War Department, shall be available from and including July 1, 1932, for the purposes respectively provided in such appropriations and authority for the service of such fiscal year. All obligations incurred during the period between June 30, 1932, and the respective dates of enactment of each of such acts in anticipation of such appropriations and/or authority are hereby ratified and confirmed if in accordance with the terms thereof.

Mr. BYRNS. Mr. Speaker, this resolution simply refers to those three appropriation bills which were not finally passed until after the beginning of the fiscal year.

It is thought that a resolution of this kind should be passed in order to make these bills retroactive to July 1, in order that no complications or questions may arise hereafter in the action of the comptroller with reference to the expenditures authorized therein.

In order that the RECORD may show that the delay with reference to these bills was not due to any fault on the part of the House, I call attention to the fact that the House passed the Agriculture Department appropriation bill

on January 27; that it passed the Treasury and Post Office Departments' bill on March 5; and the War Department bill was passed by the House upon May 19, which was the last regular appropriation bill for the fiscal year.

The second deficiency bill was passed by the House upon June 3. These bills became laws on the following dates: The agriculture appropriation act was approved July 7; the Treasury and Post Office act was approved on July 5; the War Department appropriation act was finally concluded by both Houses upon July 13.

Similar action has been taken in the past with respect to other appropriation bills. At the first session of the Sixty-sixth Congress, the Agricultural, Army, District of Columbia, Navy, and sundry civil appropriations acts for the fiscal year ending June 30, 1920, and the third deficiency act, fiscal year 1919, failed to become law by July 1, 1919. A resolution similar to the one accompanying this report was enacted making the appropriations contained in such acts available from and including July 1, 1919, and ratifying the obligations incurred during the period such activities were without funds.

The naval appropriation act for the fiscal year 1922 was not approved until July 12, 1921, and a joint resolution was enacted making the funds in that bill available as of July 1, 1921, and ratifying obligations incurred during the period between June 30, 1921, and the date of the enactment of the appropriations.

The District of Columbia appropriation act for the fiscal year 1931 was not approved until July 3, 1930, and in that instance a provision was included in the bill making the funds available as of the beginning of the fiscal year and ratifying and confirming the obligations incurred during the interim.

The committee is of the opinion that the accompanying joint resolution should be enacted in order that the appropriations in these acts may be available without question for the payment of all obligations incurred from and including July 1, 1932, if in accordance with the appropriations and authority with respect to appropriations as contained in the several acts.

I have simply made this statement in order that the RECORD may show just when the House acted upon these bills in the first instance.

Mr. LAGUARDIA. Naturally, there can be no objection to the resolution. It is the proper thing to do.

The point I desired to make at the end of June was that I felt that under our form of government, the only check the people have on the Executive is the power of appropriation. This being so it was my belief and my opinion that on the 30th day of June we should have passed a resolution maintaining these departments pending the passage of the appropriation bill. We should have done it for this reason: To indicate the intent of Congress to carry on these departments. I submit that if Congress purposely refused to appropriate for any department of the Government the Executive would not be empowered to continue that department in existence. This is our check and the only control the people have.

Mr. BYRNS. I understand, but, of course, there was no idea that any department would be interfered with because it was expected these bills would be passed in a few days.

Mr. LAGUARDIA. Exactly.

Mr. BYRNS. And there was a good reason for not passing a continuing appropriation at that time for the few days intervening for the reason that every one of these bills have been very sharply reduced in appropriations for the year 1933 over what they were for 1932 and, therefore, money has been saved by adopting this method.

Mr. LAGUARDIA. That is very true, but in the interim I feel those departments had no real legal or constitutional existence.

Mr. BYRNS. That may be true, but this corrects it, if the gentleman is right.

Mr. LAGUARDIA. Yes.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

PAY OF PAGES

Mr. BYRNS. Mr. Speaker, by direction of the Committee on Appropriations I call up House Joint Resolution 475 and ask for its immediate consideration.

The Clerk read the title of the resolution.

Mr. WOOD. Mr. Speaker, reserving the right to object, is the gentleman from Tennessee going to offer an amendment?

The SPEAKER. The Chair is advised there is an amendment which will be offered if consent is given.

Is there objection to the present consideration of the House joint resolution?

There was no objection.

The Clerk read the joint resolution as follows:

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to provide for the payment of 21 pages for the Senate and 41 pages for the House of Representatives at the rate provided by law from July 16 to July 31, 1932, both dates inclusive.

With the following committee amendment:

Page 1, line 8, strike out the figure "31" and insert in lieu thereof the figure "25," and amend the title.

Mr. SIMMONS. Mr. Speaker, I rise in opposition to the committee amendment.

The SPEAKER. The gentleman from Tennessee is entitled to five minutes on the affirmative side, and the gentleman from Nebraska may have the same time in opposition. If the gentleman from Tennessee does not desire five minutes on the affirmative side of the amendment, then the gentleman from Nebraska may be recognized for five minutes in opposition to the amendment.

The Chair recognizes the gentleman from Nebraska for five minutes in opposition to the amendment.

Mr. SIMMONS. Mr. Speaker, I have asked for this time this morning in order to discuss briefly with the membership of the House a proposal I believe will be of interest generally to them.

I think all the membership of the House at different times in their work with the Veterans' Bureau and the present Veterans' Administration have had cases of service men asking for compensation, asking for disability allowances, asking for a determination of their right to hospitalization, asking for pensions, in which they have felt the bureau was wrong in its decisions. I have had such cases. There are other cases in which quite clearly the Government has not been satisfied with the decisions that have been made.

It is fundamental, as I see it, under our theory of Government that every citizen has the right to a judicial determination of the law and the facts with relation to any claim he has against any citizen or against the Government.

In my judgment there ought to be some tribunal whereby a veteran who is dissatisfied with the awards of the Veterans' Bureau in his pension case, in compensation, or disability allowance cases, or the right to hospitalization has an appeal. The appeal should be to some board or tribunal, not an administrative board under the control of the Veterans' Administration.

On January 24, 1930, I introduced H. R. 9112, a bill providing for the creation of a board or court to consider the border-line or disputed cases. It was referred to as an equity court. The passage of the disability-allowance legislation precluded consideration of that proposal at that time. The situation now calls for some change or relief from the present condition.

I have to-day introduced House Joint Resolution 477, which has been somewhat hastily drawn. Obviously it is not perfect, but I am introducing it with the thought in mind of calling it to the attention of the membership of the House and of the veterans' organizations of the country to the suggested plan of setting up, independent of the Veterans' Administration, a board of appeals to which veterans and the Government may appeal these cases, similar in a way to the Board of Tax Appeals, that now decides controversial tax matters in the Bureau of Internal Revenue. I am calling it to the attention of the membership of the House for study and constructive suggestions as to the plan involved in the

resolution, and generally with relation to the underlying need for some judicial decision of this mass of cases that are now administratively decided in the Veterans' Bureau, and from which decisions there is now no appeal under present procedure.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. CHINDBLOM. The gentleman said a judicial decision. Is it the purpose of the gentleman to establish a judicial body to hear these appeals?

Mr. SIMMONS. You may call it a court; you may call it a board; but the underlying purpose is to have some tribunal whose function it is to decide the questions of law and fact more as a judicial matter than as an administrative matter, as is now done.

Mr. CHINDBLOM. After all, it will be nothing but an administrative body, I think the gentleman will admit. Unless you have a court you are not going to have a judicial determination.

Mr. SIMMONS. The gentleman from Illinois has made a suggestion. Whether you call it a court or a board it will be a determination of the facts and the law. It will be a board to which the veteran may go with his representative and have these questions submitted to this tribunal, call it a board or call it a court, and there have a decision based on those facts.

Mr. CHINDBLOM. But if it is merely an administrative body it is only another step along the line of consideration, determination, and adjudication that you have now in the Veterans' Bureau, and it simply means one more step along the line of bureaucratic determination.

Mr. SIMMONS. Unfortunately the bill has not been printed, but I have safeguarded that. The bill provides specifically that there shall be an independent board and it also provides that the Veterans' Bureau shall abolish existing boards whose functions will not now be needed.

We ought to have something in the nature of a judicial determination, where the veteran has a right to appeal, where he has a right to appear, and where he has a right to submit the questions of law and fact involved in his case and get a decision.

Mr. SEGER. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. SEGER. In the setting up of this board does the gentleman contemplate having veterans on the board?

Mr. SIMMONS. The board which I contemplate setting up would be appointed by the President and confirmed by the Senate, as are other boards of like character.

Mr. SEGER. And does the gentleman provide that veterans shall be on that board?

Mr. SIMMONS. Naturally veterans should be on that board.

Mr. MOUSER. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. MOUSER. I am very much interested in the gentleman's proposition and think that by all means it should be adopted. We all know that interrelated boards are naturally going to be sympathetic with the lower tribunal that is included in the same set-up and the tendency is to confirm the decision of the lower tribunal. There are many boards to which these claims for compensation and disability allowances can be appealed but as a matter of fact they very rarely overrule the inferior tribunal because of the natural sympathy which exists between them. We should have an independent board to which an appeal can be taken and independent decisions rendered.

Mr. SIMMONS. Not only that, but the veteran whose case has been disallowed feels he has been discriminated against because of the situation which the gentleman describes.

[Here the gavel fell.]

Mr. SIMMONS. Mr. Speaker, a number of Members are on their feet desiring to ask questions, and therefore I ask unanimous consent to proceed for two additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. COCHRAN of Missouri. Is it not a fact that if the Congress would use language that would more clearly set out its intent as to the veterans' act, there would be practically no use for a board such as the gentleman advocates?

Mr. SIMMONS. I can not agree with the gentleman at all. It is not so much the fault of the law but it is the fault of administrative bodies deciding matters wherein too often they are both prosecutor, defense attorney, witness, judge, and jury.

Mr. COCHRAN of Missouri. It is the fault of the law in a great many cases, because we leave it to the department to adopt regulations rather than writing it into the law itself. The department in some instances does not follow the intent of Congress owing to the nature of the regulations.

Mr. SIMMONS. But the fact remains that the veteran wants a place where he can get a judicial determination of his claim.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. SIMMONS. Yes, sir. The gentleman always has a very sympathetic and attentive concern in all matters affecting the veteran.

Mr. SUMMERS of Washington. Would the findings of this board be final or would there be a further appeal?

Mr. SIMMONS. It would be final unless it could be reopened, as I think it should be, in the event new evidence could be submitted.

Mr. SUMMERS of Washington. But there would be no other appeal?

Mr. SIMMONS. There would be no appeal beyond this board under my proposal.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. LAGUARDIA. I think the gentleman's idea might serve a very good purpose and eliminate some of the appeals and mistakes now being made. How would the gentleman prevent a new crop or a new variety of lawyers coming up, appearing before this board and soliciting cases?

Mr. SIMMONS. That can be prevented, and there is in the present draft of the bill a provision to the effect that while lawyers may appear they can not be given any awards except those approved by the board and not to exceed 5 per cent of the initial award of the board.

Mr. LAGUARDIA. That might prevent abuses.

Mr. SIMMONS. That would prevent lawyers from going out and scalping these cases. I submit the proposition to the House for its consideration. [Applause.]

Mr. JOHNSON of South Dakota. Mr. Speaker, I move to strike out the last two words.

Mr. BYRNS. I will say to my friend that I have no objection to his consuming five minutes but I was permitted to bring up these resolutions on the promise that they would not take very long. Mr. Speaker, I ask unanimous consent that all debate upon this resolution and all amendments thereto be concluded in six minutes.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, on what subject does the gentleman from South Dakota desire to speak?

Mr. JOHNSON of South Dakota. I wish to discuss the same board that the gentleman from Nebraska has been discussing.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. JOHNSON of South Dakota. Mr. Speaker, the question of the resolution to be introduced to-day by the gentleman from Nebraska and myself is entirely nonpartisan and entirely nonpolitical. The resolution is introduced solely that the new committee formed by the House under the substitute to the economy bill offered by the gentleman from North Carolina [Mr. BULWINKLE] and adopted by the House may have before it the desire to have in the Government a board something like the Board of Tax Appeals, where the average service man and the Government also may have a judicial board which can render a final con-

clusive decision in compensation and disability allowance service cases.

All of you who have presented these cases to the Veterans' Administration during all of the years since the war know that the presentation of a service man's case is an interminable matter. There are in the bureau file after file of cases with thousands and thousands of sheets in them. There may be a final determination, and yet the filing of one more affidavit reopens the case, makes more overhead and administrative expense and dissatisfies the veterans.

The gentleman from Nebraska [Mr. SIMMONS] and myself have felt that there is a fundamental right in the United States for every person to have a judicial determination of his rights. It is our form of government. We recognize the judiciary, whether you call it something like the Board of Tax Appeals or a board such as we provide in the bill to be to-day introduced. We recognize the fact that this board will thoroughly go into every phase of the matter, will become fully advised as to the situation and we believe that here is a forward step that may be taken in the determination of veterans' cases. We believe it will result in stricter justice to the Government and stricter justice to the service man. It has been drawn with the idea that the principles of equity will apply rather than the strict principles of law.

Mr. MOUSER. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I yield.

Mr. MOUSER. One thing that would follow, if such a tribunal were established, would be a judicial interpretation of the laws that we have passed, which might get around certain regulations that the department has promulgated.

Mr. JOHNSON of South Dakota. I would not want to go so far as to say that. I would say that this board, being appointed for a number of years, being divorced entirely from the Veterans' Bureau and being at least a semijudicial body, would be better equipped to decide these matters than a purely executive board.

Mr. MOUSER. If the gentleman will permit one further question, assuming that the attorney fee is limited to 5 per cent of the amount of recovery, how much would an attorney draw in the case of a disability allowance which would be payable for the life of the beneficiary or as long as the disability lasted?

Mr. JOHNSON of South Dakota. I may say to the gentleman that I do not think there will be much attorney fees. If the gentleman knew the history of pension legislation as I know it, and the attempts that have been made to write into the veterans' administration laws provisions that would have provided $10,000,000 of attorneys' fees, I believe the gentleman would agree with me that they should practically be eliminated. The veterans' organizations and the veterans will secure their justice without there being a great amount of attorneys' fees.

Mr. MOUSER. In that event, the tribunal would fix the fee, would it not?

Mr. JOHNSON of South Dakota. I would not go so far as to say that there should be a fee. There is no fee provided for under the present law, and we have not contemplated changing the present law in that regard except as to the 5 per cent fee of the first payment.

Mr. ALMON. Will the gentleman yield?

Mr. JOHNSON of South Dakota. Yes.

Mr. ALMON. The gentleman speaking has been for many years interested in legislation on behalf of the World War veterans. I would be pleased if the gentleman could give us as much information as he can as to the prospects of securing final enactment of the bill providing a pension for the widow of a World War veteran, whose husband's death was not of service origin.

Mr. JOHNSON of South Dakota. I will say to the gentleman that I voted against that bill when it was before the House. It is now in the Senate, as the gentleman knows, and I have no way of knowing what may be in the minds of gentlemen in the other body.

Mr. CONNERY. Will the gentleman yield?

Mr. JOHNSON of South Dakota. Yes.

Mr. CONNERY. This board, as the gentleman has said, will be supposed to apply the principles of equity in so far as the veterans are concerned, and I will be in favor of anything that will help us to get these cases fixed up properly, but if we have the same success in the future that we have had in the past with the present ratings board, then we might as well throw the whole thing out of the window.

Mr. JOHNSON of South Dakota. Under the proposed legislation some of the existing boards will be abolished.

[Here the gavel fell.]

The committee amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the House now take up bills on the Consent Calendar, unobjected to, beginning at the point where we left off on yesterday.

Mr. HARE. Mr. Speaker, reserving the right to object, I would like to ask the gentleman if he contemplates taking up the Private Calendar at any time soon.

Mr. BYRNS. I have not charge of that. My request relates only to the Consent Calendar.

Mr. CHINDBLOM. Mr. Speaker, reserving the right to object, under the gentleman's request, bills will not be stricken from the calendar, if objected to, but will retain their place on the calendar?

Mr. BYRNS. I think that is the understanding.

Mr. STAFFORD. It is to be the same order under which we proceeded yesterday, I assume.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

CONSENT CALENDAR

The Clerk called the first resolution on the calendar under the unanimous-consent agreement, House Joint Resolution 434, a joint resolution to authorize and direct the Secretary of Agriculture to provide additional facilities for the classification of cotton under the United States cotton standards act, and for the dissemination of market-news information.

The SPEAKER pro tempore (Mr. WOODRUM). Is there objection?

Mr. STAFFORD. I ask unanimous consent that this bill go over without prejudice.

There was no objection.

TO STOP INJURY TO PUBLIC GRAZING LAND

The Clerk called the next bill on the Consent Calendar, H. R. 11816, a bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

The SPEAKER pro tempore. Is there objection?

Mr. EATON of Colorado. Upon request of the gentleman from Utah [Mr. COLTON] I ask unanimous consent that this bill go over without prejudice.

There was no objection.

H. R. 297—AN APPEAL FOR RELIGIOUS LIBERTY AND FREEDOM OF THOUGHT

Mr. GRIFFIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. GRIFFIN. Mr. Speaker, as the first session of the Seventy-second Congress is drawing to a close without definite action having been taken on my bill (H. R. 297) to conform naturalization procedure to the American Bill of Rights, I feel that I ought to make some statement as to its purpose and its present status for the information of the Membership of the House.

Such a statement is due, not only to my own self-respect, but as a matter of grateful acknowledgment to the thousands of unselfish Americans who have come voluntarily to the support of a measure which they regard and I regard

as based upon the foundations of true democracy and true Americanism.

Mr. Speaker, it seems strange at this late day for a Member of the House of Representatives of this great and cultured Nation to be obliged to lift his voice in behalf of religious liberty and freedom of thought. Those are principles in the structure of the American system of government which we usually take for granted—assuming that they were settled and ineradicably fixed in our Constitution when the Bill of Rights was adopted. Yet so deeply are the atavistic primitive instincts embedded in the human race that, notwithstanding the progress of science, the widespread prevalence of education, and the general advance of culture and civilization, there persistently appears, at intervals, strange revivals of medievalism. Race prejudice and bigotry manifest themselves with all their pristine venom, lifting their slimy heads to threaten with their poisonous fangs the very life sap of civilization.

When the United States made its appearance among the family of nations, the intelligent and far-seeing statesmen, who framed our Constitution, had in their mind's eye a long and doleful history of the evils of race prejudice and religious intolerance. Therefore, in drawing up the document which was to be the organic law of our Nation, they took particular pains to see that it would become not only a framework of government but a great charter of human liberty.

WHAT THE CONSTITUTION SAYS

In the body of the instrument therefore we find this basic guaranty:

Article VI, section 3: No religious test shall ever be required as a qualification to any office or public trust under the United States.

I implore your particular attention to that language and pray you to keep it in mind during this argument. You will be called upon to weigh in your mind the question whether it could have been the intention of the founders to prohibit a religious test for office holding and yet insist upon such a test for simple citizenship. You will ask yourself, "Is not citizenship a public trust?" And, if you are a true American, you will conclude that it is no more proper to insist upon a religious test for citizenship than it is for office holding.

Notwithstanding the plain import of this language, the framers of our Constitution strove to make "assurance doubly sure," and the very first amendment emphasized the importance of the question by the use of the following language:

Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof, or abridging freedom of speech or of the press.

The clear import of these two specific guaranties of human liberty is that they were intended to be universal in their application; in other words, that they should apply without exception to every inhabitant of the United States, to wit, that the same principle which prohibited religious tests for officeholders would prohibit religious tests for those seeking citizenship, and that if freedom of thought and of speech was to be guaranteed to native-born citizenship it must of necessity be guaranteed to every inhabitant of the United States, whether native born or naturalized.

THE NATURALIZATION OATH

Accordingly Congress prescribed a form of oath to be administered to intending citizens, wherein the alien is called upon "to support and defend the Constitution and laws of the United States of America against all enemies, foreign and domestic," and "bear true faith and allegiance to the same"; and that he or she would "take this obligation freely without any mental reservation or purpose of evasion."

For over a hundred years aliens were naturalized upon expressing their willingness to take this oath. No attempt was made to analyze or enlarge it. It was taken for granted that if the naturalized citizen were willing to support and defend the Constitution, he or she would do so in such manner, in such place, and by such means as Congress and the laws made by Congress might direct.

QUESTION NO. 22 (LATER NO. 24)

But the great World War came on and evoked an extraordinary manifestation of hysteria. The Bureau of Naturalization seems to have been bitten by the bug and decided to elaborate the term "support and defend the Constitution and laws," notwithstanding Congress gave it no such authority. Upon its own responsibility about nine years ago the bureau inserted in the questionnaire addressed to intending citizens this broad, general question:

22. If necessary, are you willing to take up arms in defense of this country?

This question has since been asked of all applicants, irrespective of age, sex, or condition of health. Grave judges and, presumably, sane and intelligent clerks of the Naturalization Bureau have been required to ask this foolish hypothetical question of females of every age, although women were never expected to take up arms in any of our wars. They even asked it of old men, beyond the age of military service, and of the lame, the blind, and the crippled. If it were not so serious in its consequences, it would be laughable. What a fertile field for the cartoonist. A regiment of the blind, the lame, the crippled, and the aged—all with guns in their hands and banners waving: "We swore to take up arms in defense of the country, and we're doing it!"

If the question were framed along the line of ascertaining from the applicant if he or she would render such service in defense of the country in time of war as Congress might require, it might not be objected to; but, even at that, any inquiry as to what a person thinks he or she may do at some time in the future is hypothetical and absurd. It does not matter what they think. As "citizens" they must obey the law.

The working out of this question has shown its utter stupidity and folly. This question No. 22 or, as it later became, "question No. 24," has been given a ridiculously, bloodthirsty meaning, particularly in the case of professional nurses, the inquisitors hurling at them the question "if they would shoot to kill" and a host of other foolish questions.

DANGEROUS IMPLICATIONS

The arrogation of the power by the Bureau of Naturalization without the authority of Congress, to interpret and enlarge the terms of the oath of allegiance is pregnant with dangerous implications, threatening the guaranties of religious liberty, and freedom of thought. First of all, there are three large religious bodies—the Quakers, Mennonites, and Dunkards—of well-recognized patriotism and civic virtue, whose discipline and teachings are decidedly against war. Their attitude was recognized and respected in the selective service act, which exempted from the draft all persons who are found to be members of any well-organized sect then existing "whose existing creed or principles forbid its members to participate in war in any form."

Not only that, but the following States of the Union have provisions in their respective constitutions specifically exempting from military duty all persons "whose conscientious scruples forbid them to bear arms." I will insert the table here.

State constitutions with provisions exempting from military duty persons whose conscientious scruples forbid them to bear arms, with date of adoption

Alabama	1819
Arkansas	1868
Colorado	1876
Florida	1868
Idaho	1889
Illinois	1818, 1870
Indiana	1816
Iowa	1846, 1857
Kansas	1855, 1857
Kentucky	1792, 1799
Louisiana	1879, 1898
Maine	1819
Maryland	1864
Michigan	1850

Mississippi	1817
Missouri	1820 1865
New Hampshire	1792
New York	1821 1846
North Carolina	1868 1876
Pennsylvania	1790 1838
South Carolina	1895
Vermont	1793

QUESTION NO. 24 REALLY BECOMES A RELIGIOUS TEST

To permit a bureau of our Government to ask any question whatever which touches the religious views or conscientious scruples of an applicant for citizenship is tantamount to a religious test and a restraint on freedom of thought in violation of the guaranties of our Constitution. It means that the avenues of citizenship are to be forever closed to those persons whose religious views or philosophical opinions happen not to meet the approval of the bureau or coincide with its interpretation of the obligations of citizenship.

IT IS NOW UP TO CONGRESS

Unfortunately, the United States Supreme Court in several decisions has upheld the action of the Bureau of Naturalization, but in each case by a divided court. The question is by no means settled, and it is now up to Congress to put its own interpretation on the term "defend the Constitution."

When the Schwimmer case was decided in May, 1929, I was particularly struck with the dissenting opinion of the Hon. Oliver Wendell Holmes, which was concurred in by Justice Brandeis and the late Justice Sanford.

Justice Holmes, let it be emphasized, was far from being a pacifist. He served all through the Civil War and bears on his body the scars of three wounds he received in hard-fought battles. Mrs. Schwimmer was a woman 50 years of age. She was an author and lecturer and entertained strong pacifistic views, and believed that "war will disappear and that the impending destiny of mankind is to unite in peaceful leagues." Justice Holmes gave utterance to this classic comment:

> The notion that the applicant's optimistic anticipations would make her a worse citizen is sufficiently answered by her examination, which seems to me a better argument for her admission than any that I can offer. Some of her answers might excite popular prejudice, but if there is any principle of the Constitution that more imperatively calls for attachment than any other it is the principle of free thought—not free thought for those who agree with us but freedom for the thought that we hate. I think that we should adhere to that principle with regard to admission into as well as to life within this country.
>
> And recurring to the opinion that bars this applicant's way, I would suggest that the Quakers have done their share to make the country what it is, that many citizens agree with the applicant's belief, and that I had not supposed hitherto that we regretted our inability to expel them because they believe more than some of us do in the teachings of the Sermon on the Mount.

THE GRIFFIN BILL

The day following the handing down of this historic decision I introduced a bill known as H. R. 3547, Seventy-first Congress, first session. It was the same in substance as H. R. 297, introduced in the current session, except that in the last paragraph of the new bill the following explanatory phrase was added: "but every alien admitted to citizenship shall be subject to the same obligations as the native-born citizen."

[H. R. 297, Seventy-second Congress, first session]

A bill to provide that religious views or philosophical opinions against war shall not debar aliens, otherwise qualified, from citizenship

Be it enacted, etc., That the fourth subdivision of section 4 of the act entitled "An act to provide for a uniform rule for the naturalization of aliens throughout the United States, and establishing the Bureau of Naturalization," approved June 29, 1906, as amended March 2, 1929 (Public, No. 962, 70th Cong., sec. 6 (b)), is amended by adding at the end of the first paragraph thereof the following new sentence: "Except that no person mentally, morally, and otherwise qualified shall be debarred from citizenship by reason of his or her religious views or philosophical opinions with respect to the lawfulness of war as a means of settling international disputes, but every alien admitted to citizenship shall be subject to the same obligations as the native-born citizen."

WIDE INDORSEMENT OF THE BILL

Instantly, upon the introduction of this bill, I became the recipient of hundreds of commendatory letters from the clergy of all denominations, professors of law and history, and civic workers and organizations. The Scripps-Howard, the Hearst papers, and the most influential newspapers and magazines in the country published spirited editorials in its approval.

The Reverend Henry S. Coffin, president of the Union Theological Seminary, wrote me in this strong language:

> I do not see how, in the light of our American history, it is possible to make willingness to bear arms a requisite for citizenship. When one recalls the great service to our Nation by such religious bodies as the Quakers and when one realizes that in other Christian communions there have been noteworthy individuals who have been both loyal patriots and conspicuous servants of the commonweal while conscientiously opposed to participation in war, it seems absurd not to make proper provision for this group in our citizenship.
>
> An interpretation of the Constitution has been made by our courts which would rule out William Penn and many more of his persuasion. It is high time that Congress rectified this matter. We can not unwrite the past, and surely the future ought to be made congruous with a very noble element in our history which safeguards the liberty of conscience for the individual.

I also quote from a letter of Dr. Harry Emerson Fosdick:

> From the days of the American Revolution, when the Quakers of Pennsylvania rendered such loyal service to the national cause, people of that faith have been among the great builders of our commonwealths.
>
> I understand that legislation is being considered which will do away with this barricade that now prevents the naturalization of conscientious objectors. I am writing to express my cordial approval of such legislation and my satisfaction that you are proposing it. I trust that success may come to a liberal Americanism which has always been cautious about any attitude involving the invasion of private and conscientious judgment.

I cull this choice extract from a very interesting letter written me by Guy Franklin Hershberger, professor of history in Goshen College:

> If alien advocates of peace who come to our shores are undesirable as citizens, then it must follow that those peaceful people who have lived here for two and one-half centuries are bad citizens as well. Sixteenth century Europe regarded the Mennonites as bad citizens, with the result that thousands of them suffered martyrdom. To-day Soviet Russia regards these same peaceful, religious Mennonites as bad citizens and deals with them in true sixteenth-century fashion. And the logical conclusion of the recently adopted American policy would be, it would seem, to declare these peaceful Christians now among us undesirable and refuse to tolerate them any longer. Would America follow in the footsteps of Soviet Russia?

INDIVIDUAL INDORSERS

Among the individual indorsers of the bill are to be found some of the most distinguished men and women of to-day. Without making any invidious distinction, I will only dare to mention these: Jane Addams, Carrie Chapman Catt, Fannie Hurst, Katherine Devereaux Blake, Harriet Stanton Blatch, Dorothy Canfield Fisher, Lillian D. Wald, Mary E. Woolley, Alice Stone Blackwell, Helen Tufts Bailie, Prof. Harry Elmer Barnes, Rev. S. Parkes Cadman, Dr. Stephen S. Wise, Prof. Zachariah Chaffee, jr., Arthur Garfield Hays, Rev. John Haynes Holmes, Dr. George W. Kirchwey, Don Seitz, Prof. James T. Shotwell, Prof. F. W. Taussig, Dean Clarke of Yale, Prof. Laswell of Chicago, Prof. Felix Frankfurter, William A. Neilson, Hon. John W. Davis, and Oswald Garrison Villard. There are scores of others who ought to be included in this roll of honor, but their names appear in the hearings on the bill.

GRIFFIN BILL COMMITTEE

Entirely without my knowledge groups of educated and enlightened men and women throughout the country organized associations to advance the movement to conform our naturalization laws to the guaranties of the United States Constitution. Branches were established in all the large cities and a national Griffin bill committee was organized under the presidency of Mrs. Lola Maverick Lloyd, a descendant of Revolutionary forefathers. She resides in Chicago. She is still in office. The former secretary, Miss Elizabeth Black, after having performed splendid work, was compelled, out of consideration for her health, to resign. She is succeeded by Mr. Alfred Lief, an author of distinction,

who is a great admirer of Justice Holmes and who published the latter's dissenting opinions as a labor of love. The work has had an extraordinary popularity.

THE HEARINGS ON H. R. 3547

Having the backing of intelligent public opinion, I demanded a hearing on the bill. The first hearing was held on May 8, 9, 1930, under the chairmanship of the Hon. ALBERT JOHNSON, whose hostility to aliens of all kinds is well known, and with him, perhaps, a matter of pride. The friends of the bill were heckled outrageously, and everything was done to confuse and misinterpret the purpose of the bill. He persisted in insisting to the end that the bill was intended to allow candidates for citizenship to take the oath "with certain reservations," and even gave the hearings that misleading title. Let us pass over the "hearing" in silence.

THE HEARING ON H. R. 297

On Tuesday, January 26, 1932, another hearing was granted on the bill by the new chairman of the Committee on Immigration and Naturalization, the Hon. SAMUEL DICKSTEIN. All who attended the hearing unite in extending to him their heartfelt appreciation of his fairness and intelligent acumen.

The witnesses for the bill, however, did not escape the usual discourtesies from the opponents of the bill, whose position on the committee protected them from any counterattack. They were virulent, venomous, and unreasonable. The former chairman, the Hon. ALBERT JOHNSON, of Washington, was in his best heckling form and he was ably seconded by the Hon. ROBERT A. GREEN, of Florida, MARTIN DIES, of Texas, ARTHUR M. FREE, of California, and the Hon. THOMAS A. JENKINS, of Ohio.

FLAG WAVERS TO THE FRONT

Both hearings brought to the front a number of so-called patriots who deliberately persisted in misrepresenting the aim and purpose of the bill. They charged that its object was to admit aliens into the country—although it has nothing whatever to do with immigration. The bill, of course, deals only with those aliens who are here and who have been lawfully admitted.

They charged that its purpose was, not only to invite communists into the country, but to allow them to take the oath of allegiance without assuming the obligation to bear arms. Just the merest tittle of reflection would have made it apparent to them that all the dangerous foreign elements—communists, anarchists, and bolshevists—have not the slighest aversion to war or to the shedding of human blood and that if they entertained the thought that question No. 24 was going to act as a barrier to the admission of such aliens they were grossly mistaken.

In drafting this bill my purpose was to conform the naturalization laws to the bill of rights. The language was plain. The object was clearly in keeping with traditional American ideals. But the flag-waving fanatics who attacked the bill resorted to lies and distortion.

Their armory was void of logical arguments, so they had to drape themselves with spurious patriotism. In so doing they witlessly stepped into the rôle of bolshevistic tyranny.

Freedom of thought, freedom of speech, and the free exercise of religion are approved by these professional patriots only if the applicant for citizenship accepts their particular brand.

I assumed that everyone knew that those who had been denied citizenship because of their religious or philosophical views on war were willing to take the oath of allegiance "to defend the Constitution and the laws." In this I was mistaken. It was falsely and maliciously represented that those rejected had refused to take the oath of allegiance and wanted to qualify it and secure exemption from service in case of war. Such an idea was preposterous.

THE PATRIOTEER'S PUZZLE

How can anyone avoid the obligations of a citizen by becoming a citizen? Yet these scatterbrained fanatics kept echoing and reechoing the statement:

These aliens want to get the advantages of our citizenship without its obligations.

They never even paused long enough in their propaganda to reflect that a citizen is a citizen no matter how he attains that status and that, even if he or she wanted to, no alien could become a citizen without assuming all of the obligations of citizenship. Not only that, but to still their pretended fears, I even added that guaranty at the end of the new bill.

They failed to realize that Congress has never surrendered, and is never likely to surrender, its jurisdiction over the duties of citizens in time of war, and that citizens, however created, are and always will be amenable to the direction of Congress as to when, where, how, and in what capacity they shall function in time of war.

AUTHORIZING DIRECTOR OF PUBLIC BUILDING TO EMPLOY LANDSCAPE ARCHITECTS, ETC.

The Clerk called the next bill on the Consent Calendar, H. R. 10372, to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, I am in sympathy with the purpose sought to be accomplished by this bill authorizing the Director of Public Buildings and Public Parks to employ landscape architects, regardless of the civil-service rules.

However, I think there should be some amendment restricting the period of time when these men so employed would be on the Government pay roll. I would suggest that the employment should be limited to not more than one year. With that, and striking out the traveling expense provisions, I have no objection.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. LAGUARDIA. Does the gentleman propose to limit the employment to one year or the appointment to one year?

Mr. STAFFORD. The amendment I have drafted provides that the employment shall in no instance be for a longer period of time than one year. I can see some merit in the gentleman's criticism.

Mr. LAGUARDIA. To give him the privilege of making the appointment for one year.

Mr. STAFFORD. My idea was that the director ought not to have the right to employ an expert ad infinitum, but restrict the employment to one year. He may make a subsequent employment after the 1-year period has expired.

Mr. LAGUARDIA. I should think it would be better if you limited the period of making the appointment. Otherwise he could continue making appointments after the emergency had expired.

Mr. STAFFORD. There might be an expert so highly valuable that it would be expedient to retain him for a longer time, but he should not be employed indefinitely.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. CLARKE of New York. Knowing the gentleman's long and valuable service as a legislator, I would like to have his opinion of the success of the civil service.

Mr. STAFFORD. Mr. Speaker, on a day like to-day, with the temperature up near 100, I do not think the gentleman from New York should ask me to go into a discussion of such magnitude. [Laughter.]

Mr. ALMON. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. ALMON. The Committee on Public Buildings and Grounds heard Colonel Grant on this bill and found no objection to it. If the gentleman is going to make that amendment, I suggest that he make it two years instead of one. The gentleman from New York [Mr. REED] is looking after the bill for the committee, but he is not here at this time.

Mr. LAGUARDIA. The amendment to be offered by the gentleman from Wisconsin is a reasonable one, and I do not think the gentleman from New York [Mr. REED] would object.

Mr. ALMON. I will say that it might be difficult for Colonel Grant, Director of Public Buildings and Grounds, to secure

the services of an eminent architect for only one year. He might not be willing to come to Washington for so short an employment. For that reason, I think the gentleman had better make it two years.

Mr. STAFFORD. May I say to the gentleman that the Government is employing experts off the civil service register, as for instance, Maj. Hugh L. Cooper, who designed the Keokuk Dam across the Mississippi, employed by the War Department, as an expert consulting engineer in the building of Muscle Shoals, and I know the gentleman from Alabama must know of him in connection with Muscle Shoals——

Mr. CLARKE of New York. Has he not been employed by Russia also?

Mr. STAFFORD. Subsequently, yes. His work is so well recognized by reason of his work at Muscle Shoals that he has been employed elsewhere. In that instance he was employed at the rate of $50 a day. I can conceive where Colonel Grant might need the services of some scenic artist and pay him at a certain rate per day where he is giving his services, and the rate agreed upon should be applicable for a year. Then if he wishes to reemploy him again, he should have that privilege, as the amendment proposes. It is not doing violence to the original intendment of the bill. I read carefully the letter of Colonel Grant to the chairman of the committee, the gentleman from Texas [Mr. LANHAM], and I have given this bill more than passing attention.

Mr. PATTERSON. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. PATTERSON. What is the purpose of this further than what we are having carried out right now in the city of Washington? I would like to have the gentleman explain the matter.

Mr. STAFFORD. The gentleman inquires as to whether we shall have a permanent civil-service employee being paid at an annual salary for continuous services, and not give to Colonel Grant this privilege, usually extended to all employers, namely, the right to obtain services of an expert for consulting purposes. This is only to authorize Colonel Grant to employ some outstanding expert to give his opinion as to some technical matter. That expert should not be employed during the entire year. He gives his expert advice and counsel to the Government as need be.

Mr. PATTERSON. And this extends a privilege to Colonel Grant which other similar employers already have now?

Mr. STAFFORD. In private employment.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Director of Public Buildings and Public Parks of the National Capital be, and hereby is, authorized to employ in his discretion by contract or otherwise landscape architects, architects, engineers, artists, or other expert consultants, or firms, partnerships, or associations thereof, including the facilities, service, travel, and other expenses of their respective organizations so far as employed upon work for the said director, in accordance with the usual customs of the several professions and at the prevailing rates for such services, without reference to the civil-service requirements or to the classification act of 1923, as amended, and without regard to the restrictions of law governing the employment, salaries, or traveling expenses of regular employees of the United States; and that expenditures for such employment shall be construed to be included in any appropriation heretofore or hereafter authorized or appropriated for any work of the Director of Public Buildings and Public Parks of the National Capital.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 2, line 6, after the word "employment," strike out the comma and insert the word "or," and after the word "salaries" strike out "or traveling expenses."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. STAFFORD: Page 2, line 7, after the word "States," insert the words "which said employment shall in no instance be for a longer period of time than one year."

Mr. STAFFORD. Mr. Speaker, I wish to say to the gentleman from New York [Mr. REED] that this would not prevent the Director of Public Buildings and Public Parks from employing the same expert for an additional period of one year, except that he would be required to enter into a new contract of employment after the 1-year period. My thought was that we should not delegate to the director the privilege of employing a person over a long period of years, thus binding the Government in that way, but that he should be authorized to employ him for temporary periods over 1-year periods.

Mr. REED of New York. Mr. Speaker, I rise in opposition to the amendment. This bill comes from the Committee on Public Buildings and Grounds. We had before us Colonel Grant, who, of course, has given very careful study to this matter. There is a large number of important park developments in the city of Washington. Gentlemen are familiar with the one down here toward the station. This work is progressing, and it is necessary for the director to have experts plan these parks, so that when completed they will harmonize with the general plan established for the public parks in Washington. As the matter stands now, if he wants to get an expert it is necessary to conduct an examination through the Civil Service Commission, and then the expert is put on the permanent roll. That means an extravagance and an expense to the Government to perform work that perhaps would require only a week or two weeks.

Mr. PATTERSON. The only difference from the present law is that this bill permits him to employ an expert without a civil-service rating.

Mr. REED of New York. Exactly, and if a professional planner is put on the regular roll, under the law he has to be kept there.

Mr. EATON of Colorado. And for a period not to exceed one year. Colonel Grant wants to save money, and it strikes me that two years will bring better results than the 1-year period.

Mr. GARBER. Does not the gentleman think there should be some limitation upon the authority to employ, which reads, "to employ in his discretion, by contract or otherwise, landscape architects, architects, engineers, artists, or other consultants, or firms, partnerships, or associations thereof, including the facilities, service, travel, and other expenses, etc.," without any limitation upon the power to employ or any limitation upon the authority to fix salaries or compensation? What information has the gentleman at his disposal to give the committee in regard to the estimated cost of the authority granted in the proposed measure?

Mr. REED of New York. The only thing I know is this, that if Colonel Grant is compelled to put these experts on the permanent roll, with a civil-service status, there is no question that we shall be forcing the director to engage in a program that will be expensive.

Mr. GARBER. Do we not know that under civil service the salary or compensation is much smaller and more consistent with existing conditions than the granting of authority to go out and employ experts and architects and engineers without any limitation whatever?

Mr. REED of New York. I know the gentleman will agree with me on this, that if the gentleman were selecting an expert to do a real piece of work in his own business, he would want a real expert and not a civil-service selection.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. REED of New York. I ask unanimous consent to proceed for two additional minutes.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. REED of New York. The gentleman would want a real expert. He would not want to go to the Civil Service Commission on a thing as important as the development of

a city like the city of Washington. I quite agree that a limitation might be desirable were it not for the fact that I question whether any public official in connection with the Government has performed finer, more economical service for the Government than has Colonel Grant. I think we can trust him to do this work and to do it economically, and we know that he will do it well if he has an opportunity to select the very best experts to do this work.

Mr. GARBER. There is no question about Colonel Grant's authority and the thoroughness of his administration. But these experts, these engineers, these architects, and all that class of people have not conformed to existing conditions in reference to the charges that they exact from the Government, and that is the very proposition that I think we ought to guard against. We must bring the administration down to an economical basis under existing conditions.

Mr. REED of New York. I agree with the gentleman that there is always that danger; but I do believe that in this particular case, where there is not much of this work, it is a question of getting the right man for certain temporary work, and we could leave it to Colonel Grant. We ought not to put a man on the roll permanently for a temporary job.

Mr. GARBER. Did Colonel Grant give any estimate as to what the cost would be?

Mr. REED of New York. No; because most of these are rather small jobs, and that is the reason why he did not want to be forced to put men on the permanent pay roll.

Mr. GARBER. Does not the gentleman think there should be some maximum limitation upon the authority?

Mr. REED of New York. I have no quarrel with the gentleman on that point.

The SPEAKER pro tempore. The time of the gentleman from New York has again expired.

Mr. LAGUARDIA. Mr. Speaker, I ask recognition.

Mr. PATTERSON. Mr. Speaker, I make the point of order that all debate is exhausted on the amendment.

The SPEAKER pro tempore. The gentleman from Alabama makes a point of order that all debate on the amendment is exhausted.

Mr. PATTERSON. Mr. Speaker, upon receiving further information, I will withdraw the point of order.

Mr. LAGUARDIA. Do I understand the gentleman from New York to say he is opposing the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD]?

Mr. REED of New York. No; I am not opposing it, except I believe it would be better if they had two years within which to clean up this work.

Mr. LAGUARDIA. I want to point out to the gentleman from New York that the gentleman from Wisconsin [Mr. STAFFORD] gave notice that he would offer this amendment, and under that reservation no objection was made. The gentleman realizes that we are going a long way in permitting this unusual procedure in the appointment. We certainly can not establish any precedent whereby we would permit employment without a civil-service requirement. The gentleman has made a very good case for his bill, but I suggest that the gentleman accept the amendment.

Mr. REED of New York. Oh, yes. I have no objection.

The SPEAKER pro tempore. The question is on agreeing to the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD].

The amendment was agreed to.

Mr. GARBER. Mr. Speaker, I object to further consideration of this bill.

The SPEAKER pro tempore. The gentleman's objection is too late.

Mr. McGUGIN. Mr. Speaker, I move to strike out the last word.

Mr. GARBER. Mr. Speaker, in view of the information given, I will withdraw my objection.

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

Mr. PATTERSON. Reserving the right to object, what is the gentleman going to speak about?

Mr. McGUGIN. The farm relief bill. I am quite certain the gentleman from Alabama will take no exception to it.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. LAGUARDIA. Simply to keep the record straight, I understand the bill now under consideration is the bill H. R. 10372. The Speaker had asked if there was objection to its present consideration, and I understood there was no objection, and that an amendment was offered and is now pending.

The SPEAKER pro tempore. The amendment was agreed to.

Mr. LAGUARDIA. Therefore, any objection to consideration at this point in the proceedings comes too late?

The SPEAKER pro tempore. The gentleman is correct. The bill is open for amendment.

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. McGUGIN. Mr. Speaker, the Senate has passed the Norbeck bill for the benefit of agriculture. Mr. RAINEY, Democratic leader of the House of Representatives, has heretofore sponsored a similar bill. It is my understanding that Mr. KLEBERG, Democrat, of Texas, has heretofore sponsored a very similar bill.

This is an emergency bill, which will not only save agriculture from an immediate and complete bankruptcy but may, in turn, very well save the American Government and American civilization from the greatest crisis which has ever faced this Government or this western civilization.

There is no quick or short way out of this crisis. At this moment, optimistic as we may be, the next six months bids more fair to bring riot, bloodshed, and human suffering such as this Nation has never known than it does to bring any measurable relief or improvement from our present sad status. The only way to escape the impending danger is to be found in an immediate reduction of unemployment in American industry. Unemployment can not be corrected without markets for the products of American industry. We know that our foreign markets are gone and there is no hope of any immediate improvement in them. Everything points to a reduction of foreign markets rather than to an increase in foreign markets. Therefore any possible reduction in unemployment must be found in increased home consumption. In the matter of home markets American industry must depend upon the 27,000,000 farm people. These farm people are impoverished. They can not pay their taxes on present farm prices. There is no possible way for the American farm people to buy any of the products of industry unless there is an increase in farm prices.

The price of wheat at this time for the American farmer is, roughly, 25 cents a bushel. This Norbeck bill means that the American farmer would receive 67 cents a bushel for about 70 per cent of his wheat and 25 cents a bushel for about 30 per cent of his wheat. This means that he would receive an average of 54.4 cents a bushel for his wheat, instead of 25 cents a bushel. Agriculture can not prosper at a price of 54.4 cents a bushel for wheat; however, agriculture can pay more than twice as many debts and buy more than twice as many products of the American factories with 54 cents a bushel for wheat than it can with 25 cents a bushel. As a matter of fact, American agriculture can buy some of the products of American industry with 54 cents a bushel for wheat, while it can not buy any of the products of American industry with 25 cents a bushel. Twenty-five cents a bushel will not pay the cost of production, and there is nothing left with which to buy any of the products of the American industry.

In the case of cotton, the American farmer is receiving about 4 cents for all of his cotton. Under this bill he will

receive 5 cents a pound extra for approximately half of his cotton and 4 cents for the remaining half of his cotton. This means that the American cotton planter will receive an average of about 6½ cents for his cotton, instead of 4 cents. The cotton planter is not going to make any money with 6½-cent cotton, but he can pay nearly twice as many debts and taxes with 6½-cent cotton as he could with 4-cent cotton. He can buy some of the products of American industry with some of the money received from 6½-cent cotton, whereas he can not buy any with 4-cent cotton, which will not pay the cost of production.

In the case of hogs, the American farmer is at this time receiving something like 4 cents a pound for his hogs. Under this bill he will receive 6 cents a pound for 80 per cent of his hogs and 4 cents a pound for 20 per cent of his hogs. This will mean that he will receive an average of 5.6 cents a pound for all of his hogs. He can not make any appreciable amount of money producing hogs at 5.6 cents a pound, but he can pay a lot more debts and taxes with 5.6 cents a pound for his hogs than he can with 4 cents a pound. He can produce hogs at 5.6 cents a pound and buy some of the products of American industry, but he can not buy any of the products of American industry producing hogs at 4 cents a pound and less, because that price does not pay for the cost of production.

This bill is simple of operation. No man can offer any objection to this bill unless he places his objection on the position that he does not want an increase in commodity prices. If there is not an increase in commodity prices, then, my friends, steel yourself for bankruptcy throughout the agriculture sections and for far worse in the industrial sections. In the industrial sections, the present price of farm commodities will mean not only financial bankruptcy but it is going to mean human misery, world without end, and social disorder to an extent which any intelligent and right-thinking person shudders to contemplate.

This bill has none of the objections of complexity of operation which was to be found in the equalization fee. It has none of the economic and governmental objections of taking money directly or indirectly from the public treasury as was to be found in the debenture plan. It has none of the impossibilities of operation which might lead to confusion and possible riot and disorder in the agriculture sections as is to be found in the Simpson allotment plan. It simply increases the commodity prices and places the American farmer in a position where he may be able to escape a sheriff's sale on the courthouse steps and be able to buy the products of American industry, which means the placing of some men back to work.

Give us this bill and a shorter work day, or shorter work week, or both, and we bid fair to meet this emergency of unemployment which is threatening the stability of government and foundation of American civilization. All of these relief measures based on the principle of taking money out of the public treasury are bound to fall short of their purpose, cast our Government into bankruptcy, lead further and further away from traditional America, and nearer and nearer to communistic Russia.

The SPEAKER pro tempore. The time of the gentleman from Kansas has expired.

Mr. ALLEN. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas may be allowed to proceed for three additional minutes.

Mr. CLARKE of New York. Will the gentleman make it four additional minutes, as I want to ask a question?

Mr. ALLEN. Four additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. ALLEN]?

There was no objection.

Mr. McGUGIN. As to the political possibilities in this bill, I am perfectly content to substitute the Rainey or Kleberg bills for the Norbeck bill, thereby taking the political credit away from a Republican and giving it to a Democrat. In times of distress such as these I am willing to submerge all partisan political advantage and follow the philosophy of the Rubaiyat and "take the cash and let the credit go." This is the opportunity of the Democrats of this House if they will prevent an adjournment until this bill is enacted into law. The other side of the situation is this: A Republican Senate has passed it and it can not die except that this Democratic House forces an adjournment, refusing to enact this bill into law. The destiny and the fate of this bill at this moment is in the hands of the Democratic majority in this House. The Democrats control the Agriculture Committee. This bill can not get out of the committee unless the Democrats bring it out. The Democrats control the Rules Committee by a majority of 8 to 4. After the Agriculture Committee reports favorably on this bill, it can not reach the floor of this House for consideration except that the Democratic Rules Committee permits it to come to the floor. The enactment of this bill and the blessings to be derived from it brings immeasurable political advantage to the Democratic Party. That is the advantage of being in control of the House of Representatives. The failure to enact this bill, denying the American people the blessings to be derived therefrom, heaps condemnation upon the Democratic Party. That is the responsibility for being in the majority control of this House of Representatives.

The army of gaunt, hungry, and suffering men to-day marching in front of the Capitol is fair warning to this Congress that it must not adjourn and run from its responsibility. I fear that it is an excuse which is forcing a premature adjournment and surrender of government in this crucial hour. The meeting of the situation which is symbolized by this army is not to be found in voting money from a Public Treasury, which is already bankrupt and is now bleeding an impoverished people. It is only to be found in getting the unemployed back to work. It will not be a full solution of this problem but it will be an immeasurable improvement if this Congress will enact this bill, which will increase the price of farm products so that the 27,000,000 farm people can buy some of the products of American industry, thereby requiring labor to manufacture these products, together with a resolution by this Congress appealing to employed labor, capital invested in American industry, and to the American people immediately to reduce the hours of labor and thereby divide available labor among more people. It will not be a great enough solution as a permanent proposition, but it bids fair to be enough to save this country from the otherwise inevitable distress, the ends and proportions of which no man knows. Let us not adjourn and surrender. Let us stay at our post and do the best that we can.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. CLARKE of New York. The limitations on the bill that the gentleman has discussed favorably are for three of our major farm products.

Mr. McGUGIN. Three of our major farm products.

Mr. CLARKE of New York. Cotton, hogs, a by-product of corn, and wheat. Now, if the principle is fair to those three major products, why should not the principle also be applied in the line of equality in national legislation, to other major farm products, like dairy products, like wheat, like tobacco, and other products?

Mr. McGUGIN. I will say it is an emergency measure for one year.

Mr. CLARKE of New York. Suppose it is. Is there any more emergency for those fellows than there is for the dairyman, the tobacco growers, or the wheat grower, or the rice grower?

Mr. McGUGIN. Does the gentleman want to ask a question for me to answer, or does he want to answer his own question?

Mr. CLARKE of New York. I am asking the gentleman a question.

Mr. McGUGIN. Let me answer it. On the basis of lasting program fully respecting equality, there is but one answer to the question the gentleman presents. However, if cotton is taken care of and if wheat is taken care of you take care of the two great major farm products. If you take care of hogs it indirectly takes care of corn and other feed crops. It may not reach the dairy situation, but the outstanding purpose of this bill is to take care of those

commodities that are to-day suffering, not alone by the depression in America, but because their surplus must be sold on foreign markets for cheap foreign money which is brought back home and exchanged into American money. The present disparity of foreign exchange is especially destructive of the producers of American farm products, the surplus of which is sold abroad.

I say that in this emergency any farm product which is suffering as a result of its export surplus should be in this bill.

Mr. SCHAFER. Will the gentleman yield?

Mr. McGUGIN. I must first yield to the gentleman from New York, and then I will yield to the gentleman from Wisconsin if I have enough time.

[Here the gavel fell.]

Mr. FITZPATRICK. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas have two additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. FITZPATRICK. Who is to pay the increased cost the gentleman referred to?

Mr. McGUGIN. It comes from the processor, who in turn passes it to the consumer.

Mr. FITZPATRICK. Who finally pays the extra price?

Mr. McGUGIN. The consumer. There is no question about that. There is no such thing as increasing commodity prices without someone after the producer paying the increase.

Mr. FITZPATRICK. With all the processes they have to go through, assuming the consumer did not pay, or the retailer did not refund, under the bill the United States Treasury would have to meet the deficit, would it not?

Mr. McGUGIN. No. The Treasury does not enter into this. The point is, the processor, the miller, and the packer simply pay this much more for the product than they would usually pay, and they are protected.

Mr. FITZPATRICK. They give the farmer a certificate of some kind, do they not?

Mr. McGUGIN. No; that is not my understanding. The money is collected back from the processor, but it is based on the amount which is consumed in this country, and not on the surplus.

Mr. FITZPATRICK. Does he receive the full amount at the time he delivers his wheat or his hogs?

Mr. McGUGIN. No. He receives it ultimately from the processor, and the processor passes it on.

Mr. FITZPATRICK. How does he receive it back when wheat is selling for 25 cents? He will receive 25 cents a bushel at the time he delivers the wheat and will also receive a certificate.

Mr. McGUGIN. In the case of wheat he will receive 25 cents a bushel and in addition will receive 42 cents on the per cent of the wheat consumed in America. He will probably receive this additional 42 cents at some time in the future.

Mr. FITZPATRICK. When will he receive the additional amount?

Mr. LAMNECK. As soon as he cashes his certificates.

[Here the gavel fell.]

Mr. SCHAFER. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas have two additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SCHAFER. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. SCHAFER. The gentleman spoke about some of these farm products being crucified. I may state that if the gentleman will look into the facts he will see that the farm products corn and barley have been crucified on the prohibition cross. If he would turn to the repeal of prohibition for relief for the farmer, instead of following the Anti-Saloon League, he would get somewhere.

Mr. McGUGIN. I am glad to have this enlightening information from the gentleman from Wisconsin, but I am afraid we can not wait for relief until the far-off time when the eighteenth amendment is repealed.

Mr. BURTNESS. I think there is a general misunderstanding as to what the farmer is to get. The farmer would receive only a certificate based on the ratio between wheat sold for domestic consumption and wheat exported?

Mr. McGUGIN. Yes.

Mr. BURTNESS. And the certificate would not be payable out of the Treasury in any event until the Treasury had collected the money from the processor?

Mr. McGUGIN. Not one penny.

Mr. BURTNESS. And it would be prorated back?

Mr. McGUGIN. It does not come out of the taxpayers of the country.

Mr. LaGUARDIA. The gentleman is in error. The certificate is payable within 30 days; but if there is nothing in the fund, he is not going to be paid.

[Here the gavel fell.]

Mrs. ROGERS. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and also to insert in my remarks a short letter I have written to various clubs and organizations upon money management and individual budgeting; also a speech I delivered before the New England Education Association at Atlantic City.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mrs. ROGERS. Mr. Speaker, my remarks are not upon a Republican or Democratic subject but upon a subject which is nonpartisan and which is vital to us at this time of the reconstruction period in our own financial and national economic matters. We are trying to cure our economic illness. In curing it we must find the causes for it, eradicate them, and prevent the germs from attacking again. It is, however, generally agreed that unwise distribution of money is one of the causes of the financial malady.

This person and that person, this group and that group, are blamed for the present upset business conditions; but if we are honest, we must admit that we the citizens of the United States, to a great extent, have only ourselves to blame.

Members of Congress receive day after day letters from all over the country asking us to balance the Budget. As they come in we wonder how many of these people try to, or know how to, balance their own budgets. We wonder how many of these people know how to manage in any degree their own money. They write us to balance the Budget, and in the next sentence ask us to make some huge governmental expenditure.

In order to do away with economic illiteracy, we must face the facts. Most of us are economically illiterate. I have been working for months trying to start the people of the country upon an individual budgeting movement. I want the people to become budget conscious—budget conscientious.

Hundreds have said to me: "If I had only managed my money, if I had only budgeted, I would have something to-day, now that I am out of employment, and I should know that I would have a roof over my head and enough to eat and enough to wear." We are now paying the price, both individually and nationally, of our economic illiteracy.

I believe these men who are here from all over the country who are asking for a bonus would much rather have jobs so that they could give their families food and clothing, and then the bonus would be insurance for themselves and their families when they are older or for their families if they should die before the bonus matured. I have so much sympathy with them. Perhaps if some of them had understood budgeting, in common with thousands of us, they would be able to get along at the present time. It is obvious there is something wrong with our economic structure. We must

see that our financial building in the future is on a firm foundation.

We have half forgotten the value of the penny. Even the children do not know the value of a penny to-day. They think nothing of a penny or of a few pennies. When you were children, and when I was a child, we valued pennies; we counted our pennies. Let us make all the people of America count their pennies and distribute them wisely. Let us help them start upon a simple budgeting plan.

The National Retail Credit Association has indorsed the Florence Barnard plan of budgeting or money management, about which I spoke to them at their national convention in Washington a few weeks ago. They realize that if people managed their money properly, balanced their own budgets every month, they are much more likely to pay their bills. They are much better credit risks—and it will help the purchasers, for they can secure credit much more readily.

The letters we receive from people who balance their own budgets show very plainly they understand what it means for us to try to balance the National Budget. They are usually constructive. My colleagues, you have many friends. You can do much when you go back to your districts to get this country started on a stable financial basis if you will only help in this movement. It is just as great a patriotic duty as buying Liberty bonds in the World War. It requires no legislation. It requires only concerted action. Every school in the land ought to teach its children the value of the pennies, how to make them count that they may know the value of a dollar. We owe it to our children and our children's children to give them a chance to learn money management. As one educator has said, "Time and money management should have been taught from the very beginning of education." Unfortunately, as far as I can learn, there is only one place in America where money management is being taught throughout the school system. During the past four years the Florence Barnard plan of money management has been conducted with marked success in the schools of Brookline, Mass. It is so simple a child can understand it, yet it is suitable for the adult. At the present time children are taught how to make money, but they are taught very little about what to do with that money after they get it. This is unfair.

Children taught to budget in their youth will budget automatically when they grow up. Remember also that there is a definite relation between budgetary planning for individual citizens and budgetary planning for the town, the city, the State, and for the Nation. Public officials who balance their own budget will be loath to squander the taxpayer's money, and the taxpayer who balances his own budget will not tolerate profligate spending by public officials.

Can you not understand what it would mean if we, the adults, managed our own incomes wisely, no matter how small they are. We would then know the value of the dollar. We could then get the most for our money. Laying aside every month a certain amount for our necessities, a certain amount for giving, a certain amount for amusement, a certain amount for insurance, and a certain amount for savings banks and investments will provide security and a feeling of stability.

I have sent the following letter to numerous clubs and organizations and much interest has been expressed in a national budgeting drive:

MY DEAR ——— ———: No one really knows the cause of the present business depression, but everyone realizes that most Americans have been living far beyond their means. Many of us are economically illiterate. Comparatively few understand money management. Few understand the value of a budget, which, of course, means living within one's income and distributing one's resources proportionately. Hundreds of people to-day are saying, "If I had only been taught how to manage my money." If everyone had to know how to budget, the country would not now be paying the price.

That the Nation may learn as soon as possible how to manage money, and to the end that this country may never be in such a sad plight, a national economic education movement is essential. It is insurance against depression. I have already asked the aid of the Federal Government to have money management taught in the schools of the Nation. Children taught budgeting in their youth, will budget automatically when they grow up. As one educator has said, "Time and money management should have been taught from the very beginning of education."

I have asked the Secretary of the Interior to urge the introduction of money management in every school in the land. I have suggested that the Florence Barnard money-management plan be employed, as it seems to be the simplest and best. It is so simple a child can understand it, and it is suitable for adults. It teaches the value of a dollar as well as the value of a penny. The same general principles that can be given the distribution of 10 cents are applicable to the distribution of $10,000. For four years this plan has been developed in the schools of Brookline, Mass., with marked success.

I have also asked the aid of the Federal Government in a nation-wide campaign to make the adults budget-minded. At this time old and young should go hand in hand and learn together, and there is no surer way of reaching the parents than through their children.

I am appealing both to men's and women's organizations. The American husband is very generous. He allows the wife to spend the money in the family pocketbook. He has faith in his wife. Does she always justify that faith? It has been claimed that the extravagance of women is one of the causes for the depression. No woman will let that statement go unchallenged.

Wise spending, wise saving, and wise giving affect health, morals, happiness. They make character and develop spiritual growth. They mean self-preservation for the individual and salvation for the Nation.

Individual budgeting is an incentive to do the best one can with one's resources instead of trying to keep up with one's neighbor. It develops self-respect. It would bring about a more even distribution of money and thereby aid every industry, every bank, every insurance company, every church, and every charity. It would bring about wiser and better legislation. The Federal Government is expected to balance the Budget. Why should not the individual balance his budget?

Your organization is powerful. Will you help save the Nation's financial structure? In the war period people sold Liberty bonds. Will not your members, as a patriotic duty, volunteer to teach economy in the real sense of the word?

The women of America played a vital part in the World War. The country needs your splendid, unselfish war-time spirit again.

With kindest regards.

Yours very sincerely,

MRS. JOHN JACOB ROGERS.

This individual budget movement would give a feeling of security; already has the indorsement, also, of a great many of the different banks, a great many of the different insurance companies, and the churches. One church plans to have this system introduced into every one of its mission schools. It has the indorsement of better-business organizations and of different clubs. You can see why the industries and the stores are interested in this movement as well as the charitable organizations, because an intelligent, proportionate distribution of money will assist everybody. It will help turn the wheels of industry again. It will provide employment. [Applause.]

THE MOST FOR YOUR MONEY

(Speech delivered June 28 to the National Education Association at Atlantic City by EDITH NOURSE ROGERS)

One of the most glaring causes for the existing upset business conditions is the woeful lack of protection of the dollar by the individual. Probably one reason for this is the fact that the United States was enjoying such great prosperity. The people felt that even greater prosperity was just around the corner and why worry about budgeting or careful management of their money which would safeguard them in case of smaller income or no work. Why worry about charging everything at the shops regardless of whether they could pay the bills, when undoubtedly they could either make higher wages or obtain money in speculation? The crash of values came with its day of reckoning and to-day people are wondering how they can avoid the pitfalls of the past and start on the upgrade of a real and stable prosperity.

The present financial breakdown is a stoplight in the highway of national bankruptcy. For passing a red light in the lane to prosperity we always pay. Thousands of American citizens would have been able to tide over the crisis in comfort if they had spent their inflated wage earnings in accordance with sound principles. But many are much more badly frightened than hurt and nothing will steady them more than taking stock of their resources and planning how they can best distribute them.

If out of the present economic crisis we can find ways and means to improve existing conditions and to avoid their recurrence, the experience nationally and individually will not have been in vain.

The letters which we, as Members of Congress, have been receiving from all over the country certainly point to at least one definite need; that is, economic education which shall develop a clear understanding of the few simple principles upon which successful money management is based. Every individual who possesses clear ideas about living within income and proportionate distribution of income is fitted to apply these principles to the use of family as well as personal income, or to the disbursement

of public revenues. Personal budgeting of expenditures should be practiced from the earliest years. The schools of our country should give everyone an opportunity to develop a scientific and practical method of budget making. Let the schools make our children budget conscious and budget conscientious.

Up to the present time systematic training in the management of money has not been included in school or college curricula to any great extent. One place in the country, however, has been conducting a pioneer experiment under the direction of Miss Florence Barnard in economic education (time and money management) throughout its public-school system during the past four years. Under competent leadership, and with the cooperation of able and progressive-minded teachers, the results so far attained have proved that effective work in this field is not only possible but eminently practical. I find that educators and economists of national repute, who have been watching this Brookline, Mass., experiment with keenest interest, are unanimous in their favorable comments about the plan used there. It is so simple a child can understand it, and yet suitable for adults. I quote the words of one who said in a personal letter to me, "I consider it the most comprehensive and practical plan of which I have learned."

Among the features that characterize this work in the schools in Brookline are the following:

(1) Money management, which involves arithmetic, thrift, safety, and citizenship training, is being closely connected with character development from the kindergarten through high school. Money management, in other words, is being used as a guide to and test of life management.

(2) Pupils are being taught the principles underlying safe investment and how to raise the standard of living on the income that each one has. In this way they are being steered away from aiming for standards beyond their means.

(3) The budgeting habit among both boys and girls is being cultivated as early as the fifth grade, and they are being led onward into adult budgeting logically and naturally.

After four years of this program of instruction beneficial results are accruing to the pupils of the public schools of Brookline. They are learning:

(1) That there are a few very simple principles that underlie all successful money management.

(2) That by distributing allowances or income proportionately they can save more, give more, and have more.

(3) That it is easily possible to control money, and by so doing oftentimes control circumstances.

(4) That it is not the amount of income so much as the management of it that leads to happy, successful living.

The budgeting habit obviously lays foundations for accurate accounting and bookkeeping in business and commercial life and is a contribution to successful home making. It is known through judges and court records divorce in many cases can be traced to money considerations or mismanagement. Budget-mindedness leads to stability. Such a habit fosters self-control and leads to self-respecting financial independence. It is directly preventive of poverty and crime. Not only is physical health in many ways dependent upon the wise use of money, but the mental, moral, and spiritual effects of sane thinking about money matters can not be questioned.

Our Nation is entering upon a new phase of its economic existence. The easy road to wealth through the exploitation of extensive natural resources has been blocked. There is no more land to acquire for an insignificant sum. Our free forests are owned. Our mineral wealth has been tapped. From now on our economic progress must be attained through the development of personal skill and ability to render needed service. The first requisite to success in this new era will be the conservation of monetary rewards for this service. While increasing the capacity of youth to earn through the development of increased vocational skill, the schools must develop a respect for the income earned through this increased capacity to serve. They should teach children that it is just as patriotic to protect the American dollar as it was to buy Liberty bonds during the World War. The efforts of the schools should be supplemented by a nation-wide movement at this time to enlist all adults in the effort to stabilize values. At this time old and young should go hand in hand and learn together, and there is no surer way of reaching the parents than through their children.

I believe it is our patriotic duty to help in such a way under present conditions no less than it was our duty to raise funds through Liberty bonds to finance the war. We are face to face with our own economic illiteracy, and the responsibility of correcting this condition rests entirely with us, the citizens of our country. The time for action is here and now. Delay means continuance of the economic illiteracy which is responsible for very many of the evils of our times.

The thousands of bonus marchers now encamped in Washington give testimony that there is something radically wrong in our economic structure. If these men had jobs they would prefer them to a bonus from the Government. Jobs would mean money for daily living and the bonus insurance for the future of themselves and family. If these men knew money management they would be much more apt to realize just why the payment out of the Treasury of such a huge sum to help only one group of citizens would further stagnate business and make jobs they would like to have an impossibility for themselves and for thousands of others out of work. The pathos of their plight makes me all the more anxious to secure stable economic readjustments. Their behavior in Washington proves again what fine Americans they are.

The average American upholds a high standard of honesty in business and a commendable respect for ownership of property and money, but there are thousands of people who assume financial obligations which common sense should tell them they can never fulfill. Under the pressure of high-powered salesmanship the citizen with low resistance to temptation yields to his inclination to outdo the Jones and his other neighbors in possessions until his financial status is hopeless.

The rapid rate of economic progress in this country has earned the applause of the whole world. American citizens are very proud of their wealth and business power. That all good things might be "bigger and better" is a well-known American ideal. However, the very spirit that prompts us to strike for distinction in the grandeur of material things in this country is now a cause of much tribulation. We are paying dearly for our too pretentious ambitions. We have trained ourselves to acquire wealth rapidly, but have often allowed ourselves to expend it foolishly.

Remember also that there is a definite relation between budgetary planning for individual citizens and budgetary planning for the Nation. Individuals who have learned to save money for themselves will be slow to countenance profligate spending by public officials. Members of Congress are now flooded with letters from their constituents urging the appropriation of huge sums for every conceivable purpose. Some of these purposes are selfish. Many of them are sincerely planned to aid the Nation in this emergency. Most of them are unwise. If we have not the money, it can not be spent for any purpose. The relation of the individual budget to the National Budget will be realized as we begin to pay the taxes which it has been necessary to levy to defray our national debts. The French have more nearly returned to normal conditions than the people of any other country. They have been able to do so because they realized the value of the sou.

With the same end in view, let us bring the penny back into the esteem and respect of the American people.

If America is to return to a period of material prosperity, it will be only through the efforts of its citizens, individually and collectively, to guide their spending wisely. There is a great opportunity for tremendous public service knocking at the door of the educators. Getting the most for our money not only in material but in spiritual values rests in large part with them. Their teaching makes good citizens or bad citizens. Truly their responsibility is great. Truly the future of America is in their hands.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

AMENDMENT OF THE ACT TO PROMOTE THE MINING OF COAL, PHOSPHATE, ETC.

The Clerk called the next bill, S. 4509, to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain."

Mr. STAFFORD. Mr. Speaker, I object.

Mr. EATON of Colorado. Will the gentleman withhold his objection?

Mr. STAFFORD. I will be glad to do so.

Mr. EATON of Colorado. Perhaps the gentleman is not fully informed as to the purpose of this bill. It came to the Public Lands Committee——

Mr. STAFFORD. If the gentleman will permit, I am that much informed that I know the committee did not follow the recommendation of the department and in its present form the bill is objectionable for that reason.

Mr. EATON of Colorado. If the gentleman will read the bill before him he will find it is not in the exact language concurred in by both the Department of the Interior and the Navy Department. I would suggest that if we wanted the bill best to conform we should strike out, in line 6, on page 2, the words "nothing in," but as the bill is drawn it takes care of the situation.

Since before 1929 the Department of the Interior has been trying to stop the production of oil not merely upon its own leases but throughout the United States. In the interest of conservation a scheme was started to have the owners of all oil lands—private oil lands, and Government oil lands in different oil pools—agree upon the amount of production. In connection with permits upon which oil was discovered and for which leases were allowable under the law, requirements have been made that the lease being issued, production should not be made under the lease for 1 year, 2 years, or 3 years; and as each of those periods has matured, the

time has been further postponed by the Department of the Interior.

Under the terms of the leases it is required that during the period of nonproduction certain rentals shall be paid; and whether there has or has not been production, there is no provision permitting the whole term of the lease to be extended into the future. That has been fair and it has been recognized as fair, and finally the department sent up a recommendation that during the time of the lease, where the department, in the interest of conservation, has postponed the production of oil, the time of the lease should be extended and that the rentals during that period should be waived.

Mr. STAFFORD. Will the gentleman yield in that particular?

Mr. EATON of Colorado. Yes.

Mr. STAFFORD. In its letter the department says the rentals should not be suspended, because that is not the method followed in commercial leases. This bill does not follow the recommendations of the department.

Mr. EATON of Colorado. It is practically in the language furnished by the department. The bill reads:

> In the event the Secretary of the Interior, in the interest of conservation, shall direct or shall assent to the suspension of operations—

You will notice it is when the Secretary of the Interior, in the interest of conservation, has ordered or shall assent to suspend operations, then the payment of acreage rentals shall be suspended during that period and the term extended. The point which has been at issue between the Interior and Navy Departments is whether this permission should be extended to the Navy leases. In my personal opinion, it should be, but the Navy Department's last recommendation was that they had not yet so decided, and therefore the Navy leases are excluded. However, I venture to say that in the next Congress the Navy Department will return with the recommendation that there be added to this very bill a provision just as it is here to cover oil wells on naval reserves. If my personal view, and I think the view of a number of members of the Public Lands Committee, were to be adopted, in line 6, on page 2, the words "nothing in" would be stricken out, so that the proviso would read:

> That this act shall be construed as affecting existing leases within the borders of the naval petroleum reserves and naval oil-shale reserves.

If the gentleman is going to take the report of the Secretary of the Navy, he should not object to this bill, because this bill refers only to those lands that are not in the Navy leases.

Mr. LAGUARDIA. Does this refer to Navy leases?

Mr. EATON of Colorado. This absolutely excludes all the Navy leases.

Mr. LAGUARDIA. Where have we heard that before?

Mr. COLTON. If the gentleman will permit, I feel sure that the Public Lands Committee followed the recommendations of the Interior Department, and they have control of the only lands that are affected. The Navy lands are expressly excluded.

Mr. STAFFORD. You do not follow the language proposed by the Department of the Interior as recommended by the Commissioner of Public Lands.

Mr. COLTON. I understand the substance of their recommendation is embodied in the bill.

Mr. STAFFORD. The Secretary of the Interior and the Commissioner of the General Land Office say that the rentals should continue but that they should be credited when royalties later develop, and that is not this bill. You are suspending the rentals, and that is not the practice with respect to commercial leases.

Mr. EATON of Colorado. Let me explain to the gentleman that it is almost a case of tweedledee and tweedledum.

Mr. STAFFORD. Not in the opinion of the department.

Mr. EATON of Colorado. Yes; in the opinion of the department, too.

Mr. STAFFORD. Not according to the report.

Mr. EATON of Colorado. No; it is not written in the report.

Mr. STAFFORD. Yes; that is in the report.

Mr. EATON of Colorado. Will the gentleman listen to me a moment?

Mr. STAFFORD. Certainly.

Mr. EATON of Colorado. When the time of the lease is extended into the future and the time or the requirements for payment of rentals when nonproduction occurs are extended during the same period, you just push the whole lease along, day for day and year for year, and you cover exactly the same contract during the exact term with a later maturity date.

Mr. STAFFORD. And the department is opposed to that very policy.

Mr. EATON of Colorado. All right; now listen to the second proposition. If this amount of rental is to be deducted from the royalties, the quantity of money which the Government receives is just that much less in dollars and cents, and as the bill was amended in the Senate it pays a little more——

Mr. STAFFORD. But the money is in the lessee's pocket and not in the Government's pocket. That is the difference.

Mr. EATON of Colorado. No. He is out all the personal cost to him of postponed operation, closed-down and shut-in wells——

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I want to point out that the oil interests are very peculiar and inconsistent in looking after any constructive conservation plan. Not until the oil people honestly get together and agree on a comprehensive national conservation plan can any group or local interest expect any relief from Congress. Only yesterday we had a comprehensive plan here which would look forward to the production needs and give power in the States to control production, and there were several Representatives here on their toes ready to object because it just did not meet their local interests, and I say, in all kindliness to my friend from Colorado, and I say this in a spirit of friendliness, you can not cure your oil situation with popgun bills of this kind. You must get together and agree on some comprehensive plan of conservation and control of production.

Mr. GARBER. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. GARBER. I entirely agree with the gentleman in regard to a revision of the laws in reference to oil mining, and especially in reference to oil for conservation purposes, but, certainly, the gentleman would not resort to the Consent Calendar for the enactment of general legislation of this kind.

Mr. LAGUARDIA. Of course not. I agree with the gentleman. The gentleman wants to be fair, I am sure. When I made reference to the bill that was called yesterday, I had in mind that that bill is not one that we can brush aside. I think there is something in it that deserves careful consideration.

Mr. GARBER. I think that is true, and I think there is a great deal of merit in what the gentleman has stated.

Mr. EATON of Colorado. And in the same spirit, what you may call a popgun bill is a separate detail of the whole picture, and, surely, the gentleman is not going to say that where he and four or five others have a lease on which $1,920 is due every 12 months and the Government says he shall postpone production, why should we not give legislative aid to postpone the payment of that rental into the future, and to increase the number of years of time for which the postponement is required by the Government? That is the legislative authority that is asked here by the department.

Mr. LAGUARDIA. I saw that where the Government is the lessor and by its order prevents drilling for oil or the obtaining of oil from such a lease, naturally, with that order, the payment should be deferred.

Mr. EATON of Colorado. That is what this proposed statute seeks to do. It authorizes the Department of the Interior, when it issues its order requiring the stopping of such work, to postpone the collection of the rental.

Mr. LaGUARDIA. I am only seeking to impress upon the gentleman the necessity of very serious legislative study of the whole question of oil production. I am doing nothing else. I am not objecting to the bill.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

THE VIRGIN ISLANDS

The Clerk called the next bill, S. 4574, to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I am rather sympathetic toward this bill; in fact, I can see the urgent need for the enactment of its provisions, but I had some doubt in reaching a conclusion as to why the existing bank should decide to go out of business when there is need for such banking facilities.

Mr. STEAGALL. They are going out of business and taking the preliminary steps for liquidation. They will be without commercial banking facilities unless this legislation is passed.

Mr. STAFFORD. The bill recognizes the principle of branch banking.

Mr. STEAGALL. We amended the bill by striking out the provision which authorizes branch banking.

Mr. STAFFORD. I want to say to the gentleman that I did not have the bill as reported by the House committee. I had the bill as passed by the Senate. I have no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the national bank act, as amended, and all other acts of Congress relating to national banks, shall, in so far as not locally inapplicable hereafter, apply to the Virgin Islands of the United States: *Provided*, That (1) any bank which shall organize under the authority of this act may, with the approval of the Comptroller of the Currency, establish or acquire and keep in operation not more than two branches in the Virgin Islands of the United States; (2) said bank and its branches shall have the right to act as broker or agent for others as granted by the act of September 7, 1916 (39 Stat. L. 752; U. S. C., title 12, ch. 2, sec. 92), notwithstanding that the population of the place in which it is located may exceed 5,000; (3) the Comptroller of the Currency shall assess and said bank shall pay the expense of examinations of said bank and its branches.

With the following committee amendment:

Strike out all after the words "United States" on page 1, line 6. Strike out the colon after "United States" in line 6 and insert a period.

The committee amendment was agreed to.

Mr. CLARKE of New York. Mr. Speaker, I move to strike out the last word. I ask unanimous consent to proceed for five minutes out of order.

The SPEAKER pro tempore. Is there objection?

Mr. ALMON. Reserving the right to object, and I shall not object, I want to give notice that until the Consent Calendar is completed I shall object in the future.

Mr. STAFFORD. I hope the gentleman from Alabama is not going to jeopardize his own bill.

Mr. ALMON. I will say this: That we have set aside this time for considering the Unanimous Consent Calendar. There are bills on it that ought to be passed before Congress adjourns. If we are going to have all debate taken up in political speeches and speeches out of order, we can not finish the work. I want to discourage, as far as I can, speeches of that character.

Mr. CLARKE of New York. I suggest to the gentleman that he had better cultivate a little charity and kindness in his heart if he wants to get to heaven. [Laughter.]

Mr. ALMON. I have no objection, Mr. Speaker, in this case; but I shall object in the future.

Mr. CLARKE of New York. Mr. Speaker, I want to devote a few minutes to an agricultural discussion. Modern agriculture, as I conceive it, begins with Abraham Lincoln, in the establishment of the Department of Agriculture while he was President, and in the disposition of millions of acres of land out in the West through the Hatch Acts, the proceeds of which went for the benefit of land-grant colleges all throughout the United States, that have served wonderfully the special purpose of developing the picture of national agriculture. During one spasm of agricultural relief here we had the "equalization fee" presented. I always held that to be fundamentally un-American, because compulsion, and not voluntary effort, was its motive. Then along came the "debenture plan," which proposed to exchange a piece of paper —Uncle Sam's I O U—for the exporter of agricultural products that were going abroad. The producer would have to dispose of this piece of paper to some importer. That, in the long run, would result, not in the farmer or the producer getting equality—and that is all agriculture is entitled to—but the farmer was being placed in a position where he had to trade this debenture to an importer of something to pay import duties, and the result would be that the importers would get together and you could not resolve back to the producer himself the benefit that we were trying to legislate for him.

Then we have had another school of thought that said that after all in its final analysis agriculture is entitled to equality, and how are we going to give it to agriculture? We sought to evolve the great "cooperative philosophy" and policy into a law, i. e., self-help was its motive. Get into the cooperative of the commodity you produce and help battle for fair prices. We set up the Farm Board, and we hoped that the Farm Board would help bring this equality to agriculture; but what do we find under the operations of the Farm Board, with a lot of people who claim to have the interests of agriculture at heart, but this. They allowed to be set up a series of "stabilization corporations," paying unconscionable salaries, and helping to destroy or make impossible the very agency of the Government that was established for bringing equality to agriculture through the cooperative movement.

What have we right here now before us? We have the Norbeck bill, that went through the Senate yesterday without even a discussion, passed unanimously, nobody giving any serious consideration to it at all. I suppose it was through some act of courtesy or Christian charity toward some one over there.

What does that seek to do? That seeks to bring equality to all agricultural products upon the basis of a tariff for only three products, and what are they? In the first place, there is cotton; in the second place, hogs; and why do they take hogs instead of corn, because after all the major portion of corn goes into the production of hogs? Three, they take wheat. If there is any fairness in the proposition, if it is fundamentally sound, it should be universally applied in this country of ours to all the products of agriculture. I claim there is no more right for selecting corn or hogs or cotton or wheat than there is for dairy products, for tobacco, for rice, or other of the major products.

Mr. WILLIAM E. HULL. Mr. Speaker, will the gentleman yield?

Mr. CLARKE of New York. Yes.

Mr. WILLIAM E. HULL. Is it not a fact that if we could stabilize and bring these three products, which are 75 per cent of the total crop, up to a price where the farmer could afford to raise them, it would bring up the price of all the other commodities?

Mr. CLARKE of New York. It would be helpful, but the moment you go along with political promises of what you are going to do for the farmer to-morrow, you and I know that we would be handing out just simply a lot of bunk for political expediency. Let us apply it to every farm product or give it to none.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. CLARKE of New York. Yes.

Mr. WILLIAM E. HULL. I am for this bill, because I believe it is the one thing that will bring back prosperity to this country. You have to do something to bring the farmer back or you will never get prosperity in the country. I believe this bill will be helpful. It is only for one year, and if we could establish it for one year and bring the farmer back and start the wheels of progress in this country, then

the other portions of the country that are agricultural would get the benefit of it.

Mr. CLARKE of New York. If the principle is fair for the three products that you have cited, it is fair to apply it to every product of the farm, is it not?

Mr. WILLIAM E. HULL. Mr. Speaker, will the gentleman yield further?

Mr. CLARKE of New York. Yes.

Mr. WILLIAM E. HULL. I agree with you on that.

Mr. CLARKE of New York. Then why not go the full road?

Mr. WILLIAM E. HULL. Because if you do, you will destroy the object that it is put in for—that is, merely to take the three basic products of agriculture—and when they are established and when the price is raised on them it would raise the price of everything else on the farm.

Mr. CLARKE of New York. I am surprised at the lack of information the gentleman is displaying on this program. The gentleman does not seem to realize that after all neither hogs nor cotton nor wheat nor corn constitutes the major product.

Mr. WILLIAM E. HULL. What is the major product?

Mr. CLARKE of New York. Dairy products.

Mr. FITZPATRICK. Does the gentleman believe the Government should guarantee prices?

Mr. CLARKE of New York. No.

Mr. FITZPATRICK. Any more for the farmers than for industry?

Mr. CLARKE of New York. No; and what will happen if this bill becomes a law? You will soak the consumers in the first place $1,000,000,000 at least. You will put it on the backs of the consumers. Where is the purchasing power coming from for the millions of people who are out of employment, if they have not the money with which to buy any thing, if you go to work and boost the price to them?

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. CLARKE of New York. Yes.

Mr. McGUGIN. Does the gentleman really think that an increase in the price of wheat by 42 cents a bushel would increase the price of a loaf of bread to the consumer?

Mr. CLARKE of New York. No. Anyone who knows the story of the increase in the price of wheat knows that 42 cents or 60 cents or 84 cents does not increase the price of bread 1 cent a loaf, but it will be taken advantage of, make no mistake about that.

Mr. McGUGIN. Does the gentleman think that an increase in the price of hogs 2 cents a pound would increase the price of pork on the block?

Mr. CLARKE of New York. Yes; I do. By the way, let me give the gentleman from Kansas a little education right here. The gentleman talks quite a little around and about the bill he was supposed to be discussing, but, after all, it is hogs and not corn that is in this bill.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. BLACK. Mr. Speaker, I ask unanimous consent that the gentleman be allowed to proceed for five additional minutes. The gentleman is making the best speech on agriculture that I have ever heard in this House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. McGUGIN. Will the gentleman yield further?

Mr. CLARKE of New York. I yield.

Mr. McGUGIN. Does the gentleman think an increase in the price of cotton of 5 cents a pound on one-half the crop would increase the cost of clothing which the people would wear?

Mr. CLARKE of New York. It would certainly increase the price some. Everybody knows, because every time we put a little added cost upon what is bought, the manufacturer of that product is not alone going to pass on the added cost, but he is going to add to it for his own protection.

Mr. O'CONNOR. Will the gentleman yield?

Mr. CLARKE of New York. I yield.

Mr. O'CONNOR. I have been listening to the gentleman with a great deal of interest because this matter was discussed in my presence yesterday. I understand the gentleman is complaining about the action of the Republican-controlled Senate yesterday in taking precipitate or ill-considered action in passing this bill.

Mr. CLARKE of New York. I will go farther than that, even if it is a Republican body, or they allege it is. There are many of them over there under disguise, as the gentleman and I both know.

Mr. O'CONNOR. Does the gentleman conceive this to be a tariff bill or a bill to raise revenue?

Mr. CLARKE of New York. Well, it is a great deal like a 3-headed calf bill that was over before the Committee on Agriculture one time. We were not quite certain of the parentage, and when we got down to the final analysis even the fellow from Texas that got his 3-headed calf bill out of our committee would not admit he was the father of the legislation. He wanted to withdraw the bill.

Mr. O'CONNOR. Irrespective of the merits of it, a serious question has arisen whether the Senate could originate this type of legislation.

Mr. CLARKE of New York. I personally have very serious doubts as to the constitutionality of the Norbeck bill, but many things move over there in that strange, mysterious body that it is hard to account for.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. CLARKE of New York. Certainly; I yield.

Mr. MARTIN of Oregon. In final analysis, is this not a "price-pegging" project? It is to protect prices?

Mr. CLARKE of New York. Well, I think that is a gambling term, and I am entirely unfamiliar with gambling terms. [Laughter and applause.]

Mr. MARTIN of Oregon. I thought the gentleman's education was more complete.

Mr. MAPES. Will the gentleman yield?

Mr. CLARKE of New York. I yield.

Mr. MAPES. This bill provides that the Secretary of Agriculture shall, within 15 days after it becomes law, make an estimate of the percentage of domestic production of the products mentioned that is needed for domestic consumption.

Mr. CLARKE of New York. That is correct.

Mr. MAPES. Suppose his estimate is grossly inaccurate, and he estimates that it will take a great deal more for domestic consumption than is really needed, where will that leave the processors, who have had to pay 42 cents a bushel for wheat more than the domestic market and who have that surplus on their hands?

Mr. CLARKE of New York. Well, they are hung up. In the first place, they have this money invested and there is no way for them to get protection. In the final analysis, Uncle Sam, the United States Treasury itself, is going to find itself seven hundred and fifty million or a billion dollars out of pocket. The taxpayers coughing up more money and cursing their Government. Again, Government estimates are often far amiss.

Mr. MAPES. Will the gentleman yield further?

Mr. CLARKE of New York. I yield.

Mr. MAPES. Somebody has said it would not cost the Government anything, but there is a provision on page 10 of the bill which provides that the adjusted certificates issued as the bill provides shall be direct obligations of the Government.

Mr. CLARKE of New York. Certainly.

Mr. MAPES. Is there any consistency between that provision and the statement that the Government is not liable?

Mr. CLARKE of New York. Oh, the Government in the last analysis is going to be soaked, and everybody knows it.

Mr. SABATH. If the gentleman is not ashamed of what he is saying to his colleagues on the Republican side, some of us over here would like to hear it.

Mr. CLARKE of New York. I am more ashamed of my company now than I was. [Laughter and applause.]

The SPEAKER pro tempore. The question is on the passage of the Senate bill.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

THE FAILURE OF FARM LEGISLATION

Mr. ANDRESEN. Mr. Speaker, I ask unanimous consent to extend my remarks.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. ANDRESEN. Mr. Speaker, the farmers of the Northwest will be interested in having a little inside information as to the reason for the failure of farm legislation in the first session of the Seventy-second Congress. It is very illuminating when all facts are considered and analyzed, and obviously traditional when we realize that the House of Representatives and its committees are under the control of the Democratic Party.

When I was first elected to the House of Representatives from Minnesota in 1924, I sought and secured a place on the major Committee on Agriculture. I felt that by serving on this important committee I could serve all people of my great State to the best advantage, as Minnesota is one of the greatest agricultural States in the Union. This committee has charge of all legislation relating to agriculture in every form, conservation of forests and wild life, as well as legislation affecting packing plants, stockyards, grain exchanges, and flour mills.

Minnesota ranks first in the production of butter, first in the production of flour, near the top in the production and marketing of livestock and poultry, while last year we only produced 13,000,000 bushels of wheat. The small grains and corn raised in Minnesota are principally used for feed, for dairy and beef cattle, hogs, and poultry.

When I took my seat on the Committee on Agriculture the Republican Party was in control of the House of Representatives. It remained in control until the 7th day of December, 1931, at which time the Democratic Party secured control by a small majority. They not only secured control of the House organization but also took control over all committees in Congress.

During my nearly eight years of service as a member of the Committee on Agriculture, seven years of which was under the leadership of that venerable farm leader and Republican, Hon. GILBERT HAUGEN, from Iowa, real consideration was given by our committee to farm legislation advocated by the farmers of this country and their duly constituted representatives. Upon two occasions we secured the passage of the McNary-Haugen bill, which was twice vetoed by President Coolidge; the passage of the 10-cent tax on colored oleomargarine and other legislation to protect the dairy industry; the passage of adequate tariffs to protect dairy products and livestock, including butter at a rate of 14 cents per pound, as well as many other important measures advocated by farm organizations and leaders.

It will be of interest to the dairy farmers of the country to note that the last Democratic tariff act, which was repealed in 1921, provided a duty for butter of 2½ cents per pound, which permitted millions of pounds of cheaply made foreign butter to be imported into this country in direct competition with butter domestically produced, while the present Republican tariff law has a duty of 14 cents per pound on butter, and gives real protection to the dairy farmers. If it were not for this tariff on butter at the present time, millions of pounds of foreign butter would flood our markets, due to the depreciation in foreign currency, and the dairy farmers of the United States would probably not receive more than 8 cents per pound for butterfat instead of the prevailing price.

The Democratic Party has not changed its traditional free-trade policy, as has been so clearly demonstrated in their platform recently adopted at the Chicago convention, when they state that they believe in tariffs for revenue only. They also praise the administration of Woodrow Wilson, and it is, therefore, reasonable to assume that if the Democratic Party again secures control of the Government they will reduce the duty on butter to 2½ cents per pound and place the majority of products raised in the Northwestern States upon the free list, thereby causing an influx of imported agricultural products, to further destroy the markets and price of dairy and other farm products produced by our farmers.

The farmers of the Northwest, regardless of party affiliation, are protectionists. They never have and never will subscribe to the free-trade or tariff-for-revenue only doctrines of the Democratic Party. Even though the prices on agricultural products have dropped off to levels far below the cost of production, these farmers are not willing to take a chance to jump from the frying pan into a Democratic fire of free trade, because they know from recent experience that if they do so they will be subjected to the most strenuous kind of foreign competition on everything which they produce, and they have no desire to give the domestic market, as poor as it is, over to their foreign competitor.

While I am on the subject of tariffs let me call your attention to the Democratic tariff bill which was passed by the House over the protest of all Republicans. This bill provides that the President shall call an international conference for the purpose of adjusting tariff rates. Fortunately, the bill will never become a law, as we still have a Republican Senate and a Republican President. Can you imagine what would happen if we would let a majority of the European countries sit down at a conference to adjust our tariff rates when they are all particularly anxious to sell their farm and manufactured products in this country? Surely the answer is obvious. They would join hands with the Democratic Party and the floodgates would be opened for unlimited importation of foreign goods to cause further distress for labor, industry, and agriculture.

On March 27 of this year I addressed the House on the subject of emergency farm legislation. At that time I stressed the fact that nearly 55,000,000 people in the United States were dependent directly and indirectly upon farming. I felt then as I do now that permanent prosperity will never be restored in the United States until such time as the farmers shall receive cost of production plus a fair profit for the products of the soil.

I urged the passage of emergency legislation which would give the farmers a minimum price of $1.25 a bushel for wheat, 15 cents a pound for cotton, 75 cents a bushel for corn, 70 cents a bushel for rye, 65 cents a bushel for barley, 10 cents a pound for hogs and cattle, and 32 cents a pound for butter. Since the introduction of my bill I have received hundreds of letters from all parts of the United States advocating its passage as the only sensible legislation of an emergency character which will bring the country out of its economic depression.

A large number of similar bills have been introduced in Congress since my bill was first presented and a nationwide interest has been developed for the consideration of this character of legislation as an emergency means for the restoration of normal conditions.

We have had a splendid demonstration within the past six weeks of the economic effect on the country due to the advance in the price on hogs. During the latter part of May, hogs were selling at $2.50 a hundred. A gradual advance in price has been had since that time, and to-day hogs are selling at Chicago around $5 a hundred as the top price. The effect of this increase on one agricultural product has tended to restore confidence, has given encouragement to the farmers of the country, and has been the first stabilizing factor for an increase in commodity price levels developing within the past two years.

I am more firmly convinced than ever that prices on agricultural products must first advance before we again start on the upward grade.

With the purchasing power of nearly 55,000,000 people dependent upon agriculture restored to a reasonable level, it

will not take long for the restoration of our industrial and manufacturing institutions with a consequent relief for unemployment. Agriculture is the very base of economic prosperity in this country, and all groups should join together, both in and out of public life, to revive agriculture—the greatest industry in this country.

When representatives of the American Farm Bureau, the National Grange, and the Farmers Union, the three large farm organizations of the country, appeared before the Committee on Agriculture and advocated the passage of their plan for permanent farm relief, sympathetic consideration was given to their program. They urged the passage of a bill which provided for the equalization fee, originally contained in the old McNary-Haugen bill, the debenture, and the allotment plan. This farm bill was favorably reported by the committee, and our chairman was instructed to appear before the Rules Committee to secure a rule which would permit consideration of the bill by the House of Representatives. The Rules Committee is controlled by the Democratic Party and has a membership of eight Democrats and four Republicans. The Rules Committee refused to permit consideration of the farmer's program and consequently they have blocked this measure in the House of Representatives.

After the Democrats succeeded in blocking this bill, our committee proceeded to the consideration of emergency legislation, which had for its purpose the raising of the price on certain agricultural commodities so that the farmers would receive the world price, plus the tariff on the commodities included in the bill. Congressman KLEBERG, of Texas, and Congressman RAINEY, of Illinois, introduced bills which provided for the payment to the cotton farmers of 5 cents a pound additional for cotton consumed in this country, 42 cents a bushel on wheat, and 2 cents a pound on hogs. Nearly 60 per cent of the production of wheat in the United States is in the Southern States and consequently the bill was distinctly a southern bill.

When this bill was considered for amendments by our committee, I successfully secured the adoption of an amendment which would pay the dairy farmers 14 cents a pound additional for butterfat and 6 cents a pound on livestock. As soon as this amendment was adopted a majority of the Democratic members of the committee lost interest in the measure, and I am firmly convinced that they have no interest whatsoever in the dairy farmers of the Northwest. The emergency bill was finally reported out of the committee by a vote of 10 to 11 with instructions to the chairman to appear before the Rules Committee for a rule so that consideration could be given to this emergency legislation by the House of Representatives. The Rules Committee again refused to permit the consideration of the bill, and consequently this measure was again lost to the American farmers.

On July 14 the Norbeck bill was passed in the Senate. This bill was somewhat similar to the emergency bill approved by the Committee on Agriculture in the House, with the exception that it did not provide for emergency legislation for the dairy industry and livestock.

I appeared before the Rules Committee in behalf of the bill and asked the members of this committee to report out a rule which would permit amendments so that I might offer an amendment to include dairy products when the bill came up for consideration in the House. The Rules Committee once more refused to grant a rule, whereupon the Senate, by a majority, voted to recall the Norbeck bill to that body for further consideration.

It is very clear to me that the Democrats of the South are not interested in agriculture of the Northwest. They desire primarily to take care of commodities produced in the South, and when we attempt to secure consideration for legislation affecting the dairy and livestock industry they lose all interest in the legislation.

On the other hand, while the Republican Party was in control of the House of Representatives, we secured favorable consideration for legislation advocated by farming organizations, and if responsibility is to be placed on anyone for the failure of farm legislation on the part of Congress, such responsibility belongs with the Democratic Party, as they are in control of the House organization and also of all committees, including the Committee on Agriculture.

GREAT SMOKY MOUNTAINS NATIONAL PARK

The Clerk called the next bill, S. 4522, to authorize the conveyance to the State of Tennessee of certain land deeded to the United States for the Great Smoky Mountains National Park and not needed therefor.

Mr. LAGUARDIA. Reserving the right to object——

Mr. STAFFORD. Reserving the right to object——

Mr. LAGUARDIA. I would like to be informed by the author of this bill——.

Mr. BUTLER. Mr. Speaker, I reported this bill out of the committee. It was called up by the gentleman from Tennessee [Mr. TAYLOR].

Mr. LAGUARDIA. I want to know if the land originally conveyed by the State of Tennessee for park purposes was conveyed with the understanding that if it were not used for park purposes by the Federal Government it would revert back to the State?

Mr. BUTLER. I am not sure about that, but the fact is it was acquired by the State for the use of the Great Smoky Mountains Park, and this bill now provides that it may be reconveyed to the State upon condition that the State will either exchange it for lands to be used in connection with the park, or if it is sold, that the proceeds of the sale shall be expended in the acquisition of additional lands for the park.

Mr. LAGUARDIA. Exactly. Now, that being so, why is it necessary to go through the medium of the State? The Federal Government now has title to the land. Its obvious purpose is to get rid of this land and acquire other land. I do not see why we have to go at it in a roundabout way. Why can we not dispose of it directly?

Mr. BUTLER. I take it that it is because the exchange acts do not apply to these States, and there is no machinery for the Government to exchange lands in this State.

Mr. LAGUARDIA. But we are doing it here every day.

Mr. STAFFORD. If the gentleman will permit in that particular, the exchange law applies only to the national forests, not to the national parks.

Mr. LAGUARDIA. Here they are conveying this land back to the State of Tennessee, then the State of Tennessee will either exchange this land for other land, or sell it and acquire other land within the park boundaries.

Mr. COLTON. They do not acquire other land except to include in the park, do they?

Mr. LAGUARDIA. Only to place it within the park boundaries.

Mr. STAFFORD. The State of Tennessee deeded these lands. Upon subsequent investigation it was found some of the lands were not as suitable for park purposes as other lands which are now in private ownership.

It is proposed to convey a portion of the lands the State deeded to the National Government, which are now included in the Great Smoky National Park, to the State of Tennessee, and to permit the State to either exchange this land for other land within the area or to sell them and with the funds purchase additional land.

I agree with the gentleman from New York that the language of the proviso hardly carries out the intendment of the law. It leaves everything to the good faith of the State of Tennessee.

Mr. LAGUARDIA. Entirely. That is just what I have in mind.

Mr. STAFFORD. I direct the attention of the gentleman to the wording of the proviso:

> That the proceeds of the sale of said land by the State of Tennessee shall be applied to the purchase of other desirable and unacquired land within the park boundaries in Tennessee, or, if deemed more advantageous, may be exchanged for such unacquired lands within the park area.

The language does not state that these additional lands shall be transferred to the National Government.

Mr. LAGUARDIA. In addition to that, how can the Federal Government, how can Congress, say to the State of

Tennessee what it shall do with the proceeds of this land if it sells it?

Mr. STAFFORD. That would have to be a condition in the terms of conveyance.

Mr. LAGUARDIA. Then why does not the Federal Government sell it outright?

Mr. STAFFORD. I concluded from a reading of the report that it would be much easier for the State of Tennessee to negotiate these sales than it would be for the National Government.

The State of Tennessee donated the land. Part of the land is not as suitable for park purposes as other lands. It is intended that we turn them back to the State of Tennessee to negotiate disposition of, the State of Tennessee to turn back to the Government other land more suitable for park purposes, as I understand.

Mr. COOPER of Tennessee. If the gentleman will permit, of course, this is a matter in which my colleague on that side of the aisle, the gentleman from Tennessee [Mr. TAYLOR] is more directly interested; but I may say, if the gentleman will permit, that the States of Tennessee and North Carolina acquired this land and then deeded it to the National Government. The gentleman will recall that.

Mr. LAGUARDIA. I remember that.

Mr. COOPER of Tennessee. As I understand the situation has simply developed that a few spots are not as desirable as some other spots and they simply want to make an exchange.

Mr. COLTON. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. COLTON. The States are very much interested in the establishment of this park, and they themselves are taking the initiative in getting lands that are of national-park standard, suitable to be included in the park, and are very much interested in disposing of these lands within the park boundary that are not suitable and including these other lands.

Mr. COOPER of Tennessee. That is true. Of course the States are more vitally interested than anybody else in having the exchange made, and it is proposed to work it out on this basis.

Mr. STAFFORD. Will the gentleman from Utah acquaint the House as to the character of these lands?

Mr. COLTON. The hearings disclose that within the boundary are lands that are really more suitable for agriculture or pasturage and are really not scenic in their nature, whereas there are some lands that are contiguous to the park that are scenic in their nature and they desire to put the scenic lands within the park and to eliminate the other lands from the park.

Mr. STAFFORD. There are certain designated tracts, I take it from the discussion, of the total acreage involved that may be exchanged?

Mr. COLTON. That is my understanding.

Mr. STAFFORD. Are there any certain tracts of lands which are sought to be obtained in lieu thereof?

Mr. COLTON. So far as our committee is informed the State of Tennessee really has in mind specific tracts of land to acquire.

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized, in his discretion, to convey to the State of Tennessee by the execution of appropriate deeds on behalf of the United States approximately 272.9 acres of land in Happy Valley, and approximately 2,795.2 acres of land adjoining the north park boundary of the Great Smoky Mountains National Park, said lands having been heretofore deeded to the United States by said State for park purposes and now being found unnecessary therefor: *Provided*, That the proceeds of the sale of said land by the State of Tennessee shall be applied to the purchase of other desirable and unacquired land within the park boundaries in Tennessee, or, if deemed more advantageous, may be exchanged for such unacquired lands within the park area.

Mr. SIMMONS. Mr. Speaker, I move to strike out the last word. I desire to call the attention of the House to some figures that are in the cost ascertainment report of the Postmaster General for the year 1931. The other day the statement was made that if Members of Congress would pay postage upon their mail matter, we would not need a new tax bill.

Mr. Speaker, I ask unanimous consent to extend my remarks and insert the tables in this cost ascertainment report dealing with the cost of the franking privilege of Members of Congress and the cost of handling second-class mail matter and the revenues received therefrom.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SNELL. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. SNELL. Do I understand that these tables set forth specifically the cost of the franking privilege?

Mr. SIMMONS. Yes, sir. These figures show that during the fiscal year 1931 the cost of handling franked mail for Members of Congress—which includes both the House and Senate, and the official mail of both bodies, and their employees as well—was $530,298.50, or a little over half a million dollars. I ask you to contrast that with the cost of handling without charge newspapers published and mailed in the county of publication, which in 1931 cost the Post Office Department for handling, $8,425,242.11, practically sixteen times the total cost of handling franked mail.

That is what it cost the department to handle newspapers in the county of publication, for which no charge is made. Then the table sets out the losses in handling second-class mail publications exempted from zone rates and zone-rate publications, including daily newspapers and all other publications. The excess cost of handling second-class mail matter over revenues was $96,973,717.40. Contrasting that $96,000,000 plus with the $530,000 that it costs the Post Office Department for the Members of Congress to send information back to their constituents it strikes me the newspapers who are criticizing Congress for using the mails should publish these figures showing the difference in the cost of handling the two different classes of mail matter.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. LAGUARDIA. And it is for official business only?

Mr. SIMMONS. Yes, sir.

Mr. REED of New York. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. REED of New York. As a matter of fact, practically all of the publishers desire copies of the RECORD sent to them, do they not?

Mr. SIMMONS. The gentleman is correct. The newspapers ask for copies of the RECORD, and this is our official mail through which we transact public business. The RECORD shows that the cost of handling the penalty mail for the Post Office Department and all of the departments is $8,643,000. It is costing the Government to give free service to newspapers in the county of publication within $200,000 of as much as the total cost of handling the penalty matter for all of the executive departments combined. Keep in mind that "franked" mail is that of Members of Congress, "penalty" mail is the mail of the executive departments.

Mr. SCHAFER. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. SCHAFER. The gentleman must also realize that in that cost ascertainment there is not included the investment of over $200,000,000 in Government-owned post-office buildings and over $3,000,000 which is each year appropriated from the Treasury for custodial services under the Treasury Department. I have made an investigation of that matter and studied those tables. I find these items are not included in the cost ascertainment, and the $3,000,000 each year for the custodial service is far in excess of the entire cost of franked matter.

Mr. SIMMONS. I have taken the time of the House to call its attention to these figures because Members on both sides of the aisle repeatedly have the statement made to them that Members of Congress in the transaction of their official business with their constituencies ought to pay postage on that matter, while those same papers in many instances, operating private businesses, are using the mails

free of charge in the county of publication, while others of them pay only a small part of what it costs to give them the service in the conduct of a private business, whereas we are carrying on public business.

[Here the gavel fell.]

Mr. SIMMONS. Mr. Speaker, I ask unanimous consent to proceed for five additional minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. LAGUARDIA. The penalty mail is the official mail of the entire United States Government, with a population of 120,000,000.

Mr. SIMMONS. That covers all of the executive departments.

Mr. LAGUARDIA. The whole Government; and if we did not have the penalty mail, we would simply have to appropriate an equal amount of money to carry that mail.

Mr. SIMMONS. Certainly. And get this: That the cost of handling penalty mail is but $200,000 more than the cost of giving the newspapers of the United States free postal service in the county of publication.

Mr. WHITE. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. WHITE. By what law do we give free postal service to newspapers?

Mr. SIMMONS. By an old act of Congress newspapers published in the counties where they are mailed are carried free of charge in all post offices where city or village service is not involved.

Mr. WHITE. There are very few of those where such newspapers are published.

Mr. SIMMONS. It is not my purpose to criticize the law; but that means, in effect, that many newspapers have practically free mail service from the Post Office Department.

Mr. ALMON. Does not the gentleman think that is in the interest of the reading public?

Mr. SIMMONS. It is in the interest of the reading public, but it is also in the interest of the public that the Members of the House and the Members of the Senate be able to correspond with their constituents on official business and to advise them of the condition of the legislative work that affects them.

Mr. WHITE. I do not want to dispute the argument with respect to corresponding with our constituents, but any village that is so small that it does not have mail carriers would have very few newspapers published there.

Mr. SIMMONS. Oh, no; all through the farming sections you have these newspapers that are published in the county and have this privilege.

Mr. WHITE. And it is a fact that a great part of the newspaper mail is never touched by the Post Office Department except to put it on a pair of scales.

Mr. SIMMONS. The gentleman probably has reference to the daily newspapers in the cities.

Mr. WHITE. Yes; because that is the only kind of paper that I have worked for and have any acquaintance with.

Mr. SIMMONS. This provision relates largely to the newspapers that are published in the small cities and towns. I appreciate the fact that the gentleman has a small district. My district is larger than the gentleman's State.

Mr. WHITE. That is the gentleman's misfortune.

Mr. SIMMONS. And I have any number of newspapers that are delivered in the various communities of the county that do not know the luxury of either village or city delivery service.

Mr. WHITE. But I want to point out, and I want this to go into the RECORD, that a large part of the daily newspapers published in the cities are never touched by the post office except to put them on a pair of scales.

Mr. SIMMONS. All right; but understand that this report shows that the Post Office Department lost in the fiscal year 1931 $34,566,247.18 in handling daily newspapers.

Mr. WHITE. I would like to know by what system of accounting they reach that figure.

Mr. SIMMONS. That is exactly what the figures in the report show.

Mr. McCORMACK. Will the gentleman yield?

Mr. SIMMONS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Of course, the main reason for this service is the fact that newspapers and magazines are a medium of education.

Mr. SIMMONS. Yes, sir.

Mr. McCORMACK. However, I think the gentleman's remarks should have the effect of conveying to newspapers the message that at least they ought to be fair and state the truth about the franking privilege to those who read their newspapers.

Mr. SIMMONS. A lot of criticism that is directed toward Members of Congress using the franking privilege is written by editors who pay very little, if anything, to the Post Office Department for carrying their papers to their subscribers. They are charging subscription rates and are collecting advertising fees, and they are, in fact, carrying on a private business, except in so far as the benefit of disseminating information to the people is a public business.

Mr. COLE of Iowa. Will the gentleman yield?

Mr. SIMMONS. I gladly yield to my colleague from Iowa, who has spent so many years in the newspaper game.

Mr. COLE of Iowa. The House should bear in mind that all daily newspapers have their own delivery systems and they do not take advantage of the franking privilege within the county.

Mr. SIMMONS. Will the gentleman listen to this? I read it a moment ago. This report shows that the Government collected in the fiscal year 1931 $11,589,084.86 from daily newspapers and it cost $46,155,332.83 to handle these daily newspapers, and that the Post Office Department lost $34,566,247.97 in carrying daily newspapers through the post office.

Mr. COLE of Iowa. But I am referring to the delivery of daily newspapers in the home cities. This is always done by their own carrier systems.

Mr. SIMMONS. Of course. That is a matter that is not under discussion here.

Under the unanimous consent given I insert the following table:

TABLE A.—*Recapitulation of allocations and apportionments of postal revenues and expenditures for the fiscal year 1931 to the classes of mail and special services, not taking into account relative priority, degrees of preferment, and value of service in respect to expenditures*

Fiscal year 1931	Revenues	Expenditures	Excess of apportioned expenditures over revenues	Excess of revenues over apportioned expenditures
1	2	3	4	5
Second-class mail:				
Publications exempt from zone rates on advertising under act of Oct. 13, 1917 (par. 4, sec. 412, P. L. and R.)	$2,235,846.34	$19,453,782.82	$17,217,936.48	
Zone rate publications—				
Daily newspapers	11,589,084.86	46,155,332.83	34,566,247.97	
Newspapers, other than daily	2,031,879.08	12,451,425.26	10,419,546.18	
All other publications	10,113,039.72	36,457,784.38	26,344,744.66	
Free in county, all publications		8,425,242.11	8,425,242.11	
Total, publishers' second class	25,969,850.00	122,943,567.40	96,973,717.40	
Transient	1,501,397.67	1,202,298.20		$299,099.47
Total, all second class	27,471,247.67	124,145,865.60	96,674,617.93	
Penalty:				
For the Post Office Department		4,306,609.02	4,306,609.02	
For other branches of the Government		4,336,691.44	4,336,691.44	
Total, penalty		8,643,300.46	8,643,300.46	
Franked mail:				
By Members of Congress		530,298.50	530,298.50	
By others		98,680.03	98,680.03	
Total, franked		628,978.53	628,978.53	
Free for the blind		106,932.85	106,932.85	

Mr. POLK. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, because of the desperate situation which confronts the farmers of our country at this time, I deem it my duty to ask the indulgence of the House for a few minutes in their behalf.

Mr. Speaker, to-day the men and women and children living on the farms of our country are suffering. Some few are suffering because of a lack of proper food. The great majority of them are suffering from mental anguish. They are suffering because they are losing or have lost the accumulated wealth of a lifetime of frugal living. I am not referring to the speculators and gamblers who have lost money on the stock market. Farmers did not have money with which to speculate. I am referring to that great army of fine, intelligent people, many of them descendants of the Revolutionary fathers, good people, Christian people, patriotic people, the very bulwark of our civilization. They were born and reared in the country as were their parents before them. They have purchased a tract of land. On this land a home has been builded. With unremitting toil from daylight until dark and by the utmost frugality, this farm home has been paid for. Then, because of some added or unexpected financial burden, the owner of this little farm has been forced to place a mortgage on it. A son or daughter wanted to go to college, sickness or death, or possibly a marriage in the family necessitated some ready money which was obtainable only through a loan. Ordinarily such a loan could have easily been repaid within a few years. However, because of constantly falling prices since the World War, prices, which for the past two or three years have been far below the costs of production, there is no possibility for a farmer to now liquidate a debt contracted in the past. Consequently, rural banks have failed, farm mortgages have been foreclosed, farm homes are being destroyed all over our country to-day. These are the homes that in the past have furnished the leaders in all walks of life. They have furnished the healthy bodies and strong minds which have builded our cities and made our Nation great. These homes that are now being destroyed have furnished the spiritual strength which has leavened our civilization and caused us to rise as a nation. With the loss of each of these farm homes, another peasant family is born.

Mr. Speaker, it is my belief that we, as a Nation, should turn our minds from foreign affairs and put our own house in order.

While prohibition is probably the most widely discussed problem in our country to-day, I do not consider it the most important. The farmers are led to believe by the city newspapers that legalizing the use of alcoholic liquors will solve all their problems. I do not think it will have any appreciable or beneficial effect on them. The increased demand for rye and barley and other crops used in the manufacture of liquors will very likely be offset by a decrease in the use of milk and other dairy products.

In my humble opinion, the most important and the most difficult problem in America to-day is that presented by economic conditions which have existed in the farming business since the deflation which followed the World War. While agriculture is the most important business in America, it has been an unprofitable business since 1919.

The American farmer is the best educated and the most skillful producer of food products in the world. He has at his beck and call the United States Department of Agriculture, the agricultural experiment stations, the colleges of agriculture with their so-called extension departments, and a county agricultural agent in practically every county of the United States. He has taken full advantage of the use of modern machinery. Consequently the American farmer is able to produce abundantly and at a comparatively low cost of production, but when he takes his products to market he has no assurance that he can market these products for any amount near what it has cost him to produce them. He really sells his products at public auction, for he must take what the buyers of these products choose to offer for them. He has no method by which he can obtain the cost of production for that which his farm produces.

Recognizing the natural handicap under which the farmer sells his products, foreign governments have adopted various artificial price-control measures. On July 11, 1932, Mr. L. R. Edminster, economist of the Bureau of Agricultural Economics, stated:

> The world's agriculture is operating under the impact of a greater variety and a more widespread application of artificial price-supporting measures than ever before in modern times.

He further states:

> More significant to American agriculture is the immediate and adverse influence of many of these foreign measures upon prices of American farm products. In so far as they are applied to products competing with those grown on American farms, and in so far as they are effective, all such measures tend to reduce foreign outlets for products of which we have a surplus for export, and so intensify the competition of foreign agriculture with that of the United States.

As an example of the effectiveness of some foreign price-control measures I wish to call your attention to the price of wheat on certain European markets as compared with the price in the United States. I have before me a clipping which states:

> Prices of good milling wheat on May 20, 1932, were $1.82½ a bushel at Hamburg, Germany; $1.80½ at Paris; and $1.70⅞ at Milan, Italy.

On the same date No. 2 cash winter wheat on the Chicago market was only 58¾ cents. Thus we see that the average of the three European markets was about $1.19 above the price of wheat on the Chicago market on the same day.

During recent years in the United States the leading farm organizations have advocated the debenture and the equalization fee as methods which they think will tend to stabilize the prices of farm products above the cost of production. This legislation concerning agriculture, recommended by the Grange, the Farm Bureau, and the Farmers' Cooperative Union, so far has been denied them. Both of the major national political parties are subject to criticism in this regard. There is a lack of interest and knowledge on the part of Congress. Because 90 per cent of the Members of Congress are lawyers, unacquainted with the needs of agriculture, and because many of them are unsympathetic with the farmers, except at election time, when they want their votes, it is very difficult to enact legislation beneficial to agriculture.

In the Sixty-ninth Congress and again in the Seventieth Congress former President Coolidge vetoed legislation advocated by the farmers' organizations. During the Seventy-first Congress the Farm Board act was finally enacted into law, and I am informed that the author of this measure boasted that he did not have a farmer in his district. The debenture plan, as advocated by the Grange, has recently been defeated in the Senate during the present session of Congress by a vote of 33 to 46. The Agricultural Committee of the House has favorably reported the debenture bill and also the agricultural surplus control act bill, H. R. 12733, providing for a combination of the debenture, the equalization fee, and the allotment plan, and also an emergency agricultural relief measure, H. R. 12730.

While I realize that so long as the President insists that the Federal Farm Board is competent to handle the problems facing agriculture in this country it is useless to attempt to enact substitute legislation to take its place, I do hope that when Congress meets in December we may take up the measures advocated by the farmers, particularly the so-called 3-way bill, H. R. 12733, introduced by Mr. NORTON, and pass it, if necessary, over a presidential veto.

In conclusion, may I venture the assertion that those of you who represent city districts have an interest in the deplorable condition which now confronts the farmers of America. There can be no real or lasting prosperity in this country until our farm people are able to make a decent living. If you will restore and make permanent the buying power of the thirty millions of people engaged in agriculture, you will restore prosperity to this country.

Our city friends must learn that they can not be permanently employed unless we on the farms can sell our products to them at a profit, for their employment is very largely provided by the manufacture of the products we would like to consume but now have no money to buy. Now they of

the cities are unemployed and desire to be provided for from the Public Treasury. Thus the vicious circle goes on.

The farmers of America do not want a dole, but they do want a chance to pay their debts and make an honest living. [Applause.]

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CANCELLATION OF WAR DEBTS

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LOZIER. Mr. Speaker, about a year ago, in discussing our foreign war-debt situation, I called attention to the fact that our former European allies, while seemingly determined to repudiate the debts they owe the United States, are spending money extravagantly for military and naval purposes. I showed that since the signing of the armistice they had spent billions of dollars on their military and naval establishments, instead of applying this money on their debts to the United States Government. I showed that France, one of the very worst offenders, has experienced no difficulty in finding plenty of money to build battleships, submarines, airplanes, maintain the largest standing army in the world, and to build a chain of fortresses along the German frontier equipped with mighty guns pointing to the heart of Germany.

If France, England, and Italy would pay only a small part of the money they are spending annually for military and naval purposes, the war-debt problem would not be difficult of solution. Their failure to do so is rank dishonesty. France, England, and Italy have ample national resources and capital to pay. Common honesty and their national self-respect should influence them to repay the money we loaned them, and without which they could not have carried on their military operations and emerged victorious from the World War that seriously threatened their national existence.

As the fruits of victory our European allies ruthlessly dismembered Germany and despoiled her of territory of almost incalculable present and potential value. Not satisfied, they levied on her an excessive and unconscionable indemnity, the payment of which would impoverish the German people, their children, and their children's children for at least a century.

After 13 years of troubled peace Germany lies prostrate beneath the conquerors' heel; denied a place in the sun, crushed, impoverished, bleeding from every pore, suffering from innumerable festering political and economic wounds, despoiled of provinces that by consanguinity and historical association for a thousand years were rightfully hers, her colonies confiscated, her armies disbanded, her resources mortgaged, her socereignty threatened, her independence menaced, and her people staggering under an unbearable burden of debt, she presents a pathetic and tragic picture of a great nation whose enemies have foredoomed her to destruction.

As Lord Byron in the fourth canto of Childe Harold said of Rome, so we may sorrowfully say of Germany:

> The Niobe of nations! there she stands,
> Childless and crownless, in her voiceless woe;
> An empty urn within her wither'd hands,
> Whose holy dust was scatter'd long ago.

It will serve no useful purpose at this time to discuss the causes that culminated in the World War further than to say that the impartial future historian will acquit Germany of the sole responsibility for having precipitated the most destructive war in human history. The final verdict of history will be that all the great European nations were in part responsible and contributed to the situation that made war inevitable.

Now, while bleeding Germany white, France seeks to repudiate her debt to the United States. The people of France are exceedingly prosperous. They have practically escaped the effects of world-wide depression. Their national income, trade, and commerce are all that could be expected. Her financial system is sound, and, next to the United States, she has the largest supply of gold of any nation. Her mills and factories are active; her railroads, refinanced and rehabilitated by American capital, are prosperous. Comparatively few of her people are unemployed.

The Coolidge administration and the Mellon-Wall Street crowd canceled 52 per cent of the debt of France to the United States, 25 per cent of England's debt, 75 per cent of Italy's obligation, and made tremendous reductions in the debts of other nations. I voted against these reductions and I will vote against the cancellation of the remaining indebtedness due from our former European allies.

France, Italy, and England are asking the American taxpayers to assume the burden of the European war debts. Great Britain, France, Belgium, and Italy can pay their annual debt obligations to the United States without imperiling their national finance or economic systems. To make these annual payments it takes only 2.45 per cent of the Belgium budget, 2.65 per cent of the French budget, 1.41 per cent of the Italian budget, and 3.75 per cent of the British budget. How can these debtor nations claim that they can not make these annual payments to the United States without wrecking the economic structure of Europe?

As I said in the beginning, if England, France, Italy, and our other European debtor nations would spend less money for military and naval purposes, they would experience no difficulty in liquidating their war debts to the United States. Last year England spent $678,000,000 for military and naval purposes; France, $518,000,000; and Italy, $269,000,000. France now supports armed forces of 6,942,559; Italy, 5,985,597; Poland, 1,977,095; and Yugoslavia, 1,341,568.

The Fischte-Bund of Hamburg has issued a series of statements showing the extent to which Germany has contributed to the Allies in settlement of penalties imposed by the treaty of Versailles. These tables show payment in cash and in kind or property, liabilities assumed, and so forth, aggregating 71,000,000,000 gold marks, 1 gold mark being worth approximately 23 cents in our currency. In addition the Allies took from Germany 70,600 square kilometers of European territory. Nor was that all. Germany was deprived of her colonies having an area of 3,000,000 square kilometers. It is estimated that one hundred and thirty-six thousand million gold marks represent the fair valuation of the colonies and frontier territory ceded by Germany to her victorious foes under the provisions of the treaty of Versailles.

Germany's total contribution to the Allies to date may be stated as follows:

	Gold marks
German tributes paid in cash, in property, or in kind	71,268,525,800
Value of German territory and colonies ceded	136,000,000,000
Total gold marks	207,268,525,800

Reduced to dollars, this would be approximately $48,000,000,000.

I have not had time to check these tables to ascertain their accuracy. I have submitted the tables to an eminent authority on European questions and he says the figures are approximately correct. It may be that some of the amounts and payments are overstated, but it is very evident that Germany has already been severely penalized by her former adversaries.

The newspapers have recently carried an announcement that the Allies had reached an agreement with Germany by which the latter was to pay a lump sum of approximately $700,000,000 in settlement of reparation and indemnity claims. I hope no one will get the impression that $700,000,000 is the full amount of indemnity and reparations paid and to be paid by Germany. The $700,000,000 is in addition to the enormous amounts heretofore paid by Germany to her former foes, which payments consisted of cash, coal, coke, by-products of coal, dyestuffs, livestock, agricultural machinery, material and machinery for rehabilitation of devastated districts, books and prints, seagoing and river craft, locomotives and railroad cars, motors, motor lorries

and other vans, war material, nonmilitary stores, transmarine cables, security surrendered, private and state mines ceded to France, landed property and buildings, debts assumed, debts against former allies surrendered, territory and colonies ceded, war vessels surrendered, and many other items amounting in the aggregate to many billion gold marks.

Of course, the United States can not interfere in the settlements between Germany and her former foes, nor can we compel the Allies to deal fairly and generously with Germany. But we can insist on our former allies paying what they owe us, especially in view of the fact that the Coolidge administration canceled one-half of these war debts. In fact, our Government canceled practically all loans made before the armistice and only demanded payment of the advances made thereafter. So the present indebtedness of our former allies does not represent money loaned them to carry on the war but represents advancements made after the cessation of hostilities.

In this connection I will say that France and Belgium are constructing a system of superfortresses on their eastern frontiers to replace those destroyed by German artillery in 1914. The keystone of the elaborate system of Belgian fortresses is at Eben-Emael, between Belgian Liege and Dutch Maastricht. This system of fortresses is constructed not only for defensive but for offensive operations, and is considered sufficient to resist any form of attack known to the military science of to-day. From these centers tons of high explosives incased in steel can be hurled across the corner of Holland into the vital spots of Germany.

Eben-Emael will be fitted with guns sufficiently powerful to shoot across the Dutch Province of Limburg and drop high explosives into the German city of Aix-la-Chapelle and surrounding territory. Moreover, Antwerp, Belgium's chief port, will be refortified, although under the treaty of Versailles the fortifications of Hamburg, a similar commercial city in Germany, were destroyed. Liege, Termonde, Namur, and Dinant, in Belgium, will be refortified so as to resist the most powerful artillery fired, and which will not succumb to the 42-centimeter howitzers of the Skoda works, as would these forts in 1914. Along the Liege-Antwerp Canal concrete dugouts will be constructed, and the general staff is now considering fortifying Ghent, in the heart of Flanders, the Belgium cotton-goods center.

On a former occasion, in discussing this matter in this Chamber, I called attention to the powerful system of fortifications France is constructing along the frontier between France and Germany. Seemingly, France is determined to remain a military nation. In view of the enormous expenditures of Great Britain, Belgium, France, and Italy for military and naval purposes, an appeal for a cancellation of their debts to the United States should fall on deaf ears. I repeat, if our former allies would spend less money on their naval and military establishments, they would have no trouble in finding ample funds to liquidate their indebtedness to the American people.

THE SOLDIERS' BONUS

Mr. VINSON of Kentucky. Mr. Speaker, my colleague the gentleman from Kentucky [Mr. CHAPMAN] suffered a very severe accident in a taxicab collision this morning en route to the Capitol. He will be unable to attend the House for the rest of the session, and I am asking unanimous consent that he may be permitted to extend his remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CHAPMAN. Mr. Speaker, there has been more false propaganda, more misrepresentation of facts, and consequently more misunderstanding concerning the bill to pay in cash the adjusted-service certificates of World War veterans than there has been concerning any other bill during my congressional experience.

Fifteen years ago our country was engulfed in the most destructive war in human history, the most titanic conflict that ever rocked the earth. Overnight we exchanged the habiliments of peace for the panoply of war. All of our resources were mobilized. Munitions factories were established. Gigantic industries were turned into mills of war. Huge contracts were entered into by our Government for military supplies. Railroads were commandeered and operated by the Government. Millions of young men, the flower of their race, the rose and expectancy of their country, were mobilized into the greatest martial host ever assembled on this continent. Hundreds of thousands were sent across the sea to fight on foreign soil. They were the line of flesh and blood, the bulwark of democracy, the army of liberty, that stood between embattled autocracy and world dominion. Many did not come back but sleep to-day where the poppies grow "between the crosses row on row" that mark their places. Hundreds of thousands marched home, to be welcomed by waving flags, blaring trumpets, throbbing drums, and cheering countrymen. The heart of America filled and thrilled with gratitude and pride as orators acclaimed them the saviors of civilization and self-government and promised them the best of everything America would ever have to give.

Our country quickly turned from the excitement and havoc of war to the quiet pursuits of peace. Men and industries were demobilized. Those who had amassed tremendous profits out of war contracts demanded adjustments of their compensation, and were paid $3,000,000,000 out of the Federal Treasury. The railroads, claiming huge losses by reason of Government operation, asked an adjustment and received approximately $2,000,000,000. Foreign governments owed us $10,000,000,000. They asked for adjustment of the amounts due, and the United States canceled more than $5,000,000,000 of that European indebtedness.

The "saviors of civilization," the "flaming armies of liberty and democracy," asked not for a gift but for a simple adjustment of their compensation by the Government that had generously and almost unhesitatingly adjusted, at a cost of billions to American taxpayers, the compensation of huge industries and had shifted from the taxpayers of Europe to the taxpayers of America more than $5,000,000,000 of Europe's war debt. The boys in khaki, when they left their homes and loved ones, left their jobs to men who received unprecedented wages. Those boys served in camps, dugouts, and trenches, in mud and mire and blood, amid the death and devastation in no man's land, for a dollar a day, which, after deductions were made for insurance, allotments, and so forth, left scarcely anything for their own wants, while those industries whose compensation was so generously adjusted by the Government were amassing fabulous profits out of the suffering and sacrifices of a war-torn world. Those war veterans asked an adjustment of a dollar a day for the time spent in the grinding work of the training camps and a dollar and a quarter for each day of service overseas. Was that unreasonable? Other countries adjusted the compensation of their soldiers—paid them bonuses. England gave each veteran $1,427; Belgium, $492; Canada, $600 for privates and $972 for officers; France, $249.

America adjusted the compensation of the war contractors and profiteers and refunded approximately $4,000,000,000 to the payers of large income taxes on the theory that they had overpaid their taxes, agreed to accept less than 50 cents on the dollar from European debtors, and appropriated hundreds of millions for relief of European peoples. About 70 per cent of the great tax refunds were for taxes paid on war profits. A tax refund of $96,000,000 was made to the United States Steel Corporation, which had received a profit of $1,500,000 a day during the war. How did America adjust the compensation of her protectors who made possible the profits of those industries? She gave them $60 apiece, when commodity prices were at the peak, and promised to pay them $1.25 per day for overseas service and $1 per day for domestic service. When? Twenty-seven years after the armistice.

They say the certificates are not due for 13 years. Hundreds of thousands of those robust youths of 1918 are to-day broken, despairing, jobless, and their children are crying for bread. Their adjustment was due in 1918, when the service was performed. When the Secretary of the Treasury made

refunds to the United States Steel Corporation and the Aluminum Co. of America, of which he was the principal owner, he paid them 6 per cent interest from 1918, not from January 1, 1925, the date of the adjusted-service certificates. The war profiteers collected interest from 1918, not 1925. The same rule ought to apply to the adjusted compensation of veterans that applied to war profiteers. Had the adjusted-service certificates borne interest from 1918, as by every consideration of justice they should have, the full face value of those certificates in 1945 would have been due October 1, 1931.

The very financial interests that received their bonuses with interest and their hundreds of millions of tax refunds from a munificent Treasury have spread the insidious and false propaganda that the proposed payment of the service certificates now would constitute a raid on the Treasury and would bring economic chaos. They proclaim that this proposal is unsound and denounce the "heroes" of 1918 as "bums" in 1932. Many who called them saviors of our country before the Hindenburg line was broken and promised those who came back America's full measure of gratitude are loudest now in excoriating the "saviors" of 1918 as the "Treasury raiders" of 1932 when they ask but a simple measure of justice, the payment of a debt that is due them now, as measured by the same yardstick used by the Government in adjusting the compensation of every other class of participants in the war. No truer thought was ever expressed in verse than in Kipling's lines:

O it's Tommy this, an' Tommy that, an' "Tommy go away";
But it's "Thank you, Mister Atkins," when the band begins to play—
For it's Tommy this, an' Tommy that, an' "Chuck him out,, the brute!"
But it's "Savior of 'is country" when the guns begin to shoot.

I maintain, and it can not be successfully gainsaid, that by paying the veterans' adjusted-service certificates with Treasury notes, as provided in the bill that received approximately 3 to 1 of the Democratic votes in the House, this Government would discharge with sound money a debt as honest as any bond it ever paid, without any appropriation or any increase of the public debt, and without the collection of an additional dime of taxation. Such payment would produce a reasonable and controlled currency expansion, the effect of which would be to restore commodity prices to the level of 1926 and greatly improve the financial condition of the entire country.

Most economists are in agreement on the proposition that one of our country's greatest needs to-day is such an expansion of currency as would produce a corresponding increase, or reflation, of commodity prices. The dollar is worth $1.60 as compared with the dollar of 1926, and much more than that in comparison with war-time values. Farmers who purchased land and borrowed money when they were selling tobacco for 25 cents per pound are confronted with the necessity in many cases of paying their debts with tobacco for which they receive no more than 5 cents per pound. If the farmer's debt when he contracted it was equal to 50,000 pounds of tobacco, consider his plight when he must pay it with 250,000 pounds of tobacco. The same condition applies with equal force to wheat, corn, cotton, and other basic crops.

The need for currency expansion has been recognized by this Congress. President Hoover urged the passage of the Glass-Steagall bill, which provided for the issuance of additional currency on a basis of Government bonds. We passed, and the President signed, that bill. The Goldsborough bill, which has passed the House, and the Glass bill, which has passed the Senate, also are designed to bring about expansion by issuance of currency based on Government bonds. Dr. Irving Fisher, renowned economist of Yale University, testified before the committee (hearings, pp. 658–659):

You merely need a little more blood injected into the circulation, and to get the adjustment correct, in order to accomplish this. * * * This situation is the result of too much debt and too big a dollar. * * * You have got to restore prosperity. You have got to increase the income of the people. And all of these things that I have described by which, through deflation, you have bankruptcies and unemployment and depression of trade and all the rest, are reversed the instant you have reflation.

The method of paying off the adjusted-service certificates by the issuance of Treasury notes was designed by former Senator Owen, who was chairman of the Senate Committee on Banking and Currency during the Wilson administration and coauthor of the Federal reserve act, which carried us through the World War panic proof. He is recognized as a sound student of economics and one of the leading authorities on government finance.

Without costing the taxpayers a penny this plan would substitute negotiable obligations of the Government for nonnegotiable obligations of the Government. The laws of the United States authorize expansion of the currency by the purchase with currency of Government securities. These adjusted-service certificates payable in 1945 constitute as sacred obligation of the Government as any other bond it ever issued. That is not disputed. The Treasury notes issued on this basis would be gold-standard money. No gold reserve is required for national-bank notes or silver certificates, but for Federal Reserve notes a gold reserve of 40 per cent is required. The hearings developed that these Treasury notes would not only be based on Government securities but would also have more than a 40 per cent gold reserve to support them, and under the gold standard act of March 14, 1900, would be maintained on a par of the gold dollar, backed by the full faith and credit of the United States.

This purchase by the Government of noncirculating Government obligations with circulating Government obligations would produce an expansion of approximately $2,400,000,000 of sound money, and not one authority has questioned the soundness of the money under the Owen plan, not even the Secretary of the Treasury. It would also save the taxpayers of the United States $112,000,000 per year every year until 1945, inclusive, because that amount every year goes into the sinking fund for the retirement of the adjusted-service certificates in 1945.

But what about the bonds this plan would require the Secretary of the Treasury to issue in an amount equal to the Treasury certificates thus put in circulation? The purpose of the bonds is to control expansion and prevent undue inflation of the currency. The bonds would be deposited in Federal reserve banks and would bear no interest unless they were sold. They would not be sold unless by reason of the expansion the dollar fell as much as 2 per cent below the level of 1926, when basic commodities were selling at a fair price and American agriculture, industry, and commerce were in a prosperous condition. In that event the Federal Reserve Board would sell sufficient bonds to contract the currency by withdrawing the Treasury certificates from circulation and to maintain the purchasing power of the dollar and the selling price of commodities at the satisfactory, prosperity-producing standard of 1926. Under those conditions the bonds would bear 3½ per cent interest, and who would object to 3½ per cent interest on $2,400,000,000 if its payment were accompanied by commodity prices and economic conditions such as we had in 1926.

The Nation's greatest economists do not question the soundness of a single Treasury certificate that would be issued under this plan. Their soundness was not disputed even by the Secretary of the Treasury. It is generally agreed that limited expansion of the currency, controlled as this would be under the law, by the Federal Reserve Board, is needed for a fundamental cure of the present panic and depression. It is A B C economics that such expansion would result in the much-to-be-desired upward trend in commodity prices. Currency issued under the Glass-Steagall Act is more apt to be hoarded than are Treasury notes exchanged for service certificates scattered throughout the country. The passage of this bill would cause to be paid out in Kentucky alone and placed in circulation $38,068,415.84.

The amounts that would be paid under this bill to veterans holding service certificates in each of the 17 counties of the new sixth congressional district and the counties of Oldham and Powell, in my present district, are as follows:

Bourbon	$262,953.60
Boyle	237,065.92
Casey	243,836.32
Clark	256,838.40
Estill	248,670.24
Fayette	997,986.08
Franklin	306,691.84
Garrard	168,342.72
Henry	182,931.84
Jessamine	180,995.36
Lee	141,654.24
Lincoln	257,522.72
Madison	402,161.76
Mercer	210,697.76
Oldham	107,773.12
Owen	155,937.60
Powell	84,448.00
Scott	209,664.00
Woodford	159,883.36
Total	4,816,054.88

That money would benefit not only the veterans and their dependent families but also would be of incalculable benefit to the farmer, merchant, banker, butcher, baker, lawyer, doctor, and those engaged in every other vocation, and would do more to revive business and cure depression than any other measure that has been proposed in this Congress, and it would not add a nickel to the public debt. But it would be a payment on a debt America can never pay in full, a debt as sacred as any this Government ever owed, a debt to those who risked their lives and sacrificed their health and strength 15 years ago that liberty and democracy might survive. Where would the vested interests have been but for the man power of 1917 and 1918? Oh, for a revival of the spirit of 1918! Oh, if our citizens could be filled with patriotic fervor and gratitude as was the gold-star war mother who lost her three sons. all she had, in the Battle of the Marne! After the Prussian hordes had been driven back she was permitted to visit the graves wherein reposed all that was mortal of her heroic sons. At the first grave, that of her eldest son, she knelt and said a prayer and dropped a tear. At the grave of her second son she knelt and kissed the rugged cross and wept again. When she came to the spot where slept her baby boy, hope of her life, staff and comfort of her declining years, she fell upon the moss-covered mound and poured out her great, warm, loving mother heart in a flood of tears, then rose, gazed toward Heaven, and exclaimed: "Thank God, the Republic lives!"

Yes; I voted to refute the ancient axiom that republics are ungrateful; I voted for a payment on America's debt; and that vote was right from a humanitarian, a patriotic, and an economic standpoint.

EXTENSION OF REMARKS

Mr. CROSSER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a decision by Judge McMahon, of a local court, on the interpretation of the statute passed by Congress providing that coal shall be sold by the long ton of 2,240 pounds.

Mr. STAFFORD. Mr. Speaker, I object.

REPEAL OF AN ACT TO LEGALIZE INCORPORATION OF NATIONAL TRADE UNIONS

The Clerk called the next bill on the Consent Calendar, S. 4661, to repeal an act entitled "An act to legalize incorporation of national trade-unions," approved June 29, 1886.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to legalize the incorporation of national trades unions," approved June 29, 1886, be, and the same hereby is, repealed.

Mr. GARBER. Mr. Speaker, I move to strike out the last word. Mr. Speaker, I have introduced the following amendment to the existing transportation act of 1920, to limit the amount of compensation paid railway officials by common carriers by railroad which may be charged to operating expenses. It reads:

That for the purpose of the interstate commerce act, as amended, no common carrier by railroad subject to the provisions of such act shall charge to operating expenses compensation to any officer of such carrier which, in the opinion of the Interstate Commerce Commission, is greater than is consistent with the economical management of such carrier, and in no case shall any such carrier charge to operating expenses compensation to any such officer in excess of $50,000 a year. As used in this resolution the term "officer" means any official, counsel, solicitor, or attorney of the carrier.

The bill directs the Interstate Commerce Commission to reduce the salaries of all railway officials down to within the limits of economical management under existing conditions. It requires the reduction of the higher salaries, running as high as $121,500 a year, down to $50,000 or less, and a reduction of all other salaries in proportion. It does not authorize the commission to fix the salaries of railway officials, as that would involve a very close constitutional question and is a matter between the officials and their stockholders. It does, however, prohibit the charge of high salaries to their operating expenses which finally seep down into the rate level and are paid by the shippers in freight rates. This is the phase of the question in which the public is directly interested.

Freight rates are already too high. They are prohibitive when you take into consideration the ruinous low prices of farm products which furnish the bulk of the heavy freight and long hauls. The farmers can not continue to pay the freight rates burdened with the enormous salaries of the officials of the roads.

The existing salaries, notwithstanding the slight reductions made, are entirely out of line with the ruinous prices of farm products and with economical management of the roads under present conditions as a few illustrations will show. The Chief Executive of the United States, President of the largest corporation in the world, receives a salary of only $75,000 a year; but the president of the Pennsylvania Railway system receives $121,500 annually; the president of the Baltimore & Ohio system, $120,000 per year; the president of the Missouri Pacific system, $98,166.67 annually; the presidents of the Illinois Central system, the Union Pacific system, the Delaware & Hudson Railroad Corporation, the Chesapeake & Ohio system, the Southern Pacific system, and the New York, New Haven & Hartford Railroad and subsidiary companies, $90,000 each annually; and the president of the New York Central system, $80,000 annually. The salaries of the many vice presidents, executive officers, and directors are in proportion.

In view of the large number of railway employees laid off and those who are now permitted to work only part time, railroad officials should voluntarily reduce their salaries below the limits fixed by my bill and expend the amount of the reduction in salaries in full-time employment and reemployment of those who have contributed their life service in the actual operation of the roads.

It is my position, and I believe the position of the railway employees of the country whose voice is not heard in this Chamber that railway officials should reduce their salaries and use the money that is saved to employ additional employees, to engage in the actual operation of the roads.

Mr. BLACK. Will the gentleman yield?

Mr. GARBER. I yield to the gentleman from New York.

Mr. BLACK. I notice on the railroad going to New York that they are not giving the service that they once did, because of the reduced number of employees.

Mr. GARBER. The gentleman from New York is entirely correct. The economies being made are too largely at the expense of the employees of the road and not at the expense of the railway officials whose salaries are exorbitant when compared to the existing unemployment of their employees. This is another matter in which the public is directly interested. I plead for the employees of the roads, for the conductors, the engineers, the brakemen, the men in the roundhouses and shops, with their families to support, and

for those who have been laid off and now are out of employment. I plead with the railway officials to voluntarily reduce their salaries and use the moneys thus saved in the reemployment of the men who have devoted their lives to the maintenance and actual operation of the roads for the convenience of the public. [Applause.]

[Here the gavel fell.]

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

LETTER TO GOV. DAN W. TURNER, OF IOWA

Mr. COLE of Iowa. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter written by me to the governor of my State.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. COLE of Iowa. Mr. Speaker, under leave to extend my remarks I insert the following letter written by me to Hon. Dan W. Turner, Governor of Iowa, in reply to a telegram sent by him to the Iowa Members of Congress, which was printed in the RECORD of Tuesday, July 12:

JULY 12, 1932.

Hon. DAN W. TURNER,
Des Moines, Iowa.

MY DEAR GOVERNOR: In acknowledging your telegram of July 9, in which you ask Congress to remain in session until legislation is enacted to "finance real-estate mortgages" and to expand the currency until prices are lifted to the levels of 1926, permit me to say:

A bill to refinance farm mortgages, which I assume you had in mind, would have to include other mortgage debts. Such legislation by Congress could not be special, but would have to be general. To carry out such refinancing would require untold billions of dollars. To get this money we must either borrow or levy new taxes, or do both.

Additional taxes are out of the question. We have just levied a billion dollars for new taxes and we have heard the groanings of the taxpayers all the way to Washington. Under present conditions even the Government can not now borrow such additional billions as would be required much under 5 per cent. If the money is reloaned on the refinanced mortgages for less, the taxpayers would have to be called upon to pay the difference.

A Senator from North Dakota, who does business with a wave of his political hand, recently introduced a bill to refinance farm mortgages at 1½ per cent. The Senate laughed at this bill, and I think he may have laughed at it himself. It was only a political gesture, by which he hoped to endear himself to the voters in the next election.

As you are a business man, I need not point out to you the utter absurdity of the Government of the United States becoming the mortgage banker for all the people of the United States. It might be better for the Government to take over all properties and let all the people become tenants at its will—and then we would have a soviet republic.

But if you really believe that such refinancing can be done by legislation, which I do not believe, then may I suggest to you that you call an extraordinary session of the Legislature of Iowa, which is still in your care and keeping, and try this experiment on a smaller scale. In such a State experiment every mortgage will have good land for security, while in a national experiment half of the mortgages would have land back of them that is more fit to be abandoned than to be continued in cultivation.

As to the second item in your telegram—that is, the inflation of the currency—that is a matter even more serious, and I doubt whether Congress could safely undertake to deal with so intricate a problem. After eight months of strife this Congress is about worn out. Even the Speaker has become a bundle of ragged nerves and had to leave the chair. This Congress has had more extraordinary demands made upon it than any other one Congress in our history. Demands, petitions, panaceas, threats, and what not have been poured upon the harassed Members. Some have died in their tracks and many have been sent home by the doctor who keeps his office in the Capitol to be ready for emergencies. I have denounced Congress myself, but as I know the burdens that have been laid on this session I am more sorry than angry. Be a little considerate of your harassed servants in Washington.

As to inflation, the Federal Reserve Board has already gone far on this road. It has provided about a billion dollars of new circulation, and it is ready to go further as the way appears safe. The trouble is in hoarding, and that can be stopped only by the return of confidence and not by the issuance of unlimited quantities of paper money.

And when confidence is restored commodity prices will go up and so will the prices of stocks and bonds. So long as we collectively fuss and fume and accuse each other of wrongdoing and being to blame for it all, that long will we flounder in Bunyan's slough of despond. I think that little group of farmers near Mitchellville struck a finer note and pointed a clearer way to recovery than has been laid down in all the resolutions of discontent and even the platforms adopted by the two conventions in Chicago.

Iowa is sound and the Nation is sound, but the people of Iowa and of the Nation have turned their eyes too longingly and too threateningly to Washington. There is no gold mine in Washington, from which all depleted incomes can be refinanced.

Sincerely,

CYRENUS COLE.

SALE OF CERTAIN LANDS IN THE DISTRICT OF COLUMBIA

The next business was the bill (S. 4712) authorizing the sale of certain lands no longer required for public purposes in the District of Columbia.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. LaGUARDIA. Mr. Speaker, I reserve the right to object. I understand that these are all odd pieces, irregular plots no longer required, and that preference is being given to the adjoining owner to acquire them.

Mr. ALMON. Mr. Speaker, I reported this bill, Senate 4712, for the Committee on Public Buildings and Grounds. The committee held hearings and made a unanimous report. I would like to see the bill passed just as it is reported. The interests of the Government and District of Columbia are protected by the provisions of this bill.

I am advised by Col. U. S. Grant, 3d, Director of Public Buildings and Public Parks, that there would be at least $11,844 realized as proceeds from the sale of these five small parcels of land.

The Government acquired certain areas in the District of Columbia for the establishment of parks and opening up of streets. In establishing the parks and building the streets it was found that there were five parcels of land that were not needed either for parks or streets; that they are no longer required for public purposes in the District of Columbia. Sale would dispense with cost of caring for same.

I would like to see the bill passed without amendment, as we all have confidence in Colonel Grant in disposing of this property in the interest of the public. His record of service as Director of Public Buildings and Public Parks entitles him to this recognition. However, if unanimous consent can not be acquired for the consideration of this bill without making amendments, it may be in the interest of the District of Columbia to permit such amendments as will not interfere with the disposition of these parcels of real estate.

I am advised by Colonel Grant that parcel No. 1, containing 2,000 square feet, could not be sold for less than $4,243 under the provision of this bill; that parcel No. 4, containing 164,000 square feet, could not be sold for less than $3,123; parcel No. 5, containing 1,050 square feet, could not be sold for less than $2,670; that parcel No. 6, containing 1,680 square feet, could not be sold for less than $1,354; that parcel No. 7, containing 2,900 square feet, could not be sold for less than $454. And the total minimum sum that the five parcels would bring under the provision of this bill would amount to $11,844.

I hope that there will not be any objections raised to the consideration of this bill. It is important that it be enacted into law before the adjournment of Congress. [Applause.]

Mr. LaGUARDIA. I do not care anything about the price; but this is not the same proposition that I objected to several years ago, is it, when on a proposition of this kind several influential citizens had cut out nice back yards for themselves adjoining one of the parks?

Mr. ALMON. No; this has no connection with that.

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. I notice the bill is rather unusual in that it prescribes that the price shall be that originally paid by the Government plus 6 per cent interest per annum since the date such parcel was acquired.

Mr. ALMON. That is the minimum amount.

Mr. STAFFORD. There is no provision here for appraisal. I suggest a couple of amendments carrying out the thought that there should be an appraisal of these tracts of land, and that they should be sold for not less than the appraised value after an appraisal is made. I assume there would be no objection to that?

Mr. REED of New York. This is a Senate bill, and I am wondering whether it would prevent the enactment of it at this session.

Mr. STAFFORD. We have amended quite a few Senate bills.

Mr. REED of New York. I would like to expedite this. I do not think there is any great danger. The amount involved is not very large.

Mr. ALMON. Colonel Grant will take care of the interest of the Government.

Mr. STAFFORD. I want to be sure that we get the appraised value at least. Then again I direct attention to the provision in section 2 wherein you grant a preferential privilege to the abutting landowners. The section reads, as follows:

SEC. 2. That said director, in making any such sale, is authorized, first, to sell any such parcel of land to the owner of lands abutting the lands hereby authorized to be sold; or secondly, to sell to the immediate former owners of any such parcel of land to be sold, provided that the price bid and payable by any owner shall be equal to the highest price bid and payable by any other bidder.

Why should we give preferential consideration to a former owner in the purchase of these odd tracts of land?

Mr. LAGUARDIA. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. LAGUARDIA. I had some experience with that when I served in the city administration in my city. It seems to be customary where there are irregular pieces of land of this description to give the abutting owner the first option to buy, in order to avoid depreciation of his property by some one buying just a small piece and using it for some purpose which would depreciate the value of the abutting owner's property.

Mr. STAFFORD. But what is the need of the second authorization—

to sell to the immediate former owners of any such parcel of land to be sold.

Mr. LAGUARDIA. Oh, I am talking only about the abutting owners.

Mr. STAFFORD. When I was considering section 2, I could see that some evil-minded person might make a bid for this small tract to erect a spite fence or something like that in order perhaps to exact a high price from the adjoining lot owner, and that a preferential privilege should be extended to the abutting owner, but I can not understand the second provision to sell to the immediate former owners of such parcel of land.

Mr. LAGUARDIA. Does that mean adjoining?

Mr. PATTERSON. It is the last owner.

Mr. STAFFORD. I would construe it the immediate prior owner.

Mr. SCHAFER. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. SCHAFER. If this land is to be sold from the public-interest standpoint to save the cost of maintenance of land which the Government can not use, then why should not the bill be so drawn that the land shall be sold under public bidding and let everyone bid. If the abutting property owners desire to purchase the land, let them put their bid sufficiently high so as to be able to buy it. Otherwise, without a provision of that kind it looks as if this is a bill not for the interest of the Government but for the particular interest of some abutting property owners who want to get their hands on this land.

Mr. STAFFORD. In reply to my colleague, and I know his views, because we have brushed together on that question heretofore, I think on a moment's reflection he will see that the Government will be able to get a much more advantageous price at private sale than at public sale. Let us place ourselves as interested buyers of these small tracts. Suppose the gentleman is the owner of the adjoining parcel. He does not want to see a filling station erected there, he does not want to see a spite fence erected there, on this little fractional piece of land, and he is willing to pay not only the value but more than the present value. He makes his bid under sealed offer. If I wanted to get that little parcel at a less price than it is worth I would want to have a public sale and have a stool pigeon there, and I would say, "Now, we want to beat the Government. We will only bid so high. We will have no regard whatsoever as to the value." We would be the only interested persons, and the Government would not get the same value as it would when it offers sealed bids to be submitted for these respective parcels, and then I may say to the gentleman the director is not required to accept these bids.

Mr. SCHAFER. I agree with the gentleman, and I am in favor of sealed bids, but the way this bill is drawn sealed bids are not provided for. These fellows having control of the land can sell it for what they please and to whom they please.

Mr. STAFFORD. Oh, no; not for what they please.

The gentleman will see that the minimum price as provided for in the bill is what the Government paid for it plus 6 per cent per annum since the Government purchased the property.

I have in my possession, through the courtesy of the gentleman from Alabama [Mr. ALMON], who has reported this bill, the statement as the minimum price of these respective parcels of land, the cost, and what the increment will be, as provided by the bill.

Parcel No. 1 cost the Government originally $3,381. Six per cent per annum, according to the letter submitted by Colonel Grant, made a minimum value of $4,243.

Take, for instance, parcel No. 4. The Government only paid $935 for that parcel, but the increment at 6 per cent was more than twice the original value, namely, $2,188, or a total of $3,123.

The next parcel, No. 5, has a 50 per cent increase. The next parcel, No. 6, nearly 100 per cent increase. Parcel No. 7, a 25 per cent increase.

Mr. SCHAFER. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. SCHAFER. I want to get this clear. This is my position: I will grant that taking the interest for that period of years and adding it to the cost, the gentleman will reach the figures which he has just quoted, but then one individual will be able to buy any one of these parcels of land for these figures or $1 more, and I say if we have competitive bids we are liable to get better prices.

Mr. STAFFORD. Oh, no. We have to give credit to Colonel Grant, who is looking out for the interest of the Government. Certainly in my service in Washington, which dates back 30 years, I do not know of any time when the affairs with regard to our parks have been handled any better than they have been under Colonel Grant.

Mr. SCHAFER. Except that Colonel Grant was one of the backers of the private toll-bridge monstrosity at Great Falls, the connecting link in a great parkway, for which about $25,000,000 of the people's funds are to be expended.

Mr. STAFFORD. I agree that he was wrong in that particular, but when he got enlightened by the gentleman on the floor of this House I believe he has changed his opinion.

Mr. SCHAFER. No. He is back of that bill right now to extend the private toll-bridge franchise. He changes just like some of our Democratic leaders change. They face one way to-day and they face another way to-morrow.

Mr. STAFFORD. I know there are some lightning-change artists on both sides of the aisle.

The SPEAKER pro tempore. Is there objection?

Mr. SCHAFER. Well, Mr. Speaker, I reserve the right to object for a moment. I want to obtain some information. If this bill passes in the shape it is in now, granting that there is a minimum figure of the original cost price plus the interest rate, will Colonel Grant's department have to throw open the proposition so that any individual citizen can submit his bid or can he take a certain individual who has been pressing for this bill and enter into an agreement and sell this land, just because he is selling it for the minimum amount?

Mr. STAFFORD. I think an amendment I intend to offer will overcome the objection of the gentleman. In line 6, on page 1, after the word "part," insert "to the highest bidder at private sale."

Mr. SCHAFER. That will remove my objection.

Mr. PATTERSON. I must insist, on page 2, in striking out the second clause, lines 6 and 7, down to the comma, at least.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. With that understanding, I do not object.

Mr. SCHAFER. Reserving the right to object, with the understanding that the proponents and members of the committee reporting the bill will accept the amendment which is to be offered by my colleague [Mr. STAFFORD], I will not object.

Mr. ALMON. That has been accepted.

Mr. PATTERSON. And also my amendment.

Mr. ALMON. Yes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Director of Public Buildings and Public Parks of the National Capital be, and he is hereby, authorized and empowered, in his discretion, for the best interests of the United States, to sell and convey, in whole or in part, the hereinafter-described lands in his custody no longer required for public purposes, in the District of Columbia, for cash for such price for each parcel sold as shall be not less than the price paid therefor by the Government plus 6 per cent per annum since the date such parcel was acquired by the United States.

SEC. 2. That said director, in making any such sale, is authorized, first, to sell any such parcel of land to the owner of lands abutting the lands hereby authorized to be sold; or secondly, to sell to the immediate former owners of any such parcel of land to be sold, provided that the price bid and payable by any owner shall be equal to the highest price bid and payable by any other bidder.

SEC. 3. That said director is further authorized to pay the reasonable and necessary expenses of sale of each parcel of land sold, and shall deposit the net proceeds thereof in the Treasury to the credit of the United States and the District of Columbia in the proportion that each paid the appropriations from which the parcels of land were acquired, and shall include in his annual report a full report of the sales hereby authorized.

SEC. 4. That the lands hereby authorized to be sold and conveyed are situate in the District of Columbia and are generally described as follows:

Parcel 1. Part of lot 188 in square 103, in Beatty and Hawkins's addition to Georgetown, now known as lot 801 in square 1273, survey book No. 91, page 363 thereof, containing 2,100 square feet, more or less, and known as Nos. 3305 and 3307 Volta Place NW., Washington, D. C.

Parcel 4. A piece of land containing 164,000 square feet, more or less, at or near Parkside Drive and Western Avenue, Rock Creek Park, Washington, D. C., and being a part of United States reservation No. 339.

Parcel 5. Lot 803, square 49, Washington, D. C., containing 1,050 square feet, more or less, at or near Twenty-second and O Streets NW., Rock Creek and Potomac Parkway, in said city and being a part of United States reservation No. 360.

Parcel 6. A piece of land containing 1,680 square feet, more or less, being a part of a large parcel south of Massachusetts Avenue, Rock Creek and Potomac Parkway, Washington, D. C., further identified as parcel 51/3, and being a part of United States reservation No. 360.

Parcel 7. Square 4199, Washington, D. C., containing 2,900 square feet, more or less, bounded on the north by Quincy Street, on the east by Twentieth Street, on the south by Perry Street, and on the west by South Dakota Avenue, in the northeast quarter of Washington, D. C., being a part of the Taft Recreation Center in said city and of United States reservation No. 476.

SEC. 5. That upon any sale as hereby authorized the said director is hereby authorized to execute a proper deed of conveyance which shall contain a full legal description of the land sold, either by metes and bounds or otherwise according to law.

SEC. 6. That all acts and parts of acts which may be inconsistent or in conflict with this act are hereby repealed to the extent of such inconsistency or conflict.

Mr. STAFFORD. Mr. Speaker, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment by Mr. STAFFORD: On page 1, line 6, after the word "part," insert: "to the highest bidder at private sale."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 2, line 2, after the word "States," insert the following: "and also not less than the appraised value after an appraisement of its value is first made."

The amendment was agreed to.

Mr. PATTERSON. Mr. Speaker, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. PATTERSON: Page 2, line 6, strike out the words "or secondly, to sell to the immediate former owners of any such parcel of land to be sold."

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GENERAL RELIEF BILL AND HOME LOAN BANK BILL

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the conferees on the home loan bank bill and the conferees on the general relief bill may have until midnight to-night to file their reports.

Mr. SNELL. Mr. Speaker, reserving the right to object, does this mean there is no possibility of getting the reports in earlier?

Mr. O'CONNOR. Not at all. I am making this request as a precautionary measure in case we should adjourn for the day.

Mr. SNELL. It does not necessarily mean they may not be received this afternoon.

Mr. O'CONNOR. It does not necessarily mean that.

Mr. SNELL. I have no objection, but I was hopeful we might get them this afternoon.

The SPEAKER. The Chair suggested to the gentleman from New York that he make this request. I doubt if the conferees will be able to make their report by midnight on one of the bills—the general relief bill.

If they are able to make their reports it is hoped they may submit them to-night so they may be called up to-morrow for consideration.

Is there objection?

There was no objection.

The conference report and statement, submitted by Mr. RAINEY, are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, having met, after full and free conference, have been unable to agree.

J. W. COLLIER,
HENRY T. RAINEY,
R. L. DOUGHTON,
W. C. HAWLEY,
ALLEN T. TREADWAY,
Managers on the part of the House.

PETER NORBECK,
SMITH W. BROOKHART,
P. L. GOLDSBOROUGH,
CARTER GLASS,
ROBERT F. WAGNER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, submit the following written statement:

The committee of conference between the two Houses have been unable to reach any conclusion.

J. W. COLLIER,
HENRY T. RAINEY,
R. L. DOUGHTON,
W. C. HAWLEY,
ALLEN T. TREADWAY,
Managers on the part of the House.

Mr. STEAGALL submitted the following report:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, 6, 7, 9, 11, 12, 13, 17, 18, 21, 24, 25, 27, 35, 38, 39, 40, and 42.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 5, 8, 14, 16, 19, 20, 26, 28, 29, 30, 31, 34, 36, 37, 43, and 44, and agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "insurance company, or"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "or, in case there is a lawful contract rate of interest applicable to such transactions, in excess of such rate (regardless of any exemption from usury laws), or, in case there is no legal rate of interest or lawful contract rate of interest applicable to such transactions, in excess of 8 per cent per annum and a comma"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: ": *Provided*, That accumulated dividends, as provided in subsection (k), have been paid"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "but in any case in which the rate of dividend is in excess of 2 per cent, the stock subscribed for by the United States shall be entitled to dividends at a rate not in excess of that paid on other stock"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "its advances" and a comma; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "The notes, debentures, and bonds issued by any bank, with unearned coupons attached, shall be accepted at par by such bank in payment of or as a credit against the obligation of any home-owner debtor of such bank"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "$300,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: "except a national bank, trust company, or other banking organization" and a comma; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 46 and 47.

HENRY B. STEAGALL,
W. F. STEVENSON,
T. ALAN GOLDSBOROUGH,
L. T. MCFADDEN,
ROBERT LUCE,
Managers on the part of the House.

PETER NORBECK,
JAMES E. WATSON,
DUNCAN U. FLETCHER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 1: This amendment makes the provisions of the bill applicable within the Virgin Islands and to institutions organized under the laws of the Virgin Islands. (See amendment No. 5.) The House recedes.

On amendment No. 2: This amendment makes certain that only such first mortgages as are not preceded in interest by any prior lien or encumbrance shall be acceptable as collateral for an advance. Under the conference agreement the amendment is omitted as being unnecessary. The Senate recedes.

On amendment No. 3: Under the House bill first mortgages on dwellings for not more than three families were acceptable as collateral. Under this Senate amendment only first mortgages on dwellings for not more than two families are acceptable. The Senate recedes.

On amendment No. 4: This amendment makes a clerical change in a cross reference to a section. The House recedes.

On amendment No. 5: This amendment provides that the Virgin Islands be included within the area to be divided into districts for the establishment of home-loan bank districts. (See amendment No. 1.) The House recedes.

On amendments Nos. 6 and 7: Under the House bill not less than eight nor more than twelve home-loan bank districts with a bank in each district were to be created. Under these Senate amendments not more than four such districts and banks are to be created. The Senate recedes on both amendments.

On amendment No. 8: This amendment corrects a clerical error in a section heading. The House recedes.

On amendment No. 9: This amendment authorizes mortgage loan companies to become members and nonmember borrowers of home-loan banks. The Senate recedes.

On amendment No. 10: This amendment authorizes insurance companies to become members and nonmember borrowers of home-loan banks. The House recedes with a clerical amendment.

On amendment No. 11: This amendment authorizes trust companies, mortgage guarantee companies, State banks, and other banking organizations to become members and nonmember borrowers of home-loan banks. The Senate recedes.

On amendment No. 12: This amendment eliminates the requirement of the House bill that only institutions which make such home mortgage loans as, in the judgment of the Home Loan Bank Board, are long-term loans, could become members or nonmember borrowers of home-loan banks. The amendment adds trust companies, State banks, and other banking organizations to the class of institutions required to have such time deposits as in the judgment of the board warrant their making long-term loans. The Senate recedes.

On amendment No. 13: This amendment adds mortgage guarantee companies to the class of institutions eligible to membership, notwithstanding the fact that they are not subject to State inspection and regulation, if such institutions subject themselves to inspection and regulation by the board. The Senate recedes.

On amendment No. 14: This amendment adds a new subsection authorizing home owners coming within the limits of the act who are not able to obtain mortgage money elsewhere to obtain advances from any home-loan bank with the limitation that the provision shall not be effective when the stock of the Federal Government has been retired. The House recedes.

On amendment No. 15: Under the House bill an institution, the charges of which to the home owner create an actual net cost to him in excess of the maximum legal rate of interest of the State law, regardless of any exemption from usury laws, was ineligible to participate in the home-loan bank system. This amendment strikes out the provisions relating to the exemption from usury laws and provides that such actual net cost shall not exceed the maximum legal rate of interest and rates allowed for other charges permitted by contract or otherwise in the State. The House recedes with an amendment making the institution ineligible if the net cost to the home owner exceeds the maximum legal rate in the State, or the contract rate (regardless of any exemption from usury laws) if the State law provides a contract rate for the transaction, or 8 per cent if neither a legal rate nor a contract rate is provided by the State law.

On amendment No. 16: This amendment inserts a new section heading. The House recedes.

On amendment No. 17: This amendment increases the minimum capital of each bank from $5,000,000 to $15,000,000, to correspond with the action of the Senate in reducing the number of banks to four. (See amendments Nos. 6 and 7.) The Senate recedes.

On amendment No. 18: Under the House bill if the stock investment of a member was greater than that required by the bill, the member's stock holding could be reduced and the member paid the value of stock canceled. Under this Senate amendment such member in such case can be paid no more for such stock than the amount paid in thereon. The Senate recedes.

On amendments Nos. 19 and 20: These amendments make clerical changes in cross-references to sections. The House recedes.

On amendment No. 21: Under the House bill stock held by the United States was to be begun to be retired when the amount paid in by members equaled that paid in by the Secretary of the Treasury. Under this Senate amendment such stock is begun to be retired when the amount paid in by members exceeds by 10 per cent the amount paid in by the Secretary of the Treasury. The Senate recedes.

On amendment No. 22: Under the House bill the home-loan bank board could require stock held by the United States to be retired if, in the opinion of the board, the bank had resources available therefor. This amendment adds the requirement that cumulated dividends on the Federal stock required to be paid under section 6 (k) have been paid. The House recedes with an amendment making a clerical change.

On amendment No. 23: This amendment provides that the stock of the United States shall be entitled to additional dividends to equal dividends paid on other stock. The House recedes with an amendment providing that when dividends in excess of 2 per cent are earned the stock of the United States shall be entitled to a dividend at a rate not in excess of that paid on other stock.

On amendments Nos. 24 and 25: These amendments provide that the value to be ascertained for the purpose of establishing the maximum amount which may be advanced on the security of a mortgage shall be the value of the estate mortgaged rather than the value of the real estate with respect to which the mortgage is given, as provided in the House bill. The Senate recedes.

On amendment No. 26: The House bill provided that no mortgage should be accepted as collateral security for an advance if it was past due when presented. The Senate amendment provides that the mortgage may not be past due more than six months. The House recedes.

On amendment No. 27: The House bill provided that the value of real estate should be as of the time the advance is made, and shall be established by certification or other evidence. The Senate amendment relates this provision not only to the value of real estate, as in the House bill, but also to the value of estates mortgaged. (See amendments Nos. 24 and 25.) The Senate recedes.

On amendment No. 28: This amendment makes a clerical change in a cross-reference to a section. The House recedes.

On amendment No. 29: The House bill provided that the unpaid principal of mortgages deposited as collateral for any issue of bonds or debentures should equal 190 per cent of such issue. Under this Senate amendment the requirement relates to all bonds and debentures issued, and not to any particular issue. The House recedes.

On amendment No. 30: This amendment makes a clerical change in a cross reference to a section. The House recedes.

On amendment No. 31: The House bill provided that no advance could be made to certain participating institutions without security after the enactment of State legislation authorizing pledging and assigning of home mortgages by the institution on the expiration of the next regular session of the State legislature. The Senate amendment strikes out this provision. The House recedes.

On amendment No. 32: This is a clarifying amendment to make certain that advances by home-loan banks to members are tax exempt. The House recedes with an amendment applying the provision to all advances.

On amendment No. 33: This amendment inserts a new sentence providing that notes, debentures, and bonds of a bank shall be accepted at par in payment of or as a credit against the obligations of a home-owner debtor of the bank. The House recedes with an amendment authorizing such acceptance only if unearned coupons are attached to the bond or debenture.

On amendment No. 34: This amendment inserts a new sentence providing that all obligations of home-loan banks shall plainly state that such obligations are not obligations of the United States and are not guaranteed by the United States. The House recedes.

On amendment No. 35: This amendment reduces the number of members of the Home Loan Bank Board from five to three. The Senate recedes.

On amendments Nos. 36 and 37: These amendments are clerical amendments relating to the party affiliation of members of the board. The House recedes.

On amendments Nos. 38, 39, and 40: These amendments reduce the terms of members of the board from six years to four years and make corresponding changes in the terms of the members first appointed. The Senate recedes.

On amendment No. 41: This amendment reduces the authorization of appropriations for board expenses for the fiscal year 1933 from $500,000 to $200,000. The House recedes with an amendment making the sum $300,000.

On amendment No. 42: This amendment authorizes national banks to incur liabilities as authorized in section 5202 of the Revised Statutes under the provisions of this act. The Senate recedes.

On amendments Nos. 43 and 44: These amendments eliminate the provisions of the House bill authorizing the board to fix the stock subscription of institutions authorized under section 24 to become members and provide that such institutions shall in all respects be members. The House recedes.

On amendment No. 45: This amendment strikes out the exception of national banks, State banks, insurance companies, and trust companies organized under the laws of the United States or the District of Columbia. (See amendments Nos. 9, 10, and 11.) The House recedes with an amendment which strikes out the exception of insurance companies, but retains the exception of national banks and

other banking organizations eliminated from the bill by the action of the conference on amendments Nos. 9 and 11.

On amendment No. 46: This amendment authorizes United States bonds bearing interest at a rate not in excess of 3⅜ per cent to bear the circulating privilege for a period of three years after the enactment of this act. There is no comparable provision in the House bill. The committee of conference have not agreed on this amendment.

On amendment No. 47: This amendment changes a section number. The committee of conference have not agreed on this amendment on account of the disagreement on amendment numbered 46.

HENRY B. STEAGALL,
W. F. STEVENSON,
T. ALAN GOLDSBOROUGH,
L. T. MCFADDEN,
ROBERT LUCE,
Managers on the part of the House.

PLACING OF UNEMPLOYED ON UNOCCUPIED FARMS

The Clerk called the next bill, H. R. 12097, for the relief of distress due to unemployment, to create a committee for Federal, State, and local cooperation in placing qualified unemployed persons on unoccupied farms for the purpose of growing subsistence food crops during the continuance of the unemployment emergency.

Mr. STAFFORD. Mr. Speaker, at the suggestion of the gentleman from Massachusetts [Mr. CONNERY] I ask unanimous consent that the House consider Senate Joint Resolution 169, which is a bill of similar import, in the Committee of the Whole, and that there be one hour's general debate, one-half to be controlled by the gentleman from Massachusetts and one-half by a minority representative of the Committee on Labor, if a member of that committee desires to control the time in opposition.

The SPEAKER. The gentleman from Massachusetts [Mr. CONNERY] asks unanimous consent to take from the Speaker's table Senate Joint Resolution 169, agree to its consideration in the Committee of the Whole House on the state of the Union with one hour's debate, one-half to be controlled by himself and one-half by the gentleman from Wisconsin [Mr. STAFFORD].

Mr. SCHAFER. Mr. Speaker, reserving the right to object, may I ask the chairman of the Committee on Labor if this bill was reported out by the unanimous vote of his committee?

Mr. CONNERY. Yes; that is my recollection of it. I think it was; yes.

Mr. SCHAFER. And the Committee on Labor desires to have action taken immediately, which is now and not next November?

Mr. CONNERY. That is it.

Mr. SCHAFER. Therefore, I shall not object.

Mr. McDUFFIE. Mr. Speaker, reserving the right to object, what is the subject of the bill?

The SPEAKER. The Clerk will report the bill by title.

The Clerk again read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution 169, with Mr. OLIVER of Alabama in the chair.

The Clerk read the Senate joint resolution, as follows:

Joint resolution to provide information and direction to individuals and agencies concerned with relieving unemployment through finding opportunities for subsistence in rural areas

Whereas under present conditions temporary relief for some of the unemployed may be provided by aiding them to obtain a subsistence in rural areas; and

Whereas the indiscriminate settlement of such families on land is likely to subject them to difficulties and disappointments, as well as impose burdens and hardships on rural communities through increasing agricultural surpluses, and necessitating more ample provision for schools, roads, health, and other facilities; and

Whereas the likelihood of such disappointments and hardships may be minimized by information and assistance from the Department of Agriculture and other departments and agencies of the Federal Government, cooperating with State and local authorities: Therefore be it

Resolved, etc., That the Secretary of Agriculture is hereby authorized and directed to make available the services of the Department of Agriculture, cooperating with the Department of Labor, the Department of the Interior, the Federal Farm Board, the Federal Farm Loan Board, the President's Committee on the Unemployed, and other departments and agencies of the Government, in providing information to the several States, municipalities, and other political subdivisions of the States, and to individuals as to suitable opportunities and methods of aiding the unemployed to obtain a livelihood in rural communities, and in coordinating activities of State and local agencies working to that end.

For the purpose of better carrying out the objects of this resolution the Secretary of Agriculture, with such assistance as may be supplied by other Federal and State departments and agencies, is authorized and directed to encourage the formation of State organizations representing rural and urban interests through which organizations the Secretary may effectively work in coordinating the activities of urban agencies for unemployment relief with those of rural agencies in position to supply necessary information and direction for settlement of the unemployed.

The Secretary shall encourage urban relief organizations directly or through the aforesaid State organizations to make careful selection of those families whose experience and resources, as supplemented by such relief funds as may be available, fit them for earning a livelihood in the country.

The Secretary shall ascertain directly or through State and local agencies the available opportunities in rural areas for obtaining land and buildings suitable for occupancy by unemployed families, and the terms and conditions on which such land and buildings may be obtained.

The Secretary is also authorized and directed to cooperate with the aforementioned State and local agencies in formulating plans for placing unemployed on the land; and in making available the technical and extension facilities of the Department of Agriculture and of the State agricultural colleges and experiment stations in the selection of food crops and livestock for family use and for determining suitable facilities, methods, and practices.

The Secretary of Agriculture and such other Federal agencies as may cooperate with him are hereby authorized and directed—

(1) To carry out this resolution, as an emergency measure, with a view to placing unemployed persons in rural areas for obtaining a livelihood, but in such manner as will avoid so far as practicable expanding agricultural production.

(2) To discourage the transference of financial burdens in respect of unemployment relief from urban communities to rural communities.

(3) To prevent as far as possible the exploitation of the countryward movement.

Mr. CONNERY. Mr. Chairman, the main differences between the Senate joint resolution, introduced by Senator MCNARY, and the bill which was reported by the House Committee on Labor is that in our bill, the Black bill, a commission is to be set up composed of the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, the Farm Loan Commissioners, and the Director of the President's Organization on Unemployment Relief to act as a committee to carry out the purposes of this act.

The McNary resolution provides that the Secretary of Agriculture is authorized and directed to make available the services of the Department of Agriculture cooperating with the Department of Labor, the Department of the Interior, the Federal Farm Board, the Federal Farm Loan Board, the President's Committee on Unemployment Relief, and other departments and agencies of the Government in providing information to the several States, municipalities, and other political subdivisions of States.

For the purpose of better carrying out the objects of this resolution the Secretary of Agriculture, with such assistance as may be supplied by other Federal and State departments and agencies, is authorized and directed to encourage the formation of State organizations representing rural and urban interests through which organizations the Secretary may effectively work in coordinating the activities of urban agencies for unemployment relief with those of rural agencies in position to supply necessary information and direction for settlement of the unemployed.

The object of both these bills is to take people out of the bread lines and give them an opportunity during this emergency, if they want it, to go back on the farm with their families, and to do so after consulting with the different agencies of the United States Government—the Department of Agriculture, the Department of Labor, the Department of the Interior—with all of these departments coordi-

nating their activities to give information to people all over the country as to the advisability of their going back to the farm and taking them out of the bread lines.

This movement came about originally as the result of an experiment that was made by the Department of Labor. Secretary Doak of the Department of Labor sent Mr. Richardson of that department down to Greenville, S. C., saying: "There are a lot of people out of work down there. Go down and see what you can do with reference to helping out some of those people."

So Mr. Richardson went down, used his own judgment, took some of the mill hands down there and other people out of work, went to the farmers in the community some of whom had unoccupied farms and said to the owner of the farms: "Now, we have John Jones and his family. They are out of work. There is no work in the mill. What can you do to help them out? Will you put them on your farm? Will you let them raise one bale of cotton as rent and give them a year's rent for it? Will you let them raise some vegetables? Will you let them move their families out here and give the little children some sunshine and let the man raise some vegetables on your farm during this emergency? Then later, if it begins to develop that he likes to farm and if he is suitable to being a farmer, if he can gradually raise a little money from his crops and take over the farm from you 20 years or so from now, so much the better, for it would help his self-respect and would give his family food and shelter."

Mr. SCHAFER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. SCHAFER. How is a city man going to raise these crops? Where is his money coming from to permit him to plow the land, to buy his cows, chickens, hogs, seeds, and so forth?

Mr. CONNERY. I am coming to that.

This representative of the Department of Labor went to the different organizations in different cities. He went to the owner of the farm. He went to the owner of the neighboring farm and said: "Will you lend a cow to this man? He has five children. Will you give him a cow, or lend him a cow? He will pay you in the future."

Then he went to some other public-spirited citizen and said to him, "What will you do for this man? Will you give him a few chickens?" Eventually he placed these 47 families on the farms, with a donation here and a donation there. Now, it is not a question of exact charity. It is a question of cooperation. He did not put people on these farms who had never seen a farm before.

You will notice that the McNary resolution uses the Department of Agriculture to discourage people from going on farms who do not know anything about farms, and who do not know anything about raising crops, and after they have been there for a while lose everything and are worse off than they were before.

Mr. SCHAFER. If you want your piano tuned you do not get a blacksmith to tune it. Is the gentleman certain that if this farm relief bill passes this Government agency will not get fellows on the farms who do not know anything about raising crops and who do not know what to do with a cow after they get it.

Mr. CONNERY. First of all, this is not a farm relief bill. It is to take people out of the bread line. It is to take thousands of people who are in the bread line in big cities and who came from farms and put them back on farms. Do not forget that. The purpose is to take people out of the bread line who have come from farms and are willing to go back to the farms. That is all we ask. We do not ask the expenditure of any money.

I will give the gentleman a perfect example of what I mean. In Milwaukee you have an employment agency representing the Department of Labor. There they are trying to get jobs for somebody in the mills or factories. However, the mills are not running or the factories may not be running or the tanneries may not be running.

Mr. SCHAFER. And the breweries are not running. If you would change the prohibition law you would put 30,000 men to work in Milwaukee at once and you would not have to be pussyfooting and camouflaging about a bill like this.

Mr. CONNERY. I know the gentleman is not referring to me in that respect, because he knows I have always voted wet.

Mr. SCHAFER. The gentleman knows that if we followed the Democratic platform, which pledged an immediate change of the Volstead Act, we could put several hundred thousand men at work throughout the country and put hundreds of millions of dollars into a badly battered Treasury.

Mr. CONNERY. I am perfectly willing to vote for such a proposition, but at this time I am interested in hungry men, women, and little children.

Mr. McCORMACK. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. McCORMACK. I am very much impressed with the gentleman's argument. I would like to ask my friend from Wisconsin, with the permission of the gentleman from Massachusetts, whether or not he is going to run for reelection to this body on the Republican platform with reference to prohibition?

Mr. SCHAFER. I always run on my own platform, my legislative record, and my service. If the gentleman will look at my record he will see that it is wet.

Mr. McCORMACK. But I asked the gentleman if he was going to run on the Republican platform with reference to prohibition?

Mr. SCHAFER. I am not merely talking wet when running for office and not voting that way, like many dry Democrats from the South, who vote dry and yet say they are for the Democratic platform, which pledges immediate change of the Volstead Act. I shall run again on a platform favoring the repeal of the eighteenth amendment and the Volstead Act.

Mr. CONNERY. I dislike to have the prohibition question brought in at the present time. I am interested in the unemployed men and women of the country. However, I want to say to the gentleman that I vote wet and will support any wet bill. But, as far as I am concerned, before the wet-and-dry issue comes the bread-and-butter issue, unemployment issue, and the relief of hungry men, women, and children.

Mr. WATSON. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. WATSON. Who is to take care of these families while the crops are coming in? The gentleman knows you can not raise chickens overnight and that it takes time to raise crops.

Mr. CONNERY. I will say to the gentleman that these people who are to be put on these farms have nothing. The gentleman will understand that. But they will be helped by the different organizations and public-spirited citizens, so that they can go on the farm and have something with which to make a start. That will take care of them for a little while.

Mr. WATSON. It is not a matter of a little while but it is a matter of months before anything can be produced on a farm. I have lived on a farm and I know all about it. What I want to know is whether someone is going to give these farmers sufficient money to care for them while the crops are growing.

Mr. CONNERY. It is not a question of money in this proposition. It is a question of getting something to eat. It is a question of the difference between having these people on the farms or in the bread line.

Mr. WATSON. What is the difference between money and something to eat? It takes money to buy something to eat.

Mr. CONNERY. In any event they would have to be cared for by welfare organizations. I wish I had the pictures which Mr. Richardson had showing the benefits which had come to the children who were put on these farms. They received great benefits by reason of the air, sunshine, and decent food they got on these farms.

Mr. WATSON. I am not questioning that, but I want to know who is to supply the products to take care of them while they are waiting for some returns from these farms.

Mr. CONNERY. These people are not to stay on the farms forever. They are only going to stay on them during this national emergency. The idea is to put them on the farms and take them out of the bread line, and use the money which the welfare organizations would have to give them to help them on these farms.

Mr. WATSON. The winter is coming on. They can not plant anything now and get any return until next spring.

Mr. CONNERY. All right; they are going to be kept during the winter somehow. They are going to stay in the bread lines if something is not done.

Mr. WATSON. I suppose so.

Mr. CONNERY. We are trying to take them out of the bread lines and let the Department of Agriculture and the Department of Labor use their power and their brains to see if it is not possible to put these people who have been on the farms back on the farms and try to get them going in this way.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. SUMMERS of Washington. I call the attention of the gentleman from Pennsylvania [Mr. WATSON] to the fact that these people would at least have a roof over their heads and if they had these chickens they might have eggs the first day, and they would milk the old cow twice a day from the very beginning.

Mr. WATSON. But the cow would have to be in production. You can not milk a dry cow.

Mr. SUMMERS of Washington. The gentleman is assuming it would be a dry cow, while I am assuming it would not be.

Mr. TABER. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. TABER. Is it not a fact that the departments can do just as much without this bill as they can with it?

Mr. CONNERY. No; I do not think so. The gentleman knows from his experience here that if the Congress suggests something to a department it will go a long way to try to put that into effect.

Mr. TABER. Does the Department of Labor want a lot of money to operate this plant?

Mr. CONNERY. No; not a cent.

Mr. TABER. Then there is not anything suggested here but what can be done just as well without this bill.

Mr. CONNERY. They have appeared here in favor of the bill.

Mr. GARBER. This bill authorizes the various departments to cooperate, and without such authorization they would not be authorized to do so.

Mr. CONNERY. That is true.

I shall not take any further time, because there are other gentlemen to whom I wish to yield.

I yield five minutes at this time to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Chairman, I do not think, of course, that this bill is going to be any cure-all for the unemployment situation, but the Department of Labor has demonstrated beyond any doubt by an experiment at Greenville, S. C., that the plan can be helpful. They took 42 families from the mill sections of that city and put them on farms adjacent to the city of Greenville, where they were enabled to help feed themselves.

The purpose of the plan is to have the cooperation of the Federal agencies, with the local charitable organizations in the cities, so as to take people from the bread lines, who have formerly lived on farms, and enable them to produce some of the food which must be given to them.

It seems to me it is worth while for the Government to put the stamp of approval on this plan, which is already being used in numerous cities throughout the country.

We know that a great many of the people who are idle in the cities to-day are former residents of the farms of this country. They were attracted to the industrial centers by high wages, which no longer exist. Why would it not be better to have the charitable organizations, with the cooperation of these Federal agencies, put some of these people, who can be found by the Employment Division of the Department of Labor, back on the farms where they can at least produce some of the food necessary to feed them?

Mr. ANDRESEN. Will the gentleman yield?

Mr. RAMSPECK. Certainly.

Mr. ANDRESEN. Does the gentleman propose to find idle farms to put these people on, or will they be taken on as tenants on farms already occupied?

Mr. RAMSPECK. The purpose is to find idle farms and to place them with farmers who can use their labor. This is what was done in Greenville.

The Federal farm land banks have numerous idle farms and the Department of the Interior has some idle land in the West, and the idea of putting all these departments in the bill is that they may all cooperate with local charitable organizations and give the unemployed who have had farm experience an opportunity to at least produce some of the food which they are now being given in idleness.

Mr. GRISWOLD. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. GRISWOLD. I understand it to be the gentleman's intention to put these men on Federal land bank farms?

Mr. RAMSPECK. The purpose is to put them on any land that is available. It may be land that can be rented at a very reasonable figure. Both Federal farm land bank farms or any other farms that are idle and which may be contributed for this purpose during this emergency will be used.

Mr. GRISWOLD. How will they handle land bank farms with respect to the bondholders?

Mr. RAMSPECK. They will not be hurt if the farms are standing idle.

Mr. GRISWOLD. They would have an interest in the matter and would have something to say about it.

Mr. BRIGGS. As I understand, there is no cost to the Government involved here.

Mr. RAMSPECK. No. It simply authorizes the Federal departments to do something that they are not now authorized to do.

Mr. BRIGGS. And it is just to afford an opportunity to take care of some of the unemployed and make the families self-sustaining where otherwise they would be without any resources whatever.

Mr. RAMSPECK. That is the case exactly. It does not cost the Government a cent in the world except the time that may be spent by these Federal agencies, for which, of course, they will be paid out of the regular appropriation.

It is certainly better to take the people out of the bread lines in the cities and put them where they can raise vegetables and where the charitable organizations can give them chickens and cows, and it would certainly be cheaper for the people of the cities who are now having to support these people in idleness to contribute something that would give them an opportunity to help the situation themselves.

I can not see any possible objection to it. I can not see where it would entail any cost upon the Government, and yet I can see where it would be a great thing for the people who are now congregated in idleness in the cities and who are willing and anxious to work, but can not find any way to get a job.

I hope the House will pass the measure promptly.

Mr. MEAD. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. MEAD. This would be more helpful and more elevating if continued and would improve the character of citizenship over that which now results from association in the bread line.

Mr. RAMSPECK. That is true; and that was the experience reported by the Department of Labor in the matter at Greenville.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, I introduced the original House bill at the suggestion of Bernarr MacFadden, who is greatly interested in the Department of Labor's experiment at Greenville, which the gentleman from Georgia [Mr. RAMSPECK] has just spoken of.

I have seen the bread lines in New York City. I have seen honest Americans in that line waiting hours for a cup of coffee and a sandwich. Many of these people would be far better off if they were out in the rural districts on a farm. I have seen many uninhabited farms on my way here from New York, and it was only logical, as it seemed to me, that these people should be taken off the bread lines and put on these farms, where they could have something to do and get something to eat.

In New York State our governor has taken care of a great number of people, taken them from the bread lines and put them on unused farms. Two hundred and twenty-four families which were on the bread line have now been put on farms in New York and are living happily.

The people are going back to the farms. In times of distress people go back to the land. They are going back, without any idea of what is going to happen when they do get back, and we want to have some systematic plan of migration. We want a systematic migration back to the land, so that there will be some chance for these who are going back, and so they will not interfere with those who are already on the farm.

Mayor Walker and Commissioner of Public Welfare Taylor are doing what they can for humanitarian reasons. They are buying transportation for these people out of New York City. It is far better that they leave our bread line and go back to the land, where they will find shelter and find something to eat.

This bill authorizes the Agricultural Department to cooperate with various local agencies to find unused farms, and to find some help when they get back, so that they will be able to carry on and be able to get a living. It is to enable people who want to go back, who want to get away from starvation and breaking down, and when they finally do get to the land they may be able to carry on. Now, this does not cost the Government a cent.

It does not cost the Government a dollar, it is no burden on the taxpayer, and I really believe after the experiments conducted in Greenville and in the State of New York that this will be a fine step to relieve unemployment in a sensible fashion. [Applause.]

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, I am glad that I have discovered who was responsible for instigating the Black bill. It must have been a physical culturist or a magazine publisher, for the bill had everything in it. They were going to take the Federal land-bank lands without the consent of the bondholders or anybody else and put these people on them.

I have the deepest sympathy in the world for all the unemployed in the cities, but they were invited to the cities in times of prosperity, if they went from the farms. In this bill there is no provision made to take back anybody who is acquainted with the farm. You can take a soda jerker or a machinist or anybody else back there and you can take him there and try to make him make a living in a manner about which he knows nothing. There is no provision in the bill to keep these people during the time from now to the time that they can make a crop, which may be two or three years. They are going to just unload all these people from the city onto the country.

Mr. WOODRUFF. And it is a certainty that anybody placed on a farm at this period of the year could not possibly produce a crop before next year.

Mr. GRISWOLD. That is true. These farmers now on the farms are all destitute, they can not pay their taxes or mortgages, and their farms are being foreclosed. With these people on the farms unable to make a living, how do you expect these unemployed people to do it. The idea is to take them out there and load them onto an already destitute agricultural community. I have not had an opportunity to look over the provisions of the bill under consideration, but the Black bill provided that they were to be taken care of by responsible agencies.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. Yes.

Mr. CONNERY. The matter now before the House is the McNary joint resolution, and one of its parts reads as follows:

> Whereas the indiscriminate settlement of such families on land is likely to subject them to difficulties and disappointments, as well as impose burdens and hardships on rural communities through increasing agricultural surpluses, and necessitating more ample provision for schools, roads, health, and other facilities.

He wants nobody to go back to the farm who is not able and ready and willing to take care of himself when he goes to the farm.

Mr. GRISWOLD. That is just the question.

Mr. CONNERY. That is what we want to do.

Mr. GRISWOLD. You are going to take people back to the farm who have had experience on the farm, and perhaps have been away for years, to try to make a living, when the man who has been there working on the farm all the time can not do it.

Mr. COLLINS. It seems to be the theory of this bill that the way to relieve unemployment is to get rid of them by putting them on some other community.

Mr. GRISWOLD. By dumping them on the farm. I want to see these men employed. I have worked for it in the Committee on Labor; but the way to employ them is to put them to work where they are.

Mr. CONNERY. I know the gentleman's sympathy, and I know how sympathetic he is to anyone who is out of employment. The gentleman saw the pictures of those little children of 47 families taken out of Greenville, S. C. Even if we gave these children nothing but good air and sunshine and decent milk to drink, the passage of this bill would be worth while.

Mr. GRISWOLD. I remind the gentleman that in little towns and in agricultural communities to-day there are little children who have nothing.

Mr. CONNERY. But they are better off than those little children whose fathers are in the bread line. They have no milk.

Mr. GRISWOLD. This condition is general, and you are going to make it worse; you are going to unload people on these destitute communities when you take them from the cities. Let those who prospered from them in their days of prosperity take care of them now in their days of destitution. [Applause.]

It is not fair to either the unemployed or the farmer. You make the unemployed a charge on a strange community for a year until the crops come, and then, with free seed, free implements, free rent, and no taxes, he competes with the farmer, who must pay for all these things.

Mr. STAFFORD. Mr. Chairman, when the House bill came near to consideration when the Committee on Labor had its day on Calendar Wednesday I was hopeful it might be considered. For a long time I have been of firm opinion that one of the most potent ways to relieve the industrial depression and remedy the destitution so general in our industrial centers is to follow the example so general in Europe, especially in the densely populated districts of continental Europe, as in Germany, Sweden, and the like, and provide small patches of land so that the individual tiller might be able to eke out a fair existence.

Everyone knows that a man can provide for himself and family substantially on a small tract of land, say, 10 acres, with a cow and a hog and the cultivation of the soil. I was surprised when an irrigation bill was under consideration to hear the gentleman from Colorado [Mr. TAYLOR] say that there are vast tracts of land in Colorado suitable for cultivation but that the former owners had trekked away to the large industrial centers. Anyone who is acquainted with the way people generally have gone to Detroit, have abandoned the farms in northern Wisconsin and other places to get the high wages paid in industry when it was at its peak,

knows that the one way to give at least a living to those destitute in the cities is to provide them with homes on small patches of land that will support a family.

I, for one, in these crimping times, would favor the Government voting a thousand dollars from the Reconstruction Finance Corporation to place a man on an untilled patch of ground so that he might make a living. How else are we to relieve this destitution? There is no other panacea. If we are going to extend the tariff wall so high that our surplus production can not be distributed abroad, what are these persons who were formerly occupied in industrial centers going to do? If they till the soil, it will be possible for them to make a living. That is all this bill provides. It simply enables the Secretary of Agriculture to furnish to these persons who sincerely want the means whereby to make a living information which is at the command of the Government to go to these tracts of land, untilled and unoccupied, formerly cultivated, so that they may be able to maintain themselves and their families in a small way. There is no intention for them to go into competition with agriculture generally. It is merely a means to provide them with a means of sustenance.

No person with a heart who knows the dire conditions existing in our industrial centers could oppose this proposition. I know the conditions in the industrial centers. Walking down Woodward Avenue, Detroit, one Sunday morning on my way to church, about two months ago, a man and woman came to me with two little children begging for alms.

Could I refuse them? Who could? He was there. He had come to seek work in that large industrial center. There was no opportunity for work. The automobile industry was flat. If we could say to them, "You have cultivated a little piece of ground abroad; you know how to make a living," and give them a piece of land and means of production, we could cure to that extent the poverty question that is threatening our industrial centers, and will continue to threaten them until we give some means of relief.

You, Representatives from farming communities, do not think for a minute we are trying to make added surplus to farm production. No. It is only to let these men who are able-bodied, with families, engage in activities so that they can make a living for themselves. For humanity's sake let us do something for the downtrodden man. We have done nothing so far. I grant it will not relieve the cotton planter in the South, but even there, they can raise their little garden; they can have a cow and a pig and the like, and they can make a step onward toward relieving themselves and those dearest to them by cultivating God's native soil. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. LAGUARDIA.]

Mr. LAGUARDIA. Mr. Chairman, in theory this bill is perfect. If the sincerity and eagerness of the gentleman from Massachusetts [Mr. CONNERY] and the gentleman from New York [Mr. BLACK] could be translated into something actual, we would have a perfect plan here; but as a practical proposition this bill is just zero. The only kind of a paying farm to-day is a truck farm near a center of population, and such a farm would not be available for this purpose.

Mr. CONNERY. Will the gentleman yield?

Mr. LAGUARDIA. Not just now.

Mr. CONNERY. That is just what we wanted to do.

Mr. LAGUARDIA. I am coming to that. I have talked with General Underwood, of the Salvation Army, who has a deep interest in this proposition and who has complete plans for moving several thousand people from the cities onto these farms; and also with Mr. Avalon, representing the Hecksher Foundation; but they couple with this proposition the necessity of an appropriation of several millions of dollars. Without an appropriation to take care of these people on the farms, it is worthless. Not even the unemployed can live on air as some of our statesmen believe they can. Let us assume there is available land, and these people, who are inexperienced as far as farming is concerned, are taken from the city and transplanted to the farm. They must be equipped with farm implements; they must be provided with transportation; they must be equipped with livestock; they must have horses or an auto, and therefore feed or gas; they must be equipped with seed, with fertilizer, with food and clothing during the winter season, and if they can be maintained that long, by the time the crop is harvested, then the tax collector will come along and take whatever there is left.

Now, this idea of moving from the city to the farm is ideal. Poets have sung about it for a long time, but as a practical proposition we have migration from the farms to the cities, and everything is not what it once was on the farm. It is a hard, practical proposition. Capital is necessary for farming; experience is indispensable.

Now, as an experiment, of course there can be no objection to this bill. I doubt that it will work out. It has been tried many times before and has always ended in failure or cruel exploitation. I know that the people back of this plan are absolutely sincere. I also know that every day we are confronted here with the problem of surplus farm products created by lack of purchasing power of the American people. It would seem to me we should strive to increase the purchasing power and not increase farm production. Only this morning we had a very interesting debate on that proposition. The gentleman from Wisconsin points to the dire distress in the cities. We know it; I tried to make Congress realize it. The gentleman from Massachusetts [Mr. CONNERY] is an authority on that subject, because as chairman of the Committee on Labor he has given it a great deal of thought and study; but I can not subscribe to the theory suggested by the gentleman from Massachusetts, out of his good Christian heart, of going out and begging a cow and going there and asking for a couple of chickens. That may do in an individual case or isolated instance. My God! we must do more than that. We have to give the unemployed American citizen a square deal and not charity. We have to take care of him and provide work and decent wages; we must do something real and permanent. This bill is not the solution—a cow, a chicken, a sack of flour, a bit of charity, and perhaps an exploiting landlord. We must face the situation. We must come down to the 6 or 7 hour day. We must come down to the 5-day week. We must provide economic security by providing a national system of unemployment insurance. Those are the things that will solve the problem. As long as we waste time with palliatives we will get nowhere, except nearer social upheaval. Even the $300,000,000 relief which was authorized the other day and propositions of this kind are not sufficient. Experiments in colonization, every time they have been tried in this country, have resulted in a failure or, as I have said, in exploitation. The relief hoped for will be so infinitesimal and so small that it will have no effect at all. It will not even be noticeable.

I am not criticizing the purposes of these gentlemen. I know Mr. Bernarr MacFadden is sincere and earnest. He may do well with individual cases. If we expect to transplant a hundred thousand unemployed city families to the farms it will require several million dollars to keep them there. I know they have done everything that is humanly possible to bring about some relief, but let us not deceive ourselves. This will not produce any effective good. It can not, by the very nature of the proposition.

I submit we must stop ineffective palliatives.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield the gentleman from New York two additional minutes.

Mr. CONNERY. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. CONNERY. The gentleman knows the Committee on Labor—and it almost gives me a laugh to-day when I think of it—last January reported out this $300,000,000 relief bill which President Hoover is taking credit for to-day.

Mr. LAGUARDIA. I do not care who takes the credit; I am sure the gentleman does not care. I am only concerned in getting relief for the needy unemployed.

Mr. CONNERY. The Committee on Labor had two relief bills. There were two Black bills. One of the Black bills called for an appropriation of $10,000,000 and the other

Black bill did not call for the appropriation of a dollar. The committee knew that if it reported the Black bill calling for the appropriation of $10,000,000 it would not have a chance.

Mr. LAGUARDIA. I understand the parliamentary difficulties. I am not criticizing the gentleman. I feel sorry for him in the hopelessness of trying to get something that is effective and real at this time when the leaders of American politics have not yet realized the seriousness of the situation and are unable to see the coming storm.

Mr. CONNERY. We are trying to get a cow, a chicken, or a hog to help them, that gentlemen have referred to here.

Mr. SCHAFER. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. SCHAFER. Perhaps the multimillionaire publisher who is the real author of this bill, Mr. Bernarr MacFadden, can furnish a couple of cows and chickens to these people and give them a year's subscription to True Stories or to True Romance Magazine.

Mr. LAGUARDIA. Let me say in all fairness, Mr. MacFadden will contribute more than his share, and has been doing so, and I am sure will continue to do so. He is a fine, splendid, public-spirited citizen.

Mr. SCHAFER. I want to be fair. I say in all sincerity that Mr. MacFadden, the multimillionaire publisher, might divest himself of some of his money to help the needy and not merely have introduced a camouflage proposition here as a gesture. Some of the other multimillionaires in this Nation should divest themselves of some of their millions to take care of the needy.

Mr. LAGUARDIA. I am sure Mr. MacFadden will do his share and will perhaps in addition furnish a subscription to Snappy Stories to the gentleman from Wisconsin. The gentleman could read that.

Mr. BLACK. He has been a fine example to the citizens of the country.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Chairman, the bill is not a complete and comprehensive bill, but it is a step in the right direction.

There is no scarcity of wealth or food in the United States, but in spite of all the wealth and all the food in the United States we are confronted with the fact that 10,000,000 or more people are to-day unemployed, and a large number of them begging their fellowman for something to eat.

I would like the gentleman from New York to explain in his own time the difference between handing a man money, as we are doing daily on the streets, and giving him a cow to help him produce something to eat.

Almost any way you turn you are confronted with one or a dozen people begging you to give them something to purchase the next meal with. And we who are employed are giving, many of us, even beyond our means. Frankly, I am glad to divide any sustenance that I may have with anyone less fortunate.

In this dark financial age we find that even the wisest of the wise are destitute for a solution of our existing problems. Why a few months ago we found our Farm Board officials, or Department of Agriculture officials, advising cotton growers to plow under every other row of their cotton instead of picking it. Such folly indicated the hopelessness of the officials' destitution in solving the problems existing. Weak and unworkable remedy after remedy has been offered to the Congress. Some of them have even been accepted by the Congress, only to later reveal their utter unworkableness. Why, a Congressman from a Western State told me recently that oats were selling in his State for 8 cents per bushel, and that it took 4 cents to thresh them and about 4 cents for seed. I ask you, can these conditions long continue? They can not. We must reestablish the purchasing power of the farmer, and until such time as tariffs, debentures, and other measures can be enacted we should assist the unemployed all possible to cultivate land and make something to eat. This depression has been of long duration, and I fear may last much longer.

This bill would be a step in the direction of getting people to go back to idle lands, or to go to idle lands for the first time, if you please, and there from the breast of mother earth wring an existence to feed themselves and their families.

They are tired of begging on the streets for something to eat, and if they are assisted back to the land, or to the land for the first time, it is hoped that they will make something to eat from their own efforts and not be confronted with the embarrassment of begging someone to give them something to eat. Why, Mr. Chairman, it is the most humiliating thing for an able-bodied man who desires a position and yet is hungry to ask someone to give him something to eat. This is what we are confronted with, and millions of acres of land in our country which would produce something for these men to eat are idle.

Mark my words, our industrial centers will not and can not provide employment for the people in their midst. It is inevitable that these great masses of population must, now or later, go back to the land and there make something to eat. They will become more and more tired of asking for something to eat in the streets. The man of medium means, or the man of great means, will get more and more tired of having to divide his earnings and his money with them. It is inevitable. They must go back or must go to the land for the first time and make something to eat. Millions and millions of acres of land are idle with no one there producing anything to eat, and on the other hand 10,000,000 people desire employment which can not be obtained.

I am not willing to say that our industrial system has collapsed. I am not willing to say that this depression will go into a panic and that conditions will grow worse and worse, but I want to remind my colleagues of recent history. Some 40 or 50 years ago men were working on farms for 25 or 30 cents a day.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield two additional minutes to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. They were proceeding along in an orderly way and rearing their families and maintaining themselves on that meager wage. But during the new age, this great golden age, things have rapidly changed to where now we have discontent, to where now we have poverty, to where now our middle class is being rapidly eliminated, and we have the pauper class rapidly developing and the millionaire class losing their wealth.

Mr. Chairman, something must come about immediately to change this condition. This bill is no cure-all, but it will give the assistance of the Department of Agriculture, its county home-demonstration agents, and its other facilities without additional appropriations to guide the people in their efforts to become self-sustaining. Mr. Chairman, with self-sustenance come courage and independence. The farms have always produced our great leaders in finance, industry, and statesmanship. To-day we must encourage a rehabilitation of the farm and farm life. The Nation is already calling for the leadership that our farm communities once gave. The vast populations must depart from the congested industrial centers and cities and once again become self-sustaining on our vast and fertile farm, pasture, and prairie lands. Herein lies the real hope for the bright destiny of America. The wealth of our Nation is being rapidly destroyed by the selfishness of those who hold it. This process of elimination and leveling down may continue to work its own way, but that which really concerns us to-day is the development of the great leaders that our Nation so badly needs. This can be done noly through the development of a new rural life with self-sustaining and independent rural population, far removed from selfishness, corruption, and turmoil.

And may I predict that some 10 years from now instead of your congested industrial centers you will find the most choice of our American people going along on the farms of our Nation, in a happy condition, there enjoying their freedom and independence. By the sweat of their honest brows, laboring beneath the blue canopy of heaven, they will still be wringing their living from the breast of Mother Earth. These people will then be the hope and inspiration of America as they were some 40 or 50 years ago. [Applause.]

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Oklahoma [Mr. GARBER].

Mr. GARBER. Mr. Chairman, I am grateful to the distinguished gentleman from Wisconsin [Mr. STAFFORD] for the privilege of participating in this discussion. I do so only for the purpose of calling attention to the evidence of an abysmal lack of information regarding the woeful conditions of agriculture, and it is without any criticism whatever in regard to the distinguished but misguided gentlemen who are championing the enactment of this measure.

The purpose of the bill is to establish the unemployed upon the abandoned farms of the country, to enable them to produce farm products for their consumption. The argument made in support of the measure by the distinguished gentleman from New York [Mr. BLACK] and by the distinguished gentleman from Massachusetts [Mr. CONNERY] is commendatory of their sympathy and their zeal to relieve congested conditions of unemployment in the large cities which they so ably represent. But, Mr. Chairman, that zeal and that misdirected energy is only evidence of a total lack of information regarding the conditions which now prevail throughout the farming districts of the country.

Mr. BLACK. Will the gentleman yield?

Mr. GARBER. I gladly yield to the distinguished gentleman from New York.

Mr. BLACK. Does the gentleman accuse the Secretary of Agriculture of having the same lack of information? He approves this bill.

Mr. GARBER. No; I do not accuse the Secretary of Agriculture of a lack of information. He stated in his letter the tragic conditions of the farm, but expressed his willingness to assume the responsibility if it were imposed upon him by Congress. He could do nothing else and is not to be criticized for it. He is not in sympathy with this movement. What I said was not in any spirit of criticism of the motive and purpose of the gentlemen championing this bill and this organized effort to encourage the movement back to the farm, which would only diminish the market for farm products already selling below the cost of production.

Coming from the farm, it is my purpose to give you some actual information of the existing conditions confronting the farmers of this country. Do you know that during the last several years over 1,000,000 farmers have been dispossessed of their farms and, through foreclosure proceedings, have been turned out into the road to search for shelter and sustenance in their helpless condition? Do you know that the farmers still remaining are unable to meet their local taxes, their interest and their coming-due obligations? Do you know that the indebtedness of agriculture, including chattel mortgages, exceeds $12,000,000,000? Gentlemen, as a commercial proposition, agriculture has collapsed. It is only now a temporary shelter for the men and women who have been producing the food for you gentlemen in the East below the cost of production. Agriculture is homeless to-day so far as its financial condition is concerned.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield the gentleman from Oklahoma an additional minute.

Mr. CONNERY. Mr. Chairman, I yield the gentleman an additional minute.

Mr. GARBER. I thank the gentlemen for the privilege of continuing for two additional minutes.

Do you know that during the last 10 years the farmers of this country have been producing below the cost of production, year after year, and are now in a helpless condition, as stated by the distinguished gentleman from New York [Mr. LAGUARDIA]? Do you know that they have been doing this to the extent that they have exhausted all their financial resources and almost all the equities in their land? How do you expect the farmers of this country to continue production at a loss with all their resources already exhausted?

This session of Congress convened on the 7th day of December, 1931. With full knowledge of these conditions, the House majority has continuously refused a rule to consider the major agricultural bills reported out by the House Agricultural Committee. This is the 14th day of July, 1932, believed to be the next to the last day of the session, and the pending measure is the only answer to our repeated requests, our persuasions, our arguments, our pleadings to report a major bill that would be effective in its direct relief to the farmers of the country. The purpose of this bill is not to relieve existing conditions but to aggravate and intensify them by increasing the number on the farms and diminishing the market for farm products.

You have this day refused to grant a rule for the consideration of the Norbeck bill, passed yesterday by the Senate. That bill declared an emergency. It invoked the war powers of the Government. There is no question but that an emergency greater than that which existed during the war exists at the present time.

At that time the Food Administration fixed the minimum price of wheat at $2.20 per bushel. This bill does not fix the price. It simply adds the tariff duty to whatever price prevails and gives it direct to the farmer producing any or all of the three basic products, namely, 42 cents per bushel on wheat, 2 cents per pound on hogs, and 5 cents per pound on cotton for that used in domestic consumption. It does this without any additional cost to the taxpayer or appropriation from the Treasury. It levies and collects a process charge from the miller of 42 cents per bushel on wheat, from the packer of 2 cents per pound on hogs, from the cotton manufacturer of 5 cents per pound on cotton, and likewise on the manufacturer of silk and rayon to provide protective compensatory duties to cotton.

It requires the Internal Revenue Department to make these collections the same as it does the income taxes, the moneys from each source to go into separate funds in the Treasury Department to cancel the adjustment certificates issued direct to the farmers when they sell their products used in domestic consumption. Such certificates are redeemable at any Government fiscal agency designated by the Treasury, less certain administration costs not exceeding 2½ per cent, redemption to be made at any time after 30 days and not more than one year from the date of their issuance. The certificates would be issued direct to the farmer on his production of any one or all of the three basic commodities mentioned and marketed by him for domestic consumption whether from this year's production or from hold-over production at the time he sold.

The bill would enable the farmer to receive a domestic price for that which he produced of the three basic products for domestic consumption, the amount of the domestic consumption to be determined by the Secretary of Agriculture, which is clearly ascertainable over a period of five years. To illustrate: If the estimate declared the home consumption of wheat to be 75 per cent, the farmer taking 100 bushels of wheat to market would receive adjustment certificates for 75 per cent of that amount upon satisfactory proof of such production and sale. Excess production for export for which a processing charge had been collected would receive its refund and processors would be permitted to process in bond for export without the payment of process charges.

It is true the bill only applies to three commodities, but they are basic. Their increased prices would lift the prices of all other farm products.

In form, the bill embodies the allotment plan presented to the several committees of the House and Senate by the Hon. John Simpson, president of the National Farmers' Union, a recognized authority on agricultural economic conditions. It was agreed upon by the representatives of the three great farm organizations. Four months ago they insisted upon its immediate consideration and enactment. It embodies the most direct relief to the producers of any bill yet presented to Congress. It is not complicated. It is not loaded down with unnecessary administrative machinery. It requires no appropriation. It is simple, direct, workable, sound, and effective. Why did your Rules Committee, composed of eight of the majority and four of the minority, refuse to-day to report out this bill for which the farmers of this country have been waiting and which was passed by the Senate yesterday without material opposition? To-morrow the gavel will fall, and this Congress will adjourn.

In the face of your refusal to grant a rule and consideration of the bill or to enact any substitute, what will be your explanation to the farmers of the country? The representatives of the farm States have insisted upon this legislation. They were entitled to expect it in view of the legislation which they were induced to support and which you now admit has not been effective as yet to relieve the country from the existing depression. And now you bring in this bill to establish the cities' unemployed on the land. What about the millions of farmers already dispossessed, unemployed, and homeless?

What a debacle. What an absurd climax to the boastings, the pratings, and protestations of the championship of the farmers of the country. How do you expect to increase the price of farm products and restore the purchasing power of the farmers by increasing production as proposed by the bill under consideration, a little popgun bill that amounts to nothing except in so far as it would aggravate and intensify the deplorable conditions now existing?

Mr. Chairman, in conclusion, permit me to say there are 40,000,000 people living on the farms of this country. When they lost their purchasing power you gentlemen in the East, in the large cities of the country, lost your employment for labor. What is the remedy? Not to increase production, not to increase the numbers on the farms, but to restore the purchasing power of the farmers still remaining. When you restore that purchasing power you restore the purchasing power of 40,000,000 people. When that is done you will have established a market for the production of your industries in the East. Your mills, your mines, your factories will start up; labor will be reemployed; capital will invest; and the farmers of the country still hanging on with better prices and restored purchasing power will lift you out of this depression. [Applause.]

Mr. CONNERY. Mr. Chairman, I yield one minute to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, at the invitation of our distinguished colleague the gentleman from Texas [Mr. SUMNERS], a group of Members of the House interested in the subject of agriculture assembled together on several occasions for the purpose of considering the possibilities of legislating in the interests of the farmers of America. This group from every section of the country gave freely of their time and energy in an effort to promote and advance the cause of agriculture. An executive committee was selected to represent the group before the Rules Committee and in the necessary conferences with the leaders of the House.

I was honored by being designated as chairman of the executive committee and, together with my associates, we conferred with the distinguished chairman of the House Committee on Agriculture, the Hon. MARVIN JONES, of Texas, who in my judgment is one of the best authorities on the subject in the country. We also called upon the Speaker and the majority leader of the House, both of whom are vitally interested in the question, as was indicated by the introduction of the emergency agricultural relief bill by Mr. RAINEY. During the course of our study of this all-important question we recognized the impossibility of passing a real emergency relief bill at this session, as the record clearly indicates that not one of the measures indorsed by any of the national farm organizations has an opportunity of receiving approval at this time.

The important agricultural relief measures considered by the House and Senate at this session included the so-called equalization fee, the debenture plan, the allotment plan, and the emergency bill sponsored by Mr. RAINEY. The equalization fee, as you know, at one time passed the House and the Senate, but was vetoed by President Coolidge, and at that time it was generally understood that President Hoover, then Secretary of Commerce, collaborated with Mr. Coolidge in preparing the veto message. The debenture plan, considered in both the House and the Senate for several years, was the subject of an attack made against it by President Hoover at the time of the adoption of the Federal Farm Board legislation.

The President in a letter to Senator MCNARY set forth 10 points upon which he based his opposition to the debenture plan. President Hoover has also gone on record in opposition to the so-called allotment plan, for in his message to Congress at the opening of the special session he registered his disapproval of the principle involved in this plan and likewise made known his opposition to all three plans—the equalization fee, the debenture, as well as the allotment plan. But now while we are considering the emergency bill introduced and sponsored by the distinguished gentleman from Illinois [Mr. RAINEY], our majority leader, we are given to understand that this measure does not meet with presidential favor. The President's plan for the relief of agriculture, as indicated by the record, is the Federal Farm Board, which was passed in the very first session of Congress which assembled after his inauguration as President of the United States. This measure met with his approval. It was referred to as his handiwork, and its contribution to the relief of the stricken agriculturist of the country is too well known for comment at this time. Its passage was for the purpose of placing agriculture on a basis of economic equality, but by its record it has failed utterly. It was not wanted by the farmers at that time and it is not wanted by the farmers to-day.

The National Grange, the American Farm Bureau Federation, and the National Farmers' Union, three representative and nationally known farm organizations, favor what is known as the 3-ply bill, a permissive measure which under certain conditions and regulations authorizes the application of the principle of the equalization fee, the debenture plan, and the allotment plan. Either all three of these plans or any one of them may be considered and put into operation as the conditions and the emergency require. It is a well-established fact that the President is opposed to the 3-ply bill. The Senate has already gone on record in opposition to this measure, and therefore under the circumstances it seems to me that the solution of the farm problem, like the solution of the prohibition question and the economic question, must await the coming of a sympathetic Congress and a President who can work in harness and in harmony. This teamwork in Government has been sorely missed for the past 8 or 10 years, and the failure of the administration to place agriculture on a reasonably sound basis has contributed in great measure to the widespread differences which exist in the legislative and executive branches of our Government. The Republican Party in the Senate and in the House have clashed violently over this question and from the record it may be assumed that teamwork and harmony necessary to aid agriculture can not be restored by that party.

Agriculture, a basic industry, demands the attention and the consideration of the Congress and the Executive, because and until agriculture is restored we can not hope to enjoy permanent prosperity in the United States. The restoration of the prosperity of agricultural Iowa, for example, is of far more importance than the restoration of our foreign trade with India, for it contributes more to our economic prosperity than any trade or commerce we have had with that British possession. The same is true of other agricultural States in relation to our trade with European and Asiatic countries. When the 48 States of the Union are prosperous we consume over 92 per cent of our production. To make America and American industries, to make our own people and our own States prosperous, to restore trade, buying power, and employment opportunities is our first and all-important task, and this can be brought about when leadership is restored to the country whose policies will command the cooperation of the Government and the people. The elimination of the Farm Board and of unfair tariff discriminations would, in my judgment, prove helpful to agriculture. But if we continue to pursue our present policies, then compensating legislation becomes inevitable.

Mr. STAFFORD. Mr. Chairman, I yield the remainder of my time, which I believe is five minutes, to the gentleman from Virginia [Mr. LANKFORD].

Mr. LANKFORD of Virginia. Mr. Chairman, I believe a great deal of good has developed from this debate. I am very pleased that this very important subject has had these few minutes of consideration during the closing days of the session.

I think there is a good deal in the statement that this bill does not go far enough, that it is just a step in the right direction, but we have been trying here during all the time we have been in session to suggest something that would relieve the unemployment that exists in this country. I am frank to say to you, my friends, I do not believe we have done it. There are still millions of unemployed in the country, and we have not been able to help them as much as we would like.

I believe there are two ways by which we could help this situation: First, to shorten the hours of work and shorten the work week; and, second, to get these men in the cities back on small farms, just as this bill suggests.

I know it may sound foolish to you gentlemen who represent great farming areas where there are farms of 1,000 and 2,000 acres to talk about a 10 or 15 acre farm, but I was in Germany last summer and I saw thousands of these little farms of an acre or an acre and a half or 5 acres, with a man and his wife and four or five children living off of these farms. Of course, they say that this is peasant farming, and it is; but which is better—to let the men go back on small farms where they can at least raise a part of their living or let them remain in the cities starving or subject to the care and attention of the people of the community in which they live? They would not add appreciably to the surplus, as they would consume the greater part of what they would raise.

This bill does not go very far. It just takes a step in the right direction. I am in favor of going farther. Millions of men in the cities who are now idle came from the country, and they know how to make a living on the farm. They know how to raise a truck patch; and, if they do not, they have the Department of Agriculture, they have the county agents, and they have the men around them who can help them do it.

I submit there is a great deal of benefit to be obtained from the passage of this bill; and if we can encourage these thousands and millions of people in the city to go back on these farms and make a living, which I believe they can do during the summer, this will give us a chance to think about this matter, and then we can come back next winter with some definite and helpful plan. If necessary, we can enlist the aid of the Government and the States to get them back where they can be self-sustaining, where they can make a living, and where they can be independent, free American citizens. [Applause.]

Mr. STAFFORD. Mr. Chairman, I yield three minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER. Mr. Chairman, this bill, as a relief measure, is comparable to the "bull" peddled on the floor of the House the other day by the two gentlemen from Kansas who are running for reelection.

It is a terrible situation when the House of Representatives, with all the misery and despair and unemployment existing throughout the land, in the closing days of the session—and I say "closing days" because the Democratic leadership of the House indicates it has practically finished its business and is ready to adjourn—we spend hours discussing an indefensible monstrosity such as this—a gesture, a promise.

Oh, my colleague from Wisconsin made his wonderful speech about the city unemployed milking the cow on the farm and raising crops if this bill passes. He well knows that in the State of Wisconsin the crops for this year have already been planted and many of them have been harvested. Where are you going to plant the seed this year? Out in the snow banks, where the snow in some parts of the country is 5 and 10 feet deep? Are you going to take these poor, unemployed city people, with their little children, and put them out on the farms where it is sometimes 22 degree below zero and where the snow is as high as 10 feet deep, and then say that you are saving them, that you are saving the little children, and that they can milk the good old cow that some one is to give them. If a neighbor gives them a cow, as the chairman of the Labor Committee and my colleague from Wisconsin intimated, what are they going to feed it? Snow from some of the snow banks 5 or 6 or 10 feet deep? I am surprised that my colleague from Milwaukee took the floor to-day and made the speech he did in favor of this bill, which does not even provide for the cow, chickens, seeds, and so forth, which the proponents promise to those in the cities who are in the bread lines.

If the proposition of returning the people from the city to the farm is sound, then let us have the intestinal stamina now to make appropriations so that when they get on the farms the men, women, and children will not suffer and starve.

The passage of this bill in its present form and the bull-fight debate on the floor of the House the other day will do more to bring the Congress of the United States into disrepute in these days of misery, distress, and despair than anything else. Instead of fiddling away the closing days of the session on this bill, why do not you Democrats, who control the House of Representatives, carry out your platform pledge and immediately modify the Volstead Act, and put hundreds of thousands of people to work throughout the country in the breweries, in the wineries, on the railroads, and in the coal mines, and so forth, and bring additional revenue into the badly battered Federal Treasury, and then, perhaps, you will have some money to take care of the suffering, unemployed veterans, who need their adjusted compensation and who made it possible for this Nation to be alive to-day. [Applause.]

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield one minute to the gentleman from New York [Mr. BLACK].

Mr. BLACK. I simply want to say to the gentleman from Wisconsin, who has been indulging the House day after day with "dumbagogic" statements that the bill is not a Democratic bill, that it came from Senator MCNARY. [Applause.]

The CHAIRMAN. The Clerk will report the joint resolution.

The Clerk read the joint resolution, as follows:

Joint resolution to provide information and direction to individuals and agencies concerned with relieving unemployment through finding opportunities for subsistence in rural areas.

Whereas under present conditions temporary relief for some of the unemployed may be provided by aiding them to obtain a subsistence in rural areas; and

Whereas the indiscriminate settlement of such families on land is likely to subject them to difficulties and disappointments, as well as impose burdens and hardships on rural communities through increasing agricultural surpluses and necessitating more ample provision for schools, roads, health, and other facilities; and

Whereas the likelihood of such disappointments and hardships may be minimized by information and assistance from the Department of Agriculture and other departments and agencies of the Federal Government, cooperating with State and local authorities: Therefore be it

Resolved, etc., That the Secretary of Agriculture is hereby authorized and directed to make available the services of the Department of Agriculture, cooperating with the Department of Labor, the Department of the Interior, the Federal Farm Board, the Federal Farm Loan Board, the President's Committee on the Unemployed, and other departments and agencies of the Government, in providing information to the several States, municipalities, and other political subdivisions of the States, and to individuals as to suitable opportunities and methods of aiding the unemployed to obtain a livelihood in rural communities, and in coordinating activities of State and local agencies working to that end.

For the purpose of better carrying out the objects of this resolution the Secretary of Agriculture, with such assistance as may be supplied by other Federal and State departments and agencies, is authorized and directed to encourage the formation of State organizations representing rural and urban interests through which organizations the Secretary may effectively work in coordinating the activities of urban agencies for unemployment relief with those of rural agencies in position to supply necessary information and direction for settlement of the unemployed.

The Secretary shall encourage urban relief organizations directly or through the aforesaid State organizations to make careful selection of those families whose experience and resources, as supplemented by such relief funds as may be available, fit them for earning a livelihood in the country.

The Secretary shall ascertain directly or through State and local agencies the available opportunities in rural areas for obtaining

land and buildings suitable for occupancy by unemployed families, and the terms and conditions on which such land and buildings may be obtained.

The Secretary is also authorized and directed to cooperate with the aforementioned State and local agencies in formulating plans for placing unemployed on the land; and in making available the technical and extension facilities of the Department of Agriculture and of the State agricultural colleges and experiment stations in the selection of food crops and livestock for family use and for determining suitable facilities, methods, and practices.

The Secretary of Agriculture and such other Federal agencies as may cooperate with him are hereby authorized and directed—

(1) To carry out this resolution, as an emergency measure, with a view to placing unemployed persons in rural areas for obtaining a livelihood, but in such manner as will avoid so far as practicable expanding agricultural production.

(2) To discourage the transference of financial burdens in respect of unemployment relief from urban communities to rural communities.

(3) To prevent as far as possible the exploitation of the countryward movement.

Mr. CONNERY. Mr. Chairman, I move that the committee do now rise and report the joint resolution back to the House, with the recommendation that it do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. OLIVER of Alabama, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration House Joint Resolution 169, and had directed him to report the same back with the recommendation that it do pass.

Mr. CONNERY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time.

Mr. BRUMM. Mr. Speaker, I move to recommit the bill to the Committee on Labor.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BRUMM. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BRUMM moves to recommit the bill to the Committee on Labor.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. BRUMM and Mr. SCHAFER) there were ayes 75 and noes 58.

Mr. STAFFORD and Mr. BLACK demanded tellers.

The SPEAKER. The question is on ordering tellers.

The question was taken; and 15 Members arose—not a sufficient number.

So the motion to recommit was agreed to.

THE RELIEF BILL

Mr. RAINEY. Mr. Speaker, I present a conference report on the bill H. R. 9642, the relief bill.

Mr. O'CONNOR. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman rise?

Mr. O'CONNOR. I believe the Chair announced the last vote in error. I think the vote was 55 for the motion and 58 against.

The SPEAKER. The gentleman is mistaken. The Chair counted and announced 75 ayes and 58 noes.

Mr. CONNERY. Mr. Speaker, I was under the belief that the gentleman from New York did not ask for the yeas and nays, believing that the motion to recommit had failed. Is there any opportunity for me to ask for the yeas and nays?

The SPEAKER. The Chair does not see any opportunity at this time except by unanimous consent. We have taken up a conference report.

Mr. SNELL. Mr. Speaker, do I understand that the conference report is offered for printing in the RECORD or is it called up?

The SPEAKER. The gentleman from Illinois presents the report and calls it up for consideration.

Mr. SNELL. How does he get it before the House?

The SPEAKER. The Chair understands that the report states that the conferees have been unable to agree.

Mr. SNELL. A parliamentary inquiry.

The SPEAKER. This is the first experience the present occupant of the Chair has had in these matters. The Chair has taken the advice of the Parliamentarian, who has had some considerable experience concerning the rules of the House. The Chair thinks that where the conferees report that they have been unable to agree it is not necessary to act upon the conference report. The Chair is supported in that by a decision made by Mr. Speaker Reed, which may be found in Hinds' Precedents, Volume V, section 6562. Therefore, the Chair thinks that under these circumstances, where there is nothing in the conference report to agree to, the rule providing for printing in the RECORD would not apply and that the matter could be disposed of immediately after the reading of the report.

Mr. SNELL. I made the inquiry because I wanted to know.

The SPEAKER. The Chair is telling the gentleman.

Mr. SNELL. I know; but the Chair did not propose to tell me before, and I thought I had the right to make the inquiry.

The SPEAKER. The Chair did not deprive the gentleman of any right. He gave him the reason. The Clerk will read the conference report.

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. Do I understand the Chair to state there is no parliamentary way by which I can recur to that bill?

The SPEAKER. The gentleman from Massachusetts can move to reconsider, because no motion was made to reconsider and to lay that motion on the table.

Mr. CONNERY. Then I move to reconsider the vote by which the bill was recommitted.

The SPEAKER. Just one moment. We have other business now before the House. The Clerk will read the conference report.

The Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, having met, after full and free conference, have been unable to agree.

J. W. COLLIER,
HENRY T. RAINEY,
R. L. DOUGHTON,
W. C. HAWLEY,
ALLEN T. TREADWAY,
Managers on the part of the House.

PETER NORBECK,
SMITH W. BROOKHART,
P. L. GOLDSBOROUGH,
Managers on the part of the Senate.

Mr. RAINEY. Mr. Speaker, I move that the House further insist upon its amendment to the Senate amendment numbered 1 and insist upon its disagreement to Senate amendment numbered 2, and upon that I move the previous question.

Mr. HAWLEY. May we know what these amendments are?

The SPEAKER. The Chair will state that this report is a complete disagreement between the Senate and the House on the relief bill.

Mr. HAWLEY. The gentleman moved to disagree to the two Senate amendments and we would like to know what they are.

The SPEAKER. The parliamentary situation is this. The Senate passed a House bill with two amendments. The House concurred in Senate amendment No. 1 with an amendment which substituted the provisions of the House relief bill in lieu of the Senate amendment; disagreed to Senate amendment No. 2 and asked a conference with the Senate on the disagreeing votes of the two Houses thereon.

Last night the Senate agreed to the conference asked by the House. The gentleman from Illinois [Mr. RAINEY] has now submitted a conference report setting forth the fact that the conferees have been unable to agree. That report has just been read and the gentleman from Illinois now moves to further insist on the House amendment to Senate amendment No. 1 and to insist on its disagreement to Senate amendment No. 2.

The gentleman from Illinois has moved the previous question on his motion. It is a question of whether or not the House will insist upon its amendment to the Senate amendment. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Illinois to further insist on the House amendment to Senate amendment No. 1 and to insist on its disagreement to Senate amendment No. 2.

Mr. HAWLEY. On that I demand the yeas and nays.

Mr. MAPES. May I submit a parliamentary inquiry, Mr. Speaker?

The SPEAKER. Certainly.

Mr. MAPES. If this motion prevails are we in any different position from what we were before the conferees reported?

The SPEAKER. If the House insists upon its amendment to the Senate amendment, the matter will go back to the Senate for such action as they want to take on the House amendment. The House acted upon this yesterday, insisting on the House amendment and asking a conference.

Mr. MAPES. We are sending the bill back to the conferees in the same shape that it was in when we sent it back yesterday, are we not, by this action?

The SPEAKER. This motion, if agreed to, will send the bill back to the Senate and will give the Senate another opportunity to consider the House amendment.

Mr. MAPES. And with the previous question ordered there is no opportunity to offer an amendment to the motion of the gentleman from Illinois?

The SPEAKER. None whatever. The gentleman from Oregon demands the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 172, nays 150, answered "present" 2, not voting 106, as follows:

[Roll No. 120]

YEAS—172

Allgood	Dies	Kelly, Ill.	Patterson
Almon	Dieterich	Kemp	Person
Amlie	Disney	Kennedy	Pettengill
Arnold	Dominick	Kerr	Polk
Auf der Heide	Doughton	Kleberg	Pou
Ayres	Douglas, Ariz.	Kniffin	Prall
Barton	Doxey	Kunz	Rainey
Black	Drewry	Kvale	Ramspeck
Bland	Driver	LaGuardia	Rankin
Bloom	Ellzey	Lambeth	Reilly
Boehne	Fiesinger	Lamneck	Rudd
Boileau	Fishburne	Lankford, Ga.	Sanders, Tex.
Briggs	Fitzpatrick	Larrabee	Schafer
Browning	Flannagan	Lea	Schneider
Bulwinkle	Gambrill	Lewis	Schuetz
Burch	Garrett	Lichtenwalner	Shannon
Byrns	Gavagan	Lindsay	Sinclair
Cannon	Goldsborough	Lonergan	Smith, Va.
Carden	Granfield	Lozier	Somers, N. Y.
Carley	Green	Ludlow	Spence
Cartwright	Gregory	McCormack	Steagall
Celler	Griffin	McDuffie	Stevenson
Chapman	Griswold	McFadden	Stewart
Chavez	Haines	Maas	Sullivan, N. Y.
Christgau	Hall, Miss.	Major	Sumners, Tex.
Clark, N. C.	Hancock, N. C.	Maloney	Sutphin
Cochran, Mo.	Hare	Martin, Oreg.	Sweeney
Cole, Md.	Harlan	Mead	Tarver
Collier	Hart	Milligan	Taylor, Colo.
Collins	Hill, Wash.	Mobley	Tierney
Condon	Hornor	Montet	Underwood
Connery	Howard	Morehead	Vinson, Ky.
Cooper, Tenn.	Huddleston	Nelson, Mo.	Warren
Cox	Jacobsen	Norton, Nebr.	Weaver
Cross	James	Norton, N. J.	West
Crosser	Jeffers	O'Connor	Whittington
Crowe	Johnson, Mo.	Oliver, Ala.	Williams, Mo.
Crump	Johnson, Okla.	Overton	Wilson
Cullen	Johnson, Tex.	Owen	Wingo
Delaney	Jones	Palmisano	Withrow
DeRouen	Kading	Parker, Ga.	Wood, Ga.
Dickinson	Karch	Parsons	Woodrum
Dickstein	Keller	Patman	Yon

NAYS—150

Adkins	Darrow	Hull, Morton D.	Rogers, Mass.
Aldrich	Davenport	Hull, William E.	Seger
Allen	Dowell	Jenkins	Selberling
Andresen	Dyer	Johnson, S. Dak.	Selvig
Andrew, Mass.	Eaton, Colo.	Kahn	Shott
Andrews, N. Y.	Eaton, N. J.	Kelly, Pa.	Simmons
Bacharach	Englebright	Kinzer	Smith, Idaho
Bachmann	Erk	Kopp	Snell
Bacon	Estep	Kurtz	Snow
Barbour	Evans, Calif.	Lambertson	Stafford
Bolton	Fish	Lankford, Va.	Stalker
Bowman	Foss	Leavitt	Stokes
Britten	Free	Lehlbach	Strong, Kans.
Brumm	French	Loofbourow	Strong, Pa.
Buckbee	Garber	Luce	Stull
Burdick	Gibson	McClintock, Ohio	Summers, Wash.
Burtness	Goss	McGugin	Swanson
Butler	Guyer	McLaughlin	Swing
Campbell, Pa.	Hadley	Magrady	Taber
Carter, Calif.	Hall, Ill.	Manlove	Temple
Cavicchia	Hall, N. Dak.	Mapes	Thurston
Chase	Hancock, N. Y.	Martin, Mass.	Timberlake
Chindblom	Hardy	Michener	Tinkham
Christopherson	Hartley	Millard	Treadway
Clague	Haugen	Moore, Ohio	Wason
Clarke, N. Y.	Hawley	Nelson, Me.	Watson
Cochran, Pa.	Hess	Niedringhaus	Welch
Cole, Iowa	Hoch	Nolan	White
Colton	Hogg, Ind.	Parker, N. Y.	Whitley
Connolly	Hogg, W. Va	Perkins	Wigglesworth
Cooke	Holaday	Pittenger	Wolcott
Cooper, Ohio	Hollister	Pratt, Ruth	Wolfenden
Coyle	Holmes	Purnell	Wolverton
Crail	Hooper	Ramseyer	Woodruff
Crowther	Hope	Ransley	Wyant
Culkin	Hopkins	Reed, N. Y.	Yates
Curry	Horr	Rich	
Dallinger	Houston, Del.	Robinson	

ANSWERED "PRESENT"—2

Campbell, Iowa Gilchrist

NOT VOTING—106

Abernethy	Doutrich	Larsen	Romjue
Arentz	Drane	Linthicum	Sabath
Baldrige	Evans, Mont.	Lovette	Sanders, N. Y.
Bankhead	Fernandez	McClintic, Okla.	Sandlin
Beam	Finley	McKeown	Shallenberger
Beck	Frear	McLeod	Shreve
Beedy	Freeman	McMillan	Sirovich
Blanton	Fulbright	McReynolds	Smith, W. Va.
Bohn	Fuller	McSwain	Sparks
Boland	Fulmer	Mansfield	Sullivan, Pa.
Boylan	Gasque	May	Swank
Brand, Ga.	Gifford	Miller	Swick
Brand, Ohio	Gilbert	Mitchell	Taylor, Tenn.
Brunner	Gillen	Montague	Thatcher
Buchanan	Glover	Moore, Ky.	Thomason
Busby	Golder	Mouser	Tilson
Cable	Goodwin	Murphy	Tucker
Canfield	Greenwood	Nelson, Wis.	Turpin
Carter, Wyo.	Hastings	Oliver, N. Y.	Underhill
Cary	Hill, Ala.	Parks	Vinson, Ga.
Chiperfield	Igoe	Partridge	Weeks
Clancy	Johnson, Ill.	Peavey	Williams, Tex.
Corning	Johnson, Wash.	Pratt, Harcourt J.	Williamson
Crisp	Kendall	Ragon	Wood, Ind.
Davis	Ketcham	Rayburn	Wright
De Priest	Knutson	Reid, Ill.	
Douglass, Mass.	Lanham	Rogers, N. H.	

So the motion was agreed to.

The Clerk announced the following pairs:

Mr. Campbell of Iowa (for) with Mr. Chiperfield (against).
Mr. Gilchrist (for) with Mr. Underhill (against).
Mr. Sandlin (for) with Mr. Partridge (against).
Mr. Hastings (for) with Mr. Thatcher (against).
Mr. Davis (for) with Mr. Beck (against).
Mr. Evans of Montana (for) with Mr. Reid of Illinois (against).
Mr. Greenwood (for) with Mr. Cable (against).
Mr. McClintic of Oklahoma (for) with Mr. Tilson (against).
Mr. Boylan (for) with Mr. Shreve (against).
Mr. Sirovich (for) with Mr. Bohn (against).
Mr. Bankhead (for) with Mr. Freeman (against).
Mr. Brunner (for) with Mr. Johnson of Illinois (against).
Mr. McKeown (for) with Mr. Weeks (against).
Mr. Oliver of New York (for) with Mr. Baldrige (against).
Mr. Beam (for) with Mr. Clancy (against).
Mr. Ragon (for) with Mr. Gifford (against).
Mr. Sabath (for) with Mr. McLeod (against).
Mr. Douglass of Massachusetts (for) with Mr. Wood of Indiana (against).
Mr. Lanham (for) with Mr. Ketcham (against).
Mr. Linthicum (for) with Mr. Johnson of Washington (against).
Mr. McMillan (for) with Mr. Arentz (against).
Mr. Blanton (for) with Mr. Beedy (against).
Mr. McSwain (for) with Mr. Pratt (against).
Mr. Gasque (for) with Mr. Murphy (against).
Mr. Buchanan (for) with Mr. Sanders of New York (against).
Mr. Busby (for) with Mr. Sparks (against).
Mr. Parks (for) with Mr. Swick (against).
Mr. Rayburn (for) with Mr. Carter of Wyoming (against).
Mr. Hill of Alabama (for) with Mr. Mouser (against).
Mr. Swank (for) with Mr. Kendall (against).

Mr. Boland (for) with Mr. Turpin (against).
Mr. Canfield (for) with Mr. Doutrich (against).
Mr. Fernandez (for) with Mr. Finley (against).
Mr. Rogers (for) with Mr. Brand of Ohio (against).
Mr. Romjue (for) with Mr. Golder (against).
Mr. Thomason (for) with Mr. Sullivan of Pennsylvania (against).
Mr. Smith of West Virginia (for) with Mr. Williamson (against).
Mr. Larsen (for) with Mr. Goodwin (against).
Mr. McReynolds (for) with Mr. Knutson (against).
Mr. Glover (for) with Mr. Lovette (against).

General pairs:

Mr. Corning with Mr. Nelson of Wisconsin.
Mr. Mansfield with Mr. Taylor of Tennessee.
Mr. Crisp with Mr. Peavey.
Mr. Vinson of Georgia with Mr. Frear.
Mr. Igoe with Mr. De Priest.

Mr. JOHNSON of Washington. Mr. Speaker, I was not in the Hall at the time my name was called. If I had been, I would have voted "no."

The SPEAKER. The gentleman does not qualify.

Mr. GILCHRIST. Mr. Speaker, I have a pair with the gentleman from Massachusetts, Mr. UNDERHILL. Therefore I withdraw my vote and answer "present."

Mr. GOSS. Mr. Speaker, my colleague the gentleman from Nebraska, Mr. BALDRIGE, is unavoidably absent and has instructed me to say that were he present he would vote "no."

Mr. CAMPBELL of Iowa. Mr. Speaker, I have a pair with the gentleman from Illinois, Mr. CHIPERFIELD. Therefore I withdraw my vote and answer "present."

Mr. POU. Mr. Speaker, I am requested by my colleague, the gentleman from Wisconsin, Mr. NELSON, to state that if present he would vote for the relief bill and also for the Norbeck emergency farm bill.

Mr. DIETERICH. Mr. Speaker, my colleague, the gentleman from Illinois, Mr. SABATH, has been called home on account of serious illness in his family. If present, he would vote "aye."

Mr. TEMPLE. Mr. Speaker, my colleague, the gentleman from Pennsylvania, Mr. TURPIN, is absent on account of illness. If present, he would vote "no."

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had ordered that the House of Representatives be requested to return to the Senate the bill (S. 4940) entitled "An act to provide temporary aid to agriculture for the relief of the existing national economic emergency."

PLACING OF UNEMPLOYED ON UNOCCUPIED LANDS

Mr. CONNERY. Mr. Speaker, I move to reconsider the vote on the motion to recommit the resolution, Senate Joint Resolution 169, and spread that on the Journal.

Mr. SCHAFER. Mr. Speaker, a point of order. The gentleman voted against the motion, and under the parliamentary situation and the rules of the House, the gentleman can not move to reconsider the vote.

The SPEAKER. The Chair has no knowledge of how any vote was cast. There was no roll call.

Mr. TABER. But should not the gentleman be required to state how he voted, when the question is raised, Mr. Speaker?

The SPEAKER. Well, it has not been customary in the House since the present occupant of the chair has been a Member of it.

Mr. TABER. I will state that I saw the gentleman from Massachusetts rise and vote that way.

Mr. JOHNSON of Texas. Mr. Speaker, I voted for the motion to recommit, and I make the motion to reconsider the vote by which the bill was recommitted, and spread that motion upon the Journal.

The SPEAKER. The gentleman from Texas, in order to avoid the technical question, moves to reconsider the vote by which the Senate joint resolution was recommitted. The motion will be spread upon the Journal.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 855. An act for the relief of William Ray Taplin; to the Committee on Claims.

S. 2349. An act for the relief of the First Camden National Bank & Trust Co., of Camden, N. J.; to the Committee on Claims.

S. 4024. An act authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge; to the Committee on Public Lands.

S. 4065. An act authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages; to the Committee on Agriculture.

S. 4270. An act for the relief of Commander Francis James Cleary, United States Navy; to the Committee on Naval Affairs.

S. 4694. An act to amend section 812 of the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

S. 4738. An act for the relief of Newport Contracting & Engineering Co.; to the Committee on Claims.

S. 4912. An act to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago's World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933, to the Committee on Patents.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 11732. An act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes; and

H. R. 11897. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3276. An act to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926.

EXTENSION OF REMARKS

WHERE THE TAXPAYERS' MONEY GOES

Mr. SUTPHIN. Mr. Speaker, I wish to voice my vigorous protest against the extravagant and wasteful practices of our Federal Government. Every dollar spent by the Government represents the coined sweat of labor, taken from the American public in the form of taxes. The American public are, therefore, entitled to a return in service of 100 cents on every dollar of tax money that is collected. Are they getting it? Let the record speak for itself:

FEDERAL GOVERNMENT COSTS INCREASE 6,600 PER CENT IN LAST 72 YEARS

Since 1860 the Republican Party has been in almost exclusive control of our National Government with only two brief exceptions. During those 72 years the costs of maintaining our Federal Government has increased from $63,000,000 in 1860 to over $4,000,000,000 per annum in 1932. During this same period the cost of government per person increased from $2 in 1860 to $38 in 1932, an increase of 1,900 per cent.

FEDERAL GOVERNMENT COSTS INCREASE 467 PER CENT IN LAST 20 YEARS

In 1911 our Government expenses were $726,424,850, whereas they had grown to $4,219,950,339 in 1931. This represents an increase of 467 per cent in 20 short years.

But the most remarkable feature of these past 20 years is the fact that while governmental costs were increasing 467 per cent our national wealth increased only 94 per cent, and our population only 34 per cent.

FEDERAL GOVERNMENT COSTS INCREASE $650,000,000 UNDER COOLIDGE

During the six years of the Coolidge administration the American public were misled into the belief that the "efficiency and economy" which the Republican Party has been promising for half a century was actually being practiced. But while such economies as saving paper clips, tying broken rubber bands together, and writing on both sides of the

paper were being followed, Mr. Coolidge officially recommended, allowed, and approved increases in the expenses of our National Government of more than $650,000,000.

FEDERAL GOVERNMENT COSTS INCREASE ALMOST $3,000,000,000 UNDER HOOVER

But the Hoover administration capped the climax of the wildest orgy of spending this Nation or the world has ever seen. The first year of his administration showed an increase of $400,956,441 over Mr. Coolidge's last year, the second year showed an increase of $367,464,556 over Mr. Coolidge's last year, the third year an increase of $775,802,448.61, and the fourth year an increase of $1,363,570,526.83, making a grand total increase of $2,907,794,073.18.

EXTRAVAGANCE IN THE MIDST OF A DEPRESSION

During the Hoover administration, while the public at large was in the throes of the worst depression the country has ever seen, with poverty and unemployment prevalent on every side, and dispossessions, foreclosures, and tax sales the order of the day, the Federal Government at Washington was splurging and spending with a more reckless abandon than it had done even in boom times. Here is a bird's-eye view of the comparison in costs under Coolidge and Hoover:

Department	Coolidge, 1928	Hoover, 1932	Increase	Per cent increase
Department of Commerce	$36,821,839.14	$54,436,582.95	$17,614,743.81	48
Department of Justice	26,432,106.66	51,489,201.00	25,057,094.34	95
Department of Labor	10,160,396.00	15,565,450.00	5,405,054.00	53
Navy Department	320,465,998.47	358,269,823.63	37,793,825.16	11
War Department	370,429,310.67	445,910,938.02	75,481,627.35	24
Independent offices	520,040,576.30	1,318,962,723.58	798,921,967.28	150
Legislative establishment	16,479,576.56	28,786,036.94	12,306,460.38	89
Department of Agriculture	156,429,535.94	289,925,550.95	133,496,015.01	74
Executive office	438,460.00	474,880.00	36,420.00	

SOME EXAMPLES OF "ECONOMY"

Let me cite a few illustrations of where the taxpayers' money is going:

First. Although the World War has been over 13 years, the Alien Property Custodian's Office is still flourishing with a personnel drawing good salaries.

Second. Although the World War has been over 13 years, the war-time United States Railway Administration is still functioning with offices and personnel absolutely oblivious of the fact that the war is over.

Third. Mr. Hoover, as Secretary of Commerce, secured the erection in Washington of a $17,500,000 building to house his department with 40 acres of floor space, 1,600 telephones, massive bronze doors, and a private elevator for the Secretary. This building cost more than the entire Louisiana Purchase—or about one-third of the total area of the United States, and was erected on a site valued at $30,000,000.

Fourth. A Memorial Bridge across the Potomac was built, with about 15 miles of highway, at a cost of $20,000,000, estimated at about $7 an inch.

Fifth. The Department of Agriculture Building was constructed at a cost of about $12,000,000 and boasts of Corinthian columns of white marble, an inner court, a fountain, and "taverine floors which will make even the clatter of hobnail boots sound like the soft tread of daintily slippered feet on velvet rugs."

Sixth. Embassies in foreign countries, to the tune of $10,000,000, in one appropriation bill, have been built, and one in Berlin has been purchased at a cost of $1,800,000.

Seventh. Five hundred million dollars of taxpayers' money has been dumped into the Farm Board to "stabilize" prices, which has failed to stabilize the price of a single commodity. Wheat, for instance, has dropped from $1.60 to 25 cents under their "stabilization" efforts.

Eighth. The pay roll of the Federal Farm Board shows: 1 employee at $20,000 per year, 7 at $12,000, 1 at $10,000, 1 at $9,000, 1 at $8,000, 2 at $7,500, 6 at $6,500, 6 at $6,000, 10 at $5,600, and so forth, to make a total of $968,780 in salaries alone per year. These salaries are being paid in the name of the farmers who can not pay their taxes and whose products are selling below the cost of production.

In addition, the Farm Board is financing cooperative associations, some of whose so-called experts draw salaries and bonuses of $50,000, and one as high as $75,000 per year.

Ninth. The army of Federal officeholders has increased from 568,715 in Mr. Coolidge's time to 732,560 in Mr. Hoover's time, an increase of 163,745, or about 30 per cent.

Tenth. A bill was passed a year ago authorizing the demolition of four splendid buildings in Washington because their architecture does not harmonize with certain other buildings in their vicinity, and providing for their reconstruction along architectural lines which do harmonize. The buildings to be destroyed are in excellent condition, would last indefinitely, and represent millions of dollars of the taxpayers' money.

To the foregoing could be added numerous other instances of flagrant extravagance, such as the countless subsidies under which more millions are given away under a thinly disguised veil, but the ones I have cited are sufficient to illustrate my point.

THE TIME FOR RETRENCHMENT IS HERE

The time has come when the public is beginning to realize that they can not support their Government in the style to which it has become accustomed during these past three Republican administrations. I appeal for a return to the common sense, rigid economy, and homely frugality of the founders of our Republic, for the discharge of the army of tax-eating experts and high-salaried officials and jobholders, for the abolition of useless bureaus, boards, and commissions, for the total elimination of all functions of government not absolutely essential, and for a drastic reduction in all governmental expenditures during this period of economic distress.

THE ONLY CURE FOR HIGH TAXES

There is no magic panacea for the relief of our tax-burdened people except to reduce taxes, and taxes can only be reduced by reducing the cost of government.

That the Hoover administration can not be trusted to reduce the cost of government has been amply demonstrated. If the burdened taxpayers are to get relief, it must come through a Democratic administration. In the present Congress the Democratic Party, in control of the House of Representatives, has demonstrated not only its desire but its ability to rise to the emergency, for appropriations for the fiscal year made by the Democratic House are more than $750,000,000 below those made for the fiscal year 1932 by the Republican Congress and approved by President Hoover. Moreover, the Democratic House actually reduced the 1932 appropriations by approximately $325,000,000 under the sum that President Hoover himself and his Budget Bureau recommended be appropriated.

The people of my State are vitally interested in the problem of reducing Federal Government costs, for they should remember that for every dollar of Federal tax money expended in New Jersey by the Federal Government for road construction and all other purposes the New Jersey taxpayers pay approximately $23 into the Federal Treasury.

THE VOLUNTARY DOMESTIC-ALLOTMENT PLAN OF FARM RELIEF

Mr. HOPE. Mr. Speaker, we are in a perplexing and sorrowful situation to-day. Farmers are producing more products of every sort than they can sell. We have railroads, ships, machinery, equipment of all sorts far in excess of what we are using. We have unemployed in our cities, and even encamped almost within the shadow of the Capitol, daily becoming more restive and more unhappy over the insufficient and unappetizing food, the tatters of clothing, the makeshift shelter, and the reproach of living on charity. We have farmers feverishly seeking to reduce costs and buying nothing so that their few dollars can cover even taxes and interest, and keep them from losing the savings of a lifetime, or accumulated from generations of hard work. Too many products, too much equipment, too many men! Surely something is wrong if we can not put land and labor and capital together to produce the necessities and even the luxuries of existence.

As is usual under such conditions, farmers are in the least protected position. The prices of the things they sell

have declined to 60 per cent below what they were when the depression began. In fact, prices of farm products are now only 56 per cent of what they were even before the war. The prices of things farmers buy have declined much more slowly, and are now 112 per cent of the pre-war average. Each wagonload of products that the farmer sells will buy only half as much of the things he buys as it would before the war.

More serious still is the fact that many of the farmer's costs—taxes, interest on his mortgage, freight rates—have not declined at all. In many communities farmers' cash income has declined so sharply that they are unable to meet even these fixed expenditures, and as a consequence are forced to lose their farms or make a settlement with their creditors.

Looking backward we can begin to see the developments that brought the present catastrophe about, developments from which farmers were already suffering before the greater disaster of 1929 added to their woes.

The war, which reduced farm production in Europe, had stimulated food production elsewhere—in Canada, in Argentina, in Australia, as well as in the United States. For a short time after the war heavy new loans and paper inflation blinded men's eyes; in 1920 they began to face the task of reconstruction, and a sharp depression occurred, a depression which now seems short.

After the war European countries turned to rebuilding their shattered agriculture. By 1925 they were generally back to pre-war output. Production elsewhere did not decline as that in Europe increased, however. Once range land is plowed for wheat or cotton it is difficult to get it back into grass again, and what was true of our Great Plains was true of the new producing regions in other countries as well.

The increasing world supplies of farm products held prices of farm products below the prices of other products. Most European countries did not permit this to affect their producers and reduce their production, however. Instead, they took special measures by protective tariffs, import quotas, milling restrictions, and the like, to maintain prices to their farmers. From 1925 to 1930 prices of wheat at Liverpool fell from over $1.75 per bushel to 80 cents per bushel. In Italy, France, Germany, however, wheat prices were so maintained that they were kept up to about $1.50 to $1.75 during this whole period. Other countries took similar action, except England; and even England is now preparing to see that her wheat producers get about $1.50 per bushel.

The protected maintained prices in Europe held down consumption and increased acreage. Even in 1931 there was a significant increase in European wheat acreage. The entire present world surplus of wheat would not have accumulated had European producers reduced their acreages in response to the low prices from 1927 on instead of increasing them.

Already in 1928 and 1929 the prices of wheat, cotton, and other farm commodities were low as a result of these accumulating surpluses. Manufacturers, however, had waxed rich on goods sold to Europe on credit. In 1929 our stock-market boom, built on these profits, collapsed, and carried farm and industrial prices alike down with it.

We used to be a debtor nation, owing money to Europe. We had to export a surplus of goods to settle our interest account. The war made us a creditor nation. Our high tariffs prevented Europe from paying us in goods; we made great loans abroad to enable Europe to continue buying from us. The stock-market boom and then the depression cut off new loans; we raised our tariffs still higher, making it still more difficult for Europe to sell to us. Farmers felt the full effect. Without the foreign exchange to buy our wheat, cotton, pork, tobacco, and hampered by exchange regulations imposed in desperate attempts to keep their countries from going bankrupt, our foreign customers had to almost entirely stop buying either farm or industrial products from us. Farmers suffered directly from the two-thirds fall in the prices of export products, and indirectly from the resulting near stoppage in domestic business activity, and in the resulting one-half fall in the price of domestic products.

The poor economic condition of farmers has given rise to a continuous crop of farm-relief proposals. The first McNary-Haugen bill, in 1924, and the second, vetoed by President Coolidge, both attempted to raise the price of farm products in this country by dumping the surplus abroad. The export-debenture plan, more recently developed, would attempt the same thing through what is equivalent to a bounty on exports. None of these measures could work now, for practically every country has machinery developed and well oiled for slapping on new tariffs or other import restrictions on the slightest provocation; any outright attempt to dump our surplus products on world markets would lead to such a wave of foreign retaliation as shortly to completely nullify its effects.

In 1929 an agricultural marketing act was finally passed. In addition to the highly desirable support and encouragement this gave to cooperative marketing it directed the board to stabilize prices—by buying up the surpluses with Government money! Even though this was attempted only with wheat and cotton, the Farm Board found it impossible to stabilize these prices in the face of the world depression. Furthermore, it also found that even these low prices, plus well-intentioned but ineffective advice, could not check overproduction. Farmers continued to produce more than was consumed. In spite of two years of phenomenal drought, unsold surpluses continued to accumulate; and farmers, in their individual, uncoordinated production, were helpless to prevent it.

No one can question that our protective-tariff system has speeded the industrial development of the United States, has increased the number of workers in those plants and maintained their wages, and has enabled manufacturers to charge higher prices here than abroad and so has increased their profits and dividends. Similar beneficial results were secured in the case of some farm products. Sugar, wool, dairy products, mohair, beef cattle, flaxseed, all sold at prices above the world market, for a time at least; some of them are still selling above world prices.

On those farm products where we produced a surplus, however, the tariff could not be made effective. Wheat, cotton, hogs, tobacco, rice, all sold on a basis of world-market prices. As world economic conditions deteriorated, prices of these products shrank. In 1924 these export products yielded farmers over $4,200,000,000 of income, 37 per cent of the total. By 1930 their value had shrunk to $2,800,000,000, or 29 per cent of the total, and in 1931 to below $2,000,000,000, and to only a little more than a quarter of all cash income of farmers. Yet the acreage of exportable crops had increased from 1924 to 1931. If we are to restore the farmer's purchasing power, we must give him the same protection on the domestic consumption of his exportable products that we have long given to all the products of industry, for modern, large-scale organization enables industry to profit from a tariff, whether part of the product is exported or not. In fact, the Edge Act definitely exempts exporting combinations from the antitrust laws.

Everyone who has given any serious thought whatever to our agricultural problem concedes that if agriculture is to be placed on a parity with other industries it must be brought within the protective system. Furthermore, that to do this effectively there must be some control of production. All of the various plans which have been proposed—equalization fee, export debenture, compulsory allotment—have been based on the idea of making the tariff at least partially effective. All of them carry an implied recognition that there must be some control of production. Yet none of them provides any method by which this control can be effectively brought about. That is undoubtedly one of the great weaknesses in all plans heretofore proposed.

This general recognition that the farmer must be brought under the protective system and that there must be some control of production has already been expressed by both political parties this year.

The Republican Party, in its 1932 platform, has definitely pledged farmers that it will take steps to make the tariff effective on their products in the following language:

The party pledges itself to make such revision of tariff schedules as economic changes require to maintain the parity of protection to agriculture with other industry.

The Republican Party has also pledged itself to help farmers in controlling production, the provision of the platform relating to this reading as follows:

The fundamental problem of American agriculture is the control of production to such volume as will balance supply with demand. In the solution of this problem the cooperative organization of farmers to plan production, and the tariff to hold the home market for American farmers are vital elements. A third element, equally as vital, is the control of the acreage of land under cultivation, as an aid to the efforts of the farmer to balance production.

We will support any plan which will help to balance production against demand and thereby raise agricultural prices, provided it is economically sound and administratively workable without burdensome bureaucracy.

The Democratic platform does not expressly cover this question, but Governor Roosevelt, in his speech of acceptance, made the following statement:

Why, the practical way to help the farmer is by an arrangement that will, in addition to lightening some of the impoverishing burdens from his back, do something toward the reduction of the surpluses of staple commodities that hang on the market. It should be our aim to add to the world prices of staple products the amount of a reasonable tariff protection, give agriculture the same protection that industry has to-day.

And in exchange for this immediately increased return I am sure that the farmers of this Nation would agree ultimately to such planning of their production as would reduce the surpluses and make it unnecessary in later years to depend on dumping those surpluses abroad in order to support domestic prices. That result has been accomplished in other nations; why not in America, too?

It is encouraging indeed to find that not only agricultural economists and farm leaders are in agreement on this question but that political leaders have fallen in line as well. With such a general recognition of the essential nature of the problem and the remedy, the practical question is, What plan, if any, can be worked out which will put those principles and policies into effect? Fortunately, there is such a plan already in existence. One which in every essential is in harmony with the policy stated in the Republican platform and by Governor Roosevelt. It is known as the voluntary domestic allotment plan.

This plan has been developed quietly by serious and nonpolitical economic students of the farm problem. Originally proposed by the late Walter J. Spillman, formerly chief of the office of farm management of the United States Department of Agriculture, the plan has undergone successive modifications at the hands of John D. Black, professor of agricultural economics at the University of Minnesota and subsequently at Harvard, and of M. L. Wilson, head of the department of agricultural economics of the Montana State College, and by a committee with whom he has been working. It has attracted considerable support in the Northwest and has been indorsed by the Montana State Farm Bureau, but it has been so recently developed in its final form that it could not be discussed at the conventions of the national farm organizations held last fall and winter. I am informed, however, that its principles have been approved by farm leaders, cooperative associations, labor groups, and even business interests which are dependent upon the welfare of farmers.

I have been interested in the theory of this plan for several years, but it had not been worked out in practical legislative form until Professor Wilson and his committee gave it their study and attention. The plan in essentially its present form has been presented to the Committee on Agriculture of the House of Representatives, where it aroused great interest.

In my opinion, the outstanding advantages of the voluntary domestic-allotment plan are as follows:

First. Tariff protection is made effective on the domestic consumption of products of which there is an exportable surplus.

Second. Incomes of farmers are definitely increased, yet there is no stimulus to increased production.

Third. A definite method is provided for farmers to control production, and to reduce it where necessary, just as big corporations have always done.

Fourth. No export dumping is involved; hence there is no danger of reprisals or retaliation by foreign governments.

Fifth. No price fixing is involved, and there is no interference with present marketing agencies.

Sixth. Consumers are protected, since the special methods provided are not to be used to raise prices of any product above its pre-war purchasing power.

Seventh. There is no compulsion on any individual farmer to join in the plan; those who elect not to share in the benefits are free to produce as much as they please.

Eighth. No new Government appropriation is required, and there is no additional expense to the Treasury.

Ninth. There is no dictation from Washington; instead, administration is decentralized through State, county, and township committees, composed of local representatives.

In addition to these benefits, the plan provides a practical way by which a large volume of new credit would be put into the hands of farmers. This would not only make further seed loans and other special financing unnecessary but would tend to check deflation. Together with the public works, productive credit, and relief measures which have been suggested in other proposals, it should help to start an increase in credit in use throughout the country and to start the recovery from the long depression.

The several elements of the proposal may be briefly outlined as follows:

COMMODITIES TO WHICH APPLICABLE

The plan applies to those commodities in which there is an exportable surplus, i. e., a production in excess of domestic consumption, and in which prices are below cost of production. Wheat, cotton, tobacco, rice, and hogs are specifically included; other products may be included following recommendations from the Farm Board to Congress for approval of rates of levy for "tariff adjustment charges."

COLLECTION OF "TARIFF-ADJUSTMENT CHARGES"

The Farm Board is authorized to levy a "tariff-adjustment charge" upon each unit of each specified commodity processed, manufactured, or distributed for domestic consumption, to be collected by the Bureau of Internal Revenue from the processor, manufacturer, or distributor at some point in the marketing process to be designated by the board. The charges are not to exceed 42 cents per bushel on wheat, 5 cents per pound on cotton, 5 cents per pound on tobacco—or equivalent charges on finished products—one-half cent per pound on rough rice, or 2 cents per pound on live hogs. Portions of the commodity consumed by the producer or used for the production of articles for export are exempt from tax, and portions used for low-order domestic uses may be wholly or partially exempt. Funds so collected are to be paid into a special "domestic-allotment account" in the Treasury, and to be recorded separately for each commodity.

VOTING BY PRODUCERS

The Farm Board is authorized to conduct national votes of producers of each product, to determine (1) whether they wish the board to put the plan into operation for their product, (2) whether they are willing to cooperate with the board in putting it into effect, and (3) whether they wish the board to require producers who receive "tariff benefits" to reduce their acreage or production; and if so, by how large a percentage? Votes as to desired amount of reduction may be held each year.

PAYMENT OF "TARIFF BENEFITS" TO PRODUCERS

The funds derived from the tariff-adjustment charges on each commodity are made available for paying tariff benefits to the producers of that commodity. These benefits are to be paid to producers, at the rate of so much per bushel or per pound on the domestic allotment of each producer, according to the net yield of the tariff adjustment charge. The allotment of the domestic consumption to each producer for this purpose will be worked out by State, county, and township committees cooperating with the board, and will be based upon previous acreages and average yields.

ALLOTMENT CONTRACT WITH PRODUCERS

Allotments will be made only to those producers who in return will sign a contract not to increase acreage, or to reduce acreage if the board decides that a reduction is desir-

able, after considering both economic prospects and the vote of the producers of the product. It will not be a violation of the contract, however, for a farmer to increase his acreage if he arranges with some other farmer to reduce his acreage by an equal amount below the amount specified in his contract. However, the matter of reduction of acreage and amount of such reduction would be subject to a vote of the producers as described above.

The tariff benefits will be paid from the domestic-allotment account to individual producers in annual payments at the end of the marketing year through the State and county committees. On rented farms the checks will be drawn jointly to the owner and tenant. As soon as the allotment contracts are signed, banks and credit corporations can lend farmers up to 90 per cent of the probable amount of their benefit payments for the current crop year. The board will announce the probable payment to be made per bushel or pound to determine these loan values. Producers' notes secured by such contracts will be eligible for rediscount by Federal reserve banks.

FREEDOM OF INDIVIDUAL FARMERS

Each farmer has full liberty to decide whether he wishes to participate in the plan, regardless of whether he has voted or how he has voted. If he accepts the tariff-benefit payment, he agrees to control his production in accordance with the wishes of the majority of producers; if he would rather increase his production, he loses his right to share in the tariff-benefit payments.

READJUSTMENTS OF ALLOTMENTS

Whenever a farm is sold or rented to a new tenant, the allotment right goes with the land, rather than with the man. Once every five years, however, allotments will be redetermined on the basis of the past five years' acreage and production.

PUBLICITY OF ALLOTMENTS

In prorating the domestic allotments in any county to the farmers of that county, the county and township committees will be guided by sworn statements of individual farmers, made on their ballots and on additional reports. These individual reports will be published in full in the local papers, and any individual will be free to question the accuracy of any farmer's report. This "honor system" of reporting, with publication and investigation of informal complaints as a check, has worked well in local assessment in many counties, and will simplify the task of the local allotment committees.

UNCLAIMED BENEFITS

Allotment benefits which are not claimed by farmers who prefer not to sign the contracts will remain in the allotment fund until a reserve has been accumulated, and then will revert to the general receipts of the Treasury.

INDIVIDUAL FARM ILLUSTRATION

The way in which the plan would work may be illustrated in the case of an individual wheat grower whose 1932 crop is now in the ground. Take a man whose average acreage for the last five years has been 100 acres, and whose average yield was 20 bushels an acre. His base production would then be 2,000 bushels. If the domestic allotment to his county was equal to 75 per cent of the base production for all the farmers in that county, this farmer would then receive an allotment of 1,500 bushels as the amount upon which he would receive payment of tariff benefits. He would sign a contract with the county committee that he would not plant more than 100 acres the next year or that he would reduce his acreage—up to 10 per cent reduction—if a general reduction were decided upon. As soon as the contracts were signed he could take his copy to the bank and borrow up to 90 per cent of its probable value upon it, or about $560. As soon as his 1932 crop was ripe he would harvest it and sell it in the usual way to his local elevator, receiving payment in full at the prevailing price, based upon the world market just as it is now. Then at the end of the season—about July, 1933—the local allotment committee would certify that he had kept his contract by not planting a larger acreage for harvest in 1933 than the 100 acres specified, and the farmer then would receive by a check the full payment of his tariff benefits on the 1932 crop. If these came to 40 cents a bushel, that would be $600 coming in at the end of the marketing year. If he had borrowed on his contract, the check would go first to the bank and he would receive the balance above the loan advance.

If a 5 per cent reduction in acreage had been decided upon for 1933, our farmer would be so notified by the local committee, and he would have to show them that he had planted no more than 95 acres for the new crop before his allotment would be paid.

Or, if with the 100-acre limit, our farmer wanted to grow 150 acres of wheat in 1933, he would have two alternatives: Either he could withdraw from the plan and lose his right to receive benefit payments for the year, or he could arrange with some other farmer to plant 50 acres less than the amount specified in this second farmer's contract and to transfer the right to plant the balance to the first farmer. In the latter case he would not lose his right to the benefit payment, since his action would not be increasing acreage above the total on which the board was planning.

Assuming that wheat sells at 40 cents a bushel at the farm in 1932, our farmer's income on a crop of 2,000 bushels would work out as follows:

Income without the plan in operation: 2,000 bushels at $0.40	$800
Income with the plan in operation:	
2,000 bushels at $0.40	800
Tariff benefits on 1,500 bushels	600
Total wheat income	1,400

The amount of the benefit payment would be the same no matter whether the farmer had a crop failure or a bumper yield. If he had a bad year and produced only 800 bushels on his 100 acres, he would still get the benefit payment of 1,500 bushels, which would provide a form of crop insurance, while if he had a bumper crop and had 3,000 bushels to sell, the benefit payments would still be just the same, on 1,500 bushels.

Since wheat prices would still be left undisturbed at the world level, use of wheat for feeding chickens, hogs, and other livestock would not be interfered with. The surplus would not be increased as it would if wheat prices were raised too high for feed use, as they might be under some of the other plans which have been proposed.

On cotton, tobacco, and rice the plan would work much as has been outlined here for wheat, except that the domestic allotments on tobacco might be worked out separately on Burley, dark-fired, and so forth, so as to adjust the production of each to its own demand. When the plan was applied to hogs it might be necessary to control corn acreage as well as production or sales of hogs, so as to prevent the reduction in hog surpluses from leading to a new surplus of beef or lambs. Such questions would be worked out as the proposal was developed in operation.

PLAN MOST FEASIBLE YET PROPOSED

Taken as a whole, the plan has three parts: The collection of tariff-adjustment charges, the payment of tariff benefits to producers in proportion to their domestic allotments, and the control or reduction of production through the contracts with producers. It is the most comprehensive and most feasible plan which has yet been presented for improving the position of the farmer. It meets all the practical objections which have been made against former plans. It has won the approval of all groups—farmers, laborers, business men—as soon as it was explained to them. It secures the results aimed at by the other farm relief bills without the serious difficulties inherent in them.

BURDEN OF THE TARIFF-ADJUSTMENT CHARGE

The tariff-adjustment charges, collected from the processor or manufacturer, would mostly either be absorbed by them or by other concerns in the process of distribution or be passed on to the consumer. In some products, such as tobacco, where the cost of the raw material makes only an insignificant part of the retail price of the finished product and where manufacturers' profits have been large, the charge might be largely absorbed by the manufacturer with little difficulty. In other products most of the charge might

be passed on to the consumer; but the farmer now receives such a small part of the retail price that even if all the charge was passed on there would be little extra burden upon consumers. In the case of wheat, for example, the farmer is now receiving about three-fourths cent out of the 7-cent average retail price of a pound loaf; in cotton goods the cost of the raw material is only a small fraction of the retail price, perhaps only 5 to 10 per cent; in rice the farmer receives about 23 cents out of each dollar spent by the consumer; while with hogs the farmer receives about 25 cents from each dollar the consumer pays for pork and lard. Even if all the cost were passed on, an increase of 50 per cent in the returns to the producer would increase retail meat prices by not over 12½ per cent—and not all the cost would be passed on.

In some products, especially hogs, the higher retail price might have a slight tendency to reduce consumption and cause increased exports. Any harmful effects of this on world market prices would be prevented in either of two ways: (a) By reductions in production in the following year, which would compensate for the effect of the modest price advance on consumption; and (b) by minor stabilization purchases by the Farm Board, to be held off the market until those reductions in production had become effective. In this way the plan would absolutely prevent export dumping and the demoralized world prices and foreign retaliation which would go with dumping, and instead would help stabilize world markets as well as our own.

The stabilization operations which the Farm Board was directed to use by the agricultural marketing act were doomed to eventual failure, for that act did not provide any effective device for controlling production. This new plan provides the necessary arrangements by which production can be controlled. With definite ability to control subsequent production, the Farm Board could then safely go ahead and make minor stabilization purchases when needed in especial circumstances, knowing that production in subsequent years would be reduced to an extent that would enable the board to dispose of its purchases without loss. Even under conditions of continuously deteriorating world economic conditions, the course of our wheat prices for the 1931–32 crop season has shown that prices will not fail to stabilize when increases in supplies are checked. The slight improvement in the relative position of wheat is due largely to poor crop-growing conditions; under the proposed plan similar price improvements can be brought about through the deliberate control of production.

Under the plan as proposed there is little or no opportunity for the tariff-adjustment charge to be taken out of the producer instead of being paid by middlemen and consumers. The price paid to the producer remains the world-market price, just as it is now; the charge could be passed back to the producer only by beating down the world-market price. The provisions for controlling production and for minor stabilization purchases where temporarily necessary would effectively prevent this; the effect of the plan would be to give producers a pre-war purchasing power for that part of their production needed for the domestic market.

At the same time, the provision limiting the extent to which prices may be raised automatically prevents farmers from using this new power to extort an undue advantage from other groups. They may raise the prices of their products to a normal exchange relationship with other products, but no higher. Incidentally, it should be noted that this is granting farmers far less advantage than other groups have enjoyed in the past. Tariff measures or other devices to help particular groups have never carried any automatic provision to protect consumers from extortionate prices. This proposal will give farmers their fair income, but no more, which is all that any farmer has ever asked.

PROBABLE NET BENEFITS TO PRODUCERS

As has already been indicated, the payment of tariff benefits would be only a small part of the advantages to be derived from this plan; the control of production and the elimination of depressing surpluses would be even more important in the long run. However, some idea of the immediate effect which the plan would have on farmers' incomes may be obtained by working out what the collections from the tariff adjustment charges would be. Since consumption of cotton, tobacco, and other products is now low because of the depression, these estimates have been prepared as maxima and minima; the former based on normal consumption and the latter upon consumption under the present depressed conditions. All these estimates are based upon the consumption on which tariff-adjustment charges would probably be paid, leaving out quantities used for seed, feed, home-farm consumption, and export, which would pay no charge.

Estimated tariff-benefit payments

To producers of—	Minimum	Maximum
	Million dollars	*Million dollars*
Wheat	180	200
Cotton	115	160
Tobacco	35	45
Rice	5	6
Hogs (and beef, through competition)	300	400
Total	635	811

The producers of these five products received under $2,000,000,000 from their 1931 production, and will receive still less in 1932 unless some aid is provided. It is evident that the immediate increased income which might be obtained for farmers through this plan would be of material assistance in helping them through the depression, and in improving as well the financial position of banks, insurance companies, local governments, local business men, and all those whose welfare is intimately tied up with the welfare of farmers. The provision for bank loans on allotment contracts would enable farmers to receive much of this increased income at once, long before most of the tariff-adjustment charges had been collected.

CONTROL OF PRODUCTION

The long-time advantages of this plan are even more important than the short-time advantages. The plan provides for the first time a definite method by which farmers can decide to restrict or to reduce production, and make that decision effective. Ordinarily, when farmers agree to reduce production, those who keep their word suffer from their smaller volume, whereas those who fail to reduce or who increase reap all the benefits. Under this plan that is no longer true; the men who control their production share in the tariff-benefit payments, while the men who increase production receive only the export price. The plan therefore provides an effective and yet a democratic method by which production can be reduced and agricultural surpluses can be controlled. Even if the plan did not provide any immediate cash benefits at all, this feature alone would improve the position of farmers in the long run.

There are over 6,000,000 farmers; their lack of any organization to plan production has resulted so far in ruthless competition among them, in overproduction, and in demoralized prices. This plan provides a means through which farmers can cooperate in planning production, just as they are already authorized to cooperate in marketing. It is not in any sense a socialistic step. The steel industry, the aluminum industry, the copper industry, and many others have long controlled their production through their large corporate organizations. The farmers alone have been unable to control their own operations. This plan provides a mechanism through which farmers can secure for themselves some of the same advantages which the planning and control of production have given to other producers under our present capitalistic institutions.

Compare the voluntary-allotment proposal with the other plans for farm relief which are before us. The export-debenture plan would create a pipe-line, of unknown dimensions, away from the United States Treasury; it might wipe out the entire income from import duties. The equalization-fee plan is similar in that it provides for dumping the surplus abroad. Our own tariff act has provisions di-

rected against export dumping on our shores by foreign countries; they would be equally swift to retaliate against such actions by us. Both plans would involve us in endless difficulties with foreign governments; and higher tariffs, import quotas, and milling restrictions would soon be so raised against us that our whole export market would be gone and no net gain would be left to farmers.

The voluntary-allotment plan differs from all others so far proposed, first, because it is self-supporting and requires no new funds from the Public Treasury. Second, it involves no export dumping and offers no reason for foreign countries to close world markets against us. Third, it does not involve price fixing but leaves our present markets free to function in both domestic and export trade. Finally, it provides a definite check on overproduction, and puts into the hands of farmers themselves a mechanism through which they can once more bring their production into sound economic adjustment with the demands of consumers.

In the discussion of the mechanics of this plan the Farm Board has been considered as the administrative agency. As a matter of fact, very little centralized administration will be necessary. Should the Farm Board be abolished, the plan could very readily be administered by the Department of Agriculture or a board composed of three Cabinet officers.

Farm relief bills have been before this House for a dozen years. All of them had some merit; all had their defects. An agricultural marketing act was passed, with stabilization features which were impracticable, because it did not control production. Now, for the first time, a plan has been developed which is sound and well thought out; the problems which will arise in administration have been recognized and provided for; the shortcomings of the other proposals have been faced and conquered. It has all the advantages of the other plans and none of their weaknesses.

The provisions of this plan have been incorporated in the bill H. R. 12918, which I introduced on July 7; a modification of the plan is contained in H. R. 12919, introduced on the same day. It is to be regretted that the adjournment of Congress will prevent action on either of these measures at the present time. Never more than now have the distressed farmers of this country needed the benefits which will certainly flow from the enactment of this plan.

I realize that the present legislative situation prevents action at this time. It is my hope, however, that in the time intervening before the next session this plan will receive the careful study that it deserves from all who are interested in the permanent rehabilitation of agriculture and that when Congress convenes in December it may be speedily enacted into law.

THE DEVASTATING WORLD DEPRESSION AFFECTS GOVERNMENT FINANCES—REPUBLICAN LEADERSHIP AND ACCOMPLISHMENTS IN FINANCIAL MATTERS—THE FAILURE OF THE DEMOCRATIC HOUSE

THE DUTY OF CITIZENSHIP

Mr. WOOD of Indiana. Mr. Speaker, the prolongation of the business depression which for more than three years has continued to distress the entire civilized world has caused the people of all responsible nations to take an unusually active and vital interest in the issue of public expenditures and the cost of government of all kinds from the smallest local unit to the highest centralized authority. An intelligent consideration of the question with due attention to the facts and to the records of public men is needed in place of hysterical condemnation of those who are charged with the management of government simply because they now happen to have the responsibility of administering public office. More than ever the records of men and parties need to be studied with the sane purpose of selecting for public trust the party and men whose record and experience are such as to merit reposing in them the conduct of public matters during this critical stage of our national history. Such a discrimination is the first duty of good citizenship.

The record made by the Republican Party at this session in control of the Presidency and the Senate, compared with the efforts of the House of Representatives under control of the Democratic Party, presents a parallel which no thoughtful citizen can afford to ignore.

APPROPRIATIONS OF THIS SESSION

The total amount appropriated at this session of Congress, which convened in December last, comprises amounts both for completing the service of the fiscal year ending June 30, 1932, and for providing funds for the entire period of the fiscal year ending June 30, 1933. The total amount appropriated at this session is not the measure of the charge against the Treasury for any single year but should be considered and divided into the amounts that are assignable to the respective fiscal years for which appropriated.

The total amount for the session for both the fiscal years 1932 and 1933, together with scattered amounts for prior years and for judgments and claims, after excluding the postal revenues and the estimated savings under the economy act, is $4,870,558,830.72, the approximate amount chargeable against ordinary revenues. This amount is distributable among fiscal years as follows:

Fiscal year 1933	$3,886,192,479.24
Fiscal year 1932	977,035,786.11
Fiscal year 1931	713,591.57
Judgments and audited claims	6,616,973.80
	4,870,558,830.72

A table exhibiting the acts by which this total amount is granted will be appended to this statement as Table C.

The amount of $977,035,786.11 appropriated at this session for the fiscal year 1932, when added to the amounts appropriated at the last session for that fiscal year, including the revised permanent appropriations, brings the total for 1932 up to $5,026,046,098.18, the net appropriations for 1932 after excluding the portion of such appropriations chargeable to postal revenues.

The total appropriations at this session for the fiscal year 1933, after deducting therefrom the portion chargeable against the postal revenues and the estimated savings under the economy act, leave a net amount of $3,886,192,479.24 as a charge against ordinary revenues, or a decrease under the total for the fiscal year 1932 of $1,139,853,618.94.

The totals for the fiscal years 1932 and 1933 in comparative form will be found in Table A.

DECREASE OF 1933 UNDER 1932

The net decrease of approximately $1,140,000,000 in the appropriations for 1933 under those for 1932 involves several items of unusual magnitude which are apart from the regular character of Government expenses, namely, $100,000,000 for the final installment of the revolving fund for the Federal Farm Board, $500,000,000 for the capital stock of the Reconstruction Finance Corporation, $125,000,000 for the purchase of additional capital for the Federal land banks, and $200,000,000 for the making of loans to veterans upon their adjusted-service certificates. These sums were all especially appropriated on account of the fiscal year 1932. Included in the appropriations for the fiscal year 1933 is the unusual sum of $322,224,000 for public works contained in the emergency relief and construction act of 1932 and an increase of approximately $120,000,000 in the funds for interest and retirement of the public debt. Apart from these extraordinary items in 1932 and 1933, there is a net decrease in all other appropriations, including the estimated saving of $150,000,000 under the economy act, of slightly more than $650,000,000.

The appropriation of $3,886,000,000 for the fiscal year 1933 contains a special amount of $322,224,000 for Government public-works projects under the emergency relief and construction act of 1932. This amount was included in spite of the objections of the President to its insertion. It was brought forward after the enactment of the new revenue law, was not considered or contemplated in the estimate of receipts in framing that act, and disturbs the careful planning for the balancing of the Budget. The President accepted it in securing the sound features of the relief legislation for which he had contended.

DECREASES IN BUDGET ESTIMATES

The Budget estimates submitted to Congress by the Executive during the session for the regular annual and deficiency bills have been reduced in the aggregate by $184,294,094.18. The savings estimated to be accomplished by the economy

act through the impounding of appropriations and the economies to be effected in the appropriations already made total $150,000,000. Add this sum to the foregoing reduction and there is a total reduction in Budget estimate figures of $334,294,094.18.

Of the $184,000,000 decrease in estimates of appropriations, the major reductions that are open to question as to their ultimate effectiveness are the sums of $10,000,000 and $9,000,000, respectively, cut from the amounts for Federal-aid highways in the first deficiency and agricultural appropriation bills and the reduction of $50,000,000 in the item for the adjusted-service certificate fund under the Veterans' Administration for the making of loans to veterans on their certificates.

Since the establishment of the Budget system, 11 sets of estimates have been transmitted. Congress has effected a net reduction in each of these years, with the exception of one (1930), where there was a slight increase. The amounts of the reductions are as follows:

Fiscal year 1923 and prior years (67th Cong., 1st and 2d sess.)	$312,361,792.27
Fiscal year 1924 and prior years (67th Cong., 3d and 4th sess.)	10,741,504.15
Fiscal year 1925 and prior years (68th Cong., 1st sess.)	9,024,637.08
Fiscal year 1926 and prior years (68th Cong., 2d sess.)	12,596,495.90
Fiscal year 1927 and prior years (69th Cong., 1st sess.)	6,716,064.34
Fiscal year 1928 and prior years (69th Cong., 2d sess.)	7,752,939.03
Fiscal year 1929 and prior years (70th Cong., 1st sess.)	9,139,989.51
Fiscal year 1930 and prior years (70th Cong., 2d sess.)	[1] 8,142,294.71
Fiscal year 1931 and prior years (71st Cong., 1st and 2d sess.)	25,155,353.30
Fiscal year 1932 and prior years (71st Cong., 3d sess.)	29,368,255.39
Fiscal year 1933 and prior years (72d Cong., 1st sess.)	[2] 334,294,094.18

DEMOCRATIC RELIEF PROPOSALS

The Democratic House has on the one hand professed economy and on the other passed the authorization of enormous appropriations. The Garner public works relief bill contained items for public works on roads, rivers and harbors, flood control, and public buildings that would call for the direct expenditure of nearly $1,200,000,000 on Government projects. The Patman bill for the immediate full cash payment of the adjusted-service certificates of World War veterans and the issuance of fiat money would have cost $2,500,000,000. The bill for the payment of certain benefits to beneficiaries of World War veterans would have taken $30,000,000 the first year, with an increasing cost in succeeding years. All of these bills passed the House but failed in the Senate. They total $3,730,000,000.

The Garner relief bill has been characterized as a "pork-barrel" measure. Among other propositions, it contained authorizations for public buildings in towns with postal receipts as low as $8,000 and $10,000 a year, and in such villages proposed to erect Government structures costing as much as $35,000 to $50,000, exclusive of the site. This bill for $1,200,000,000 upon public works during the next fiscal year, and a consequent increase of that amount in public expenditures, does not harmonize with the preconvention declaration of its sponsor that the cost of government of all kinds in the United States should be reduced at least one-third. It is also in conflict with the recent declaration of the Democratic platform demanding a drastic reduction in government expense and fixing 25 per cent as the measure of "drastic."

HOUSE EMASCULATION OF ECONOMY BILL

The economy bill, as reported to the House, carried provisions which would have resulted in savings approximating $200,000,000 a year. Its carefully worked-out proposals were emasculated by the House until as passed it was estimated to save little more than $40,000,000. The Senate repaired the destruction and rewrote the bill in such form that as finally accepted by the House and signed by the President it is conservatively calculated to reduce expenses during the fiscal year 1933 in the amount of $150,000,000.

SENATE REDUCTIONS IN SUPPLY BILLS

The total amount of the annual supply bills and the deficiency bills as they passed the House was $3,315,412,410.40. As these bills passed the Senate, they aggregated $3,292,907,536.20, a decrease by the Senate of $22,504,874.20 under the total of the same bills as they had passed the House.

THE PRESIDENT'S PROGRAM FOR SOUND RELIEF

Contrasted to the wasteful Democratic relief proposals for the expenditure of vast amounts upon nonproductive Government public works, some of which are not needed at any time and the rest of which should be postponed until we can afford them, is the emergency bill insisted upon by President Hoover to confine relief to loans by the Reconstruction Finance Corporation. The bill as finally approved by the President is a constructive, businesslike measure, devoid of political "pork-barrel" projects. Its chief features are as follows:

First. Loans by the Reconstruction Finance Corporation to the States, not to exceed $300,000,000 in all, for the relief of distress. The loans to be made only after a showing that other resources are inadequate to meet the relief needs.

Second. Loans by the Reconstruction Finance Corporation, not to exceed $1,500,000,000 in the aggregate, for self-liquidating projects of a public character on terms which will provide for repayments of the loans.

Third. The broadening of the powers of the corporation in the character of loans it may make in order to assist agriculture.

Fourth. The inclusion of appropriations totaling $322,224,000 for the prosecution out of the Federal Treasury of work on roads, rivers, harbors, and other Government construction heretofore approved by Congress. Aside from the sum of $136,000,000 for roads and trails, the remainder of $186,224,000 is not to be expended if the Secretary of the Treasury certifies that the money is not available and can not be obtained upon reasonable terms.

As a result of the determined opposition of the President and the Senate to the extravagant and unsound relief proposals of the House the expenditures from ordinary receipts for relief purposes by this measure have been confined to the $136,000,000 plus so much of the $186,000,000 as money can be provided for instead of the $1,200,000,000 of direct expenditures as proposed by the Garner bill.

Fortunately, this sum of $322,224,000, with the exception of $136,000,000 for the construction of Federal-aid and other roads and trails, contains a provision that it shall not be expended if the Secretary of the Treasury certifies that money is not available and can not be obtained upon reasonable terms. These Government projects should not be allowed to unbalance the Budget, and the insistence by the President that this appropriation should contain a saving clause to avoid borrowing money and incurring a deficit for public works which can well await more propitious times is but another evidence of his determination to avoid unsound methods in furnishing relief.

GOVERNMENT REORGANIZATION AUTHORITY

Great credit is due the President for the leadership he has exercised in the endeavors to decrease Federal expenditures, balance the Budget, and secure a sound relief proposal for the benefit of the country. Without his wise judgment and courage chaos would have reigned. From the beginning of the present session he has insisted upon reduced expenses, increased revenue to balance the Budget, sane relief measures devoid of "pork-barrel" projects, and the enactment of legislation giving him the authority to reorganize the executive departments and establishments with a view to eliminating duplication and overlapping and abolishing useless commissions and activities.

It is to be regretted that Congress did not respond earlier in the session to his request for this important reorganization authority. He had urged it countless times in his messages and otherwise. Only by the passage of the economy act on June 30, 1932, was the legislation finally given him

[1] Net increase.
[2] This sum includes $150,000,000 estimated saving on account of the economy act.

to undertake the problem. It is an enormous and thankless task, but of great importance to the country. Powerful pressure will be exerted against certain of the consolidations and strong effort will be made to undertake some which should not be embarked upon. The long experience of President Hoover—first as a business man and relief executive, next as Cabinet officer, and finally as Chief Executive—splendidly equips him to carry out the greatest peace-time reorganization effort of any government.

THE NEW REVENUE LAW

His insistence upon an adequate revenue measure to balance the Budget and uphold public credit finally was sustained by the action of the Senate in shaping the bill to amend the failure of the House. The fiasco of House leadership on this important bill for raising revenue, the most sacred of all privileges and duties of the House, will long be a dark page in the annals of revenue legislation.

THE 1933 TOTAL SUBDIVIDED

The appropriations for the fiscal year 1933, as heretofore stated, amounted to $3,886,000,000, and this sum includes the special appropriation for Government public-works projects in the emergency relief and construction act of 1932.

Many will desire to know how the total of $3,886,000,000 for 1933 is apportioned. The following table shows in a general summary way the total by large groupings of items. Roughly, the sum of $1,130,000,000 is for interest and public debt-retirement funds; $1,000,000,000 for veterans, including trust funds; $600,000,000 for the Army and Navy; $322,000,000 is for Federal Government public works in the relief bill; and approximately $1,000,000,000 is for all other expenses and activities of government:

Veterans of all wars	$928,000,000
Interest on the public debt	640,000,000
Public debt-retirement funds	479,000,000
Postal deficit payable from the general fund (estimated)	81,000,000
Navy	319,000,000
Army	289,000,000
Federal-aid roads and trails	109,000,000
Public-buildings construction	108,000,000
Rivers and harbors, flood control, Panama and other canals	112,000,000
Trust funds	118,000,000
Emergency relief and construction act of 1932 for Federal Government construction on roads, rivers and harbors, public buildings, etc., for relief of unemployment, etc	322,000,000
All other activities and expenses of government, including the 10 departments, the judiciary, and Congress	513,000,000
	4,036,000,000
Deduct estimated savings under the economy act to be distributed over the foregoing totals, which the provisions of such act will operate to reduce	150,000,000
Net for 1933	3,886,000,000

THE 25 PER CENT REDUCTION PLANK?

The pledge of the Democratic platform for a decrease of 25 per cent in Government expenditures means a cut of one-fourth in the total. There is nothing equivocal about the promise. It is clear and absolute. A decrease of 25 per cent in the total of $3,886,000,000, which I have just set forth, would be approximately $1,000,000,000. It will be interesting to learn from which items it is proposed to take this billion, particularly when over $2,100,000,000 of the total is for public-debt items and veterans, $600,000,000 for the Army and Navy, $322,000,000 for special public-works relief, and $1,000,000,000 for all else. The rash promises of the Democratic Party of the liberal reductions it will make are not in keeping with its economy record at this session.

THE FINANCIAL RECORD OF DEMOCRACY

The capacity of parties for government must not be gauged by promises alone. The record of management when in power is the better criterion in passing judgment. The Democratic Party was last in control on March 4, 1921. A Republican Congress had come into power in March 4, 1919, as a result of the elections of the fall of 1918. President Wilson called the new Congress into extra session in May, 1919. Upon assembling, it was confronted with the duty of passing, before the commencement of the fiscal year on July 1, 1919, eight of the largest of the appropriation bills which the Democratic Congress had failed to enact into law before it went out of power. Those bills at the time of their failure were all pending in the Senate. The amounts carried in them at the time of their failure aggregated $3,768,000,000. The total of the same eight bills after their repassage was $2,828,000,000. The first legislative action of the new Congress resulted in the passage of these bills and the decrease of the appropriations proposed by the Democratic Congress for the fiscal year 1920 by $940,000,000. The estimates for the fiscal years ending June 30, 1921, and June 30, 1922, respectively, and deficiency estimates for prior years, were prepared by the Wilson administration and submitted to the Republican Congress. They were predicated upon that same basis of extravagant administration which had characterized the conduct of the administration even during the war period. The reductions made by the Congress in these estimates aggregated slightly more than $2,950,000,000. The total reductions which the Republican Congress effected in the amounts proposed to it by the Democratic administration for the fiscal years 1920, 1921, and 1922 reach $3,890,000,000.

Surely the American people have not forgotten this record of the Democratic Party when last in power. Its action in the House at this session on fiscal measures is but a continuance of the incapacity exhibited during its previous incumbencies in political control.

THE REPUBLICAN PARTY'S RECORD

President Harding took office on March 4, 1921, and the Republican Party, under Presidents Harding, Coolidge, and Hoover, has been in constant control of all branches of the Government until the organization of the House of Representatives by the Democratic Party at this session.

The record of Government finances under the Republican Party from March 4, 1921, to June 30, 1930, the date upon which the disastrous effects of the world-wide depression seriously affected our public expenditures and revenues, is replete with achievement. Among the outstanding accomplishments are the following:

The establishment in 1921 of the Budget system for the orderly conduct of governmental finances.

Two successful revisions of the tariff for the protection of American labor and American industry and the raising of revenue.

Participation and leadership in international conferences for the limitation of armaments.

A decrease of more than $10,000,000,000 in the public debt from its peak and of $8,000,000,000 since the beginning of President Harding's administration, or an annual average of $875,000,000.

A decrease in the annual interest charge on the public debt of over $400,000,000.

Five reductions in taxation, with an aggregate decrease of $2,000,000,000.

A total of Treasury surpluses in 10 successive fiscal years aggregating over three and a quarter billions of dollars.

The repeal of war-time appropriations totaling $1,500,000,000.

WORLD DEPRESSION A FACTOR

The prolongation of the business depression and the paralysis of trade and commerce have caused disaster to the finances of the nations of the world. The falling off of public revenues and the necessity for added expenditures for relief purposes have made the task of statesmen difficult. Prudent nations, unlike prudent individuals, in prosperous periods do not set aside reserve funds for use in times of emergency, and consequently must resort to borrowing to meet current expenses when reverses overtake them. The United States in the fiscal years 1931 and 1932 has suffered respective deficits of $902,000,000 and $2,880,000,000, or a total of $3,782,000,000. Our revenues during these fiscal years were as follows:

Fiscal year 1930	$4,177,000,000
Fiscal year 1931	3,317,000,000
Fiscal year 1932	2,005,000,000

Adopting the revenues for the fiscal year ending June 30, 1930, as normal, or nearly so, it will be seen that the decrease in revenues of $860,000,000 for 1931 under 1930 and $2,172,000,000 for 1932 under 1930, respectively, approximate the deficits for the fiscal years 1931 and 1932 of $902,000,000 and $2,880,000,000.

During each of the fiscal years 1931 and 1932 it was necessary to make unusual expenditures for relief purposes with a view to increasing employment and aiding in recovery. Public-works expenditures in 1931 totaled $575,000,000 and in 1932 they are estimated at $700,000,000 compared with a total of $410,000,000 in 1930 and $356,000,000 in 1929.

The fiscal year 1932 has carried a heavy burden of direct Government expenditures for relief purposes. The total for all expenditures during that fiscal year is $5,006,000,000. As compared to 1930 expenditures there are included in 1932 the following extraordinary items or extraordinary increases in items:

Increase for public works over 1930	$290,000,000
Reconstruction Finance Corporation	500,000,000
Capital stock of Federal land banks	125,000,000
Increased postal deficit	112,000,000
Increase for adjusted-service certificate fund to meet loans to veterans	88,000,000
Total	1,115,000,000

With the elimination of these extraordinary expenses from the actual expenditures for 1932, the total for 1932 becomes more than $100,000,000 less than the actual expenditures for the fiscal year 1930.

APPROPRIATIONS BACK TO LOW LEVELS

While it is not possible at this time to forecast the expenditures for the fiscal year 1933, some idea of comparison of that year with previous years may be obtained by examining the appropriations. The total of appropriations, after deducting the estimated postal revenue, is $3,886,000,000. This sum includes the figure of $322,000,000 contained in the emergency relief and construction act of 1932 as a pure emergency and relief matter decidedly peculiar to 1933. Deducting this amount from the total of $3,886,000,000, there remains a net of appropriations for the fiscal year 1933 of $3,564,000,000, as a charge against ordinary receipts. This figure will compare favorably with the lowest total of appropriations made for any fiscal year since the World War.

NATIONAL CREDIT PRESERVED

It is the duty of the executive and legislative branches of the Government to keep the Budget in a balanced condition. The national credit is exceedingly important at all times, but more particularly so in times of economic peril. No country can long have a sound credit basis which is continually borrowing to meet operating expenses, and the most salutary act of the present time is the insistence of the President and the acquiescence of Congress in the effort of balancing receipts and expenditures.

By reducing 1933 appropriations to a low level, by increasing public revenues to avoid or minimize borrowing, and by extending relief to agricultural, commercial, financial, industrial, and public enterprise through the Reconstruction Finance Corporation on business principles the national credit will be preserved and improved and the basis established for a sound business recovery.

THE DEPRESSION WILL PASS

Too frequently in the political strife in which our country must necessarily indulge for the selection of public officials and the approval of policies economic conditions over which the Government and public officers have no control are likely to be urged as the determining factors rather than the more sane process of choosing men for their fitness for public office, their record in Government affairs, and their capacity and experience for the discharge of public duties in times of great stress and economic crises. Prejudice has no place in the decision of public questions and the choice of public servants. At this particular time in our national history, more even than in time of war, calm judgment and mature deliberation are required. The records of men and parties speak for themselves.

The Republican Party, under the banner of its previous leaders, has a history of capable management of government. Under President Hoover it has a definite program and a record of legislation for sound relief to assist our country back to the ways of prosperity and happiness. The United States is the least affected of all powerful nations by this economic holocaust. It will recover first, thanks to the forbearance and courage of its people and the wisdom of its leaders.

The year of 1932 is the two hundredth anniversary of the birth of George Washington. Through the sponsorship of the Government and its instrumentality, the George Washington Bicentennial Commission, the people of this great Nation are honoring the occasion and worshiping again at the shrine of patriotism of the Father of our Country. It is a refreshing and ennobling ceremony for our older citizens and an inspirational enthusiasm for the youth of the land. In this era of financial difficulty and physical and mental anguish for so many there is a large measure of individual and national courage to be obtained from the life and character of George Washington. From the hardships he endured and the courage and resourcefulness he exhibited in winning for us a national independence we will and must be invigorated to press forward to a new standard of national prosperity and spiritual life. This depression will end as surely as it came, and from its bitter experiences the American people will rise to greater heights.

TABLE A.—*Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933*

[Amounts for each of these years in regular annual appropriation acts, deficiency appropriation acts, special acts, and amounts estimated under permanent appropriations]

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (−) 1933 compared with 1932
Legislative branch:			
Regular annual	$28,901,749.65	$18,706,141.00	−$10,195,608.65
Permanent and indefinite	234,005.00	109,800.00	−124,205.00
Total	29,135,754.65	18,815,941.00	−10,319,813.65
Executive offices and independent offices:			
Regular annual—			
Federal Farm Board	101,900,000.00	[1]	−101,900,000.00
Veterans' Administration	1,135,892,795.53	948,799,000.00	−187,093,795.53
Reconstruction Finance Corporation	500,000,000.00		−500,000,000.00
Executive and independent offices	[2] 85,494,708.05	33,747,041.00	−51,747,667.05
Permanent and indefinite	91,021,621.00	81,787,550.00	−9,234,071.00
Total	1,914,309,124.58	1,064,333,591.00	−849,975,533.58

[1] Reappropriation of $800,000 for administrative expenses.
[2] Includes $35,000,000 for United States Shipping Board construction loan fund.

TABLE A.—*Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933*—Continued

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (−) 1933 compared with 1932
Agriculture:			
Regular annual—			
Department proper	$80, 435, 938. 85	[1] $66, 766, 665. 00	−$13, 669, 273. 85
Roads, construction	187, 500, 000. 00	108, 905, 000. 00	−78, 595, 000. 00
Farmers' seed, feed, etc., loans	22, 000, 000. 00	----------	−22, 000, 000. 00
Permanent and indefinite	11, 618, 436. 00	11, 211, 571. 00	−406, 865. 00
Total	301, 554, 374. 85	186, 883, 236. 00	−114, 671, 138. 85
Commerce, Department of:			
Regular annual	54, 716, 600. 70	39, 711, 408. 00	−15, 005, 192. 70
Permanent and indefinite	3, 000. 00	3, 000. 00	----------
Total	54, 719, 600. 70	39, 714, 408. 00	−15, 005, 192. 70
Interior Department:			
Regular annual	70, 030, 575. 53	52, 689, 374. 35	−17, 341, 201. 18
Permanent and indefinite	15, 952, 500. 00	13, 921, 800. 00	−2, 030, 700. 00
Total	85, 983, 075. 53	66, 611, 174. 35	−19, 371, 901. 18
Justice, Department of, and judiciary, regular annual only	51, 469, 855. 81	45, 996, 000. 00	−5, 473, 855. 81
Labor:			
Regular annual	15, 782, 281. 60	12, 920, 770. 00	−2, 861, 511. 60
Permanent and indefinite	9, 000. 00	4, 000. 00	−5, 000. 00
Total	15, 791, 281. 60	12, 924, 770. 00	−2, 866, 511. 60
Navy:			
Regular annual	$358, 271, 936. 56	$317, 583, 591. 00	−$40, 688, 345. 56
Permanent and indefinite	1, 839, 470. 00	1, 322, 550. 00	−516, 920. 00
Total	360, 111, 406. 56	318, 906, 141. 00	−41, 205, 265. 56
Post Office Department, payable from postal revenues:			
Regular annual	842, 928, 855. 54	805, 939, 675. 00	−36, 989, 180. 54
Permanent annual	200, 000. 00	165, 000. 00	−35, 000. 00
Total	843, 128, 855. 54	806, 104, 675. 00	−37, 024, 180. 54
State:			
Regular annual	18, 809, 942. 54	13, 663, 792. 89	−5, 146, 149. 65
Permanent and indefinite	141, 233. 00	31, 000. 00	110, 233. 00
Total	18, 951, 175. 54	13, 694, 792. 89	−5, 256, 382. 65
Treasury Department:			
Regular annual	261, 819, 265. 98	250, 308, 158. 00	−11, 511, 107. 98
Capital stock of Federal land banks	125, 000, 000. 00	----------	−125, 000, 000. 00
Permanent and indefinite—			
Interest on the public debt	605, 000, 000. 00	640, 000, 000. 00	+35, 000, 000. 00
Public-debt retirement funds	411, 946, 300. 00	496, 803, 478. 00	+84, 857, 178. 00
All other	25, 875, 084. 00	24, 719, 439. 00	−1, 155, 645. 00
Total	1, 429, 640, 649. 98	1, 411, 831, 075. 00	−17, 809, 574. 98
War Department:			
Military—			
Regular annual	338, 948, 617. 32	289, 500, 024. 00	−49, 448, 593. 32
Permanent and indefinite	1, 375, 900. 00	1, 075, 900. 00	−300, 000. 00
Total, military	340, 324, 517. 32	290, 575, 924. 00	−49, 748, 593. 32
Nonmilitary—			
Regular annual	111, 074, 770. 00	106, 578, 489. 00	−4, 496, 281. 00
Permanent and indefinite	12, 929, 515. 00	11, 500, 640. 00	−1, 428, 875. 00
Total, nonmilitary	124, 004, 285. 00	118, 079, 129. 00	−5, 925, 156. 00
Total, War Department—			
Regular annual	450, 023, 387. 32	396, 078, 513. 00	−53, 944, 874. 32
Damage claims	5, 431. 14	----------	−5, 431. 14
Permanent and indefinite	14, 305, 415. 00	12, 576, 540. 00	−1, 728, 875. 00
Total	464, 334, 233. 46	408, 655, 053. 00	−55, 679, 180. 46

[1] Includes $1,000,000 for Century of Progress Exposition.

TABLE A.—*Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933*—Continued

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (−) 1933 compared with 1932
District of Columbia:			
Regular annual	$46, 155, 709. 38	$41, 245, 622. 00	−$4, 910, 087. 38
Permanent and indefinite	3, 261, 000. 00	3, 252, 000. 00	−9, 000. 00
Total	49, 416, 709. 38	44, 497, 622. 00	−4, 919, 087. 38
Grand total:			
Regular annual	4, 437, 139, 034. 18	3, 153, 060, 751. 24	−1, 284, 078, 282. 94
Permanent and indefinite	1, 181, 407, 064. 00	1, 285, 907, 728. 00	+104, 500, 664. 00
Grand total, exclusive of emergency relief and construction act	5, 618, 546, 098. 18	4, 438, 968, 479. 24	−1, 179, 577, 618. 94
Emergency relief and construction act of 1932		322, 224, 000. 00	+322, 224, 000. 00
Grand total, including emergency relief and construction act	5, 618, 546, 098. 18	4, 761, 192, 479. 24	−857, 353, 618. 94
Estimated postal revenues	592, 500, 000. 00	725, 000, 000. 00	+132, 500, 000. 00
Grand total, less estimated postal revenues	5, 026, 046, 098. 18	4, 036, 192, 479. 24	−989, 853, 618. 94
Estimated savings in appropriations for the fiscal year 1933 on account of the economy act		150, 000, 000. 00	−150, 000, 000. 00
Net total, after deducting savings on account of the economy act	5, 026, 046, 098. 18	[1] 3, 886, 192, 479. 24	−1, 139, 853, 618. 94

[1] Does not include amounts for expenses of gift of wheat and cotton relief agencies or the appropriation for the Federal Home Loan Bank Board.

TABLE C.—*Recapitulation of appropriations by acts, irrespective of fiscal years, Seventy-second Congress, first session*

Title of act		Amount
REGULAR ANNUAL ACTS, FISCAL YEAR 1933		
Agriculture		$175, 671, 665. 00
District of Columbia		41, 245, 622. 00
Executive office and independent offices		982, 446, 041. 00
Interior		45, 533, 672. 30
Legislative establishment		18, 673, 991. 00
Navy		317, 583, 591. 00
State, Justice, Commerce, and Labor:		
State	$13, 663, 792. 89	
Justice	45, 996, 000. 00	
Commerce	39, 711, 408. 00	
Labor	12, 920, 770. 00	
		112, 291, 970. 89
Treasury and Post Office:		
Treasury	250, 308, 158. 00	
Post Office	805, 939, 675. 00	
		1, 056, 247, 833. 00
War:		
Military	289, 500, 024. 00	
Nonmilitary	106, 578, 489. 00	
		396, 078, 513. 00
Total, regular annual acts		3, 145, 772, 899. 22
DEFICIENCY APPROPRIATION ACTS, FISCAL YEAR 1932 AND PRIOR YEARS		
First deficiency, 1932		126, 250, 333. 89
Second deficiency, 1932		22, 682, 369. 61
Total, deficiency appropriation acts, fiscal year 1932 and prior years		148, 932, 703. 50
MISCELLANEOUS ACTS CARRYING APPROPRIATIONS, FISCAL YEARS 1932 AND 1933		
Veterans' Administration, adjusted-certificate fund, etc		203, 925, 000. 00
Pensions		12, 750, 000. 00
Emergency relief and construction act of 1932		322, 224, 000. 00
Reconstruction Finance Corporation		500, 000, 000. 00

TABLE C.—*Recapitulation of appropriations by acts, irrespective of fiscal years, Seventy-second Congress, first session*—Continued

Title of act		Amount
MISCELLANEOUS ACTS CARRYING APPROPRIATIONS, FISCAL YEARS 1932 AND 1933—continued		
Capital stock of Federal land banks		$125,000,000.00
Miscellaneous		1,046,500.00
Total, miscellaneous acts		1,164,945,500.00
Total, regular annual, deficiency, and miscellaneous acts		4,459,651,102.72
PERMANENT AND INDEFINITES, FISCAL YEAR 1933		
Interest on public debt		640,000,000.00
Sinking fund and other debt-retirement funds		496,803,478.00
Ordinary permanents and indefinites		149,104,250.00
Total, permanents and indefinites		1,285,907,728.00
Grand total		5,745,558,830.72
Deduct:		
Estimated postal revenues, fiscal year 1933	$725,000,000.00	
Estimated savings on account of economy act for fiscal year 1933	150,000,000.00	
		875,000,000.00
Net grand total		4,870,558,830.72
Classification of foregoing appropriations by fiscal years:		
1933		$3,886,192,479.24
1932		977,035,786.11
1931 and prior years		713,591.57
Judgments and audited claims		6,616,973.80
Total		[1]4,870,558,830.72

[1] Does not include any sum for private relief acts, for expenses of the gift of wheat and cotton through relief agencies, or the Federal Home Loan Bank Board.

ECONOMIC ISSUES

Mr. LANKFORD of Georgia. Mr. Speaker, I had hoped to attend a political gathering on next Saturday at Blackshear, Ga., in my district, hear some good speeches and attempt to make one, but now find I can not do so.

I shall not leave Washington while Congress is in session, and therefore will remain here next Saturday and deny myself the anticipated great pleasure of attending the Blackshear political rally; but will now, and in this manner, avail myself of the privilege of saying in part some of the things I had hoped to say to the good people of Pierce and adjoining counties.

Mr. Speaker, it is interesting to observe how the people of our country are being misled into believing that the real trouble to-day is not in overcentralization of financial and political power and the abuse of that power but is somewhere else. The most awful crime of all time, with the possible exception of the World War, is being committed; and the criminals, the big financial interests of the country, are directing the attention and gaze of the public away from their own guilt and upon those who in their innocence are some of the real victims of these world robbers.

The sad truth is that many men, in Congress and out of Congress, who are now seeking election to Congress have been misled and evidently do not know the real cause of the present depression, and hence do not have the remotest idea as to how our present problems should be solved.

CONGRESSIONAL PLATFORMS

I wish everybody would study the various relief proposals advanced by candidates for Congress; especially do I beg the people to diligently study their platforms.

CAREFULLY PREPARED

These political platforms are carefully prepared, represent months of deep study of these candidates, and in most cases are the result of much advice from scores of enthusiastic friends.

PLATFORMS HAVE MERIT

In most instances these platforms—of candidates for Congress especially—have the merit of being short, very simple, and fully approved by the thousands of candidates who have used almost the identical platforms in thousands of races since "the memory of man runneth not to the contrary."

INTERESTING PLANKS

These planks are very interesting for many reasons. Some are interesting because it is much more difficult to get from them the real ideas of the candidate than it is to solve the most complex cross-word puzzle. Other planks of candidates who oppose those of us in Congress indorse our record here in the strongest terms and yet are so worded as to make the public believe that those of us in Congress voted and worked exactly the contrary to the course favored by the "outs" who are trying to get "in." Then again, these planks are often interesting because they show just how misguided the candidate is, how mistaken he is about the real causes of our tragic trouble, and how his pet relief proposals would not aid but would only make the situation more calamitous.

OLD-MODEL PLATFORM

I have in my hand and wish to quote in whole—it is very short and simple—one of the very kind of platforms I have been discussing. It is clearly an old model and is only different in that it has just one new but very dangerous and defective tabulating attachment. Let us read the first declaration from this platform. It is as follows:

The most important issue before the people to-day is whether or not we will reduce the cost of government.

Sounds good but is very erroneous. There are hundreds of issues vastly more important than the one mentioned. Here are some of them: The farm-relief issue, the unemployment issue, the transportation issue, various phases of the labor issue, immigration issue, the Muscle Shoals issue, the foreign-debt cancellation issue, the banking issue, the currency issue, the tax issue, and on and on ad infinitum.

Clearly the most important economic issue to-day is that issue or those issues which if properly solved would bring back real prosperity. If cutting the cost of the National Government would bring back prosperity, it would be here now, for this has been done.

PRESENT CONGRESS VOTED SALARY CUTS

Let us read the next solemn declaration of this platform:

The present Congress, while maintaining their large salaries, voted additional taxes upon the people.

This is another good-sounding statement but has the evil of stating exactly the opposite of what happened in so far as large and even small salaries are concerned. They were all cut. My salary and all my allowances were cut, with me voting for the cuts. I will vote for additional cuts of the larger salaries. I will go as far as any sane Member of Congress in this respect. I also voted against the tax bill and each and every paragraph thereof, against which objection is also lodged in this declaration.

Now let us read the very next declaration, which is as follows:

The Budget should be balanced by cutting expenditures and not by increased taxation, and I favor a general reduction in salaries of Government officials, including Congressmen, abolition of all useless departments, commissions, and bureaus, and the strictest economy in all branches of the Government.

It was absolutely impossible to balance the Budget by cutting expenditures at this session of Congress after the foreign debt moratorium and Reconstruction Finance Corporation acts were jammed through over the bitter protest of many Members, including myself. The payment some time ago of part of the adjusted-service compensation of the World War veterans, which I supported and which was right, also helped very much to get the Budget out of balance.

With all these emergency expenditures, if salaries had been reduced by taking off more than half, the Budget, yet would not have been balanced without much more. Still I and many others fought and voted against the tax bill objected to in this platform because, speaking for myself, I believed that all these emergency expenditures should be handled by a bond issue such as was done during the World War. If bonds had been issued for these purposes and to pay the balance due the veterans of the World War much more money would have been put into circulation. This would have been a greater relief measure than anything passed at this session.

CUTTING SALARIES OF CONGRESSMEN

It is interesting to listen at candidates who are trying to defeat a Member of Congress, urge that Congressmen's salaries should be further cut even though we have cut them by our own votes and are willing to vote to cut them further, when some of those same candidates who seem so much wrought up over this matter are now holding office and drawing more per year for the service rendered than any Congressman draws and have never seriously asked that their salary be reduced. Some of the men now urging salary reductions for everybody else, never begged for reduction of salaries when they, on a fee basis as prosecuting attorney, took in more cash in four or five days than a Member of Congress gets in a whole month. Not one only but scores of lawyers now are urging the cut of salaries of not only Members of Congress but also the cut of all wages of Government employees down to the poorest woman who crawls on her knees and scrubs the floors of the Government offices; yet many of these same lawyers, as candidates for Congress, talk of their great love for the farmer and at the same time often collect attorney's fees from farmers and others in noncontested mortgage foreclosures, and so forth, running into thousands of dollars for only a few minutes' actual work. These friends of the farmers say nothing about cutting lawyers' fees.

GOVERNMENT EMPLOYEES ARE FOLKS

I know it is popular with some people to blame the panic on Government employees in Washington and say "the most important issue before the people to-day is whether or not we will reduce the cost of government" by cutting salaries of Government employees "down to the most humble." State officials get their salaries out of State funds when the real, awful burden is most heavy.

I am not talking about salaries of Members of Congress now when I ask the question Who are the Government employees in Washington? They are boys and girls, men and women from Georgia and other States, and almost without exception they all are sending money back home to father and mother to feed them and the rest of the family, to help pay taxes, and to keep the old home from selling. Fifteen of these folks come from in and around Douglas. The same is true of practically all the rest of my district and of the whole country.

A splendid young man raised in Douglas and an excellent young lady who attended school in Douglas are each secretary of two Congressmen from two different States other than Georgia. I know of a most splendid young lady who came to Washington and secured a job with the Government; later she brought one of her brothers up here and got him a nice job. After awhile she brought another brother and his wife, but was unable to get them work and is paying their board and trying to get employment for them; all this time this young lady is sending all the money she can home to the old folks.

This young lady's people live within 3 miles of one of the candidates for Congress from my district who is urging a salary cut of such as she as a solution for the present economic ills of the country.

I am saying this much about this feature of this platform to show how erroneous is the idea that the question of cutting salaries of Government employees is "the most important issue before the people to-day." Cutting wages or cutting prices of farm products will not solve our troubles.

Just one more word about reductions of small salaries. Big business wants salaries reduced so it can get labor for less and buy farm products for less. Never in the history of any country has Government wages went down without all wages going down carrying with them the prices of farm products. So a fight to drive wages of labor down is a fight to drive down the prices of farm products.

THE FARMER AND EVERYBODY ELSE

Again and again in all these discussions we come from everybody else back to the farmer. He is the keynote to the whole situation. Now the farmer and everybody else who owes money made debts while everything we sell was high and money worth much less than now. Thus it is the farmer and everybody else owes money which they can never pay unless we can raise the price of what the people sell or make money in circulation more plentiful. I repeat, the farmer and everybody else must get more for what they sell, be that labor or farm products, if they are to pay out of debt; otherwise the result is inevitable; they must lose out or bankrupt out.

USELESS DEPARTMENTS, BUREAUS, AND COMMISSIONS

Everybody is against useless departments, bureaus, and commissions. The real controversy arises as to which are useless. I joined with those at this session who opposed useless activities of the Government, but even when we abolished one, over our protest, others that I thought either useless or vicious were created. Take the very platform I am now discussing; it cries out against bureaus, boards, and commissions, and yet the last plank in this very platform is in favor of the largest, most powerful, most dangerous bureau ever proposed by any condidate for any office. I will hurry through so as to give ample consideration to this last plank.

ECONOMY

Of course, this platform, as usual, pledges the candidate to economy. The last plank in the platform, as I will later show, illustrates the economy he has in mind.

PROHIBITION

The plank on prohibition is as follows:

I favor a referendum on the prohibition question. The question of repeal of the eighteenth amendment should be submitted to the voters, and their decision control.

I will have to hear the gentleman discuss this plank further before I know what he means. I want him to explain: Does he mean a referendum as now provided by the Constitution or does he mean a statutory referendum, if possible, to be set up in the future? Does he favor a nation-wide, state-wide, or only a district referendum to act in an advisory capacity to the Member of Congress? How does he expect to settle the controversy by a referendum? What plan does he have in mind to cause all the wets to become dry as soon as they lose or to make all the drys wet if and when the referendum goes against them?

The main value of this plank in so far as the candidate is concerned is that it enables him to confidentially tell the wets he is with them and quietly and very confidentially tell the drys he is with them.

SOLDIERS' BONUS

On the question of the soldiers' bonus this candidate says:

I favor immediate payment in cash of the balance due our soldiers on their adjusted-service certificates.

This is the most definite and correct statement yet contained in this platform. The candidate, though, overlooked stating the fact that I and many others have always urged the cash payment of this debt that is just, due, true, and unpaid.

FOREIGN WAR DEBTS

The next plank is as follows:

I am opposed to any moratorium or cancellation of foreign war debts.

For many years I have made one of the fights of my life against these cancellations.

TARIFF

Here is this candidate's plank on tariff:

I am opposed to the present tariff law, which has ruined our foreign trade. I favor a much lower tariff, generally, on manufactures and reciprocal trade agreements with foreign countries.

I am very proud of my record on tariff and approve this plank. I will discuss this plank under the candidate's plank touching farm relief, where tariff is again mentioned.

RAILROADS

The railroad plank is as follows:

I am for a square deal for our railroads, and all unfair competition to them should be impartially regulated.

The candidate is pleading for a square deal for the railroads. He need not be so solicitous about the big roads getting a square deal. The thing I fear is that the big lines will absorb or destroy all small lines, all bus lines, and then neither the laboring man, nor the farmer, nor the school children, nor the taxpayer, nor the public generally will get anything approaching a square deal. I discussed this subject at length in a written argument in favor of cheaper freight rates for the farmer, which I filed last summer with the Interstate Commerce Commission and later had printed in the CONGRESSIONAL RECORD. I will probably discuss it here again more fully in a few days but not now, as I just must hurry along, and after I discuss the so-called farm-relief plank, which is next, I shall deal at length with the last and most dangerous plank in this platform.

NEW FARM-RELIEF PLAN

This new plan consists of two sentences; in language, one long and one short; in new worth-while proposals, both very short.

SHORT FARM RELIEF PROPOSAL

The first sentence of the farm-relief plank of this candidate for Congress is as follows:

I have actively farmed for the past 10 years.

What difference does that make? Let us see. If this candidate is one of the farmers who planted only a small acreage of tobacco last year, had to borrow from the Government and over my bitter protest and in spite of my hard fight, had to agree to curtail his small crop in order to get money from the Government while his wealthy neighbors, not borrowing from the Government, were planting all they wished and even increasing their crops then he is in sympathy with the poor, sorely oppressed farmer and understands the hard fight I have been making here to see that all farmers get a square deal regardless of whether they are rich or poor.

Now, on the other hand, if this candidate happens to be a lawyer, who has held office practically all his life and became rich out of fees, commissions, salaries, and profits made out of the suffering and agonies of others caused by prosecutions, mortgages, foreclosures, bank failures, and loss of all their earthly possessions, and if this candidate is now and has been planting large acreages of tobacco without any control, not because he needs the money but simply to get more money, even though his large acreage helps to break the price of his poor neighbors' tobacco whose acreage is forced down arbitrarily and viciously by the Department of Agriculture before the poor farmers can get money to plant any cotton or tobacco, then honestly I can not see where the farming activities of this or any similar candidate give him special qualifications to come to Congress and represent these poor farmers, their wives and children, whose very lives are being ground out by him and similar friends of the farmer. I am making no accusations but simply making suggestions to show that the fact a man is actively farming is no indication he is a good friend of the farmers as a whole. All depends on whether he is farming the fields or farming his fellow man.

For instance many men now are engaged in chain farming and make money out of foreclosures on homes, as this helps them get the farmers' land at a sacrifice. Does any one feel that one of these fellows would be a good Congressman to represent the farmers in a fight for better prices, to stop farm foreclosures, reestablish the small farmer and turn back the awful menace of chain farming?

MORE FARM-RELIEF IDEAS

The balance of the farm-relief plank is as follows:

I shall do my best for the farmers, and I believe farm conditions can be improved by enforcing and strengthening our antitrust laws so as to destroy the Tobacco Trust, which fixes the price of tobacco, and other like trusts by Government financing of farm mortgages at low interest, by placing a tariff on raw agricultural imports which compete with our agricultural products, and by repealing all of the unfair laws passed by present and past Congresses in the special interest of the financiers and manufacturers.

This is a conglomeration of the impossible, the impractical, and skeletons of past accomplishments. Many here, including myself, have done everything we could to strengthen antitrust laws, but in spite of all laws men will be dishonest, evade the laws, rob the public, and get away with it.

Every new candidate for Congress this summer will promise farm relief, to fight trusts, to repeal bad laws, and pass good ones, to cut salaries and increase appropriations.

Even the candidate who is running on this platform I am now discussing by his very next plank proposes to do more for the most dangerous of all monopolies or trusts than was ever done before, and is earnestly advocating the one piece of legislation that would complete the awful monopolistic power of the manufacturing and financial trusts of the country in their wild desire to dominate the whole Government and all the people of the whole country, regardless of consequences.

TOBACCO PRICE FIXING

The way to overcome price fixing by the trusts is to put the Lankford contract plan of farm relief into effect and enable the farmer to name the price of what he sells as fully as others name the price of what they sell to the farmer.

FARM MORTGAGES

The Government is now indirectly financing farm mortgages; making small seed, feed, and fertilizer loans; and an orgy of foreclosures are taking place and on every hand is farm wreckage and despair. A new order must be brought out of chaos. I shall not now discuss this matter further, but refer to my past, present, and future activities as shown by my efforts in public and private. I shall later discuss this subject further before I conclude these remarks.

FARM RELIEF TARIFF

Tariff on raw agricultural imports has been mentioned as a means of farm relief. If this would solve the farm problem, our farmers would be rolling in wealth, and my district would be a paradise on earth.

I have always gone the limit in supporting tariff on farm products. Ask anyone who, during my service in Congress, has kept up with tariff on products of my farmers. Ask that good friend of the farmers, Hon. H. H. Webb, of Hahira. I know he is a candidate for commissioner of agriculture—and he will make a good one if elected—but even if he and I are both candidates for office, we do not mind telling the truth on each other when it is good. When I first came to Congress I voted for the emergency tariff bill giving tariff protection to farm products of my district and Nation, when I was the only Member of Congress in my State or any bordering State to vote for it.

I voted for tariff on peanuts, cottonseed meal, long-staple cotton, turpentine, and so on when my Democratic colleagues criticized me and said I was going too far.

I wrote with my own right hand and had inserted in the last tariff bill—even though I opposed the bill as a whole—the first tariff duty ever written in this country on tar, pitch of wood, and other products distilled from stumps and pine wood of my district, thus protecting so far as tariff will protect, the people of my district who own cut-over lands or pine stumps of any kind. This protection is against the cheap labor of Lapland, Russia, and other countries of northern Europe in competition with the products of our people.

NOT AMPLE FARM RELIEF

The awful distressing fact is that neither tariff nor any one nor all of the so-called farm relief plans will put the farmer on a parity with other people unless we can help him name the price of what he sells as fully as other people name the price of what they sell to him. Again I say, I know of no better plan for this than the Lankford contract plan.

FEDERAL GUARANTY OF BANK DEPOSITS

Now for the last plank in this remarkable platform, which is as follows:

I favor the passage of a law whereby deposits in local banks will be guaranteed by the Government, so as to eliminate risk to the depositor.

I am very much in favor of some plan to guarantee bank deposits so as to eliminate risk to the depositor, but I feel that the burden of the guaranty should be on those who receive the benefit of the deposit or at least on those who are in the banking business.

BURDEN ON TAXPAYER

The plan proposed in the present platform of this candidate for Congress is the most extreme bank-insurance plan ever suggested. Let us see how it would work. The directors of a bank, president, and attorneys could have a glorious time voting each other large salaries, big attorneys' fees, unloading on the bank their unsecured worthless notes and sorry, run-down buildings at enormous profits to themselves; and when the bank broke, as it would, they would draw on the United States Government for enough to pay the depositors in full. Then the attorneys for the bank could get to be attorneys for the liquidating agents and get more big fees, and the officials could probably get jobs collecting notes and winding up the affairs of the bank.

If the attorneys and others could not collect the notes real soon, they could get an order and sell them and buy them in at a sacrifice for themselves and then make more profits. Of course, it would take a lot of money to pay all this for all banks that failed under this system, but the Government could and would be forced to squeeze taxes out of the poorest of the poor and everybody else to pay for the reckless extravagance and plunder of those to whom other people's money had been intrusted. Can anyone visualize how many more bank failures we would have had under this system than under present law, and can anyone even remotely estimate the enormous amount of taxes that would have been required to pay all these bank losses during the last few years?

If this insurance should be carried by the Government, why not let the Government carry $25,000 insurance on every life to be paid to next of kin? Why not let the Government carry all hail insurance, all fire insurance, all accident and health insurance, and all other kind of insurance? If the Government is to insure the debts of the bank and bank officials to the depositors, why not insure all the notes and accounts of all the people of the whole Nation? Then everybody would have plenty of credit and plenty of money but neither credit nor money would have any value; we would have no Government, and all would be chaos.

But it may be suggested the banks would have to make the Government safe by some method. This could be done, of course, by the bank investing all its deposits in gold or Government bonds and leaving this with a margin on deposit with the United States Treasury Department, but how could any bank do this and do business? Better let the depositor buy Government bonds or invest in postal accounts in the beginning. Some one suggests that the Government should certainly insure the deposits of all national banks that it permits to transact business. Suppose this was done; then all State banks would be immediately blotted out of existence, for a bank not guaranteeing deposits could not operate where there are banks backed up by a Government guaranty of deposits. Also the Government would be forced to close all small national banks and appoint all officers for the large ones that do run. The result would be two or three chain banks operating out of Wall Street in partnership with the Government doing the banking business of the whole country.

This would be centralization of financial and political power absolutely run mad. Rather than have this we better have no government and simply start again to build. This would be hydrophobic bureaucracy on a nation-wide and world-wide wild rampage. The most powerful trust of all times would name all officials and dictate with an iron hand all laws, State and Federal. Liberty would have vanished and we would be a bedlam of slaves.

The fear of this thing led me on the floor of the House, in speaking of proposals to guarantee bank deposits on the 18th day of June last, to use language as follows:

I favor a system of insurance of bank deposits so worked out as to preserve and provide for the return of the small independent community bank with its local interest and official control, and I oppose any scheme by whatever name or for whatever alleged purpose which will bring about a complete centralization of all banking and bank control and bank ownership in two or three chain bank monopolies with headquarters in Wall Street, New York.

FAVOR GUARANTY OF DEPOSITS

I feel that a reasonable guaranty of deposits law would go far toward a solution of the present depression. I am very much in favor of it. We must be careful, though. There is always an effort to take advantage of a popular move and put on some bad provision which could never be enacted otherwise.

For instance, an effort is being made in all this kind of legislation to bring about a greater centralization of financial and political power, thereby increasing and making absolute the very power that caused all our present troubles and which is now preventing their proper solution.

I will gladly support any move to safeguard the depositors unless there is coupled with the proposition more evil for the depositors and others than there is good.

DIFFICULT TASK

Most, if not all, the deposit guaranty laws have failed. If the banks are taxed to create a guaranty fund, it has been found almost impossible to levy a tax big enough to raise enough funds to pay the losses without wrecking more banks than ever, and the scheme fails. I have already pointed out the evils of the Government assuming this risk. I would not want the people of my district—many of whom have no money in banks—taxed to pay for losses caused by wildcat banking in Chicago, New York, or Boston. Such a scheme is not sound from any standpoint.

DOUBLE-STOCK LIABILITY

The law putting double liability on stockholders for benefit of depositors is a form of deposit guaranty. It, though, does not at all protect the depositors.

Statistics show that less than one-sixth of this double liability is collected and that depositors actually get in cash only 5 cents on the dollar on their deposits in closed banks as the result of this double-stock liability.

Most of this amount is from widows, orphans, and the poorer stockholders, who are not lawyers or able to hire lawyers to avoid the liability. The officials when they see the storm coming in many cases avoid this liability by unloading their stock on some one else, probably a widow, orphan, or some poor person.

I am not personally criticizing any particular individual; I am talking about conditions and showing how difficult it is to work out a law for the average man which is not abused, to the injury of the very people we are trying to help.

A guaranty of bank deposits law, in order to be effective, bring back confidence, and protect the depositors, must encourage honest banking instead of putting a premium on wildcat, dishonest bank manipulations. The honest citizen should not be taxed more than he receives in return from his Government. Honest bankers should not be forced to pay an unreasonable assessment to take care of wild, crooked, dishonest officials. Millions of money can be saved to the depositors by a governmental agency, possibly cooperating with a similar State agency, empowered to conserve, collect, and properly disburse the assets of closed banks.

The small depositors should be paid at once if possible. Entirely too much money is paid out to attorneys and others after the bank closes and not enough goes to the depositors. All banks in order to become the beneficiaries of returned confidence could afford to pay a reasonable assessment or tax, to be matched by State and Federal funds to provide for a liquidation agency and funds to guarantee to the depositors honesty in banking both before and after the doors of the bank are closed.

I pledge myself to work for a safe, sane, effective method of making the deposits of our banks as secure as is humanly possible, commensurate with fair dealing of men with their fellow men, honest banking, and good government.

From every standpoint the proposal in this platform for the Federal Government to guarantee all bank deposits is one of the most powerful, dangerous, and far-reaching bureaucratic plans that ever came to my attention.

OTHER PLATFORMS

Of course there are thousands of proposals each campaign year, but the platform I have just quoted and discussed in full is typical of most that are abroad in the land at this time.

ERRONEOUS IDEAS

Many of the proposals in various platforms are based on mistaken ideas. For instance, I saw the other day where some one said there were as many negroes as white people employed in Government departments in Washington. This is not the case. There are many, many times more whites than negroes employed in the Government departments. No one has criticized the negro situation in Washington more than I have, but there is nothing gained by making the situation worse than it is.

I feel that during this awful time every campaign should be based on real issues, and before mentioning a few more minor issues or suggestions I will speak further about a suggestion I saw some time ago in reference to relieving unproductive property of all taxes.

The question of taxes is always most important. The only thing of more importance in a financial way to the workingman is employment and the wages or salary earned and received. The farmer is more interested in production and good prices for his products.

And yet burdensome taxes levied and collected out of proportion to the benefits received may financially wreck the man with even a good income. Therefore the subject of taxes is of greatest importance.

"The power to tax is the power to destroy." The power to tax has often been used to lessen or even destroy that which is not desirable. Light taxes or even no taxes should be imposed on those things essential to our national existence. A heavy tax is most essential to lessen or destroy a vicious system, which may undermine and even destroy our Government. To my mind there is very serious danger of consolidation under corporate ownership of large areas of land now being taken over by foreclosures and the installation of chain farming, to the destruction of the small individual home-owning farmer. This would entirely eliminate the small country home and all their influence for good.

The highest type of our citizenship would disappear, our institutions would be endangered, and our great principles of free government would perish from the earth. The American home and its sacred influence for good is the very bedrock of our national existence. Our homes must be preserved or all will be lost.

This is the very reason I am fighting for a tax exemption of property for home purposes and is the very reason I am fighting to stop mortgage foreclosures on homes and provide for the return of those already taken over and aid to the farmer and laborer to get sufficient pay for their labor to enable them to keep and own a home. This is the reason I am bitterly opposed to relieving from all taxes large areas of nonproductive lands. Let us relieve from taxes for home purposes the productive and nonproductive lands to a reasonable amount where the American family lives.

I realize that there is much merit in a plan to relieve lands from taxes where there is growing nonproductive timber and let the taxes, if any, be paid as to this property when the timber is used and brings revenue to the owner.

The thing I fear is any system to relieve nonproductive lands of taxes, which would encourage great corporations to buy up and hold in a nonproductive state or condition large areas of our land and pay no taxes, while our home owners are losing their homes by foreclosures and as the result of most vicious and burdensome taxes.

This kind of a tax scheme would force the small-home owner out of existence and make his property tax free as soon as it became nonproductive, owned by great corporate interests, and the old homestead became the habitat of bats and owls. I do not want this. I shudder at the idea. There is too much of it now. Let us relieve the little family homestead of all taxes—city, county, State, and Federal—and force large areas of land into the ownership of thousands, yea millions, of happy, contented families to bless and preserve our Nation.

If you want to relieve unemployment in the city, help me bring about the tax-exempt small home for the family. If you want real farm relief, do this: Stop mortgage foreclosures and help me work out a contract system of production, marketing, and price control. If you want a good banking system, not only work for good banking laws but also help me fill this country with happy, prosperous farmers with their families, and the merchants, bankers, and all will be prosperous again.

If you want to aid in a real movement back to the farm, help me put over my relief proposals and real success is assured. Let us do these things and the institutions of free government will remain, our great principles of liberty become permanent, our wonderful citizenry last forever, and this Government of the people, for the people, and by the people shall not perish from the earth.

They tell me that if the sun of the heavens was blotted out, in three days and nights the gloom of darkness and the awful chill of utter coldness would destroy every particle of life on earth. The home is the sun of our civilization. Without the home there would be no sunshine of love and patriotism, and the government of men could not withstand the darkness and chill of selfishness and hatred that would envelop the earth.

Our forefathers came to this continent in search of homes. Our every conflict has been waged for homes and those who live in homes.

The depression is destroying our homes. We must fight as never before for our homes.

I can do anything else in my campaign for Congress with less embarrassment than answer the inquiry "What has LANKFORD done?" If I name in detail only a few things I have done, my enemies say I am boasting; if I name none, they say I admit doing nothing. So either answer is criticized. Then, again, it is impossible to give any sort of a detail report without writing volumes of books. So I shall now in a few sentences mention only a very few of the outstanding things I have materially helped in accomplishing:

(1) Wrote and secured adoption of Lankford lien amendment to Volstead Prohibition Act, which is approved by both wet and dry forces as best amendment proposed or adopted to this act and as saving many hundreds of millions of dollars for innocent owners of automobiles and other carrier vehicles.

(2) Author of and secured adoption of Lankford amendment to War Finance Corporation act making available for discount with this financial agency hundreds upon top of hundreds of millions of dollars' worth of notes, mortgages, and other paper, thus protecting farmers, supply men, small business concerns, and banks in a way never before done and not at all accomplished in recent Reconstruction Finance Corporation act.

(3) Fought to keep alive War Finance Corporation, with benign provisions for farmers under Lankford amendment, and used every possible effort to make recent Reconstruction Finance Corporation act as helpful to average citizen as was the War Finance Corporation act.

(4) Made speeches on floor of Congress against crookedness and corruption in Veterans' Bureau and Department of Justice long before these matters were generally discussed in Congress and before heads of this bureau and department were removed or convicted.

(5) Secured tariff on several farm products not heretofore included in tariff schedules.

(6) Together with Congressman W. W. LARSEN, worked out and wrote into the McNary-Haugen bill the provision keeping equalization fee in that bill from ever being levied on farmers' cotton at gin or while cotton is in ownership of farmer and providing equal protection to other farm products.

(7) Author of Lankford contract system for farm relief, admitted by many Cabinet members, Congressmen, and Senators as best farm-relief plan yet proposed.

(8) Suggested Lankford contract-relief plan to platform committee last Democratic convention and principle of plan is incorporated in national Democratic platform and specifically approved by Governor Roosevelt in his acceptance speech.

(9) Am leader of fight to stop present orgy of loan foreclosures and to return taken-over farms to original owners. Author of two bills and several amendments for these purposes.

(10) Opposed to the last limit foreign debt moratorium, Reconstruction Finance Corporation, and all similar legislative proposals.

(11) Author of Lankford proposed amendment to Federal Constitution to exempt from all taxes reasonable amount of property for home purposes.

(12) I favor and fight for all legislation in behalf of labor, the farmer, the veteran, and the independent private citizen.

(13) Helped secure much more money for Georgia than ever before for public roads, vocational education, river and harbor improvements, and other purposes, with Georgia all the while actually paying out in cash as taxes to Federal Government much less than Georgia gets back from the Government.

(14) Last summer I either saw personally or wrote every member and senator of State legislature and begged them to pass amendment to State constitution to let people in my State vote upon payment of poll tax only and not require for voting privilege payment of all taxes.

(15) Worked for and voted for distribution of flour through Red Cross. Introduced bill and helped secure passage of law to distribute cotton and cotton goods to suffering through Red Cross, and introduced and am fighting for bill for Government to help farmers by buying farm products directly from the farmer for the starving veterans and others in Washington and elsewhere instead of paying enormous prices for this same food from speculators.

(16) Have never left Washington while Congress was in session except to attend funeral of Georgia colleague.

(17) Work from 12 to 15 hours a day on legislative and departmental work.

(18) Have attendance record excelled by none.

(19) Helped to work out and am largely responsible for actual physical detail survey for barge-canal purposes across south Georgia and north Florida, with work to begin at once and $90,000 cash available.

(20) Have seniority and committee assignments, giving me close personal contact throughout country and Congress, which are most valuable and putting me in line when the Democrats come in next year to carry into effect many of the plans for which I have fought so long.

(21) Have handled thousands upon thousands of matters for people in all walks of life, and am anxious to render in the future the very best possible service.

(22) My office in Washington stays open the year round and is never closed to my people when they need help or are in Washington, and neither my eyes, ears, nor heart are ever anywhere closed to the needs or voice of the folks of my district, State, or Nation.

Mr. Speaker, it is a great pity that so many people seek the defeat of public officials by distorting, magnifying, and charging up to them trivial incidents for which they are not responsible and totally ignoring all the good that they ever accomplished.

Congressmen are criticized for using the franking privilege by county newspapers, when the free-in-county local paper provision of the postal laws caused a cash loss to the Government last year fifteen times as large as the franking privilege for all purposes, and the Government in handling all newspapers and periodicals last year lost in cash more than one hundred and eighty times as much as the franking privilege cost.

I saw in a newspaper the other day where it was said that the transportation cost of a speech franked out to a farmer was paid by the farmer. The fact is the farmer and the common people either directly or indirectly pay all or the larger part of all Government expenses, and therefore the farmer in my district helps pay the same amount for operating the Postal Service regardless of whether I send him a speech or not. The sending of one of my speeches to a voter does not cost him an extra one-thousandth of a cent. It cost him absolutely no additional amount.

Again this paper said the printing of extracts from the RECORD for distribution cost the Government a large amount. Well, this summer I intend to have hundreds of thousands of different pieces from the RECORD printed in my district paid for there, mailed under frank there, and delivered there, all nearly a thousand miles from Washington. I want my inquiring friends to ascertain who pays for this local printing, the amount extra the postmaster and his employees get for handling this mail, and how much the salary of the rural carriers is increased the day he carries my articles, and he will find that Uncle Sam did not pay a single extra red cent for or on account of this transaction.

The expense is running, and the only question is, Do I want my people to hear from me and am I willing to pay for them to get this information?

With the machinery already in operation and the entire cost already provided for me to advise my people of my record, I certainly would be subject to severe criticism if I refused to pay for the printing to advise my people concerning my stewardship as their servant. I am glad to do it. I wish I was able to pay for and send out much more. I wish my people could get a report from me every few days.

Some one the other day was criticizing Members of Congress because they have offices in a good building. Might

as well criticize the sheriff because he has an office in a brick courthouse.

It is even said Members of Congress get free barber service. Another mistake; there are barber shops in House Office Building patronized by everybody, where Representatives pay for service but can save time by the barber phoning them when ready for them instead of them going down town and spending much time waiting. The Government does not pay all hospital and doctor bills of Members of Congress and their families. I could have saved thousands of dollars if this had been true. Criticism has been made because the Government pays a small allowance on account of funeral of a Member of Congress. This is an old law passed years ago. I did not pass it and am glad, so far, I have never let the Government spend a cent of this fund on my account. I also sincerely promise my people that if they will reelect me I will faithfully, honestly, and to the best of my ability for the next two years continue to dodge automobiles, drink wholesome fresh water, and eat the kind of good food I used to get down home, when I can get it, and if at all possible save the Government and my friends all funeral expenses on my account. I also ask unanimous consent to then get as long an extension as possible from the cost of this unwelcome, inevitable, last earthly ceremony.

IMMATERIAL HINTS VERSUS WORLD-WIDE PROBLEMS

I am again mentioning a few of the many mistaken or trivial ideas about Members of Congress to emphasize that all these innumerable innuendos and insinuations which are now being spit on all Members of Congress, good and bad, are only so many grains of shifting sand and mist as compared to the mighty, towering mountains piled on tremendous ranges of mountains of vital, economic, nation-wide, world-dominating, all-powerful problems which must be studied and solved if our people are to remain free and this Nation endure.

WHY THROW DIRT?

Why try to kick dust in the eyes of the people and prevent their seeing and knowing the truth? Why try to blind people to the real issues, on the proper solution of which hang the very liberty, fortunes, and lives of them and their children forever?

ON MY RECORD OR NOT AT ALL

I want to be reelected to Congress on my record and what I am fighting to accomplish or not at all. Please do not either elect or defeat me on the defects or mistakes of others, in or out of Congress. See if my heart is right with my people; see if I am working with all my might for the right; then see if my years of service better fits me to do what I am striving to do and then vote for the man whom you believe is able to and will render the best service to you, your wife and your children, and to your country.

ENDEAVORED TO RENDER BEST SERVICE

When I first came to Congress I got on available committees where I thought I could render the best service. Many years went by before I had sufficient seniority to get on the very largest committees.

ON IRRIGATION AND RECLAMATION COMMITTEE

The people of my section were much interested in drainage but no Member of Congress from the coastal plains of the Atlantic had ever taken enough interest in Federal drainage to get on this committee and stay there until he became chairman and was in position to do real things in the way of drainage for the swamp lands of East and South. I resolved to do this. Time went by and about three years ago I saw that if the Democrats organized the House I would reach my goal of chairmanship of this committee.

CHANGES CAME

My happiness soon was turned into sadness by the awful economic changes which convinced me that the demand for drainage was not so great and that the farmers were fighting to save their homes and even the lands which do not require drainage.

BILL TO SAVE HOMES OF FARMERS

I then passed the drainage idea by for the present but worked out a bill to stop mortgage foreclosures and return taken-over farm lands to the original owners or farmers and thus reclaim from the floods of unfair legislation and the desert of the depression the lands and homes of the farmers.

REFERRED TO MY COMMITTEE

Being a lawyer and knowing a little parliamentary law, I worded my bill so as to cause it to be referred to my committee, so I, when I became chairman, could speed up its enactment. I was more anxious than ever to be chairman.

DEATH OF CONGRESSMAN EDWARDS

My beloved colleague Congressman Edwards, serving on the Committee on Rivers and Harbors, had rendered most splendid service to my district and his untimely death forced me to decide whether I would keep my old committee assignments or give them up and go on the Rivers and Harbors Committee to make a more determined fight than ever before for a canal across south Georgia and north Florida and to represent Georgia and the Nation in river and harbor legislation. The House Committee on Rivers and Harbors was an exclusive committee and its members could not serve on any other committee.

HAD TO MAKE SACRIFICE

The fight was so determined over the construction of the canal and over the question of whether it should be located wholly in Florida or part in Florida and part in Georgia until I felt called upon to make whatever sacrifice might be necessary to go on this committee in behalf of the people of my State.

GAVE UP IMPORTANT CHAIRMANSHIP

I had nourished a lifelong ambition to be chairman of one of the important committees of Congress. It was now within my reach and carried about $4,000 a year committee clerical appointments which I could give my friends. The temptation was strong, but I decided that it was my solemn duty to go on the Rivers and Harbors Committee, and acted accordingly.

AM HAPPY

I am glad I did this. I anticipated that one of my good friends, Mr. ALLGOOD, of Alabama, Mr. HALL, of Mississippi, would become chairman of the Committee on Irrigation and Reclamation. Mr. ALLGOOD took chairmanship of the Committee on War Claims, and Mr. HALL of Mississippi became chairman of the Committee on Irrigation and Reclamation.

RETAINED ALL COMMITTEE ASSIGNMENTS

I gave up the chairmanship, but for the first time arrangements were made for Members serving on Rivers and Harbors to stay on other committees. So I remained on my committees and have also been able to serve my district on the Rivers and Harbors Committee.

WILL BUILD CANAL THROUGH DISTRICT

I have every reason to confidently say that my seniority in Congress, my place on the Rivers and Harbors Committee, and my other committee assignments will enable me in the very near future to help bring about the construction of the canal connecting the intercoastal waterway of the Gulf with that of the Atlantic, and that it will be through the new eighth congressional district of Georgia.

HAVE BEST COMMITTEE ASSIGNMENTS FOR MY PEOPLE

I can do more for my people on my committees than on any others. I would not exchange with anybody. I can render the best service where I am.

WILL BE CHAIRMAN OF COMMITTEE ON PUBLIC LANDS

When the Democrats win this fall I will become chairman of the great Committee on Public Lands, dealing with these enormous properties of ours. From this vantage point I hope to be able to help our new Chief Executive, President Roosevelt, put into effect his ideas of reforestation of so much importance to my section of Georgia. Clinch county, where I was born, is the greatest turpentine timber section on earth, and as her native son, I am most

anxious as chairman of this great committee, to bring to the attention of the world as never before the merits of our timber products and help solve our many timber problems.

WILL BE VICE CHAIRMAN OF IRRIGATION AND RECLAMATION

I will at the same time be vice chairman of the Committee on Irrigation and Reclamation, where Chairman HALL and many other colleagues are helping me carry on the fight to pass my bill and stop loan foreclosures and undo so far as possible, the harm already done. I did my very best to pass this bill at this session but with President Hoover and his departments against us there was no way to bring it to a successful conclusion. I introduced the bill in several forms, offered it as an amendment wherever possible, held numerous conferences with department chiefs and leaders of both parties but was face to face with an unsurmountable wall of opposition.

Governor Roosevelt favors my idea of preventing mortgage foreclosures and returning farm lands to original owners. I believe we will pass it at the next Congress.

WONDERFUL OPPORTUNITY FOR WORK

I feel that I am on the eve of the greatest opportunity that ever came to anyone in my section to render real service to my people. Never were my people in greater need. With my human limitations and by the help of my people, I have given the most sympathetic study to their every problem, my seniority in Congress and on important committees gives me vantage points from which I can wage their battles as never before. I would feel that I was a traitor to my people and my Government if any amount of inducement under these circumstances at this time caused me to falter or voluntarily abandon these important undertakings which mean life or death for my people. The Democratic Party has indorsed many of my plans for aid to the farmer, the laborer, and the average citizen, the Democratic nominee for President, Governor Roosevelt, gives them his heartiest approval; I will not turn back, but go straight ahead to battle and to win.

Mr. Speaker, my people have suffered more than ever before. I have urged all these years that they were not getting a square deal. I have said that the proposed farm relief plans offered by others would fail. They have failed. I have been pleading for what I believed would solve the farmers' problems. The Democrats have not had full control of Congress for a single minute since I came to Congress.

It now looks like a new day and a "new deal" is at hand for my people and the Nation. I am confident of Democratic victory this year. My principles have been incorporated in the Democratic platform and were indorsed by Governor Roosevelt in his speech of acceptance. The first rays of Democratic victory are already in the eastern sky. The blessed sunshine of human rights will soon be shining. I am happy at the approaching chance to serve my people more fully than ever before.

When the Democrats come into power next year there will be great need for men who are familiar with the snares of those who are antagonistic to my people. There will be need for men true and tried, whose hearts are right, and whose experience here enables them to do the right thing at the right time for the right people. A new man, especially if he has had no legislative experience and is not a lawyer, for many years will do the wrong thing, even when he wants to do right. He is at the bottom of the smallest committees. He has to spend years of study before he is of much value to his district in small matters or of any value in the mighty problems. The young Member naturally seeks information from older Members, and thus, innocently on his part, he is too often misled by those who are the leaders for those who oppose my people.

We are opposed here by the best lawyers money can buy—lawyers in Congress and out of Congress—who study day and night to win for those who pay them tremendous fees.

I recently saw where a candidate for Congress said the farmers and common people needed in Congress less lawyers and more new Members of Congress. The big interests have, and will have, in Congress and everywhere in and around Congress experienced, brainy lawyers with years and years of experience in congressional work. The powerful interests, with these lawyers, are happy every time the farmer, the laborer, or the common people lose from Congress a lawyer, a man of brains, or a man of congressional seniority. It matters not how honest the new Member may be.

The big interests spend millions of campaign funds every year to bring about a change in which experienced men opposing them are swapped for new men they can control, at least until they gain more experience. Next year there will be tried here legislative issues constituting the greatest legal battle ever waged on earth. The big interests will have on their side the best obtainable brainy legal talent with the greatest possible experience in legislative matters. On the other side will be the common people. Shall they, the common people, have new men with no legislative experience and little or no legal ability? Let us not handicap the new Democratic administration by giving it only little or no cooperation of men with every requirement of experienced, honest, fearless, able legislators.

Some one said recently in a campaign speech that there was need of more brains in Congress. There are plenty of brains here; in fact, there is too much on the wrong side. We need to keep the brains, talent, seniority, and legal training that are fighting for the right and add to it. When the big interests hire a man to represent them in shaping legislation here they invariably get a man who is loyal to them, a man of talent, generally a lawyer and always a man who has had long legislative experience in Congress. Why should not the common people have the same kind of representation.

Democratic victory is just ahead. Let us not fight over immaterial issues but, using our best judgment, fight the really big evils and victory will be ours.

The dawn of a new day is here. The sunshine will soon appear. The night has been filled with the darkness of the accumulated human wrongs of the centuries; the lightnings of a righteously indignant people, forked and terrific, have rent the awfulness and gloom of world-wide human suffering; the thunders of dissatisfaction, of complaints, of outraged and dying, suffering men, women, and children, and of the terrors of a threatened war of extinction of the race, have filled the earth and leaped to the heavens, pleading and praying for justice. The God of the storm and the sunshine, of wrong and of right, of darkness and light, who controls the day and the night, will hear his people. Justice will prevail; the darkness of error and crime will flee; the sunshine of justice will come again; the daylight of right and of liberty with all its effulgent glory will again bless all humanity everywhere.

"SEVEN ROADS TO RUIN"—DEMOCRACY CHARTS THE PATHWAYS WITH FANTASTIC LEGISLATIVE PROPOSALS

Mr. WOOD of Indiana. Mr. Speaker, President Hoover has given statement to the fundamental truth that "We can not squander ourselves into prosperity."

And yet this is precisely what the Democratic majority of the House of Representatives has persistently undertaken to do at this first session of the Seventy-second Congress. The Democratic majority has pursued this course in the face of repeated warnings of the President that the most rigid of economies were necessary because of vast shrinkages in Federal revenues from income and other tax sources.

It is little wonder then that enlightened members of this body as well as nonpartisan observers elsewhere have found occasion to express publicly their thanksgiving that a Republican President and a Republican Senate have throttled this Frankenstein legislation which the Democratic majority has presented to this House.

If a political party were to set out upon a deliberate policy designed to wreck the country, to reduce its people to poverty and despair, it could not do better than to emulate the Democratic leadership which in the brief span of seven months offered to America seven roads to ruin.

What is of vastly more importance is that the party which dedicated its best efforts toward plunging our common coun-

try into the abyss, through "pork-barrel" proposals, grotesque financial schemes involving the expenditure of colossal sums of money to be wrung from already overburdened taxpayers, now seeks the support of the electorate in extending its control to every branch of the Federal Government.

I desire to call attention briefly to the seven specific proposals which constitute the major portions of the program presented to this House by the responsible leaders of Democracy.

First. A bond issue to construct 2,300 unneeded post offices and to carry out other public works for the most part unnecessary even in the present or the long-view future.

Second. The issuance of $2,500,000,000 of fiat currency to pay the soldiers' bonus; currency which might have been worth 50 cents on the dollar and which would have reduced the value of all existing currency and consequently all property values.

Third. Legislation to squander billions in the futile effort to peg commodity prices.

Fourth. The establishment of a gigantic Federal pawnbroking business through the proposal of Speaker GARNER to have the Reconstruction Finance Corporation provide loans to individuals, private corporations, partnerships, States, and municipalities on any conceivable security and for any conceivable purpose; a proposal which would have set up the greatest bureaucracy in all the history of all the governments of the world; a bureaucracy which would have held the power of life and death over industries and whole communities; a bureaucracy which would have cost the taxpayers of the United States untold billions; a bureaucracy which would have become a superpolitical power, greater even than the Government itself.

Fifth. A deliberate refusal to accomplish any appreciable lasting economies in the conduct of the costly Federal establishment by (1) refusing authority to the President to reorganize various divisions of Government machinery and (2) by reducing proposed governmental savings in the economy bill from $200,000,000 to little more than $40,000,000.

Sixth. Legislation to guarantee deposits in closed Federal reserve system member banks, irrespective of whether failures of such banks were due to inefficient management or sheer dishonesty of their officials.

Seventh. A proposal to embroil the United States in all of the trade wars of the world by inviting the nations to enter into a conference at which the purely domestic American policy of the tariff would be determined.

With the single exception of the tariff bill, these grotesque proposals for relief in this most serious period of the economic life of the Nation failed to draw specific indorsement in the platform adopted by the Democratic National Convention. But they were given blanket approval in the action of that convention in nominating by acclamation as its vice presidential candidate the one man who sponsored the most vicious of these proposals and whose acquiescence permitted passage by the House of all the others—Speaker JOHN N. GARNER.

Accepting his nomination by the convention as a 100 per cent approval of his course, the Speaker, in a series of addresses made during his journey back home to the plains of Texas, praised his own handiwork and asked for its approval by the electorate.

Had all of these schemes become law—as unquestionably they would have under an administration by present Democratic leadership—we would have violated the precept laid down by President Hoover that "We can not squander ourselves into prosperity."

Nay, more than that, we would have seen the public debt increased by from four to seven billions of dollars. The Nation, just now beginning to feel the effects of the staggering load of the billion dollar tax bill made necessary in the balancing of the Federal Budget, would have faced another vast increase in taxes, an increase which it would have been beyond the ability of the great masses to bear.

Fortunately for the Nation, the President was able through the exercise of great patience and rare courage to have written into law a relief program which entails no additional burden upon the taxpayer, preserves the integrity of the dollar, and yet furnishes relief where relief is needed all along the line in industry, in commerce, in agriculture, in labor, and in the home.

I invite the American people to compare the unsound and unwise program of Democratic leadership with the far-seeing, constructive plan of President Hoover which now is enacted into law. It offers road to recovery just as surely as the Democratic leadership in this House offered seven short cuts to ruin.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 35 minutes p. m.) the House adjourned until to-morrow, Friday, July 15, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

634. Under clause 2 of Rule XXIV, a letter from the Secretary of War, transmitting a report dated July 13, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Latham Slough; Middle River; Turner Cut, from San Joaquin River to Whiskey Slough; and Whiskey Slough, from Turner Cut to Empire Cut, Calif., was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BYRNS: Committee on Appropriations. House Joint Resolution 473. A joint resolution to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932; without amendment (Rept. No. 1768). Referred to the Committee of the Whole House on the State of the Union.

Mr. BYRNS: Committee on Appropriations. House Joint Resolution 474. A joint resolution making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof; without amendment (Rept. No. 1769). Referred to the Committee of the Whole House on the state of the Union.

Mr. BYRNS: Committee on Appropriations. House Joint Resolution 475. A joint resolution making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 31, 1932; with amendment (Rept. No. 1770). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAINES: Committee on the Post Office and Post Roads. S. 83. An act to authorize the Postmaster General to investigate the conditions of the lease of the post-office garage in Boston, Mass., and to readjust the terms thereof; without amendment (Rept. No. 1773). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 1845. A bill to place William H. Clinton on the retired list of the Navy; with amendment (Rept. No. 1771). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 11223. A bill for the relief of Nicola Valerio; without amendment (Rept. No. 1772). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolution were introduced and severally referred as follows:

By Mr. GARBER: A bill (H. R. 12975) to amend section 20 of the interstate commerce act, as amended, for the pur-

pose of limiting the amount of compensation paid by common carriers by railroad which may be charged to operating expenses; to the Committee on Interstate and Foreign Commerce.

By Mr. BUTLER: A bill (H. R. 12976) authorizing the payment to the Snake or Piute Tribe of Indians of Oregon of damages for the restoration of certain lands to the public domain; to the Committee on Indian Affairs.

By Mr. LEA: A bill (H. R. 12977) to amend section 808 of Title VIII of the revenue act of 1926, as amended by section 443 of the revenue act of 1928; to the Committee on Ways and Means.

By Mr. CELLER: A bill (H. R. 12978) to provide for the immediate payment of the face value of their adjusted-service certificates to veterans who are unemployed and in need; to the Committee on Ways and Means.

Also, a bill (H. R. 12979) to provide for the payment to veterans of the present value of their adjusted-service certificates; to the Committee on Ways and Means.

By Mr. TINKHAM: Resolution (H. Res. 286) authorizing the Attorney General to investigate all the circumstances surrounding the alleged pool of 700,000 tons of sugar from the American market; to the Committee on the Judiciary.

By Mr. SIMMONS: Joint resolution (H. J. Res. 477) to amend the World War veterans' act, 1924; to the Committee on World War Veterans' Legislation.

By Mr. JOHNSON of South Dakota: Joint resolution (H. J. Res. 478) to amend the World War veterans' act, 1924; to the Committee on World War Veterans' Legislation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H. R. 12980) for the relief of William H. Holmes; to the Committee on Claims.

By Mr. BRUNNER: A bill (H. R. 12981) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co. (Inc.); to the Committee on War Claims.

By Mr. ENGLEBRIGHT: A bill (H. R. 12982) granting a pension to Caddie Knight; to the Committee on Pensions.

Also, a bill (H. R. 12983) granting a pension to Julie Allen; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 12984) granting a pension to Clarence E. Crane; to the Committee on Pensions.

By Mr. NELSON of Wisconsin: A bill (H. R. 12985) granting an increase of pension to Lucretia L. Gibbons; to the Committee on Invalid Pensions.

By Mr. PETTENGILL: A bill (H. R. 12986) granting a pension to Mike B. Kowalski; to the Committee on Pensions.

SENATE

FRIDAY, JULY 15, 1932

(Legislative day of Monday, July 11, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Vermont [Mr. AUSTIN] that the Senate proceed to the consideration of House Joint Resolution 154, to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes.

Mr. HOWELL obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Bingham	Bulkley	Connally
Austin	Black	Bulow	Costigan
Bailey	Blaine	Byrnes	Couzens
Barbour	Borah	Capper	Dale
Barkley	Brookhart	Cohen	Davis
Dickinson	Hebert	Moses	Smoot
Dill	Howell	Neely	Steiwer
Fletcher	Johnson	Norbeck	Stephens
Frazier	Jones	Norris	Thomas, Idaho
George	Kean	Nye	Thomas, Okla.
Glass	Keyes	Patterson	Townsend
Glenn	King	Pittman	Trammell
Goldsborough	La Follette	Reed	Tydings
Gore	Lewis	Robinson, Ark.	Vandenberg
Hale	Long	Robinson, Ind.	Wagner
Harrison	McKellar	Schall	Walcott
Hastings	McNary	Sheppard	Walsh, Mass.
Hatfield	Metcalf	Shipstead	Watson
Hayden	Morrison	Shortridge	

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is absent on official business in attendance upon the Geneva Naval Conference.

The PRESIDENT pro tempore. Seventy-five Senators having answered to their names, a quorum is present. The Senator from Nebraska [Mr. HOWELL] has the floor.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. HOWELL. Mr. President, I yield to Senators who have risen to present routine business.

REPORT ON PROHIBITION

Mr. SHEPPARD. Mr. President, I present for publication in the RECORD a report adopted by the Board of Temperance and Social Service of the Methodist Episcopal Church, South, at the annual meeting of the board on July 8, 1932.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The report is as follows:

REPORT ON PROHIBITION ADOPTED BY THE BOARD OF TEMPERANCE AND SOCIAL SERVICE OF THE METHODIST EPISCOPAL CHURCH, SOUTH, AT THE ANNUAL MEETING OF THE BOARD ON JULY 8, 1932

HISTORIC POSITION OF METHODISM

The warfare between Methodism and traffic in intoxicating liquors is inevitable and irrepressible. Our founder, John Wesley, branded the dram sellers of his day as "poisoners general," and his true followers to-day recognize the traffic as being the greatest public enemy of the individual, the school, the home, and the church. It is not a question of Puritanism or forcible individual repression, but of the "general welfare," of the right of society to protect itself from the alcoholic indulgence of individual citizens. Whatever form the warfare may assume, whatever be the particular battle in the war, the issue is always fundamentally between the selfish appetite of the drinker and the greed for gold of the seller on the one hand, and the protection of the individual, the home, and society on the other.

LIQUOR TRAFFIC CRIMINAL

United Methodism the world round declares to-day that the brand of the criminal should be placed upon a traffic which changes normal men and women into silly, reckless fools, and crazy, dangerous brutes, and thus not only destroys them individually but makes them a burden and menace to the entire social order. The killing of 35,000 and the maiming of nearly 1,000,000 persons in automobile accidents furnishes the basis for simply one unanswerable social protest against any relaxation of the prohibition law. During the past half century of warfare to remove the strangle hold of the liquor traffic upon the industrial, political, social, and domestic life of the Nation, Methodism has ever been in the forefront of every battle, and Methodist pulpits, Methodist district, annual, and general conferences have recorded relentless opposition to the traffic and invincible determination to outlaw it as the common enemy of the race. Whatever other church, social or political groups may say or do, Methodism will not lower her standards or agree to give a legal status to the traffic in intoxicants anywhere under the flag.

POSITION OF METHODIST EPISCOPAL CHURCH, SOUTH

Before and since the adoption of the eighteenth amendment the general conference of the Methodist Episcopal Church, South, has declared its approval of that amendment, and since 1920 its opposition to any modification or repeal. In 1930 the general conference at Dallas, Tex., adopted unanimously the report of the committee on temperance presented by Josephus Daniels, of North Carolina, chairman, and A. D. Betts, of South Carolina, secretary, in which report it was declared:

"We firmly set our faces against any recession from the constitutional outlawry of the liquor traffic. We highly resolve to enlist our every power to retain in full force the eighteenth amendment and all laws of State and Nation for its observance and enforcement. We will never surrender the advance made for national sobriety. We would add our clear and definite affirmation of the clear and inalienable right of every member of our church, whether minister or layman, to oppose and to vote against any candidate from constable to President who fails to stand for the principles herein advanced and approved. We urge our people to select public officers who believe in the enforcement of the law, not only because prohibition is the law but because it ought to be the law."

At every national political convention since the ratification of the eighteenth amendment in 1920 representatives of our board have appeared and stated to the committee on resolutions of the conventions the position of our general conference that prohibition is a nonpartisan question, and they have opposed the adoption of any prohibition plank, wet or dry, asking simply for a law enforcement plank, and from 1920 to 1928, inclusive, the conventions of both parties took the action requested. The leadership and work of the board, which include these representations, was specifically approved by the general conference of 1930.

For the first time in 1932 both the major political parties have made platform declarations on prohibition, against vigorous protests of the combined dry organizations of the country, our board included, which insisted that prohibition be not made the subject of national political party action. We are now faced, therefore, with an entirely new phase of prohibition warfare and must adjust our program to the changed conditions. What are the facts?

REPUBLICAN PLATFORM

The Republican platform pledges the party to efficient law enforcement, opposes any form of attempted nullification, sets forth the futility of so-called referendums, emphasizes that prohibition is not a party political issue, that no public official (which includes President, Vice President, Senators, Congressmen, State legislators) nor any members of the Republican Party are bound by the convention's action on this question; declares that the progress and the gains which have already been made in dealing with the evils inherent with the liquor traffic must be preserved and the evils eliminated, and declares that the convention does not favor submission of the question of retention or repeal of the eighteenth amendment without a substitute therefor, the substance of which substitute is set forth in the resolutions adopted, and finally declares that Congress should submit the proposed substitute in order that the people be given the opportunity to decide whether they will retain the eighteenth amendment unchanged or will ratify an amendment which will permit the several States to legalize the sale of intoxicants, such legislation, however, to be subject to the power of the Federal Government to protect those States where prohibition exists, and to safeguard the citizens everywhere from the return of the saloon and its attendant evils. The platform indicates no preference between the eighteenth amendment and the proposed substitute, but leaves the decision of that question to be determined by the people without any recommendation by the convention.

Should the amendment proposed by the Republican Convention be ratified by the people, while it is true that the States will have power to legalize the liquor traffic, this power would be subject to the declared duty of Congress to protect those States where prohibition exists, and furthermore the Constitution itself would positively forbid the return of the saloon.

Briefly, therefore, the Republican platform takes no position for or against the repeal of the eighteenth amendment, but does oppose repeal without constitutional safeguards against the saloon and the violation of the rights of the States.

THE DEMOCRATIC PLATFORM

The Democratic platform declares that it favors the repeal of the eighteenth amendment, the immediate submission by Congress of a resolution to effect such repeal, the immediate modification of the Volstead Act, to legalize beer and other beverages permissible under the Constitution, to provide proper and needed revenue, urging the States to enact measures to prevent the return of the saloon, and to bring the liquor traffic under the complete supervision and control of the States, and also demanding that the Federal Government effectively exercise its power to enable the States to protect themselves against the importation of intoxicating liquors in violation of their laws.

The Democratic platform makes no reference to enforcement of the prohibition law nor any statement that prohibition is not a partisan political issue, absolving members of the party from any obligation to be bound by the prohibition plank, which plank is therefore as binding as any other part of the platform.

Briefly, should the prohibition amendment proposed by the Democratic Convention be ratified by the people, the legal status of the liquor traffic would be exactly the same as obtained before the ratification of the amendment, with no Federal constitutional guaranty against the return of the saloon.

RIGHTS OF CONSCIENCE

Any attempt by any party platform declaration to bind the members of that party on a moral issue is a distinct invasion of the moral realm and is, therefore, not only an indefensible infringement of the rights of conscience, but a gross insult to independent citizenship. Such action will be repudiated by conscientious men and women throughout the country, and this entirely apart from prohibition. It is amazing that such action should have been permitted without vigorous persistent protest. Even though doomed to sure defeat by intolerant wet fanaticism, as voiced from the floor and the galleries, this attempt by political convention, to bind the attitude and action of members of a party on a great moral question, should have been denounced and resisted to the limit and a recorded aye and nay vote demanded, before such unprecedented action was finally taken.

WHAT FOR THE FUTURE?

Endeavoring to meet the obligation laid upon this board by the general conference action, we emphasize:

1. That the general conference declared in 1930 with the full knowledge of the facts that the eighteenth amendment is the expression of the determination of the social conscience of the Nation embodied in the organic law by the constitutional process, by the votes of Congressmen, Senators, and State legislators, all elected by the people, when prohibition was declared by both parties to be a nonpartisan question.

2. The question of the retention, modification, or repeal should likewise be determined by vote of the people in senatorial, congressional, and legislative elections as a nonpartisan question.

3. The responsibility of individual citizens to their country and their God for their votes in the election of President, Senators, Congressmen, and State legislators can not be evaded and can not be altered one whit by any party platform. Moral principles are always paramount to any political allegiance, just as conscience and God tower above political-party dictum and human leaders.

4. In harmony with the declaration of the general conference that in all elections from constable to President, our people should vote for men and women who believe that prohibition ought to be the law, we urge our people to meet unwaveringly the serious obligation which has been thrust upon them in the coming election for President, Senators, Congressmen, and State legislators by voting for those candidates only, who believe that prohibition ought to be the law, and by opposing openly and vigorously the proposals which have been made for modification or repeal of the eighteenth amendment, and the weakening of the Volstead Act.

5. That our people may have clear, definite information as to the attitude on prohibition of all candidates, for President, Senators, Congressmen, and State legislators, we strongly advise that individual citizens or groups of citizens make public inquiries of all such candidates, as to their attitude on the question of modification or repeal of the eighteenth amendment or the weakening of the Volstead Act or of State prohibition enforcement laws, and requesting public reply to the same. We advise that such questions be asked and answers demanded, even though candidates have already been nominated in primaries, or are without present or proposed opposition, in order that the position of such candidates may be clearly indicated upon which to base action in the present and in future elections.

PRESENT SITUATION

The situation to-day is very different from that in 1928. Then the contest revolved around the personal attitude of two candidates for the presidency on the question of prohibition. To-day, while again the personal attitude of the two presidential candidates will be involved, the platforms of the two parties are to be carefully compared and most important of all, Senators, Congressmen, and State legislators are to be chosen. Despite the furious assaults of wet fanatics, the continued false wet propaganda and the action of political-party conventions, we believe that a majority of the people of the Nation are opposed to modification or repeal of the eighteenth amendment, and that they still believe that the best method of handling the traffic in intoxicating liquors is by branding it as criminal, which it truly is. We desire better observance of the law by the people and better enforcement by the State and National Governments, and we urge the provision by States and Nation of whatever men and money may be necessary for more efficient prohibition enforcement.

Proof of the benefit of the eighteenth amendment is evidenced by governmental records, social-welfare agencies, and other authoritative sources. The money formerly spent in saloons has since their abolition been spent not only for necessities but for comforts and pleasure. The same dime can not be spent for beer and bread. The legalization of the liquor traffic means the practical return of the saloon, for whatever method of distribution is adopted the family income will be depleted in spending for booze instead of shoes.

We are faced to-day with the practical question, Shall the wet cities with their large foreign-born population, dominated by a hybrid leadership opposed to prohibition, with a wet metropolitan press, subservient to its wet city circulation and advertisers, with millionaires spending large sums for the return of the liquor traffic, admittedly to relieve themselves of taxation by shifting it to the women and children of the homes of the poorer citizens, with groups of high-society women clamoring for cocktails, as over against the positive, unimpeachable opposition of sacrificial workers like Evangaline Booth and Jane Addams, with the sidewalks of New York, Chicago, and similar groups in other cities howling down and overpowering free speech in public representative conventions without any rebuke or protest from high educational and senatorial wet leadership; shall such groups by persistent, unfair, false propaganda and unscrupulous use of party machinery be permitted to determine the policy of our great Nation on this great moral, social question, and in a wave of unreasoning wet hysteria strike from the Constitution the greatest moral, social enactment by any nation in any age? We appeal to the manhood and womanhood of America, to the lovers of children and homes to stand unshaken and meet their responsibility, as Christian citizens, by voting for men who will refuse to remove the brand of the criminal from the traffic in intoxicating liquors. We are in the midst of a great battle in a great warfare in which warfare Methodism will not betray her consistent history, but here and now declares to all the world that in this war there will be no surrender, no retreat, no compromise.

JAMES CANNON, JR., *Chairman.*
EUGENE L. CRAWFORD, *General Secretary.*

UNEMPLOYMENT AND UNEMPLOYMENT RELIEF

Mr. COSTIGAN. Mr. President, the question of unemployment—on farms, in factories, of veterans, and many others—transcends in immediate importance all other legis-

lative problems now before Congress. The executive council of the American Federation of Labor, meeting in Atlantic City on July 11, adopted resolutions on this issue justly and wisely urging Congress not to adjourn without adopting more fundamental legislation than any so far enacted or considered. I send to the desk an article published in the New York Times of July 13, 1932, detailing the position of federation leadership, with the request that it be referred to the Committee on Manufactures and printed in the RECORD.

There being no objection, the article was referred to the Committee on Manufactures and ordered to be printed in the RECORD, as follows:

LABOR ASKS QUICK AID ON JOBS BY CONGRESS—AMERICAN FEDERATION OF LABOR COUNCIL OPPOSES AN ADJOURNMENT UNTIL ADEQUATE RELIEF BILL IS ADOPTED—STRESSES "MORAL DUTY"—GREEN URGES HOOVER TO CALL CONFERENCE OF INDUSTRY TO CUT WORK TIME—FEARS CRISIS NEXT WINTER—NOTES SOCIAL UNREST AND REPORTS AVERAGE OF 23 PER CENT UNEMPLOYED IN FEDERATION TRADES

By Louis Stark

ATLANTIC CITY, N. J., July 12.—The pressing problem of unemployment and unemployment relief was tackled to-day as soon as the first session of the semiannual meeting of the executive council of the American Federation of Labor got under way. Fortified by reports of widespread distress in all parts of the country and apprehensive as to the possible consequences of a mounting tide of social unrest next winter, the council declared it to be the "solemn duty" of Congress to remain in session to pass an adequate unemployment relief bill.

At the same time William Green, president of the American Federation of Labor, urged that President Hoover call a national conference of industry, representing all employing interests, to consider the critical aspects of the depression and to propose plans for immediate action. Such a conference, in Mr. Green's opinion, could definitely decide on the universal readjustment of the working time in order to distribute available work among the largest number of employees.

URGES NATIONAL ACTION

"Such a conference," Mr. Green declared, "could confer the benefit of the shorter work day and shorter work week on all employees on a national basis. Some companies have established the 5-day week for their employees already. By this means they divide up all available work among their own employees, but such action by a few companies has no national effect."

He appealed to industry to act "not only on economic but on patriotic and moral grounds."

"The unemployment emergency is as great as was the war emergency. The Nation must be saved," he continued. "If we can not give our people more work at once we can divide whatever work there is available among all and so gradually bring the unemployed into the ranks of the consumers again and perhaps start the wheels of industry going."

Mr. Green pointed out that there was an average of 23 per cent of unemployment among the trades affiliated with the federation, but that in some instances, such as in the building trades, the average was 62 per cent.

* * * * * * *

"Federal funds will have to be made available for the use of relief agencies to meet the acute situation next winter, for conditions at that time will be extremely bad," he added. "Local relief agencies have broken down and many States have exhausted their resources available for relief."

Referring to the recent unemployment riots in St. Louis and Detroit, he said responsible leaders were hoping to forestall similar incidents by the prompt use of funds for relief.

COUNCIL'S VIEWS SET FORTH

He then made the following statement in behalf of the council:

"Because the unemployment problem and the distress resulting from continued widespread unemployment are so serious, transcending all other questions in importance, the executive council gave it primary immediate consideration. The need for unemployment relief extended by the Federal Government has increased since Congress convened last December. More people are unemployed and greater distress exists than early in December when Congress began its session, and for that reason the executive council expressed the opinion that Congress ought not and should not adjourn until it passes an adequate relief measure.

"In the opinion of the executive council it is the solemn duty of Congress to remain in session to pass an unemployment relief bill that will meet the demands for food, clothing, and shelter for the unemployed and those dependent upon them during the coming winter. If Congress fails to do its duty in this respect, we are of the opinion that social unrest will increase and that economic and industrial conditions will become worse.

"The executive council registers its solemn protest against the adjournment of Congress before it has passed a relief measure wholly adequate to meet the urgent demands of the acute unemployment situation which prevails throughout the Nation."

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INVESTIGATION OF SHORT SELLING ON STOCK EXCHANGE

Mr. NORBECK. Mr. President, I send to the desk a joint resolution covering the subject matter of the Senate resolution which I presented last night, and I ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. Out of order, the joint resolution will be received and read for the information of the Senate.

The joint resolution (S. J. Res. 206) making available to the Banking and Currency Committee of the Senate certain information in the possession of the Treasury Department and the Bureau of Internal Revenue was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the Secretary of the Treasury is authorized and directed to make available and to furnish to the Committee on Banking and Currency of the Senate such information in the possession of the Treasury Department and the Bureau of Internal Revenue with respect to income-tax returns as may be called for and deemed necessary by such committee, or any duly authorized subcommittee thereof, or their duly authorized agents, pursuant to the investigation being conducted under Senate Resolution 84 as continued by Senate Resolution 239.

SEC. 2. For the purposes of this joint resolution such Committee on Banking and Currency shall have all the rights and privileges of a select committee of the Senate within the meaning of section 257 (b) (1) of the revenue act of 1926.

Mr. NORBECK. Mr. President, I ask unanimous consent for the immediate consideration of the joint resolution.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

MEMORIAL

The PRESIDENT pro tempore laid before the Senate resolutions in the nature of a memorial adopted by the General Eastern Young People's Society of Loyal Workers at its recent annual convention, Marion, Mass., remonstrating against the repeal or modification of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. MOSES:

A bill (S. 4981) granting an increase of pension to Eva A. Gill (with accompanying papers); to the Committee on Pensions.

By Mr. STEIWER:

A bill (S. 4982) to amend section 751 of the revenue act of 1932, relating to a tax on checks, etc.; to the Committee on Finance.

A bill (S. 4983) for the relief of Andrew J. McCallen; to the Committee on Military Affairs.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, submitting several nominations, was communicated to the Senate by Mr. Latta, one of his secretaries.

FEDERAL HOME LOAN BILL—RADIO ADDRESS BY SENATOR HEBERT

Mr. HASTINGS. Mr. President, on June 13 the Senator from Rhode Island [Mr. HEBERT] delivered an address upon the bill which recently passed the Senate relative to home-loan banks. I ask unanimous consent to have it printed in the RECORD.

The PRESIDENT pro tempore. Is there objection?

Mr. ROBINSON of Arkansas. Mr. President, may I ask where the address was delivered?

Mr. HASTINGS. Over the radio in the Washington Star radio forum hour.

Mr. ROBINSON of Arkansas. Is it a political address?

Mr. HASTINGS. It is not.

The PRESIDENT pro tempore. Without objection, the request of the Senator from Delaware is granted.

The address is as follows:

SPEECH DELIVERED BY SENATOR FELIX HEBERT OVER THE STAR RADIO FORUM HOUR AT 9.30 O'CLOCK P. M., WEDNESDAY, JUNE 13

To-night, through the courtesy of the Washington Star, I am privileged to speak on a subject of interest to most of you. I am asked to tell you about the Federal home loan bill which passed the Senate yesterday. It passed the House quite some time ago.

Perhaps one-half of my listeners own their own homes, and many others look forward to the day when they can call some house, however modest, their home.

Under present conditions many people fear that they will lose their homes, and, incidentally, the savings of a lifetime. I should like those people to listen to the message I have for them, a heartening message, I think they will agree when I am done. What I have to say will not affect the owner of an expensive home—but I do want the owner of the small, modest family home to listen to me while I tell him how Congress expects to assist him in easing his present burdens and relieving him of his anxieties.

Thousands of people who have borrowed money on their homes are having difficulty in meeting their contractual obligations. With the investors in the lending institutions withdrawing money, pressure is created which prevents the lending institutions from extending credit to the borrower. If these institutions had a source from which to secure funds on the mortgages they hold, they could assist the borrowers by carrying them along in times of depression like the present and show greater leniency as regards their mortgage payments, as well as in the payment of their taxes, their insurance premiums, and the necessary repairs.

Many homes are being lost through the calling or refusal to renew what are commonly called short-term mortgages; that is, mortgages that are not payable by installments over a considerable period of years. Owners who have never failed to pay interest charges are denied renewals and threatened with foreclosures as banks, trust companies, bank receivers, and insurance companies demand the return of their funds. For example, in 1931, 150,000 families lost their homes through foreclosures. In one city, with a population of one and one-quarter million people, the foreclosures upon homes in the year 1926 totaled 406; in 1927 there were 605; in 1928, 759; in 1929, 909; in 1930, 1,279; and in 1931, 1,555. It is believed that the operation of the home-loan bank system will remedy this situation and place at the disposal of the owner of a home valued at not more than $20,000 sufficient funds so that he can prevent foreclosure and the consequent loss of his home. To-day the people of moderate means can not borrow to tide them through the vicissitudes of unemployment and the consequent reduction of income. Reasonable credit is practically unknown. Banks are unable to make further advances upon mortgages because they are not liquid and because of the demands that come to them from their depositors for withdrawal of their deposits. Hundreds of small banks, which have made a practice of loaning on real-estate mortgages and which have closed during the present period of depression, could have maintained their activities if they had had some means of raising money upon the mortgages which they held. In the case of building and loan associations, while they have been able to carry on—because of the peculiar nature of these institutions—yet they have had to disappoint thousands of their investors because they have been unable to return their savings within a reasonable time after notice. These home-loan banks would provide for such contingencies. Let me cite you an example to show you how they would operate in a given case.

Let us assume that a building and loan association or a savings bank has invested a considerable part of its deposits in home mortgages. The depositors are calling for the return of their funds. Necessarily the bank or building and loan association needs liquid assets to meet these demands. They must find a market for their mortgages, and if unable to do so they must cease making further advances or, as the last resort, call them in for payment as they mature. The mortgagors themselves—that is, the home owners—are without funds and are unable to pay. Unless some means can be found to provide funds to meet these demands the bank will be confronted with the necessity of closing its doors and applying for the appointment of a receiver. When a receiver is appointed he must proceed to liquidate the assets of the bank. He will sell the bank's mortgages if able to find a purchaser. If unable to do so, he must foreclose, and the home owner has no means of protecting his home. Now, with these home-loan banks in operation, when a situation like that arises, this same bank of which I have been speaking applies for a loan upon its promissory note with these good mortgages as collateral. It secures the necessary funds with which to meet the demands of its depositors. In addition, where conditions justify it, it will advance additional funds to its borrowers so that they in turn may keep their mortgages current, pay their taxes, their insurance premiums, and other incidental expenses until such time as normal conditions return and steady employment enables them to proceed with their customary payments.

The Federal home-loan bank legislation had its inception at a conference called by President Hoover on November 13 last, which was attended by a large number of representatives of various organizations, including building and loan associations, cooperative associations, home-loan banks, and real-estate concerns.

The conference recognized that the need for home-mortgage discount banks had been accentuated by the present economic conditions. There are upward of fifteen billions of mortgages outstanding on small homes in the United States. Nearly eight billions of these are held by building and loan associations; the balance are held by banks, insurance companies, and private investors.

The history of mankind has shown that real estate is the basis of all wealth. Mortgages on properly improved real estate upon a valuation of 60 per cent of the property are the safest form of investment ever devised. It is a form of investment, however, which is subject to numerous handicaps.

First, it requires a knowledge of the value of real estate in each particular locality where a loan is to be made, and this information is not available to the ordinary investor. Second, real estate which is the basis of all wealth is a slow asset. In times of business depression the fact that mortgage loans are not liquid frequently works serious hardship on the home owner. When he goes to his bank to renew his mortgage he finds that the bank is pressed for cash and can not grant him an extension. Oftentimes he is unable to find the necessary funds elsewhere and the only course left for the bank is foreclosure, resulting many times in wiping out the entire equity of the home owner.

Let me outline to you the general structure of these proposed home-loan banks.

The home-loan bank system will consist of from 8 to 12 Federal home-loan banks in districts to be determined by a Federal home-loan board, consisting of five members, appointed by the President.

Building and loan associations, cooperative banks, homestead associations, savings banks, trust companies, and other banks with time deposits (except national banks), and insurance companies will be eligible for membership. The members will supply the permanent capital and they will be required to subscribe for stock equal to 1 per cent of the unpaid principal of the home mortgages held by each member, with a minimum subscription of $1,500.

The board, that is, the body representing the Federal Government which will have oversight of all the activities of these banks, will determine the minimum capital of each of them, which, however, will not be less than $5,000,000. The Government will subscribe to the original capital, but provision is made for the ultimate repayment of its entire subscription.

But, you may ask, how are these Federal home-loan banks to secure the funds to be loaned to their members? The answer is, through the issuance and sale of bonds to the general public. These bonds will be secured by the collateral which the members of the banks deposit as security for their loans, as well as by the notes of the members themselves, the collateral in every instance consisting of secure and safe real-estate home mortgages, with not less than 190 per cent of unpaid mortgage principal behind each dollar of bonds issued.

The board will prescribe rules and regulations for all bond issues and the general conduct of the banks. It has authority to approve the rates of interest to be paid by the banks upon their bonds, as well as upon the loans which they secure. The banks will be jointly and severally liable for all bonds issued by all the banks.

No Federal home-loan bank is to be permitted to transact a general banking business. Its function is confined solely to serving member institutions.

The act requires the banks to accumulate reserves at higher rates than are required in the Federal reserve system. The banks are exempt from taxation and are designated as depositories of public moneys, and their bonds are made legal investments for fiduciary, trust, and public funds.

Broad powers are given to the Federal home-loan bank board in regulating the activities of the banks and in providing for the orderly conduct of home-financing activities throughout the country. The board has powers of examination and can require periodical statements as well as examinations of Federal home-loan banks and their members. Necessary penalty clauses, etc., are provided.

There are 30,000,000 families in the United States, with 25,000,000 residential units and about 13,500,000 home owners. Extensive surveys show that home ownership has decreased in this country during the past 87 years. Thus in 1920 only 40 per cent of the families of the country owned their own homes.

Some erroneous impressions have arisen in the consciousness of many of our people as to the causes for the decrease in home ownership in the United States. For instance, in the course of the hearings before the Committee on Banking and Currency of the House of Representatives, one of the members asked a witness if he did not think the automobile had been a very strong competitor of the home. This is the reply which the witness made:

"I do not agree with you, Mr. Chairman. I think that the automobile has contributed more to home ownership than anything has that has come along. * * * It provides easy transportation out to the suburbs, * * * so that more people can live up to the old Anglo-Saxon idea of a detached house for every family."

Upon further questioning as to whether or not prior to the advent of the automobile people did not put their money into homes, whereas now the automobile and the garage have absorbed those funds, this witness, who, by the way, has made an exhaustive study of home ownership and the means to acquire homes and speaks with authority on the subject, replied that he did not agree with this proposition. He said: "It has provided cheap transportation for the second third, if I may so characterize it, of our family population, so that they could go out a distance of 2 or 3 miles where they could afford to have a home of their own;

and without transportation you can never put this Nation on a basis of home ownership. The automobile has contributed that. It has opened up vastly more land for homes which people can get out in the suburbs where they can live up to this old Anglo-Saxon idea of the detached house for every family."

I should like to explain to you in detail the working of the institutions which are to become members of these Federal home-loan banks; how they have assisted home owners; how they operate; and the spirit of thrift that has been cultivated by reason of their activities, but time will not permit me to do more than refer to one of these. I have chosen for the purpose of illustration the building and loan associations, sometimes called cooperative banks, not with the idea of magnifying their importance over other institutions which have been so active and so successful in encouraging the building of homes in our country, but because of the fact that they are organized to serve the needs of the town or city where they operate, and their activities are confined to the encouragement of thrift and the financing of modest homes.

The first building and loan association was organized in this country about 100 years ago. There are now 11,777 in operation, and they are to be found in every State in the Union and in the District of Columbia. They have a total membership of more than 12,000,000 persons, of whom approximately three-fourths are what are known as investing members, and the remainder are borrowers on mortgages upon real estate. Their total assets amount to nearly $9,000,000,000, of which nearly 90 per cent is invested in mortgage loans.

The representatives of these institutions say that the home loan bill will aid them to function normally. It will do much toward salvaging homes, not so much those under mortgage in the building and loan associations, because they do not have any due date, and such mortgages are not due until they are paid off, but it will assist materially in the case of those obligations which mature on a definite date.

In the case of savings banks, particularly mutual savings banks, which have no capital stock and which pay no dividends except to their depositors, there again the volume loaned upon mortgages on real estate, particularly on modest homes, is very impressive, but these mortgages are due on a definite date.

The mutual savings banks have more than five and one-half billions invested in such securities. The stock savings banks report less than a million of this type of investment. Life-insurance companies have seven and one-half billions so invested. State commercial banks have a billion and one-half outstanding. Loan and trust companies have one and one-quarter billions; national banks, one and one-half billions; Federal land banks, more than a billion; joint-stock land banks, something in excess of one-half billion; and all other institutions, twelve billion three hundred and seventy-five million. Thus we find that the loaning of funds upon mortgages of real estate in this country is a business involving the stupendous sum of nearly $40,000,000,000 and, of course, justifies the most earnest consideration of Congress in solving the problem confronting these institutions, particularly in the present exigency.

The savings banks do not make loans in the same way that they are made by the building and loan associations. Their mortgages, for the most part, are made for a fixed term, in many instances for one year with interest payable on them every six months, and not infrequently with a provision that the mortgage shall be amortized by the payment of a certain proportion of the principal each year. These instruments become due and payable at the date agreed upon; but if interest payments are made semiannually, or as required, they are renewed until another interest period comes around, and the payment of the interest when due renews the mortgage. Instances have been known where some of these mortgages have been outstanding and have been held by savings banks for more than 20 years. In normal times the borrowers experience no difficulty, provided they are able to meet their interest payments and provided the security remains ample, but in exigencies such as those through which we are now passing, the depositors in these savings banks are calling for their deposits, and naturally the banks, wherever possible, secure the repayment of the mortgages which they hold. The borrowers are unable to secure funds though their homes may be mortgaged for only a small part of their value, and as a result the mortgages must be foreclosed, and the homes are lost to their owners.

Let me read you a letter which was made a part of the record of the hearings on this bill:

"We have worked for the past five years for our home. We have squeezed on clothes and everything possible, and by doing that we were able to pay off the second mortgage fully this year. But now, they have told us, as the first mortgage is coming due also, that we may pay $750 down now, reduce the principal that much, and add service fees and costs, which means that we must raise a total of more than $1,000, and we can not do it. We are going to lose our home. What can we do about it?"

Not all the representatives of institutions loaning money on home mortgages favor the enactment of this bill to create home-loan banks. But it may be interesting to review the attitude of the witnesses who appeared before the two committees of Congress.

Eighty-three witnesses were examined by those two committees.

Sixty-one witnesses from 22 different States appeared in behalf of the measure and 22 from 13 States opposed it.

Twenty-four representative building and loan officials from almost as many different States appeared, and 22 favored the measure and 2 were in opposition.

Bankers were evenly divided as to the desirability of the measure, six appearing for and six against.

Ten representatives of large eastern life-insurance companies, including several of their mortgage-lending agents from other parts of the country appeared in opposition to the measure.

Seventeen well-known figures in the general real-estate field appeared, 13 in behalf of the measure and 4 in opposition.

Of the 11 unclassified witnesses who appeared, 7 favored the measure and 4 were opposed to it.

SUMMARY

In order that I may not be misunderstood as to what in my opinion this proposed law would effectuate if enacted, I summarize by saying:

1. It will assist materially in relieving the present distress among home owners.

2. It will to a large degree afford a solution of the present problems with which financial institutions which have loaned on mortgages are confronted.

3. It will afford relief to literally millions of investing members in building and loan associations who are now unable to withdraw their savings to meet their immediate and pressing needs.

But it must be borne in mind that there are some very desirable ends it will not reach now, for instance:

1. It will not create unlimited funds to provide against the needs of all our citizens in distress.

2. It will not provide for the building of new homes—at least in the immediate future, though ultimately it will have that effect.

3. It has been urged that the passage of the bill will encourage building, provide employment in many industries, and revive business activity. In my opinion it will not do that until the present emergency has passed, but it will do so immediately on the return of normal conditions.

In our country the home has a significance that is peculiarly American. It is the objective of every American family. It has furnished the theme for some of the most inspiring, the most thrilling, the most beautiful sentiments in song and story. After all, the average citizen of America, from the captains of gigantic industries to the humble laborer, ever recurs to the old refrain, "Be it ever so humble, there's no place like home." Nor should we forget the love that attaches to the home of even the adolescent whose years of childhood have been spent within the sheltering walls of his modest dwelling place. Thoughtful, public-spirited citizens have long since come to the realization that there is a veritable chasm between a mere dwelling house and a home; that around the American home are clustered the fondest recollections of childhood, of youth, and of mature age, and that children of parents who own their own home are indeed blessed with a priceless heritage.

The real home, that which the mother can call "our home" and of which she is so proud, is a monument to the mutual love and devotion which it shelters. "A bit of sentiment," you say, and perhaps you are right, but American citizens have fought valiantly for their homes. Let us preserve them. They will continue to be the very foundation stone of our country.

ADDRESS BY SECRETARY OF WAR HURLEY

Mr. HASTINGS. Mr. President, I ask unanimous consent that an address delivered last night by Hon. Patrick J. Hurley, Secretary of War, may be printed in the RECORD. This is a political address.

The PRESIDENT pro tempore. Is there objection?

Mr. ROBINSON of Arkansas. Mr. President, I do not object to the printing of the address. It is a political address. It is my purpose to take the floor when the opportunity arises and make reply to many of the erroneous statements and declarations contained in the address. I presume the policy will be resorted to of printing in the RECORD political addresses made outside the Senate. I shall not object to the request of the Senator from Delaware.

Mr. BORAH. Mr. President, I do not propose to object to this particular address being printed in the RECORD, but I wonder, if we remain in session, if we are going to continue to print all these political speeches? It is costing the taxpayers of the country hundreds of thousands of dollars. I am going to raise the question at a time when some one is not offering a particular address, because I think the Senate ought to pass upon the question.

Mr. REED. Mr. President, I am told that it costs $58 per page to print this material in the CONGRESSIONAL RECORD. Why would it not be fair to both parties and fair to the Government if we made an agreement now that no political addresses should be printed in the CONGRESSIONAL RECORD? It would bear with equal hardship and equal benefit upon both parties.

Mr. ROBINSON of Arkansas. I have just stated that it is my intention to reply to the address of the Secretary of War, and for that reason I do not feel that his remarks made at

the Ohio State Republican convention last evening should be excluded from the RECORD.

Mr. REED. If that is done, then it is only common fairness that when some Democrat makes a political speech we should let it go into the RECORD. I think the taxpayers of the country are entitled to protest against our using the CONGRESSIONAL RECORD for campaign purposes. It is the same thing in connection with the use of our franks.

Mr. ROBINSON of Arkansas. Mr. President, we have already printed in the RECORD the addresses of the nominees for President, the platforms, and numerous other political documents. The Senator did not object when the address of the chairman of the Republican National Convention was ordered printed in the RECORD.

I think perhaps there is another side to this question. The public are entitled to have presented to them the issues involved in this campaign. There is no better way of presenting them than in public addresses; and certainly it would be a strange policy now, after having let all these documents and speeches of a purely political nature go into the RECORD, and some one announces his purpose of replying to them, to say that they shall not go into the RECORD. It would be embarrassing to me to make a reply if the speech of the Secretary of War should be excluded from the RECORD.

Mr. BORAH rose.

Mr. REED. Mr. President, one word more if the Senator from Idaho will permit me.

Mr. ROBINSON of Arkansas. The speech of Secretary Mills, which is of exactly the same nature, was also ordered printed in the RECORD.

Mr. REED. Will not the Senator let me finish the sentence?

The PRESIDENT pro tempore. The Chair is assuming that this discussion is taking place with the consent of the Senator from Nebraska, and until the Senator from Nebraska interposes an objection the Chair will permit the discussion to proceed.

Mr. REED. Mr. President, it seems to me that exactly the same question is involved in the use of our franking privilege for purely political matter or the use of our privilege of charging telegrams to the Government. It would be indefensible for us to charge a political telegram to the Government. I think it equally indefensible for us to use our franks in writing purely political letters. It seems to me this is all a piece of the same thing, and that we ought not to do it.

I did not object to the insertion of the speech of the chairman of the Republican convention, and neither did I object to the insertion of the speech of the chairman of the Democratic convention.

Mr. ROBINSON of Arkansas. Nor to the speech of Secretary Mills delivered at a political meeting in Boston a few nights ago.

Mr. REED. I do not remember being present when the request was made to print that speech in the RECORD; it may have been made when I did not hear it. I should have objected if I had noticed it. We have got to play absolutely fair between the parties, but it seems to me that, sooner or later, we have got to put an end to it. If we do not adjourn to-day, and should the Senate remain in session much longer, the CONGRESSIONAL RECORD will simply bulge with political speeches; and I do not think that would be fair to the taxpayers.

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. HOWELL. I yield.

Mr. BORAH. As I said a moment ago, I shall not object to this particular speech being printed in the RECORD, because the Senator from Arkansas has said he is going to reply to it, but, if I am present, I shall object to any further political speeches being printed in the RECORD.

The PRESIDENT pro tempore. Without objection, the unanimous-consent request submitted by the Senator from Delaware [Mr. HASTINGS] is granted, and the speech of the Secretary of War will be printed in the RECORD.

The speech referred to is as follows:

ADDRESS BY HON. PATRICK J. HURLEY, SECRETARY OF WAR, DELIVERED BEFORE THE OHIO REPUBLICAN STATE CONVENTION AT COLUMBUS, OHIO, JULY 14, 1932

We, as Republicans, are assembled here to-night to consider the state of the Union, to meet squarely and courageously the serious economic conditions that for a period of years have challenged the stability of the economic system and the political institutions of the Nation. The conditions that in the past three years have caused 20 revolutions that have shaken the very foundations of other nations of the world—that have swept upon us from abroad—have caused stagnation in our commerce, maladjustments in our economic system, and dire distress among many of our citizens. Our difficulties have come in large part but not entirely from conditions that arose outside of our own border.

How are we going to restore normal conditions? How will the stream of credit and new life be infused into the prostrate body of our economic system?

Let us consider the plans for the rehabilitation of our Nation that are before the people. Let us compare the vague, indefinite suggestions of the Democratic candidate for President with the definite, logical, all-inclusive, constructive, nonpartisan reconstruction program and the accomplishments of Herbert Hoover.

We all applauded the distinguished Democratic candidate for President when he flew to Chicago to accept the nomination. The governor said he flew to break a precedent and that he intended to break every old, useless, hackneyed precedent as he came to it. He then proceeded to follow an inviolable Democratic precedent, one of the oldest and most futile precedents of his party—that of blaming all the ills of mankind upon the Republican Party and upon its leader.

The governor, of course, did not break a precedent when he approved the Democratic platform "100 per cent." The Democrats broke no precedent in holding their convention after the Republicans had held theirs. The Democrats had to find out what the Republicans were going to do before they could act. The Democratic Party has no plans nor policies of its own. It lives only by the criticism it is able to direct against the leadership and the constructive program of the Republican Party. In many essentials it always follows Republican leadership.

Governor Roosevelt's most ardent admirers regretted that his acceptance speech consisted principally of generalizations.

The part of the governor's address that intrigues us is this: "I pledge you, I pledge myself, to a new deal for the American people." He then engaged himself in some vague words about restoring America to its own people.

Just what is this new deal? The governor does not enlighten us. When he speaks of returning America to its own people, is he condemning the attempts of his late chieftain whom he idolizes, President Wilson, to give America to the League of Nations? Is he condemning the Wilson Democratic administration for having given the allied nations nearly all the money the American taxpayers owned and asking in return not even a definite promise to pay? Is he going to lift that burden that his chieftain placed on American taxpayers? Is he going to join the Republicans in their demand for repayment? Maybe the governor believes that by ceasing to advocate the entry of the United States into the League of Nations, the Democrats are giving America back to the people. That may be his new deal of which he speaks so vaguely.

The Republican Party is and has always been unequivocally opposed to cancellation of debts or entry into the League of Nations. It has been quite a task for the Republicans to overcome the international entanglements made by the last Democratic administration. We are not through with them yet.

The Republicans restored America to the American people by defeating the Wilson League of Nations, but it has not yet been able to pay off the mortgage the Democrats put on the taxpayers' pocketbooks for money to lend to Europe. Now Europe does not want to pay but our taxpayers still owe the money that the Democrats lent and are still paying interest on it.

But maybe the governor's new deal has nothing to do with international affairs. Perhaps it is purely a domestic matter. Is the new deal to create a gigantic bank reaching into every city, village, and hamlet of the country, as proposed by Speaker Garner? That is a new deal as well as a great departure from the principles fought for by Andrew Jackson. The Hoover nonpartisan reconstruction program is designed to assist, to supplement, and to uphold individual effort and enterprise, not to compete with or destroy them.

Mr. GARNER, as the vice presidential candidate, is pledged to carry out the policies of the party, and yet he proposed to violate the Democratic platform which pledged the party not to put the Government into competition with private enterprise. The Democratic platform proposed to reduce bureaucracy, yet within a week after the Democratic convention Speaker GARNER attempted to create an additional Federal bureaucracy of a hundred thousand bureaucrats.

The Democratic platform pledged the party to reduce Government expenses, yet Mr. GARNER and his Democratic colleagues in the House have passed bills that would add $4,000,000,000 to present Federal appropriations for one single year.

Is that the new deal? Any politician can devise a plan to take money out of the Treasury. No one has found a way to put money into the Treasury that does not ultimately result in increased taxes on the people.

Is the new deal to be a dole from the Federal Treasury, advocated by his fellow partisans in Congress? Is the new deal to substitute for individual effort, individual initiative, individual enterprise, some form of bureaucratic collectivism? Is it the new deal expressed in the governor's radio speech of April 7, in which he attempted to arouse class hatred among the citizens of this Republic? That's not the right kind of a new deal; the governor should know that hate never produces anything but evil.

It is very well for the governor to paraphrase the great Roosevelt, who demanded a square deal. Theodore Roosevelt told the people in Rooseveltian terms what he meant by a square deal. The governor has left us to guess what he means by a new deal.

Let us be tolerant. The governor may be honestly trying to give us a new deal, but he is certainly dealing from an old deck—the same old deck from which William Jennings Bryan gave the American people so many "new deals" and from which he dealt himself so many Democratic nominations for President—the same old deck that contains all the radical phrases, all the language of discontent, all the futile attempts to capitalize disorder and arouse class prejudices for political purposes. Beware, governor! Mr. McAdoo, Mr. Hearst, and Speaker GARNER may have stacked the deck on you.

Let us contrast the vague references of Franklin D. Roosevelt to a new deal with the accomplishments of President Hoover.

From the very beginning of the depression the President of the United States continuously has fought for the maintenance of the American standard of living. He insisted upon proper tariffs to meet the flood of cheap goods from demoralized Europe. He upheld the rate of wages. He inaugurated a program of Federal construction to stimulate industry and increase employment. He sponsored a building program by State and local governments and private industry. He stopped immigration by Executive order. He conciliated capital and labor. He prevented strikes and acrimony between employer and employee that have been the universal accompaniment of all former panics and depressions. He defeated the dole. He mobilized the public opinion to take care of distress. He directed the Farm Board to take and hold surplus until better markets could be obtained. He bolstered up confidence in the financial world and stopped the onrush of bank failures by organizing a private bank pool of $500,000,000. He extended a moratorium—which has nothing to do with the cancellation of debts—and prevented the spread of financial panic to the United States.

When the collapse in Europe became complete, the President created the Reconstruction Finance Corporation.

"The creation of the Reconstruction Finance Corporation was warranted only as a temporary measure to safely pass a grave national emergency which would otherwise have plunged us into destructive panic in consequence of the financial collapse in Europe. Its purpose was to preserve the credit structure of the Nation and thereby protect every individual in his employment, his farm, his bank deposits, his insurance policy, and his other savings, all of which are directly or indirectly in the safekeeping of the great fiduciary institutions."

The President led in the organization of a movement to stimulate home building and home ownership. He urged upon Congress a plan to furnish credit to home owners and farm owners in distress. He reestablished American prestige abroad. He saved Germany from disaster. He offered a strong, far-reaching, nonpartisan program to accelerate recovery. He fought every phase of the depression as it appeared.

Depression has proved a stubborn foe. Like the multiple-headed hydra, no sooner is one head of the beast chopped off when another grows out. The President has attacked depression on a hundred fronts, but no sooner does he stop the ravages of one attack upon our civilization and our American standards of living than another assault swoops down from some other hostile sector.

His creating jobs by accelerating public construction did not solve the unemployment problem. His stopping of immigration did not give every American a job. His banking reforms did not make every bank solvent. His farm measures did not pay off the debts on every farm. His credit-expansion projects did not put every business back on its feet. Wars are not won in a single skirmish. Campaigns are not settled in a single sector. But each single battle against a definite foe, each individual assault on a stubborn hostile position, the many separate dispositions of his troops and his weapons against a definite target show that the tactics of President Hoover on the battlefront of depression saved the day, and often averted complete disaster.

The three major policies of the President stand vindicated. We have prevented disorders, riots, and social upheavals. We have cared for the needy. We are in a depression, but we have averted panic and catastrophe. The economic struggle is not over. Battles are still raging on a hundred fronts. While 20 revolutions have shaken the foundations of other nations, while nation after nation has been driven from its gold standard, the United States, under the administration of Herbert Hoover, is tranquil, solvent, and confident.

The Democrats have had no program save the vague references to a new deal. The Democratic candidate has suggested no program. The Hoover nonpartisan reconstruction program is still the only complete logical program offered by anyone in or out of public life to break this depression.

In the face of the striking evidence of the accomplishments of the Hoover administration, Governor Roosevelt, who should be thoroughly familiar with the President's program, still accuses the administration of thinking only in terms of the man at the top and totally neglecting or forgetting the man at the bottom. Such a statement can be charitably attributed to a lack of familiarity with the Hoover nonpartisan program.

The President's program touches every phase of American life, reaches every element of the depression and its causes, and offers constructive means for combating its deleterious effects upon every element of the citizenship; but it does not put the Government in competition with private enterprise. It is true that under the individualistic system success comes to those who have the capacity, who can endure and have the will to succeed. No law or regulation can supply any individual with the attributes that make for success. Why should we continuously condemn those who have succeeded if they have done so honestly.

We all realize that our present system of economics is imperfect. It is human. There is nothing human that is perfect. But with all its faults, the Government of the United States and its economic system have given more happiness to more people for a greater period of time than any other government that has ever existed.

The President's purpose from the beginning has been to meet the emergencies as they arise without destroying the fundamental principles of either our economic or political institutions.

The American people do not want any deal which would deny them the free use of their own talents in legitimate enterprise. The people want the door of opportunity left open to every boy and girl born under the American flag. They want the right for themselves and their children to compete fairly and strive honestly and to succeed according to their merits. What system would Governor Roosevelt's new deal substitute for the American system?

The American Government was never intended to order the lives and control the honorable efforts and desires of the individual. The Government was created to serve a free people to enable them to promote education, to abolish intolerance and crime, to stamp out abuse and arrogance of illegitimate power, to combat poverty, to maintain equality of opportunity, and to strive honorably for the higher ideals of humankind—invention and discovery, intellectual advancement, enrichment of the spirit, and ennoblement of the soul.

Let us come to the crux of this campaign. The fact is that since the very beginning of the Hoover administration conscientious, intelligent Democrats have supported the President in nearly all of his efforts. An element in the Democratic Party has sought continuously to capitalize the discontent that has grown out of these troublous times for political purposes. It has obstructed every plan of the President designed to promote the welfare of this Nation and its 123,000,000 inhabitants.

In its principal features the Democratic platform is a complete approval of the outstanding policies followed by the President of the United States during the last three years. If you doubt that statement, read the Democratic platform. In many instances it follows not only the tone and spirit but even the words of Herbert Hoover. There is a deadly parallel between 75 per cent of the contents of the Democratic platform and the words and policies of the Hoover administration.

It would be impossible for me to take every individual plank of the Democratic platform that contains a constructive principle and point out the great similarity of words, phrases, and ideas between them and those of President Hoover. Let me refer you to the document itself. I will take up only two of the planks with which my work has made me most familiar. I refer to matters of public economy and the question of national defense.

President Hoover began to urge the consolidating of departments and bureaus as a measure of economy in a public speech in Philadelphia in 1921, and since then he has been preaching that doctrine month in and month out. In his first message to the regular session of Congress in 1929 he included a recommendation for this purpose. He has repeatedly emphasized the point in a dozen messages, and he has used every persuasion to convince Congress of its necessity. He has repeatedly made the most explicit recommendations of specific reorganizations and consolidations. In his message to Congress on the 6th of last December he made recommendations of specific reorganizations and administration for purposes of economy. On February 17 of this year he sent a message to Congress recommending that broad authority be given to the President to abolish and consolidate Government bureaus and activities in the interest of economy. To quote but one of the many pleas of the President for economy, let me repeat the following words from his message to Congress on December 8, 1931:

"We must have insistent and determined reduction in Government expenses."

The Democratic majority in the House of Representatives has defeated these efforts at every turn. In the economy bill as passed by Congress authority was given to the President for this purpose, but it was restricted through provision that executive orders affecting such consolidations must lie before Congress for 60 calendar days during a session subject to the disapproval of the Congress. In other words, the President was given authority to make consolidations, but none of them could possibly be made effective earlier than February or March of next year, and not certainly even then.

The President asked that application of this 60-day provision be waived so he could act—the President is a man of action. Here again the Democratic majority of the House crippled this emergency authority so as to exclude from quick action bureaus and commissions expending over $500,000,000 a year. In fact, they pretended to favor consolidation and reduction of bureaucracy, but hamstrung the President in action.

The first plank in the Democratic platform is an unequivocal approval of the demands made by the President for authority to reorganize the executive departments of the Government in the interest of economy. The truth is the demand of the Democratic platform for economy in government is the baldest kind of hypocrisy, unless the plank in the Democratic platform can be taken as a direct rebuke to the Democratic House of Representatives.

Let us see how the Democratic House of Representatives acts in face of the demand by the Democratic convention for economy in government.

On May 2 the Democratic House of Representatives passed the Veterans' Bureau allowances against the President's advice for what would have amounted to $450,000,000 during the first 10 years.

On May 6 the Democratic House of Representatives voted to expand Government bureaucracy in the operation of Muscle Shoals at a cost of $100,000,000.

On June 7 the Democratic House of Representatives passed a gigantic pork barrel bill, sponsored by Speaker GARNER, calling for nonproductive works at a cost of $1,300,000,000.

On June 15 the Democratic House of Representatives passed an act calling for the immediate payment of veterans' bonus at a cost of $2,000,000,000. At this very hour the Democratic House of Representatives still has under consideration Democratic measures calling for expenditures out of the Federal Treasury of items opposed by the President that, if enacted, would cost the Government more than $500,000,000 during the next fiscal year.

If the Senate and the President would have concurred with the Democratic House of Representatives and had permitted these bills to become law, the Democrats would have appropriated $4,350,000,000 above the present Budget. In other words, instead of decreasing the present Budget by 25 per cent, as demanded by the economy plank in the Democratic platform, they have passed bills that would have doubled the cost of government.

President Hoover has been fighting raids on the Federal Treasury in an effort to reduce the cost of government, and in turn to reduce the enormous taxes upon the people. Again we repeat, "You can not squander yourself out of this depression." You can not cure the depression by raids on the Federal Treasury.

What President Hoover is now and has been asking Congress to do is—

First. To reduce the cost of government.

Second. To keep the Budget balanced.

Third. To enact into law the remainder of the President's nonpartisan reconstruction program.

The eighth plank of the Democratic platform calls for reduction in the cost of national defense. "That the people in time of peace may not be burdened by the expenditure fast approaching a billion dollars annually."

The cost of national defense is not fast approaching a billion dollars annually nor anything remotely resembling that sum. The appropriations for the Navy for 1933 are $317,583,591. The purely military appropriations for the War Department bill are $283,754,020. In other words, the accurately budgeted figures for the fiscal year 1933 show the combined cost of the Army and the Navy to be but $600,000,000. That is a mere 40 per cent, or $400,000,000 less than the misleading figures given in the Democratic platform. Just 40 per cent wrong; that's about as close to the truth as you would expect Democrats to get.

"The first necessity of our Government is the maintenance of a Navy so efficient and strong that, in conjunction with our Army, no enemy may ever invade our country."

If the recommendations the President has made to Congress and his economic plan were taken from the Democratic platform, it would have little of anything left save an appeal to class prejudices and individual cupidity and the same delightful idiosyncracies about the tariff that are frequently expressed by men who oppose the tariff for campaign purposes but always vote for it in Congress.

This country recognizes the leadership of the President. The best elements in the Democratic Party recognize that leadership. The Democratic platform acknowledges that leadership.

The people of this country will not be misled. The issues in this campaign are clearly drawn. The good sense, the judgment, the intelligence of the American people will demand a verdict in favor of economy in Government and the upholding of American principles and ideals. The champion of these principles is Herbert Hoover.

Mr. BINGHAM. Mr. President, bearing on this question——

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. CONNALLY. I understood the Senator from Pennsylvania to object.

Mr. REED. No; I did not object in this instance.

Mr. CONNALLY. The whole tenor of the remarks of the Senator was that he would object, and I concluded he really meant what he said.

Mr. REED. If the Senator will yield, the whole tenor of my remarks was to endeavor to secure an agreement on both sides of the aisle that we would join together in objecting to the printing of such matter in the RECORD.

Mr. CONNALLY. I agreed with the Senator, and was sitting here approving all he said. Then when he sat down and made no objection, I was shocked.

Mr. BINGHAM. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Connecticut?

Mr. HOWELL. I yield.

Mr. BINGHAM. Mr. President, in view of what the Senator from Arkansas has said about his desire to reply, I shall not offer any objection, although I had intended to do so. I take the position that the Senator from Idaho has taken, that, in view of the fact the Senator from Arkansas desires to reply, the speech should be printed; but if I am present, I shall join the Senator from Idaho and object to padding the RECORD further with speeches on both sides of the aisle.

In this connection, may I call the attention of the Senate to the unprecedented cost of the CONGRESSIONAL RECORD during the present session of Congress? I have here a letter from the Public Printer addressed to the clerk of the Joint Committee on Printing, which brings the figures down to the 31st of May and compares the cost of the RECORD for the present session to that date with the long sessions of the past five Congresses. In the first session of the Sixty-eighth Congress the cost was, in round numbers, $340,000 and the pages of the RECORD numbered something over 10,000; in the first session of the Sixty-ninth Congress the cost was about the same; in the first session of the Seventieth Congress, while the number of pages was about the same, the cost had increased, due to the higher cost of labor. In the Seventy-first Congress, second session, the pages were about the same, being a little over 10,000 pages, and the cost was about the same as in the first session of the Seventieth Congress, or a little over $434,000; but in the present session of the present Congress, down to the 31st of May, the number of pages had increased by over 2,000, there being 12,264 pages by the end of May of this year, and the cost had gone up to over $514,000.

I shall endeavor to secure a statement of the cost down to the end of June and have it printed in the RECORD at the earliest possible date. In the meantime, I ask that the letter from the Public Printer to which I have referred may be printed in the RECORD.

There being no objection, the letter was ordered printed in the RECORD, as follows:

UNITED STATES GOVERNMENT PRINTING OFFICE,
Washington, D. C., June 10, 1932.

Mr. ANSEL WOLD,
Clerk Joint Committee on Printing,
In care of United States Senate Post Office,
Washington, D. C.

SIR: In compliance with your telephone request this morning you are advised that the cost of the daily CONGRESSIONAL RECORD for the first six months of each long session of the Sixty-eighth to Seventy-second Congresses, inclusive, is as follows:

Session	Dates included	Type pages	Cost
68-1	Dec. 3, 1923-May 31, 1924	10,585	$340,703.75
69-1	Dec. 7, 1925-May 31, 1926	10,562	384,873.30
70-1	Dec. 5, 1927-May 29, 1928	10,969	429,148.58
71-2	Dec. 2, 1929-May 31, 1930	10,496	434,153.26
72-1	Dec. 7, 1931-May 31, 1932	12,264	514,190.60

The above does not include the index, biweekly, or bound RECORD.

Respectfully,

GEORGE H. CARTER,
Public Printer.

Mr. COUZENS. Mr. President, may I suggest that I believe that an examination of the contents of the CONGRESSIONAL RECORD will show that a great deal of space has been taken up by the discussion of liquor and beer?

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Nebraska yield?

Mr. HOWELL. I yield.

Mr. ROBINSON of Arkansas. In view of the quickening of the spirit of virtue and economy in the bosom of the Senators from Pennsylvania and Connecticut and others,

and recognizing that while this political material may properly be excluded from the CONGRESSIONAL RECORD, I state now that if the rule is to be adopted and carried out in good faith I shall not avail myself of the privileges of the floor to reply to the speech of the Secretary of War, made, of course, outside the Senate and at a political convention, and I shall consent to the adoption of the new rule at this moment. It means that partisan political discussions in the Senate are to be banned; and who is going to determine the question that a Senator is making a political argument? Who is going to hold him out of order if he transgresses the rule? The custom has heretofore prevailed of incorporating partisan political matter in the RECORD, on the theory that it contains information helpful to the public in determining campaign issues. If, however, the Senator from Connecticut, who has consumed many hours in the last few days in delivering in this body what are essentially political addresses, made in the interest of his candidacy for reelection to the Senate, will apologize for the cost he has occasioned this great Nation by printing the matter in the CONGRESSIONAL RECORD and will announce his intention not to violate the spirit of the rule that he now proposes by sending out under his frank the political addresses he has made here, I myself shall be glad to withhold political remarks in this forum and avail myself of the opportunity to express my sentiments elsewhere. It is not, however, a demonstration of great virtue for Senators to use the CONGRESSIONAL RECORD for partisan or personal political purposes and then declare that others who express contrary views shall be denied the privilege of having their opinions recorded in the CONGRESSIONAL RECORD.

Now let any Senator who has the spirit to do so say that he objects to printing political matter in the CONGRESSIONAL RECORD and I will refrain from saying here what I intended to say about the speech of the Secretary of War, the recent speech of the Secretary of the Treasury, and another speech by the Secretary of Agriculture.

Mr. BORAH. Mr. President, I said a moment ago that I had no intention of objecting to this particular speech being printed in the RECORD in view of the situation that had developed. These speeches are not only printed in the RECORD, but they are circulated through the mail at the cost of the United States Government; and I repeat that hereafter, after this particular matter shall have been disposed of, I shall undertake to keep them from going into the RECORD.

Mr. HASTINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Delaware?

Mr. HOWELL. I yield.

Mr. HASTINGS. Mr. President, I should like to state in justification that my observation has been that the request I made was not at all unusual; I have seen similar requests made and granted ever since I have been here and never before heard the question raised. Furthermore, I am quite certain that this speech, if any speech, is worth at least $58 a page, and the answer by the Senator from Arkansas will probably be worth as much.

Mr. GORE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. HOWELL. I yield.

Mr. GORE. My purpose, I may say, was to make this suggestion: If I followed correctly the figures read by the Senator from Connecticut contained in the letter written by the Public Printer to the clerk of the Joint Committee on Printing, it is costing $45 or $50 a page to print the CONGRESSIONAL RECORD. If that be true, I do not think there is any reason or any excuse or any justification for such an enormous cost, and I shall move, at the appropriate time, that the proper committee be directed to investigate the question and report as to the cost of printing the CONGRESSIONAL RECORD, because, if the cost be as indicated, then we had better, in the interest of economy, make arrangements with private business to print the RECORD. If the Senator from Nebraska will yield for that purpose, I will make the motion now that the proper committee be directed to investigate in full and report the cost of printing the CONGRESSIONAL RECORD.

The PRESIDENT pro tempore. Does the Senator mean the Senate Committee on Printing or the Joint Committee on Printing?

Mr. GORE. The reason I said "the proper committee" is that I did not know whether this motion should relate to the Senate Committee on Printing or the Joint Committee on Printing. If a parliamentary inquiry is in order, I will ask as to that.

The PRESIDENT pro tempore. The Chair is of the opinion that under the printing act of 1895 the Joint Committee on Printing has jurisdiction of the subject.

Mr. GORE. Then I move that the Joint Committee on Printing of the two Houses be directed to investigate and report to Congress in December the cost of printing the RECORD.

The PRESIDENT pro tempore. The Senator from Oklahoma asks unanimous consent to submit and have presently considered a resolution directing the Joint Committee on Printing to ascertain the cost of publishing the CONGRESSIONAL RECORD and to report to the Senate. Is there objection?

Mr. MCNARY. Mr. President, for the present I object.

The PRESIDENT pro tempore. Objection is made.

Mr. JOHNSON. Mr. President, with the consent of the Senator from Nebraska, I want to indulge in just one observation.

We are within 24 hours of adjournment of this session of Congress; and to indulge in a discussion to-day about putting something in the RECORD, when the Democratic leader from Arkansas has announced that he is about to make an address, seems to me the purest poppycock. If we are going to indulge in that sort of thing, let us do it at the beginning of the next session, or it should have been done many, many months ago. To do it now is simply endeavoring to prevent something which we have not prevented before and in which apparently we have little interest.

Mr. BROOKHART. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Iowa?

Mr. HOWELL. I do.

Mr. BROOKHART. I ask leave to have inserted in the RECORD a speech of Mrs. Jesse W. Nicholson, president of the National Woman's Democratic Law Enforcement League and editor of the Woman Voter.

Mr. COUZENS. I object.

The PRESIDENT pro tempore. Objection is made.

Mr. BROOKHART. Mr. President, I announce, then, that in due time I will take the floor and read this speech into the RECORD.

Mr. JONES. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. HOWELL. I yield.

Mr. JONES. In view of the discussion that has been had, I think I will submit a request that I intended to submit anyhow.

I agree with the suggestions that have been made with reference to printing all sorts of matter in the RECORD, and especially political matter; but I had brought with me this morning an analysis of the temperance or prohibition or liquor platforms of the respective parties by Mr. David Lawrence, the editor of the United States Daily. He makes a very impartial, nonpolitical, fair, and, I think, very clear analysis of the respective planks. I felt that we were justified in having that put in the RECORD.

Mr. LONG. Mr. President, I object. I have already put in the RECORD a nonpolitical definition of what constitutes intoxication.

Mr. JONES. This does not define that at all. It simply analyzes the two planks in a fair, impartial way.

Mr. LONG. I object.

The PRESIDENT pro tempore. Objection is made.

Mr. JONES. Very well.

THE ECONOMIC SITUATION

Mr. FLETCHER. Mr. President, I ask leave to have published in the RECORD an article by Ben Wand, editor of the Southern Lumber Journal, Jacksonville, Fla., entitled "What's the Answer?"

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Southern Lumber Journal, July, 1932]

WHAT'S THE ANSWER?

By Ben Wand, Editor

What is the answer to our present economic plight as presented by the spectacle of nearly 10,000,000 men out of work and with no work in sight? What can be done during the next six months to put these men back to work, and how can they and their families be fed, clothed, and sheltered in the meantime?

Here is the great national problem. Besides this problem all other political and social problems pale into insignificance.

Why have Government and industry come to such a sorry pass that men and women, willing to work, can not find an opportunity to work? Is our democratic form of government and our social order a colossal failure? Must we look to communism to find an answer? God forbid—but an answer must be found. Either Government and industry must find a way to give employment to workers or we shall eventually develop a new social order.

The higher the development of society, of civilization, the more dependent is each individual upon the welfare of his neighbor. That goes alike for the wealthy and the poor, the educated and the illiterate. From the marts of Wall Street to the far reaches of western farms we are all dependent upon the prosperity of each other.

The values of stocks, of bonds, or real and personal property of all kinds have been destroyed. This has come about because the purchasing power of the masses has been destroyed.

Men do not agree as to the causes which brought about this condition, but we can all agree that the condition exists. What, then, is the answer? How can purchasing power and consequent prosperity be restored?

We can vision but one answer. That answer is for all basic industries to put additional men and women to work by shortening the working day and the working week.

The Owens-Illinois Glass Co. has set an example for other industries to follow. It has adopted the 6-hour day, with 4 shifts daily, for its 13 great plants. The object is to spread available work among the maximum number of employees. There will be no reduction in the hourly rate of pay, but each shift will work 7 days weekly, thus providing 42 hours of labor weekly for each employee. The adjustment of working hours will enable the company to increase its force considerably without increasing pay-roll disbursements.

Nation-wide adoption of the 6-hour-day shift by major industries would put three or four million men to work even on the present basis of curtailed production. And what a difference that would make for all business and for those now unemployed! When men have jobs they spend what they make. And the spending of this money necessitates immediate increase of production of all commodities to meet their demands, which in turn puts other millions to work.

The selfishness of industry, the greed of those who persisted in increasing production year by year, and forcing their products on an installment-buying public, have brought us to our present undesirable economic state. That and the mechanical improvements of science designed to reduce the number of those employed. The only answer, then, lies in controlled production and the increase of employment by national adoption of a shorter working day. There appears no other answer.

NEBRASKA POWER CO.

Mr. HOWELL. Mr. President, in the course of remarks in the Senate on May 30 last respecting the power industry, its prosperity during this period of depression, and its flotation of inflated securities, I cited the example of the Nebraska Power Co. supplying electrical energy in Omaha, Nebr., Council Bluffs, Iowa, and the immediate vicinity. This company is a subsidiary of the American Power & Light Co. I then stated that American Power & Light had acquired the 1,000,000 shares of common stock of the Nebraska Power Co. at a cost of $766,000. This was based upon the testimony of Mr. Paul Anderson, of the Federal Trade Commission, presented to the Senate in connection with the remarks of my colleague [Mr. NORRIS] on July 2, 1930, and to be found in the CONGRESSIONAL RECORD beginning on page 12269 of volume 72, part 2.

It now appears that this cost of $766,000 was merely the apparent cost. The fact is that not only did this 1,000,000 shares of stock represent no cost to American Power & Light, but its acquisition was accompanied by huge profits, as set forth in a recent letter from the Federal Trade Commission.

This letter in effect states that from 1917 to 1930, $6,098,892 in dividends on common stock and $451,922 in dividends on preferred stock, or a total of $6,555,814, was paid to American Power & Light, representing income on securities which had cost the American Power & Light nothing.

In addition, $1,765,327 was paid to American Power & Light in commissions, fees, and so forth. Moreover, the Electric Bond & Share Co., of which American Power & Light is subsidiary, and its wholly owned subsidiary, the Phoenix Construction Co., collected an additional $1,062,958 from Nebraska Power Co. as fees, commissions, and interest during the same period, making a grand total of $9,379,099, paid largely on account of stock that had cost the holding company nothing.

Mr. President, I ask consent to insert in the RECORD the letter referred to in the course of my remarks; also the table referred to in that letter, and excerpts from testimony given by Walter Meleen in reference thereto.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

FEDERAL TRADE COMMISSION,
Washington, June 21, 1932.

Hon. R. B. HOWELL,
Senate Office Building, Washington, D. C.

DEAR SENATOR HOWELL: Yesterday Mr. Meleen, one of the commission's examiners, agreed to furnish you with a copy of a statement computed from commission's Exhibits 5034 and 5038, which shows amounts paid to the American Power & Light Co. and the Electric Bond & Share Co. by the Nebraska Power Co. from June 1, 1917, to December 31, 1930, for various services. A copy of that statement is inclosed herewith.

The statement shows that from 1917 to 1930, $6,098,892.33 in dividends on common stock and $451,921.55 in dividends on preferred stock, or a total of $6,550,813.88, was paid to American Power & Light Co., with offices in New York, which represented income on securities which cost the holding company nothing; and $1,765,327.36 was paid that company in commissions, fees, etc., and that, in addition, Electric Bond & Share Co. and its wholly owned subsidiary, Phoenix Construction Co., collected $1,062,957.66 from Nebraska Power Co. as fees, commissions, and interest during that same period, making a grand total of $9,379,098.90.

In the case of Electric Bond & Share Co., the exact profit on service fees can not be stated, due to the fact that the question of this commission's right to examine the operating-expense ledgers and supporting documents has not yet been decided by the courts; however, as shown in Senate Document No. 92, parts 23 and 24, page 409, the per cent of profit based upon cost is not less than 105 per cent.

Very truly yours,

FEDERAL TRADE COMMISSION,
FRANCIS WALKER,
Chief Economist.

Walter Meleen was recalled as a witness and testified further as follows:

DIRECT EXAMINATION

By Mr. Healy:

Q. Mr. Meleen, at pages 19 to 20 of your report, Commission's Exhibit 5038, there were certain data relative to shares of stock held by directors of the Nebraska Power Co. and the returns to those directors by way of dividends on those shares. I understand you wish to supplement this statement by a further statement.—A. Yes, sir.

Q. You may make that further statement.—A. During both 1929 and 1930 there were nine local Omaha business men and one Chicago banker, formerly of Omaha, acting as directors of Nebraska Power Co. Nine of the ten held 5,000 shares each and one 2,000 shares of common stock, which, as already explained in Exhibit No. 5038, they had been allowed to purchase at the equivalent of 50 cents a share, making an investment on 5,000 shares of $2,500. In 1929 dividends were paid of $1.30 per share, which in the case of 5,000 shares amounted to $6,500, or a return of 260 per cent. In 1930 dividends were paid of $1.20 per share, and amounted to $6,000 on 5,000 shares, or a return of 240 per cent.

In addition to the 10 directors mentioned above, there were 6 others who were allowed similar privileges as the 10. These were as follows:

Two officers of Nebraska Power Co., 5,000 shares each.

Two directors of Citizens Power & Light Co. (of Council Bluffs, Iowa), 5,000 shares each.

One director of Citizens Power & Light Co., 2,000 shares.

One director of Citizens Power & Light Co., 1,250 shares.

The four directors of the Citizens Power & Light Co., a subsidiary of Nebraska Power Co., were local Council Bluffs business men.

Nebraska Power Co.—Income paid to American Power & Light Co. and Electric Bond & Share Co., June 1, 1917, to December 31, 1930

	1917[1]	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	Total, June 1, 1917, to Dec. 31, 1930
Paid to American Power & Light Co.:															
Dividends on second preferred stock	$17,500.00	$70,000.00	$70,000.00	$70,000.00	$70,000.00	$61,250.00									$358,750.00
Dividends on common stock	[2] 23,535.00	117,673.00	187,576.00	187,576.00	140,970.00	186,444.00	$252,918.00	$367,182.00	$370,386.00	$463,992.80	$741,588.20	[2] $741,588.20	$1,205,080.83	$1,112,382.30	6,098,892.33
Dividends on preferred stock	3,226.00	5,530.00	5,331.00	5,240.00	5,681.00	23,198.00	27,136.00	8,586.66	4,046.30	2,741.07	1,227.76	[3] 1,227.76			93,171.55
Discount on general-mortgage 8 per cent bonds					148,500.00										148,500.00
Commission on preferred stock								110,000.00	10,000.00				50,000.00		170,000.00
Management and supervision fees		29,897.61	36,526.35	42,321.37	44,769.85	50,277.01									203,792.21
Interest on leased properties (F. A. Reid)											59,398.08	121,764.17	159,574.28	190,824.54	531,561.07
Interest on 8 per cent general-mortgage bonds					53,666.67	73,333.33									132,000.00
Interest on 10-year, 5 per cent notes	43,750.00	75,000.00	64,166.67	55,000.00	55,000.00	40,944.43									333,861.10
Interest on open account	15,161.69	74,087.20	44,129.87	44,815.82	35,238.04		220.61	1,997.74	13,822.64	14,395.11	1,747.26				245,612.98
Total	103,172.69	372,187.81	407,726.90	404,953.19	558,825.57	435,446.77	280,274.61	487,766.40	398,254.94	481,128.98	803,961.30	864,580.13	1,414,655.11	1,303,206.84	8,316,141.24
Paid to Electric Bond & Share Co.:															
Commission on bonds sold			84,000.00	24,000.00	5,250.00	52,500.00		5,000.00	10,000.00	5,000.00					185,750.00
Engineering, construction fees, etc.[3]		4,477.80		35,293.56	10,191.71	3,031.49	6,023.58	23,397.97	62,835.57	2,210.81	7,636.33		35,074.16	36,424.80	226,597.78
Management and supervision fees							67,298.28	69,877.79	73,887.67	77,193.09	85,130.02	92,486.52	85,709.70	93,801.19	645,384.26
Interest on loans						5,225.62									5,225.62
Total		4,477.80	84,000.00	59,293.56	15,441.71	60,757.11	73,321.86	98,275.76	146,723.24	84,403.90	92,766.35	92,486.52	120,783.86	130,225.99	1,062,957.66
Total paid both American Power & Light Co. and Electric Bond & Share Co.	103,172.69	376,665.61	491,726.90	464,246.75	574,267.28	496,203.88	353,596.47	586,042.16	544,978.18	565,532.88	896,727.65	957,066.65	1,535,438.97	1,433,432.83	9,379,098.90

[1] June 1 to Dec. 31, only.

[2] Estimated.

[3] $203,640.60 paid Phoenix Utility Co.

Q. Now, I wish you would return to page 166 of the report. From January 1, 1918, to December 31, 1922, did the American Power & Light Co. have a contract for the management and supervision of the Nebraska Power Co.?—A. It did.

Q. What was the compensation received during this period by the American Power & Light Co. under this contract?—A. The compensation received during this period was $2,500 per year, plus 1½ per cent of gross receipts, exclusive of receipts for power sold to and dividends received on the stock of Citizens Gas & Electric Co., its subsidiary.

Q. From January 1, 1923, to December 31, 1928, with whom was the management contract?—A. Electric Bond & Share Co.

Q. What was the compensation received during this later period from Nebraska Power Co. by the Electric Bond & Share Co.?—A. Two per cent of the first $1,000,000 of annual gross earnings, 1.9 per cent of the next $2,000,000 of annual gross earnings, 1.8 per cent of the next $4,000,000 of annual gross earnings, and 1.7 per cent of the next $6,000,000 of annual gross earnings, and 1.6 per cent of all over $13,000,000 annual gross earnings.

Q. In computing the fee were all intercompany transactions between the Nebraska Power Co. and the Citizens' Gas & Electric Co. eliminated?—A. Yes, sir.

Q. In 1918 the gross earnings were how much?—A. The charge on which the fee was computed amounted to $1,826,507.33.

Q. And the fee paid American Power & Light Co. was how much?—A. $29,897.61.

Q. In 1922 the gross earnings on which the fee was computed were how much?—A. $3,185,134.

Q. And the fee paid was how much?—A. $50,277.01.

Q. That was the last year in which fees were paid to the American Power & Light Co., as I understand you?—A. Yes, sir.

Q. In 1923 the fee was paid to Electric Bond & Share Co.?—A. Yes, sir.

Q. And it amounted to how much?—A. $67,298.28.

Q. And that same year the gross earnings on which the fee was computed had increased to what sum?—A. $3,516,626.67.

Q. In 1928 the fee paid Electric Bond & Share Co. was how much?—A. $92,486.52.

Q. The gross earnings of the Nebraska Co. on which these fees were computed amounted to how much?—A. $4,915,917.78.

Q. The total fees paid during the period 1918 to the end of 1928, both inclusive, were how much?—A. $669,665.58.

Q. You have prepared a table, have you not, which shows the fees year by year during this period?—A. Yes, sir.

Q. And the amount of gross earnings in each year on which the fees were computed?—A. Yes, sir.

Q. It appears, does it not, that the gross earnings increased every year?—A. That is correct.

Q. And the fee likewise increased, because the fee was based on a percentage of the gross earnings?—A. Yes, sir.

Q. The information you have given me in this connection this morning is contained in a sheet which you have produced here?—A. Yes, sir.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed the bill (S. 4574) to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the bill (S. 4712) authorizing the sale of certain lands no longer required for public purposes in the District of Columbia, with amendments, in which it requested the concurrence of the Senate.

COAL MINING IN ALASKA—MOTION FOR RECONSIDERATION

Mr. HOWELL. Mr. President, about 40,000 tons of bituminous coal are mined in Alaska annually along the Alaska Railroad. About 35,000 tons of this coal are used by the Alaska Railroad. There are two mines that have been supplying this coal. Both mines are subject to flooding. Under the present law the Secretary of the Interior must advertise for bids for coal, and the company bidding the lowest price receives the award or contract for the entire tonnage of 35,000 tons. There not being enough additional bituminous coal used in Alaska to keep the mine which is unsuccessful in this bidding occupied, it is shut down. It begins to flood; and unless the mine is kept in condition for subsequent operation, when bids for coal are asked the next year there is no competitor.

The Secretary of the Interior requests that he be given authority to buy this 35,000 tons of coal practically by negotiation, so that he may divide the purchases between the two mines and keep them both operating, so that there are competitors for the business of supplying coal to the railroad. At any time if the price of this coal, through cooper-

ation of the two companies, should exceed a fair price, the Secretary of the Interior would be able to open a Government mine that has been closed for some time and supply the needs of the Alaska Railroad.

In accordance with the request of the Secretary of the Interior, a bill on the subject was introduced in both the House and the Senate. The bill first passed the House, came to the Senate, and was referred to the committee appointed to investigate the Alaska Railroad. This committee deemed it an advantage to the Secretary to have attached to this bill a limitation of the price that could be paid for coal; and it so amended this bill, and the bill went back to the House.

We then learned that the House had previously rejected such an amendment; and realizing that the Secretary of the Interior now, at the expense of the Government, is pumping one of those mines to keep it in order so that it can compete at the next letting of contracts for coal, and that this expense might keep up all summer, the committee to which this bill was referred, and which recommended this amendment, directed me to take steps to have the bill returned to the Senate, the amendment eliminated, and the bill passed as it was passed in the House.

Mr. President, I heretofore made a motion for the return of this bill, and it is now on the table of the Senate. I now ask unanimous consent for reconsideration of this bill, as it is really of importance and should pass, involving as it does only 35,000 tons of coal; and I feel that this request should be granted.

Mr. KING. Mr. President, will the Senator yield?

Mr. HOWELL. I yield to the Senator.

Mr. KING. The Government of the United States a few years ago entered upon an unsound and a mistaken policy in the construction of a railroad in Alaska. It has continued that unsound policy at great expense, resulting in the operation of the railroad. So far as I can learn, there seems to be a purpose to continue the operation by the Government of the United States of a railroad in Alaska.

When the project was first launched, the population of Alaska was greater than it is to-day. The progress in the development of Alaska, slow as it was, was greater than it has been since the construction and operation by the United States of a railroad there. That railroad has involved us in considerable expense. I do not know the aggregate amount. I did at the last session of Congress, but I do not recall what the aggregate amount of expense is to date. At any rate, it goes into the millions of dollars.

My understanding was that the committee of which the able Senator from Nebraska is a member, if not the chairman, had made a report which contemplated in the near future the disposition of the railroad by the Government, so that it might be operated by private owners instead of by the Government; but it looks as though we have a chain around our necks. This railroad is chained to the Federal Government, and we are destined to operate it for an indefinite period at increasing costs, or, at least, if not presently increasing costs, they will increase in the future, because the road will need replenishment, new engines, new cars, new tracks. In my opinion, steps should be taken to get rid of this incubus.

Mr. HOWELL. Mr. President, the committee to which the able Senator from Utah has referred has given much attention to this railroad. When the committee was appointed, the deficit in connection with the operation of the railroad amounted to about a million dollars a year. The committee, after investigation, made certain recommendations respecting the operation of this road; and I am pleased to say that this year the deficit in operation will be only about $250,000. There is also appropriated $200,000 additional for capital expenditures that are necessary, making a total of $450,000.

Mr. President, I believe that with attention to this railroad the cost of operation may be reduced and the business increased until operation will no longer result in a deficit. This measure is a step in the right direction. We are continuing to give attention to the road. Reports are being made to this committee, and I can assure the Senator from Utah that every effort will be made to place the railroad upon a self-sustaining basis; and, with the support of Congress, that can be done, in my opinion.

Mr. KING. Mr. President, will the Senator yield?

Mr. HOWELL. I yield.

Mr. KING. I am not, of course, criticizing the Senator from Nebraska, but I have heard that statement before, perhaps not from him, but from others who have claimed some familiarity with the matter. The claim has been made that the railroad would be self-supporting. When the project was first inaugurated it was stated that it would soon be self-supporting. But the fact is that the traffic upon the road is diminishing rather than increasing. I think the Government should dispose of this road. There is a similarity between this enterprise and the operation of ships by the Government since the war. I insisted then that they be disposed of. We could have sold the greater part of our immense tonnage for $50 a ton cash, and taken notes for the residue. We refused to do that. It was said the Federal Government must operate the ships and we lost millions upon millions, as much as $50,000,000 a year for some time, in the maintenance and operation by the Government of merchant ships. They have now diminished in number. The capital invested has been lost. Four billion dollars involved in the construction and operation may be charged to profit and loss. As most Government operations involved losses, so the Alaska Railroad and the operation of merchant ships involved losses.

I shall not object to the request of the Senator, because perhaps it is an exigency and demands consideration; but I give notice to the committee, and to my able friend, that I shall oppose any further appropriation for the Alaska Railroad, and I shall offer a bill, if no one else does, and at the December session of the Congress calling for the sale of this railroad.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request preferred by the Senator from Nebraska?

Mr. KING. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. KING. This will not displace the motion which has been offered by the Senator from Vermont [Mr. AUSTIN]?

The PRESIDENT pro tempore. This is a transaction by unanimous consent, and will not displace the regular order.

Is there objection? The Chair hears none, and the vote whereby the bill was passed is reconsidered. It will now be necessary to reconsider the vote whereby the amendment was engrossed and the bill read a third time. Without objection, that vote is reconsidered. It will also be necessary to reconsider the vote by which the amendment was agreed to, and, without objection, that vote is reconsidered.

The question is now on agreeing to the amendment which was hitherto agreed to, and the Senator from Nebraska asks that the amendment be rejected.

The amendment was rejected.

The PRESIDENT pro tempore. The question is now on reading the bill a third time.

The bill was read the third time, and passed.

REQUEST TO PRINT ARTICLE IN THE RECORD

Mr. NORRIS. Mr. President, I want to submit a unanimous-consent request. In World's Work for March and April there is an article entitled "My Brother and I," by William Preston Beazell. I ask unanimous consent to print the article in the RECORD.

The PRESIDENT pro tempore. Is there objection?

Mr. BINGHAM. Mr. President, I do not think the Senator was present when there was discussion this morning about putting a lot of material in the RECORD. Most everything was objected to. Will the Senator tell us how long the article is?

Mr. NORRIS. The Senator on my left, the senior Senator from Washington [Mr. JONES], asks me also what it is about. I will answer both questions.

The article occupies five or six pages in the March issue of World's Work, and the conclusion of the article is in the

April issue. The title is "My Brother and I," as I said before. The Senator from Washington asks me what it is about, and I will say in reply that it is an article about Andrew Mellon and the Andrew Mellon fortune.

Mr. BINGHAM. Mr. President, might it be held to be in the nature of political propaganda?

Mr. NORRIS. I would not say so. I am not aware of any understanding having been entered into. I do not want to violate any such agreement, I will say to the Senator. If an agreement has been entered into in my absence, I will abide by it, of course.

Mr. McNARY. No agreement was entered into. A few observations were made.

Mr. NORRIS. I present the request.

The PRESIDENT pro tempore. Is there objection?

Mr. BINGHAM. Will not the Senator let it go over for the present?

The PRESIDENT pro tempore. Objection is made.

CALLING OF THE ROLL

Mr. ROBINSON of Arkansas obtained the floor.

Mr. McKELLAR. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. ROBINSON of Arkansas. I yield.

Mr. McKELLAR. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Kean	Robinson, Ind.
Austin	Dickinson	Keyes	Schall
Bailey	Dill	King	Sheppard
Barbour	Fletcher	La Follette	Shipstead
Barkley	Frazier	Lewis	Shortridge
Bingham	George	Long	Smoot
Black	Glass	McKellar	Steiwer
Blaine	Glenn	McNary	Stephens
Borah	Goldsborough	Metcalf	Thomas, Idaho
Brookhart	Gore	Morrison	Thomas, Okla.
Bulkley	Hale	Moses	Townsend
Bulow	Harrison	Neely	Trammell
Byrnes	Hastings	Norbeck	Tydings
Capper	Hatfield	Norris	Vandenberg
Cohen	Hayden	Nye	Wagner
Connally	Hebert	Patterson	Walcott
Costigan	Howell	Pittman	Walsh, Mass.
Couzens	Johnson	Reed	Watson
Dale	Jones	Robinson, Ark.	

The PRESIDENT pro tempore. Seventy-five Senators having answered to their names, there is a quorum present.

POLITICAL ACTIVITIES OF REPUBLICAN CABINET MEMBERS

Mr. ROBINSON of Arkansas. Mr. President, it is apparent that no action can be taken regarding the merger bill which it is moved shall be brought before the Senate for consideration. In the event a conference report is brought to the Senate and is ready to be presented before I have finished my remarks, it will please me to suspend to take up the conference report, because I think we all realize the necessity for finishing the work of this session as quickly as possible.

The "three musketeers" of the Hoover administration are the Secretary of the Treasury, the Secretary of War, and the Secretary of Agriculture. They scoff at the proposal of the great nominee of the Democratic Party for President that the American people be given a new deal. Do these "three musketeers" insist on playing the game with marked cards?

Plainly, there is a widespread demand for a change in the political policies of our Government. Every possible effort is being made by these Cabinet members to discredit the Democratic platform and the Democratic candidates. They go forth by day and by night, to partisan meetings, to Republican State conventions, and deliver bitter partisan addresses, cause or permit them to be inserted in the CONGRESSIONAL RECORD, and attempt, while neglecting their official duties, to influence and control the judgment and action of the electors of this Nation.

With a deficit of $2,900,000,000 in the Treasury, as declared by the Secretary of the Treasury himself, with a new tax bill to be administered, with questions pertaining to the national finances constantly and continuously being presented, one would think that Secretary of the Treasury Mills would have enough to do to stay at his post of public duty and discharge his official responsibilities, without abandoning and neglecting his duties to participate in a partisan political campaign. Of course the Department of Agriculture is probably just as well off with its head, Secretary Hyde, absent from his post as if he were present in the Capital. [Laughter.]

All of these Cabinet members, I believe, at least two of them, have denounced the Democratic nominee for Vice President, and in efforts to arouse prejudice have declared that he is the champion of a policy to put the United States Government into private business. What will the people of the Nation think of such a declaration when it is made clear that every measure suggested or promoted by the Hoover administration for the relief of the unusual conditions that prevail has been to put the United States Government to operating in a sphere which by common consent has heretofore been regarded as properly occupied by private citizens and private industries?

THE GOVERNMENT IN BUSINESS

These speakers all boast of the Reconstruction Finance Corporation as a monumental achievement on the part of the Hoover administration, and yet there is not a Senator who hears me nor a citizen who will read my address who does not realize that every activity of the Reconstruction Finance Corporation belongs in normal times to the sphere of private business. Am I mistaken in that assertion? If so, let some one better informed than your speaker rise now and point out the error. The Government habitually does not finance banks. Banks procure their loans in normal times from private sources. The Government usually does not lend its credit to railroads. It has done so in times of emergency. Railroads usually are expected to find their financial assistance in private sources. The Government ordinarily does not make loans to farmers. It has been compelled to do so by reason of the extraordinary and discouraging situation which confronts almost every man who earns his living by toiling in the field.

When reference is made either expressly or by implication to the proposal that all persons and all industries be given equality of treatment, any criticism fairly applicable is not based on principle but based on difficulty of administration. There is no one here who will say it is sound governmental principle to use the credit or resources of all the people for the benefit of a few of the people. The President thought enough of the proposal that the Government make loans to private industry to come down to the Senate and personally deliver a message urging that that be done. So that, I repeat, the difference between the two proposals is that the President's proposal discriminated in favor, necessarily, of a few established industries. There is no one here who thinks that the Reconstruction Finance Corporation could make loans without discrimination to all established private industries. Necessarily there is involved in any proposal to make loans of that character a policy of discrimination—the use of the funds of all the people for the assistance of a few of them. Admittedly the problem of administering the act so as to make loans to every applicant offering adequate security is exceedingly difficult to solve.

When these "three musketeers," with rattling sabers and flashing armor, go forth to proclaim the policies and wisdom of the administration and criticize the Speaker, let them remember that he advocated equality of treatment and that they insist upon partiality of treatment, and that the real difficulty in the Speaker's proposal was a matter of administration and not of principle.

GOVERNOR ROOSEVELT'S REFORESTATION PLAN

Secretary Hyde and Secretary Mills ridiculed, or attempted to ridicule, the proposal of the Democratic nominee, Mr. Roosevelt, that reforestation be used as a means of relieving in part unemployment.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Nebraska?

Mr. ROBINSON of Arkansas. I yield.

Mr. NORRIS. I notice on the desks of some Senators a little pamphlet that is being distributed over the country, part of a great propaganda to raise money to reforest Palestine. It is proposed to plant a forest over there called the "George Washington Forest." The latest report from the Department of Agriculture, I understand, is that Secretary Hyde intends to take a day off from his labors here, go to Palestine, and plant all of those trees in one day. [Laughter.]

Mr. ROBINSON of Arkansas. Oh, yes; plant trees in Palestine and, as Secretary Hurley said last night, "Save Germany," but leave our forest lands unused and our own country neglected and overburdened. Do not misunderstand me. I do not pose as an authority on forestation, but from what I have read of Secretary Mills's views and those of the Secretary of Agriculture on the subject, I am vain enough to assert that I know more about the subject than either of them.

Mr. LONG. Mr. President, the Senator does not mean to compliment himself by that statement, either, does he? [Laughter.]

Mr. ROBINSON of Arkansas. No; the statement of the Senator from Louisiana is correct. It is a polite way of saying that while the Secretary of Agriculture is the head of the Forestry Service of the United States and presumed to have some familiarity with the subject, he is pathetically uninformed respecting it, and I propose to prove it, not by any application of scientific principles but by summoning to the consciousness of Senators facts that will be readily admitted and easily comprehended.

These "three musketeers," when they go forth again rattling their sabers for the blood of Democrats, will do well to bear in mind that in ridiculing the Democratic nominee they have invited to his support thousands of citizens of the country who realize that forestation or reforestation is a subject of vital importance not alone to the millions who live now but to generations which are to come after us.

The Secretary of Agriculture, in his eagerness to discredit the great nominee of the Democratic Party, Governor Roosevelt, made a statement which discloses surprising ignorance touching the subject of forestry. He said:

> One man can plant something near a thousand trees per day. One million men therefore could plant about one billion trees in a day. Suppose there were 300,000,000 seedling trees available, a million men could plant them in about three hours.

That is a declaration from a Cabinet officer in the Hoover administration, a Cabinet officer charged with responsibility touching the great business of agriculture and touching the subject of forestry. Certainly there are several ways of planting and transplanting trees. Anyone, not necessarily a Cabinet officer or a Senator, but anyone of ordinary intelligence—yes, anyone of sufficient intelligence to be responsible for his conduct—knows that the Secretary's declaration is absurd. If the Secretary did not make it in ignorance, he is the more to be criticized for attempting to deceive the American public by misrepresentation of the facts.

To prepare the ground, dig the holes, and properly plant trees is a task that can not be performed at the rate of 125 trees per hour by an individual; and if there is anyone who hears my declaration who doubts its correctness, if there is anyone here who thinks he can plant two trees a minute so that they will grow, he ought to be out of the United States Senate and in a sphere where he can accomplish some good. [Laughter.]

Mr. NORRIS. He ought to go to Palestine with Hyde.

Mr. ROBINSON of Arkansas. Oh, yes. Well, I do not choose to determine where he ought to go.

That is the basis upon which Secretary Mills and Secretary Hyde both ridicule the Democratic candidate for President of the United States.

Mr. President, the subject of reforestation is of great importance. A few years ago this country possessed what appeared to be unlimited forest resources. During the last 25 years those resources have been consumed, destroyed, or wasted, until one of the great problems now facing our country is to provide industry and citizens with the timber resources essential to enable them to carry on their normal activities.

A tree is not a thing to be mocked at. It is a thing of beauty and of value. "Only God can make a tree"; but human hands, guided by reasonable intelligence, can plant trees and cause them to grow; and, without regard to the efforts to discredit the Democratic nominee and to belittle his proposal, let it be remembered that the planting of trees is a practical means of employing many of our citizens and an activity that will result in great benefit, both private and public.

PROGRAM OF DEMOCRATIC PARTY

The Secretary said that he desired to make a comparison of the definite, logical, constructive, and all-inclusive—and, I think, he might have added the inexplicable and incomprehensible—plans of President Hoover with the plans of Mr. Roosevelt. He has also declared that the Democratic Party has no program.

Mr. President, believing that "a party platform is a covenant with the people to be faithfully kept by the party when entrusted with power," the Democrats in convention at Chicago said, in a few plain words, what they proposed to do if successful in the approaching election.

Mr. GORE. Mr. President——

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Arkansas yield to the Senator from Oklahoma?

Mr. ROBINSON of Arkansas. I yield to the Senator from Oklahoma.

Mr. GORE. I just wanted to suggest at this point that more than a quarter of a century ago Theodore Roosevelt anticipated an approaching famine in the timber resources of our country and undertook to take steps to prevent it.

Mr. ROBINSON of Arkansas. Yes; but there is a wide breach between a Theodore Roosevelt Republican and a Hoover Republican. [Laughter.] Do not forget that, my friend.

When the Secretary made the declaration that the Democrats have no program he perhaps was indulging in the license usually enjoyed by a partisan political speaker; but the Democrats have a program, and it is definite and clearly stated. One can not say that much of the Republican program, either that of the present administration or that enunciated in the platform upon which the Republican Party is making its campaign this year.

UNEMPLOYMENT RELIEF

The Democrats, among other things, declared for "the spread of employment by a substantial reduction in the hours of labor, the encouragement of the shorter week by applying that principle in Government service," and for "advance planning of public works." That in itself is a program well worthy of support by the American people in this time when almost 10,000,000 workers are out of employment.

The Democrats advocate, too, "unemployment and old-age insurance under State laws." I know it may be said that by the declaration in the platform this is not a matter to be determined by national legislation, but there is or should be a measure of coordination between the State and the National policies of a political party, and this is a declaration in favor of a great forward step in the matter of providing for the unemployed and for those who, by reason of old age, are unable to secure employment or to earn a living by employment. Of course, one can readily understand that the Secretary of War would not look with favor on that declaration, but it is nevertheless part of an important program.

AGRICULTURAL RELIEF

With respect to agriculture, I shall have somewhat to say on that subject before concluding my remarks, particularly with reference to what I believe is the failure of the present administration to accomplish anything of substantial benefit in behalf of farmers. The Democratic program is for the—

> Better financing of farm mortgages through recognized farm-bank agencies at low rates of interest on an amortization plan,

giving preference to credits for the redemption of farms and homes sold under foreclosure.

Extension and development of the farm cooperative movement and effective control of crop surpluses—

And so forth. Certainly this program with respect to financing farm mortgages presents difficulties; certainly the problem will not be easily worked out; but it is, nevertheless, a proposal of vital interest and concern to almost one-half the population of the United States, and it is part of the Democratic program.

THE NATIONAL DEFENSE

The Secretary ridicules the declaration in the Democratic platform concerning national defense, declares that it is based on the ignorance of the framers of the platform, who said that the cost of national defense was rapidly "approaching a billion dollars annually." He asserted that the cost under the Army and Navy appropriation bills this year aggregated about $602,000,000 and that there was therefore a 40 per cent error in the platform declaration.

It must be remembered that these bills do not carry all the items which are properly associated with the subject of national defense. It must be remembered that during recent administrations the expenditures have been rapidly increasing. It should also be recalled that in times like this the burden is difficult to bear. While the Democrats have declared for maintaining the national defense, they believe that reductions can be made in expenditures, and I have not the slightest doubt that the Chairman of the Military Affairs Committee of the Senate, the Senator from Pennsylvania [Mr. REED], recognizes that to be true.

SUPERVISION OF SECURITY OFFERINGS

The Democratic program declares for the—

protection of the investing public by requiring to be filed with the Government and carried in advertisements of all offerings of foreign and domestic stocks and bonds true information as to bonuses, commissions, principal invested, and interests of the sellers.

This is no trivial recommendation. It is important. We all recall what happened on exchange in 1929. It is comparable to those incidents in history known as the Mississippi Scheme, the South Sea Bubble, and the tulipomania.

It will be recalled that John Law, Scotch fugitive from justice, repairing to France, became the friend and companion of the regent, the Duke of Orleans; that he established a bank. The strange thing is that the original plan of John Law is regarded by many financiers of this day as sound. But under the influence of the regent and pressure from the public, he issued too much paper money, offered to sell stocks in what is known as the Mississippi Scheme, and, amazing as it may appear, wealthy persons in France and poor citizens of France made every possible sacrifice to buy the John Law stock. He established himself in a public place. It became the center of all social and political activity in the great French capital. Men and women were so eager to buy these stocks at a thousand times their actual value that they fought and trampled one another to death in the streets. When the scheme exploded it took France almost an entire generation to recover from it.

About the same time there occurred in England what is known in financial history as the South Sea Bubble, a scheme originated to finance warrants or debts due members of the army and the navy. It grew in popularity until the scene in Paris was repeated. Thousands of Englishmen who wanted something for nothing raced with one another in efforts to buy the stock. Fortunes were made overnight; but when the bubble exploded it took England almost a generation to recover from the speculation.

Queerest of all is the tulipomania, an incident in Dutch financial history.

Prior to the Mississippi Scheme and the South Sea Bubble some one took tulip bulbs into Holland, and the Hollanders began to grow them. They became amazingly popular. Tulip exchanges were established, to the almost complete exclusion of all other forms of exchange. Notaries public became known as tulip notaries. A gentleman or a lady in society who could not display a choice tulip bulb, which looked almost exactly like an onion, a tulip bulb that cost from two to five thousand dollars in our money, could not lay claim to prominence, either social or political. Thousands of persons sold their homes and invested the proceeds in tulip bulbs. [Laughter.] This is no jest. It is historic.

The day came when some one began to sell tulip bulbs, and the market began to decline, and in a little while it found a very low level. What happened? Dealers went to the Dutch Government and asked Holland to stabilize the market of tulip bulbs, and the government attempted to do it; but in a little while it became apparent that such a thing was impossible, and so thousands of investors lost their fortunes.

A similar thing happened in the United States, climaxing in 1929.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Illinois?

Mr. ROBINSON of Arkansas. Certainly.

Mr. LEWIS. If I may be pardoned by my eminent friend for strengthening his suggestion when he said it must not be thought that this is a jest, referring to the financial and general conditions as he has described them with reference to bulbs in Holland, I recall to his mind, if there be those who think his observations a jest, that they will find the matter discussed in a romance by Alexandre Dumas known as the Black Tulip, where all that the eminent Senator is now referring to is set forth, but with details far more harrowing than those he could give in the short time his speech may allow.

Mr. ROBINSON of Arkansas. Yes, Mr. President; the tulipomania is an authentic incident in human history.

Mr. GORE. In 1636.

Mr. ROBINSON of Arkansas. In 1634 and immediately following. It is comparable to what happened on the New York Stock Exchange and other exchanges in 1929.

You will recall that poor people, or people with very limited means, made investments in stocks—stocks that had very little earning power, but which, for some magical or mysterious reason, were constantly mounting in market value.

Mr. LONG. Mr. President, will the Senator permit just one remark there?

Mr. ROBINSON of Arkansas. Certainly.

Mr. LONG. I notice that the Senator compares the stock-exchange disaster of 1929 to the bubble and bulb disasters of foreign countries. In this instance, however, it was a matter of water. There was neither bubble nor bulb.

Mr. ROBINSON of Arkansas. Well, Mr. President, I think the comparison is accurate. Stocks that had no earning power, or little earning power, sold for enormous prices, and the prices kept rising for a time; and when they rose, speculators made enormous profits. Bonds could not be sold in those days. Real estate began to decline comparatively in value. Enterprise found no support. Commodity prices began to fall, because all financial resources were being concentrated in speculation; and at last, just as in the three amazing cases I have cited, the price began to decline, because people began to come to their senses.

And how was this extraordinary and unreasonable value of stocks brought about? Partly by that spirit of speculation, that desire to procure something for nothing, which occasionally has manifested itself among civilized peoples throughout the centuries. But from the President of the United States down, officials of this Government under the Coolidge administration encouraged this spirit of speculation, asserted that prices of stocks were not too high, and prompted thousands to pour the savings of a lifetime into a hole that had no bottom; and when the decline began, it gathered volume. Investors or speculators were seized with fear. They disposed of their stocks as rapidly as possible. Many found their holdings pledged to secure debts—pledged at values which never had any sound basis upon which to rest—and when the market value declined below the hypothecated value, foreclosures resulted. Millionaires became

paupers, and citizens who thought themselves well to do were forced to face a gray dawn in which they realized that with earning power diminished they were driven to the necessity of starting life anew.

The administration, by its policy and by its announcements, and by permitting banks to make speculative loans—loans to promote speculation—brought about this condition, and is responsible for it.

Secretary Hurley said last night that world conditions were the controlling factor. I say to you that the primary influence was the unrestrained, unreasonable speculation, and that it was encouraged and assisted by the administration of the party for which Secretary Hurley assumes to be spokesman.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Virginia?

Mr. ROBINSON of Arkansas. Certainly.

Mr. GLASS. May I suggest to the Senator that this Government contributed to world disturbance, and that the Federal reserve system alone had loaned $2,000,000,000 of its resources to European speculators.

Mr. ROBINSON of Arkansas. Yes; the same spirit that destroyed the fortunes of the poor seemed to animate the Government or its officers, and threatened the foundations of big business.

The Democratic program which Secretary Hurley and Secretary Mills deride demands not only supervision of bank transactions in stocks and foreign securities, so that never again during the passing of the years, while the Democratic Party is in power, can the disgraceful debacle of 1929 in the stock market be repeated, but it goes farther than that. The Democratic program says that the instrumentalities which the United States creates in the form of banks can not employ their resources for speculative purposes.

One man who has achieved more in bringing about that feature of the program than any other does me the honor to listen to what I say. I refer to the Senator from Virginia [Mr. GLASS]. Since he began the fight on that proposition he has been compelled to encounter the forces of criticism and wrath from financiers who have indulged in practices which ought never to have been engaged in, and who wish still to have the opportunity to use the resources entrusted to them for purposes that are not within sound principles of banking. That is a part of the Democratic platform and program, and I would like to hear the Secretary of War and the Secretary of the Treasury deride that purpose, that feature, before an audience of American citizens.

REGULATION OF POWER COMPANIES

Mr. President, the Democratic platform declares for the "regulation to the full extent of Federal power of holding companies which sell securities in interstate commerce; the regulation of rates of utility companies operating across State lines," and regulation of exchanges trading in securities and commodities.

As a part of the era of wild speculation which I have described there came a time of overcapitalization. Great companies watered their stock several times and sold it at prices far exceeding actual value, and they found abundant investors. They based their rates for service on the watered stock in many instances.

The Democratic program is to regulate and restrain such methods in the interest of the public. I would like to hear one of the "three musketeers" deride that program.

Already reference has been made to the subject of better bank supervision and the restriction of Federal reserve banks in permitting the use of Federal reserve facilities for speculative purposes.

CANCELLATION OF DEBTS OF FOREIGN COUNTRIES

Another feature of this program is contained in the following declaration:

> We oppose cancellation of the debts owing to the United States by foreign nations.

There is nothing ambiguous in that declaration. Is any comparable provision to be found in the Republican platform? The Chicago Republican convention was as silent as the tomb on the subject. Republicans tell us that they are opposed to cancellation, and in his speech last night Secretary Hurley actually impliedly charged that the Democratic candidate for President is in sympathy with the cancellation of foreign debts. There is no foundation whatever for the statement. The platform is plain and unequivocal, and the Democratic candidate said he accepted it 100 per cent. The platform which Mr. Hurley champions contains no declaration on the subject.

DEFICITS OF HOOVER ADMINISTRATION

Now, I digress for a moment to refer to one of the statements made in the beginning of Secretary Hurley's address, the glorification of the policies and measures of the Hoover administration.

Mr. President, I think it is not unjust to say that the Harding administration goes down into history as an era of graft and corruption.

I think it is not untrue to declare that the Coolidge administration was a time of mergers, consolidations, and overcapitalization, which in themselves have contributed in some degree to the conditions which now prevail.

The Hoover administration has been marked by a very strange policy. For three years the policy of this administration has been to minimize and conceal deficits by exaggerated overestimates of returning prosperity and consequent revenue. The policy has resulted in staggering deficits, which are the most important causes of continued depression. Confronted with the most desperate crisis in our history, the administration's offerings were, first, a repetition of this hazard with the credit of the United States by putting forward new exaggerations of estimated revenue.

In another address in this Chamber I have gone into that subject in detail and have shown that every estimate made, either by former Secretary Mellon or by the present Secretary of the Treasury, Mr. Mills, was strangely at variance with the true receipts of the Treasury. Scarcely in a single instance have their estimates come within a hundred million dollars, in some cases the variance being $600,000,000, of the actual amount; and we recall now that during this session of the Congress, when the great task we have been cooperating with the administration to perform has been to raise revenue sufficient to meet the deficit, every time we proposed to levy a tax to raise more revenue, they came in and admitted an additional deficit, and we had to raise still more taxes. So that at the end it was said by Secretary Mills that this year's deficit would be something like $2,900,000,000, almost three-fourths as much as the Civil War cost the Government of the United States.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. McKELLAR. The Senator will also recall that Mr. Hyde and Mr. Mills and Mr. Hurley appeared in person or by letter before the Committee on Appropriations and fought vigorously every attempt to reduce expenditures in their respective departments.

Mr. ROBINSON of Arkansas. The Senator is anticipating my remarks.

Mr. McKELLAR. I beg the Senator's pardon.

ERRONEOUS ESTIMATES IN BALANCING THE BUDGET

Mr. ROBINSON of Arkansas. I am stating now the characteristic policies and measures of the Hoover administration.

The Reconstruction Finance Corporation is an important body. Its success was predicated from the beginning on a balanced Budget. Its failure was inevitable unless the Budget were balanced.

Another feature of the fiscal policy of this administration was that it sought to balance the Budget by improbable anticipations of returning prosperity. Every estimate sent to the Ways and Means Committee of the House and the Finance Committee of the Senate as to the amount of revenue necessary to balance the Budget was based on an assumption that there would be a 20 per cent or more return in prosperity within a short period. Since prosperity did not

return, and business in consequence failed to revive, the deficit was still further increased.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. TYDINGS. I would like to point out, in line with what the Senator is saying, that one afternoon while the tax bill was before us for consideration the Secretary of the Treasury and the administration spokesman in the Senate said that the Budget was balanced. The very next morning at 11 o'clock the same people, the Secretary of the Treasury and the administration spokesman here, admitted it was $275,000,000 short.

Mr. ROBINSON of Arkansas. Yes; and we, like faithful officers, raised our sights and took another shot at American business and industry, found new sources of taxation, and used them without remorse.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. FLETCHER. With reference to the deficit, it is estimated now that the deficit is about $3,000,000,000, the largest deficit ever incurred by a government of this or any other country except during war. I call attention to the fact that in the previous fiscal year, ended June 30, 1931, there was a deficit of approximately $903,000,000, while in each of the preceding years back to 1920 there was a surplus. Now the deficit is nearly $3,000,000,000.

Mr. GORE. Mr. President, I would like to suggest, while Senators are making much ado about the deficit, that it is only $8,000,000 a day, after all.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Oklahoma has a very happy way of throwing humor into a tragic situation. I envy him the power of thought and of expression that enables him to enliven our proceedings in that manner. But, after all, Mr. President, the point I am trying to make clear is that the administration has not dealt frankly with the American people in the matter of deficits. For three years it has been covering up deficits, in the hope, no doubt, that business would be quickened and revived, and that revenues would be increased, and that their mistakes would be completely covered.

Another feature of this mistaken policy was the taxing of the point of least resistance instead of taxing that which is actually essential for economic welfare, with a resulting tax bill which was so unequal and abortive as of itself to constitute a barrier to returning business.

ECONOMY IN GOVERNMENT

A great deal has been said about the subject of economy. The Secretary of War last night declared that the provision in the Democratic platform urging reduction in Federal expenditures by 25 per cent was rank hypocrisy. The Secretary ought not to use language of that character, in view of some facts which I am going to point out in connection with previous campaigns. The simple truth is that the Government of the United States has grown too big and costs too much, and ought to be reduced in size and expense, and that thought is close to the hearts of the American people. That it is a difficult problem, those of us who have been studying it during recent months can not deny. But it is possible and the task ought to be undertaken and carried out.

The Secretary said that Congress has been very unwise and unjust in denying the President the power to make economies and to put them into effect, the implication being that the President ought to be given the authority to make any changes in the Government that appeal to him as necessary, advisable, or economical. The President, under authority enacted by Congress, now has the power to consolidate and abolish bureaus, and he has done little or nothing under the power that he now has. When the Senate of the United States unanimously passed a resolution a few weeks ago calling upon the President to consult with his Cabinet and recommend to the Congress specific means and measures for the reduction of Government expenses, he declined to make reply.

REDUCTIONS IN GOVERNMENT EXPENDITURES THWARTED

The President commended his Cabinet officers in public statements and messages for their efforts to procure economy when every Senator who hears me knows that when an effort was being made to reduce the cost of Government it was the President's Cabinet officers who came down here and used all the influence they possess to thwart the efforts of Congress. They sent out into the country and appealed to citizens to send to Washington threats and appeals to Members of Congress to keep them from doing that which Secretary Hurley said the President was so anxious to do, and which the President's Cabinet was so anxious to do, but for the indifference or negligence of Congress.

The "three musketeers" were the greatest offenders. They did not want any reductions made in the expenditures of the departments of which they are the heads. They advocated reductions in the abstract, but opposed them in the concrete. The President had ample power to make specific recommendations. What he desired and what they wanted was that the President be given a free and unrestrained hand to do anything he pleased or wished. Congress did not grant that. It performed its duty to a degree and retained a measure of supervision over reductions or changes that were to be made.

It flashes into my mind now that Secretary Mills denounced the Congress in his speech for seeking to take back to itself the power to fix tariff rates.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Texas?

Mr. ROBINSON of Arkansas. I yield.

Mr. CONNALLY. Before the Senator leaves the matter I wish he would advert to the furlough situation. I was informed by a gentleman in one of the departments the other day that it would cost more just to administer the furlough plan than the Government would save by the 8.3 per cent reduction in salaries.

Mr. ROBINSON of Arkansas. Oh, yes; I think the furlough system is a failure so far as it may be regarded as a measure of economy. Senators will remember that when the Economy Committee had reported and recommended a straight cut in salaries, the President came down and from the Vice President's desk commended the committee and appealed to Senators to stand by the committee, and the very next day his Secretary, Mr. Newton, was here attempting to influence Senators to repudiate the action of the Economy Committee and to sustain the President's pet program of furloughs. After it was sustained it became apparent that very little economy would result from it, but that incalculable inconvenience and displacement and disorganization were certain.

THE TARIFF

Mr. President, I was referring to the criticism of Congress by Secretary Mills in connection with the flexible provision of the tariff law. He was outraged. His sense of justice and good government was greatly shocked and he was rendered anxious because the Democrats had sought to take back to the Congress the power which the Constitution imposes upon it to levy duties, imposts, and excises. In the very next paragraph of his speech he denounced in unmeasured terms the proposal of the Democratic Party for international conferences respecting reciprocal tariff duties and declared that under the Constitution Congress is the sole power that can deal with subjects pertaining to the tariff, and that the Congress ought not to divest itself of the authority which the Constitution reposes in it. Reconcile those two declarations, Mr. President, and you will have performed a very difficult, indeed an impossible, task.

PROGRAM OF DEMOCRATIC PARTY

Something has been said from time to time during the course of my remarks about the Democratic program. Secretary Hurley was greatly disturbed because he said the Democrats could not do anything but wait until the Republicans adopted their platform in order to see what the Republicans were going to do. He repeated the assertion that the Democrats had no program.

In addition to that relating to the cancellation of debts, the regulation of public utilities, the supervision of banks, the supervision of the stock market, the refinancing of

agricultural mortgages, the establishment of State systems of old-age unemployment pensions, the reduction of hours of labor, the maintenance of the national credit by an honest annual balancing of the Budget, there remain other important features of the Democratic program including a declaration in favor of eliminating corrupt practices in elections by continuous publicity of political contributions and expenditures. It is of vital importance that the integrity of elections be maintained. Experience has shown how often corrupt agencies have thwarted the will of the people by the use of excessive funds in elections. The Democratic party commits itself to limiting those expenditures and to the protection of the public against the evils of corrupt practices in elections.

Mr. President, I have said that the Harding administration may properly be characterized as an era of graft and corruption, that the Coolidge administration was distinguished or marked by mergers, consolidations, overcapitalization, and similar processes culminating in an orgy of speculation that well-nigh wrecked the fortunes of the people of the Republic. Let me point out that there are three outstanding measures of the Hoover administration, the administration which Secretary Hurley lauds with such emphasis and pride. What are those three outstanding measures?

THE SMOOT-HAWLEY TARIFF ACT

The Smoot-Hawley tariff act of 1930 is one. At a time when every consideration of the public interest and every thought of the promotion of private business and the collection of foreign debts due the United States Government should have prompted a fair revision of the tariff downward, the Republican Congress, after having been called to Washington by the President to revise the agricultural tariff rates, entered upon a general revision and raised the tariff barriers higher and higher until in many instances they absolutely shut out all imports. Many prohibitive duties were imposed. Under that policy the Republican administration diminished exports, made more difficult the collection of foreign debts, and impaired the success of domestic industries and commerce.

Out in the great stretches of our country are thousands of men and women who lift their faces to heaven in prayer for relief from conditions which no act of theirs has brought about. All throughout this Republic there is a demand for revision of the tariff laws in the United States so as to permit fairer and fuller intercourse, so as to preserve and rebuild our foreign trade which has well-nigh been destroyed by an inexcusable policy of exclusiveness and isolation. One country after another, following the enactment of the Smoot-Hawley Act of 1930, enacted retaliatory tariff measures. The United States found her domestic commerce shrinking, her foreign commerce almost wholly destroyed. One feature of the Democratic program is to right and correct that condition.

Ah, but Secretary Hurley says the Democrats can not do anything on the subject of the tariff because they voted for tariffs themselves. In many instances Democrats did vote for tariffs on commodities grown or produced within their States, no doubt on the theory that it is unjust, unfair, and oppressive to permit whatever special privileges grow out of a protective tariff to be conferred on a few industries in which their people are not concerned. But underneath it all is the sound proposal of the Democratic Party to enact a competitive tariff for revenue. No; it will not enable the maker of trust-controlled goods in the United States, like the Aluminum Co. of America, to fix whatever price that maker wills, and then, shielded by a tariff law, raise again and again the price of his products still higher. But it will give the quick-minded, brave-hearted American citizen an equal chance in the struggle of life with any other people and with all competitors. That is what he is entitled to and that is all he is entitled to. He will take his chance on that and he will win.

THE FARM BOARD

The second notable act of the Hoover administration is the farm marketing act.

Senators have heard of that before, have they not? Secretary Hurley said last night, attributing everything good that has come during recent years to the wisdom and efforts of President Hoover:

He directed the Farm Board to take and hold the surplus until better markets could be obtained.

Yes; we appropriated $500,000,000 of public money to be used by the Farm Board for that purpose. They have lost in their ventures $250,000,000; the remainder is invested in surplus products; and the prices of the products dealt in have gone lower and lower, until now, with two exceptions, they are lower than they ever were before in the history of American agriculture. And that is a subject of boast by the Secretary of War, who is so blinded and infatuated by his impressions of the glory and dignity and power of the head of the administration that he can see a gigantic accomplishment on the part of the Farm Board in behalf of American agriculture; and yet, out in the homes on the hills of our country, and in the homes that nestle in the valleys, there are millions of American farmers who are having their homes sold under the hammer of the auctioneer solely because the prices of their commodities are so low that they are unable to realize the cost of production much less to put apart a portion of the proceeds for payment on the mortgages which cover their homes. Ah, I am glad to meet the challenge of the Secretary of War for a comparison of programs, for a consideration of the record of the administration.

THE MORATORIUM

Another notable act of the Hoover administration, according to the Secretary of War, is the moratorium. We all remember that when the time was coming on last summer for the payment of the installments due us from foreign debtors the President summoned to Washington or called by telephone many of the Members of this body and committed some of them to his proposal to suggest a moratorium to Germany and to the Allies who are our debtors. Mr. President, it was quite a different thing from granting a moratorium when the necessity for it was present and from suggesting it as a part of an international policy by the President of the United States. Some of those debtors were far more able to pay their obligations to the United States than the United States was to have the obligations postponed. Already there was an astounding deficit in the Treasury of the United States. The people of those countries were far more able to pay the taxes necessary to raise the installments due on the debts than were the people of this country, stricken as they were by drought, by famine, by the destruction of foreign and domestic markets, and the consequent decline in commodity prices.

The result of the moratorium, the Secretary declared last night, had no relation to the cancellation of the foreign debts; and yet I think that it did have relation to that subject; true, not direct relation but indirect relation; for, as a natural consequence, we are now confronted with a request for a cancellation or reduction of those obligations.

CANCELLATION OF FOREIGN DEBTS

I am not going to review, because it has been recently fully discussed, the question whether representatives of the United States, acting officially or unofficially, committed themselves or sought to commit their Government to a proposal to reduce or cancel those debts. I do know that foreign debtors have combined in an agreement that they will forgive the obligations of Germany due them on condition that the United States cancels the debts which the foreign debtor nations owe this Government; and I know that the President states in his letter to the Senator from Idaho [Mr. BORAH], a letter of this date, that he was not a party to that arrangement; that he knew nothing about it; that he does not consent to it and and will never consent to pressure being put on the American people by a combination of foreign debtors; and yet I know that in the future we will be asked to say whether we will transfer the remainder of this load of debt to the backs of our already overburdened people or leave it where it belongs—on the governments and peoples who contracted it.

Mr. BAILEY. Mr. President, at this juncture in the Senator's very able and interesting and timely speech I wish to call attention to the statement issued at the time when the Premier of France, M. Laval, was here, the statement having been authorized by the President and the Premier.

In so far as intergovernmental obligations are concerned—

Clearly referring to reparations and debts—

"In so far as intergovernmental obligations are concerned," say Mr. Hoover and M. Laval, "we recognize that, prior to the expiration of the Hoover year of postponement, some agreement regarding them may be necessary covering the period of business depression, as to which the two governments make all reservations. The initiative in this matter should be taken at an early date by the European powers principally concerned within the framework of the agreements existing prior to July 1, 1931."

So, if recently European powers have united in a concord with a view to the attitude of the United States, it is perfectly plain that it was at the suggestion of the President of of the United States.

Mr. HARRISON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Mississippi?

Mr. ROBINSON of Arkansas. I yield.

Mr. HARRISON. I do not know whether the Senator may have the information or not, but, if he has, will he tell the Senate, if the President is now so strongly against the cancellation of the foreign debt or any part of it, first, why the Republican Convention did not have the courage to put such a declaration in their platform instead of keeping quiet about it, and, second, why it was that at the beginning of the present session of Congress the President of the United States came here and asked for the recreation of the War Debt Funding Commission?

Mr. ROBINSON of Arkansas. Mr. President, frankly, it seems to me the policy of the administration has meant a revision of the foreign debts. I do not wish to put myself in the attitude of questioning the veracity of anyone, but I think the only meaning that the suggestion for the revival of the debt-funding commission could have would be a reduction or revision in some way of the debts. I do not know what else it may have meant. I do not understand what would be the advantage of reviving the commission unless something of that nature were in contemplation.

But, Mr. President, I am marking out now clearly that there is nothing in the record of the administration, either in its fiscal policies, its domestic measures, or its foreign policies that justifies the arrogance displayed by the "Three Musketeers" in their public addresses. It does not lie with them to denounce the Democrats as hypocrites or as lacking in patriotism.

REPUBLICAN EXPERIENCE IN GOVERNMENT

The Secretary of the Treasury, in his Boston speech, concluded, I believe, by saying that the Republican Party had had a long experience in control of the Government, and he did not believe the people would require the "veterans" to retire.

Mr. President, neither in President Harding's administration, nor in that of President Coolidge, nor in that of Mr. Hoover is there anything of which to boast.

CAPITALIZATION OF DISCONTENT

The Secretary of War last evening complained bitterly that the Democrats had capitalized discontent and had laid the blame on the present administration, in part, at least, for the difficulties under which our people struggle. I wonder if anybody, I wonder if you gentlemen in the press gallery, have forgotten what happened in the campaign of 1928. I wonder if you remember the propaganda that the Republican Party carried on in order to win that election? Surely, in view of the great indignation of the Secretary of War about what he calls unfair and prejudicial political methods, I am justified in recurring to that. The President said, "We have abolished poverty." In the Washington Herald of October, 1928, there was published a political advertisement a copy of which I hold in my hand. The headline is "A Chicken for Every Pot." [Laughter.]

Mr. GLASS. And we have not even got the pot. [Laughter.]

Mr. ROBINSON of Arkansas. We have got the pot, yes; but in the pot is crow instead of chicken. [Laughter.]

Mr. GLASS. Well, the housewife has been compelled to pawn the pot for a dust of meal. [Laughter.]

PROSPERITY

Mr. ROBINSON of Arkansas. In every national campaign since I was a boy—and I have been making assaults with intent to make political speeches ever since I was 19 years old, and sometimes I think the older I get the poorer and more ineffective become my efforts—the principal claim that the Democrats had to contest in order even to have a chance for victory was "prosperity." Have you forgotten that? "Oh, do not stop the wheels from turning! Do not strike a blow at industry! Let the smoke ascend from the factory chimneys. Hear the voice of prosperity in the whir of machinery. See it as it gleams and glistens in the glossy fabric of the loom. Behold the full dinner pail and a chicken in every pot!" Democrats responsible for all the ills that come, whether consisting of storm, flood, earthquake, or accident; Republicans to be credited for the sun that shines, for the rains that fructify the soils, for all the blessings and benefits conferred by an all-wise Providence on a deserving people!

"Prosperity! Yes," they declared; "if you elect a Democrat President of the United States business will at once begin to decline. Unhappiness will succeed cheer and promise. Despair will sink into the human heart, where now abideth hope."

And on that false issue—an issue which every honest person in the Republican Party now must admit to be false—they won election after election. Bankers, merchants, railroad magnates, other captains of industry were made afraid to put the Democratic Party in power because they feared unwise and oppressive legislation! They could trust the Republican Party, they said. They were induced to believe in the theory that so long as a Republican was retained in the White House business would be prosperous and human effort would succeed.

Look at the extent to which they carried it in 1928 in the advertisement to which I have already referred! They paid for this. They may have put it in the CONGRESSIONAL RECORD and sent it out at Government expense; I suspect they did; but certainly they paid for this as an advertisement in the Washington Herald on the 20th of October, 1928. I shall not take the time to read it all. Listen:

The Republican Party is not a "poor man's party."

If there is anybody in this country who doubts that is true, he will realize that it is untrue only because under a Republican administration and Republican policies and measures everybody has become poor. No; the Republican Party is not a poor man's party!

Republican prosperity has erased that degrading phrase from our political vocabulary.

No such word in the vocabulary as "poverty" or "poor man"; everybody rich, poverty abolished.

Republican efficiency has filled the workingman's dinner pail, and his gasoline tank besides—

Get that, oh, my fellow countrymen! Not only a full dinner pail, but a full gasoline tank!

made telephone, radio, and sanitary plumbing standard household equipment; and placed the whole Nation in the silk-stocking class.

Oh, yes! When you see 25,000 men walking with measured tread through this city, and in every great city of the country thousands and in some cases hundreds of thousands suffering because they can not get work, and then read that statement, it is almost enough to cause you to take an axe and a torch and go out and destroy the temple of Republicanism.

Placed the whole Nation in the silk-stocking class——

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Oklahoma?

Mr. ROBINSON of Arkansas. Yes; I should like to have a comment from the Senator from Oklahoma on that foolish statement.

Mr. GORE. The Senator says that 25,000 men in this city, and like numbers in other cities, are walking the streets in search of an opportunity to earn their daily bread by their daily toil. I remind the Senator that four years ago Mr. Hoover said that he intended to put the American people on their feet, and he has many a one afoot to-day. [Laughter.]

Mr. ROBINSON of Arkansas. That is one feature of the Republican program that has been carried out. [Laughter.]

Let me resume reading. Listen: Not only is the Republican Party responsible for the plumbing in the homes of the people, and for the gasoline in the tanks of the citizens' automobiles, but the Hoover campaign committee actually made the following contention:

During eight years of Republican management, we have built more and better homes, erected more skyscrapers, passed more benefactory laws, and more laws to regulate and purify immigration, inaugurated more conservation measures, more measures to standardize and increase production, expand export markets, and reduce industrial and human junk piles, than in any previous quarter century.

Take that boast and view it in the light of this day, and I wonder what will be the reaction of the citizens of this country when the Secretary of War or the Secretary of the Treasury or the Secretary of Agriculture—any one of the "three musketeers"—goes out to claim that the Democrats are capitalizing discontent when their candidate speaks of "the forgotten man."

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from New York?

Mr. ROBINSON of Arkansas. Certainly.

Mr. WAGNER. I think it might be appropriate at this point to inform the Senator that according to the latest official reports, in 124 cities in the United States 1,500,000 families are being fed from charity funds.

Mr. ROBINSON of Arkansas. An appalling statement! How strange it seems in view of this political advertisement by which President Hoover, and his crowd over there across the aisle, won the election over two honest and deserving Democratic candidates in 1928. [Laughter.]

Yes; they not only put in the plumbing, supplied the gasoline for automobiles, erected skyscrapers, and regulated exports—what have they done to exports? They have destroyed the export trade of the United States; and it is not due in large part, and certainly not in whole, to any depression. It is due to political policies carried out under laws enacted during either the Harding, the Coolidge, or the Hoover administrations.

Let me read some more from this sublime example of Republican fairness in carrying on an election:

Republican prosperity is written on fuller wage envelopes, written in factory chimney smoke—

I knew that "smoke" would have to come—

written on the walls of new construction, written in savings-bank books—

Listen to that!

Written in mercantile balances, and written in the peak value of stocks and bonds.

[Laughter.]

Mr. President, the only true declaration in that statement is the last—"written in the peak value of stocks and bonds." I have already shown and emphasized what that means—dishonest values; values inflated by the exercise of political influence; values encouraged, if not invited, without regard to any relationship to earning power.

Mr. GLASS. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Virginia.

Mr. GLASS. As to savings banks, we had more bank failures in Washington yesterday than we had under the last year of the Wilson administration; and we had more bank failures in the one city of Chicago in the last three weeks than we had in the eight years of the Wilson administration.

Mr. ROBINSON of Arkansas. The Senator has anticipated what I was intending to say, and he has said it better than I could state it.

Mr. President, imagine boasting about banks as reflecting the results of Republican measures and policies! If they could claim credit for the things of which they boast, shall they escape liability for the things of which they must feel ashamed?

Republican prosperity has reduced hours and increased earning capacity, silenced discontent—

Listen:

put the proverbial "chicken in every pot." And a car in every backyard, to boot.

Oh, yes. Chicken has been succeeded by crow. [Laughter.] The American people are eating crow for voting the Republican ticket in 1928, for accepting such declarations as that to which I am referring.

It has restored financial confidence and enthusiasm, changed credit from a rich man's privilege to a common utility, generalized the use of time-saving devices and released women from the thrall of domestic drudgery.

Mr. President, I am surprised that your party did not claim in 1928 to have relieved motherhood of the pains incident to childbirth. [Laughter.]

It has provided every county in the country with its concrete road and knitted the highways of the Nation into a unified traffic system.

Listen:

Republican administration has restored to the railroads solvency, efficiency, and par securities.

Never in my lifetime have railroad securities fallen so low as at this hour. Never in my lifetime have railroads been confronted with more difficult financial problems than at the present time. Never before in my lifetime, save possibly immediately following the war period, when the railroads were being returned to their owners by the Government, have the railroad systems of this country been compelled to go to the Government to secure credit and loans in order to avoid receiverships. Yet the Republican Party in 1928, as a false and fraudulent process for getting votes, claimed that they had restored the solvency of railroads, placed them on an independent financial basis, and claimed they had given a great many benefits to the people of the Nation with which the Republican Party had nothing whatever to do. They knew it was false when they made the representation. They knew they had nothing to do with putting plumbing in the homes of the people. They knew they had nothing to do with relieving American women from drudgery. They knew that their policies had nothing to do with bringing about the period of apparent prosperity which was so quickly and amazingly superseded by decline and depression in 1929 during a Republican administration.

"HOOVER LUCKY POCKET PIECE"

Mr. President, some good friend in the gallery reminds me of another form of political fraud that ought to make Pat Hurley blush! I doubt if anything could make him blush, but if anything in this world could accomplish that result, this ought to do it. I hold in my hand, sent me from the gallery, an effective and unusual form of political advertising used in 1928. Listen to what appears on this "lucky pocket piece":

Good for four years of prosperity.

This is a brass coin, colored to represent gold, and it is a fitting emblem of the political unfairness that prompted its creation. It was used by the Republican campaign committee. On the other side is a picture of that now emaciated animal, the elephant, so thin and feeble now that he staggers when he tries to lift his trunk.

Hoover lucky pocket piece.

Oh, my! That would bring the voters to the polls. That would make them look with scorn on Al Smith and his associate on the Democratic ticket. That would make them lift their eyes in grateful acknowledgment for the opportunity to vote for "The Miracle Man."

THE MIRACLE MAN

Perhaps it would prolong these remarks unduly to enter into a discussion of that phase of campaign propaganda resorted to in 1928. May I just speak for a moment on "The Miracle Man."

The senior Senator from Idaho [Mr. BORAH], who was the chief proponent of the President during the campaign of 1928 and probably made him more votes than any other campaign orator, said that Mr. Hoover was no ordinary person, that he was a most remarkable man; and immediately they began circulating propaganda to elect the extraordinary personality, the statesman of broad experience, of infinite business knowledge, "The Miracle Man."

The Senator from Idaho was not like a candidate down in the good old State of Arkansas in my boyhood days, who ran for district attorney. He was the best man on the ticket, but did not get very many votes and was defeated. So he said after the election, "I am through with politics. I never expect to run for office again as long as I live. Everyone who comes into my office and asks me a question must retain me. I don't work for nothing any more. My knowledge and experience ought to be paid for." The next day two well-known local politicans, father and son, came into the office and asked him a question. The lawyer said, "Before I answer that question, you had better retain me." They looked at each other and said, "What does he mean?" He replied, "I simply mean pay me a fee." They declared, "Why, you would not charge us for just answering a question, would you?" He answered, "Yes. I have made up my mind that everybody who profits by my knowledge and experience must pay me for it. That is my business." One of them said, "You ought not to do that. We did all we could for you in the election." He said, "Yes, you did. You did me all the harm you could. You talked for me and voted against me." [Laughter.]

The Senator from Idaho was not that way. He made a bold champion of the President, on the theory that the latter was a most extraordinary man, that his economic policies would benefit the people of the Nation, that his strong hand would guide the ship of state through every turbulent sea. But now we have the spectacle of all of the policies having broken down. We have Democrats in Congress assisting the President to pass his relief measures, and members of the President's Cabinet, the "three musketeers," going out to the country and denouncing Democrats, declaring that they have no policies of their own, that they merely support Republican policies. That is unfair, as I have shown from the declarations contained in the official program of the Democratic Party.

Mr. President, the simple truth is that any political party which claims to have within its power the control of the prosperity of the people, any political party that claims that it can dispel night and bring the dawn, any political party that boasts that disaster can not occur while it is in power, is deceiving the American people. It is entirely true that measures and policies, both National and State, have some direct relationship to the happiness, to the liberties, and to the prosperity of the people; but it is also true that to the industry, the courage, the thrift, the enterprise, the indomitable resolution of the citizenship of this Nation may fairly be attributed all the glories that have come to our people and all the victories that have come to our flag. In these troublesome times, when dangers not heretofore known reveal themselves, it is the part of patriotism and statesmanship to look bravely into public questions, to make and practice no deception concerning the relationship of politics to business.

A NEW DEAL WILL BRING IMPROVEMENT

I do believe that with a new deal, with a change of administration, with the application of the principles in the Democratic program which I have described, better times will come, equality of opportunity will be enjoyed, unemployment will be diminished; but I would not for my life claim that a change in laws can quickly overcome the results of mistaken policies and of erroneous conceptions of government.

We see now everyone looking to Washington, everyone expecting Washington to supply his daily needs, to procure employment for him, to make his business prosperous, to lend him the money necessary to carry on his trade. All that is the result of the sin and crime of the Republican Party in its campaigns heretofore, teaching the people to believe that prosperity was made by Republican administrations.

Mr. President, for the attention that the Senate has given to my remarks I desire to express my thanks. The Secretary of War, concluding his address last night, stirred his audience to a measure of enthusiasm when he said that he believed the verdict in November would be in favor of President Hoover and his policies. My reply to that declaration is that it profits little for the Secretary or myself to enter the realm of prophecy, but if it be true that the people give a verdict supporting the President and his policies in the election in November, then may God have mercy on the people and the Government we all love!

OFFER FOR PRINTING IN THE RECORD

Mr. BROOKHART. Mr. President, I ask leave to have inserted in the RECORD an address by Mrs. Jesse W. Nicholson, president of the National Woman's Democratic Law Enforcement League and the editor of the Woman Voter.

Mr. McNARY. Mr. President, I have no objection, of course; but the Senator who objected this morning, the senior Senator from Michigan [Mr. COUZENS], is absent, and I suggest that the matter be postponed until he returns to the Senate floor.

The VICE PRESIDENT. Objection is made.

CLAIMS OF MRS. ROSE GILLESPIE, JOS. ANTON DIETZ, AND MANUEL M. WISEMAN, TRUSTEE

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claims of Mrs. Rose Gillespie, Jos. Anton Dietz, and Manuel M. Wiseman as trustee of the estate of Louis Wiseman, deceased, against the United States, which, with the accompanying report, was referred to the Committee on Claims.

INCOME FROM COMMITTEE ON PUBLIC LANDS AND SURVEYS DISCLOSURES (S. DOC. NO. 138)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Joint Committee on Internal Revenue Taxation, transmitting, pursuant to Senate Resolution 264 (agreed to on the 11th instant), a report of the Joint Committee on Internal Revenue Taxation relating to taxes and penalties paid consequent upon disclosure before the Committee on Public Lands and Surveys of the Senate in the course of the investigation by it pursuant to Senate Resolution 101, Seventieth Congress, first session, and related matters, which, with the accompanying report, was ordered to lie on the table and to be printed.

PETITION OF RANK AND FILE OF THE BONUS MARCHERS

The VICE PRESIDENT laid before the Senate the petition of the rank and file veterans of the bonus marchers, signed by John T. Pace, chairman, praying for the prompt passage of legislation providing for the immediate cash payment of adjusted-compensation certificates (bonus) of veterans of the World War, and also that the present session of Congress do not adjourn until such legislation be enacted, which was referred to the Committee on Finance.

EXTENSION OF NATIONAL BANKING ACT TO THE VIRGIN ISLANDS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 4574) to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes, which was, on page 1, line 6, after the word "States," to strike out the remainder of the bill.

Mr. FLETCHER. I move that the Senate concur in the House amendment.

The motion was agreed to.

COMMENTS ON PRESIDENT HOOVER'S LETTER TO SENATOR BORAH

Mr. McKELLAR. Mr. President, on yesterday President Hoover addressed a letter to the Senator from Idaho [Mr. BORAH], which letter read as follows:

MY DEAR SENATOR: I have your inquiry this morning, through Secretary Stimson, as to the effect on the United States of recent agreements in Europe.

Our people are, of course, gratified at the settlement of the strictly European problem of reparations or any of the other political or economic questions that have impeded European recovery. Such action, together with the real progress in disarmament, will contribute greatly to world stability.

I wish to make it absolutely clear, however, that the United States has not been consulted regarding any of the agreements reported by the press to have been concluded recently at Lausanne, and that of course it is not a party to, nor in any way committed to any such agreements.

While I do not assume it to be the purpose of any of these agreements to effect combined action of our debtors, if it shall be so interpreted then I do not propose that the American people shall be pressed into any line of action or that our policies shall be in any way influenced by such a combination either open or implied

Yours faithfully,

HERBERT HOOVER.

Mr. President, I am very happy that the President, after some weeks of delay and after a veritable storm of opposition against his secrecy in the matter, at last has concluded to take the American people into his confidence about these European agreements.

I am glad to know "that the United States has not been consulted regarding any of the agreements reported by the press to have been concluded recently at Lausanne."

I am glad to know that the United States is not "in any way committed to any such agreement."

I am glad to know that the President does "not propose that the American people shall be pressed into any line of action or that our policy shall be in any way influenced by such a combination open or implied."

Mr. President, I commend President Hoover for these statements as far as they go, but I wish he had gone further and stated that he does not intend or expect to enter upon any kind of negotiations for the further modification or cancellation of the debts due us by European countries. In no place does he say that he does not intend to act finally in the program he has heretofore attempted to carry out, both in his public messages to the House and in his other public messages; that is to say, to bring about some degree of reduction or cancellation of debts.

I regret that he does not say that he is not going to have American representatives at any conference at which the question of our foreign debts could be discussed at all. I wish he had stated that he is not going to enter upon any other negotiations for any further moratorium. But he does not say it. Why can not he say that he intends to take American ground, carry out American policies, as adopted by an American Congress, rather than merely take the position that he does?

I wish he had stated that he had accepted the last act of Congress on the subject of reduction or cancellation of debts as final and binding upon him, and that there would be no more efforts upon his part to open the debt question that Congress has already passed upon, and which he had approved with his signature. When the moratorium measure was enacted he made the direct statement that there should be no direct cancellation, and the President approved that measure by his signature. Does his approval mean nothing? I wish he had gone forward and said further that he is going to stand by his own signature and is not going to permit, so far as he can prevent it, any change in the situation as to these foreign debts.

I wish that the President had stated that the international bankers had lent their money to foreign countries and to foreign people with their eyes wide open and that he does not believe it is the duty of this country to press the collection of those private debts ahead of its duty to collect these public debts due to the American people. But he said nothing about it.

At all events, Mr. President, President Hoover has stated that neither he nor the United States had any prior knowledge of the Lausanne agreement; that there have been no commitments, express or implied, on the part of the United States to take any course of action in regard to the further reduction or cancellation of our debts, and that this Government would not be bound by any of these European agreements. Mr. President, I believe I express the almost unanimous opinion of America in saying that we are devoutly grateful to the President for these belated and difficult-to-be-obtained assurances. I sincerely hope that he will stand by these assurances. Because of these assurances I believe that the Congress can now go home with the feeling that another moratorium or other debt reductions or cancellations will not be secretly foisted upon our country while Congress is not in session.

In this connection I want to take this occasion to congratulate the Senator from Idaho [Mr. BORAH] on obtaining this letter from the President. In so doing I think he has successfully invaded the proverbial Hoover sanctum of secrecy and has possibly saved great sums to the American people; that is, of course, if the President will continue his stand as set forth in his letter to the Senator from Idaho.

If European nations, either singly or together, want to repudiate their debts that is their matter; but surely we ought not to invite them to do so or agree that they may do so, or hint directly or indirectly that they may do so. I do not believe that any self-respecting nation will ever repudiate its obligations. If it does repudiate its obligations, it can bring nothing but dishonor and disrespect to itself.

Of course, it is all poppycock to talk about the remaining debts being "war debts." The war debts, with the exception of a small portion of Great Britain's debt, have all long since been cancelled by our country. Europe owes us the present debt for money loaned after the war for the purpose of reconstruction and administration of their several governments, with the small exception to which I have referred. Since the Lausanne agreement and since our President assures us that America is not privy to it expressly or impliedly, I hope we may all now agree that the heretofore expressed will of Congress shall be carried out by the President.

Mr. President, much has been said as to who is the author of the Lausanne agreement. Of course I do not know who is the author. It has never been disclosed by anybody. Premier Herriot said the agreement meant one thing. The Chancellor of the Exchequer of Great Britain, Mr. Chamberlain, said it meant another thing. Prime Minister MacDonald said it meant another thing. Mr. Stimson said he did not know anything about it. I do not believe there is anyone who does know just what it means or just why it was gotten up, except that it was for one purpose. That purpose was to remove $11,000,000,000 of tax burdens from European shoulders, where they ought to be, and place them upon the already overburdened tax-laden backs of American taxpayers.

Mr. President, I have protested from the very beginning against the cancellation or the reduction of these debts. I believe that I voice the sentiment of practically every Senator and every liberty-loving American in this country when I say that we have had enough of any proposed cancellation or reduction of the debts, and that hereafter the President, whoever he may be, should give no concern and make no hint and make no suggestion and make no proposal for the further cancellation or the further reduction of these debts so honestly due to the American Government.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, and that Mr. COL-

LIER, Mr. RAINEY, Mr. DOUGHTON, Mr. HAWLEY, and Mr. TREADWAY were appointed managers on the part of the House at the further conference.

CALL OF THE ROLL

Mr. SMOOT obtained the floor.

Mr. BLAINE. Mr. President, will the Senator from Utah yield to enable me to suggest the absence of a quorum?

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). Does the Senator from Utah yield for that purpose?

Mr. SMOOT. I do.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Kean	Robinson, Ind.
Austin	Dickinson	Keyes	Schall
Bailey	Dill	King	Sheppard
Barbour	Fletcher	La Follette	Shipstead
Barkley	Frazier	Lewis	Shortridge
Bingham	George	Long	Smoot
Black	Glass	McKellar	Steiwer
Blaine	Glenn	McNary	Stephens
Borah	Goldsborough	Metcalf	Thomas, Idaho
Brookhart	Gore	Morrison	Thomas, Okla.
Bulkley	Hale	Moses	Townsend
Bulow	Harrison	Neely	Trammell
Byrnes	Hastings	Norbeck	Tydings
Capper	Hatfield	Norris	Vandenberg
Cohen	Hayden	Nye	Wagner
Connally	Hebert	Patterson	Walcott
Costigan	Howell	Pittman	Walsh, Mass.
Couzens	Johnson	Reed	Watson
Dale	Jones	Robinson, Ark.	

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present.

REPUBLICAN POLICIES AND ACHIEVEMENTS

Mr. SMOOT. Mr. President, misleading statements and charges against the administration which is directing the affairs of this Government through this critical period should not be allowed to stand unchallenged lest they befog the public mind and retard an orderly recovery from the throes of depression. A medley of conflicting charges has been lodged against the economic policy of the Republican Party. On one hand, the Republicans are accused of failing to exercise world leadership. According to one distinguished critic, they threw away "the greatest opportunity for human progress within a thousand years." America had an opportunity to lead the world into an imaginary paradise, but instead the Republican Party decided that it would be wiser for us to mind our own business and not become involved in European politics. To the minds of some Democratic spokesman, on the eve of a presidential campaign, that seems to be an abominable doctrine.

On the other hand, the United States is accused of having formulated the economic policies of the world since 1920. The Government, under Republican leadership, is denounced for failure to exercise international leadership; and, at the same time, it is censured for having led the world astray. It is difficult to understand which criticism our Democratic accusers wish to stand.

But that is a matter of no importance. What I wish to direct to the attention of the Senate is the injustice of the charges here made against the President, and the unsoundness of the one policy suggested for relieving the country of its economic distress. It is charged that the Republican administration has exercised no leadership in this emergency, and that the country has been allowed to drift toward panic. No charge that might be raised against the administration could be more out of harmony with the facts. No man who ever sat in the White House, Mr. President, has been more devoted to the public welfare than Herbert Hoover.

Nearly every practical step that has been taken to relieve our distressing economic depression on a nation-wide scale has been initiated at the White House. What more do the critics of the President ask? What more can be done to ameliorate the conditions that have been brought upon the world by unwise business and financial policies without embarking upon the quicksands of socialism?

A few weeks ago the Senator from Tennessee admitted that—

> The Democrats face the tremendous responsibility of offering a sound and constructive program analyzing basic causes and offering basic remedies with respect to the domestic and international conditions, to the extent that the latter affect us.

What has the party done to carry forward that responsibility, except to fall in line with the constructive program inaugurated by the President? I wish to say, Mr. President, that the cooperation which has been forthcoming from the Democratic leaders in this respect is highly commendable. But there is no excuse for any Democrat to denounce the President of the United States for lack of leadership when the critic himself has no contribution to make to the country's economic welfare.

In the midst of adversity, President Hoover has never once been stampeded into rash action that might weaken the fundamental structure of American industry and finance. He is criticized because the relief measures he has proposed are designed to set the wheels of industry and commerce into motion once more, and not to upset the basic structure of our economic system. The President is denounced because he refused to turn a deep-seated evolution of economic forces into a revolution. If the American people will study well the accusations that are made against their leader in the White House, they will soon recognize that the captious charges that are made against him are, in reality, praises for his sagacity and far-sighted policy.

Temporary recovery from the depression through the adoption of uneconomic practices would be a curse upon future generations of American citizens. This is a great day for those who lean toward a dole for the unemployed and toward bureaucratic control over industry and commerce. They revel in taunting Government officials because prosperity is in temporary suspension. But every sober student of history knows what would happen if Congress should yield to their demands. The Republican Party must stand firmly against disintegrating forces. The restoration of prosperity at the cost of economic freedom, or with the loss of the traditional responsibility and independence that each individual in America feels, would be a lasting blight upon the Nation.

Socialistic and bureaucratic measures are the only alternative to the patient policy of the Republican administration. President Hoover is working almost night and day to strengthen the weak spots in the American economic system. It is easy for critics to point out the factors which entered into this world-wide depression and to manifest their superior judgment upon events that have passed into history. But when it comes to pointing the way out of our present dilemma they speak with less precision and for the most part keep their discussions high in the realm of fantastic theory, where they may evade any contact with unyielding facts and conditions. While the President continues to wrestle with forces that are beyond their knowledge—forces that are kept from public attention for obvious psychological reasons—his critics merely stand on the side lines and pretend to hold within their bosoms the secret of economic restoration.

Foremost among the theoretical panaceas that are designed to cure this world-wide depression is reduction of the American tariff. At its national convention in Chicago the Democratic Party denounced the existing tariff law and demanded "a competitive tariff for revenue." Of course, Democratic Senators would not stoop to vote for protective tariffs. Nevertheless, I think that the Senate might find some interest in the records of Senators who have denounced the Smoot-Hawley Act at Chicago or on the floor of the Senate. The senior Senator from Kentucky [Mr. BARKLEY] waxed eloquent over the alleged "iniquities" of the Republican tariff at Chicago. But he did not tell the convention what line of reasoning led him to perceive that the duties on coal and oil, for which he recently cast his vote, were vicious protective tariffs. Does the Senator pretend it is only a happy accident that his home State is interested in the coal and petroleum industries and an unhappy accident that neither of those duties is calculated to produce enough revenue to be worthy of consideration? I know from his

address that the Senator objects "to the use of the power of taxation by small groups to stimulate their particular interests with an artificial invigoration at the expense and to the damage of the whole people." But I do not know how the Senator reconciles his votes with that pretty theory.

The Senator from Kentucky did not tell the Democratic convention that he helped to write the Smoot-Hawley Act with his votes in favor of increased duties on casein, gypsum, cattle, and silver ores. At that time the Senator had an opportunity to vote for the lower duties which he now demands. Yet he recorded votes against lowering the rates on olive oil, against lower rates for china clay, mustard seed, sole leather, and hides. It is very apparent that the Senator believes in tariff reduction for everyone except the industries of his home State.

Let us turn to the record of the senior Senator from Montana [Mr. WALSH], who added his voice to the antiprotection chorus at Chicago. The Senator voted for increased duties on casein, thread, wool rags, crude gypsum, cattle, and mustard seed. He voted in favor of maintaining high duties on card or burr waste, wool rags, coarse wool, mustard seed, and hides.

Both of the distinguished Senators from Montana, who subscribe to the theory of "competitive tariffs for revenue," favored the copper tariff in the recent tax bill. The junior Senator from Montana [Mr. WHEELER] voted for it and announced that the senior Senator would have voted favorably had he been present. The pious pretense of the Democratic platform does not prevent any Democrat from advocating special benefits for his home State.

Not even my friend from Mississippi [Mr. HARRISON], the ranking Democratic member of the Finance Committee, whom I hold in the highest regard as well as in genuine effection, can resist the alluring benefits of protection when the interests of Mississippi are involved. Twice he voted in favor of increasing the duty on long-staple cotton. Higher rates on synthetic camphor, cattle, and silver ores also drew his support. Amendments were offered to reduce the duties on olive oil, filaments and yarns of rayon, and mustard seed, but the Senator from Mississippi voted against them.

When it is a question of protecting the cotton, tobacco, cattle, and silica industries the senior Senator from Georgia is as stern a protectionist as anyone on this side of the aisle. When the Smoot-Hawley Act was under consideration he voted in favor of nine increases and against six decreases. His high-tariff votes were limited only by the extent of Georgia's economic interests.

The Senator from Texas, who is also a member of the Finance Committee, recently led the fight for an embargo on petroleum; but that only confirms his previous record. He voted for 21 duty increases in the last tariff act and against 12 proposed decreases. His colleague from Texas voted in favor of 32 increases and against 12 decreases. These are by no means conspicuous examples. The senior Senator from Wyoming voted for 30 specific increases and against many more decreases. I have the list in my desk, and they are all on it. Both the Senators from New York proved themselves to be confirmed protectionists, so far as the industries of their home State are concerned.

I have no fault to find with Democrats who vote to protect the industries and the workingmen of their home States. It is their duty to promote the welfare of their States and the Nation. But I do emphatically condemn the hypocrisy of a party which forces its Representatives in Congress to denounce legislation which they have helped to enact for the benefit of their localities. I doubt if there is a Democrat in this body who would not fight to retain the benefits he secured for his locality under the tariff act of 1930. Yet every one of them is bound to support a fatuous platform which pretends that only Republicans are interested in tariff protection.

A widespread effort is being made to convince the American people that the Republican Party believes in special tariff privileges. That charge rebounds upon our Democratic critics like a vengeful boomerang. The Republican Party believes in tariff protection for all legitimate industries, labor, and agriculture. We do not skulk about the Capitol seeking special benefits for one locality while denying them to another. We candidly and emphatically prefer to give jobs to our own workingmen before considering the welfare of foreign labor. It is the Democratic Members of this body who seek special tariff privileges for their own States, and then sanctimoniously repudiate their work under the false pretense that tariff making is a vicious Republican game. It is time that the American people were fully informed of this political trickery. It is a blot which the Democratic Party can not efface until it learns the meaning of common honesty in political matters.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Texas?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. CONNALLY. The Senator believes that we ought to use domestic articles amongst our own people whenever it is possible, does he not?

Mr. SMOOT. I believe it with all my heart.

Mr. CONNALLY. Does the Senator approve the action of the Post Office Department the other day in going, in the face of the statute which we passed, and buying its supplies of twine from the Ludlow Co. of Boston—jute—instead of buying cotton produced and manufactured by our own people?

Mr. SMOOT. Mr. President, I have not gone into the matter. I never heard of it until the last few words that were spoken here yesterday, I think; but I want to say that if that be the case as the Senator states it now, I am opposed to it.

Mr. CONNALLY. If that is the Senator's attitude—and I do not challenge it, and I thank him—I am just wondering why it is that the responsible Cabinet chiefs of the administration pursue that sort of a policy toward our own people, and yet the administration protests here on the floor, through the Senator and others, that it is for American goods and American industries, while it belies its own professions by that sort of thing.

Mr. SMOOT. If the Senator knew my record—and more than likely he has heard about it—on this question of substituting jute for cotton, I want to say to the Senator that that question has been before the Finance Committee beginning in 1909 that I know of; and I have always stood up for American cotton, and I shall always do it.

Mr. CONNALLY. I thank the Senator. The only other request I have to make of him is that I hope he will use his powerful influence on some of the Cabinet and responsible men in the administration to adopt the Senator's views and give us justice.

Mr. SMOOT. Now, Mr. President, I want to call the attention of the Senate to what happened when Congress attempted once before to cure a depression by revision of customs duties downward. It will be remembered that William McKinley was elected President in 1896 on a platform that demanded protection for American industries. No one will deny that McKinley believed in international trade. He took essentially the same attitude toward foreign trade that the Republican Party takes to-day. His motto was to protect American industries against unfair foreign competition so that the United States would be in a position to expand its foreign trade.

The soundness of that theory was demonstrated by its application to conditions that were very similar to those we are experiencing to-day. Clouds of depression spread over the country in 1893. A Democratic Congress was elected, in the hope that its economic policies might turn the tide of events toward prosperity. The Democrats demanded that international trade be unfettered; and since they had control of the Government, they proceeded to emasculate the American protective policy. Tariff rates were cut down lower than they had been for years, with what result? Instead of stimulating international commerce and lifting the country out of its slough of despond, this act merely left the Government with a huge deficit and the people with more acute economic distress. Even imports declined

sharply, in spite of the lower rates of duty. Remember that, Senators. All you have to do is to look at the records.

In the last year under the Wilson low tariff, exports slumped to $1,050,000,000, as compared with $1,730,000,000 for the year prior to its enactment.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Texas?

Mr. SMOOT. I do.

Mr. CONNALLY. What did the Senator say our exports were during the last year of the Wilson tariff?

Mr. SMOOT. One billion and fifty million dollars.

Mr. CONNALLY. How do they compare with the exports last year under President Hoover's administration?

Mr. SMOOT. They were about one-third, I think.

Mr. CONNALLY. About one-third?

Mr. SMOOT. Just about. Our exports have steadily increased.

Mr. CONNALLY. Were they greater in 1931 than they were in 1930? Would the Senator mind telling us how much exports fell off in 1930 from 1929 and in 1931 from 1930?

Mr. SMOOT. I have not those figures here, but I can say this to the Senator——

Mr. CONNALLY. It seems to me they are quite pertinent. The Senator is talking about the present administration and he ought to quote figures dealing with the present administration.

Mr. SMOOT. I thought there was not a soul in the United States but that knew approximately what they were.

Mr. CONNALLY. If the Senator has not the figures, I will tell him that the exports in 1930 fell off $1,000,000,000 from those of 1929.

Mr. SMOOT. Yes; from the exports of 1929, the peak year. The present tariff act was not passed until late in 1930, so it did not have any effect upon the importations of 1930; but the Senator may try to compare our importations now with what they were in 1929. Why, if all the foreign trade outside of the countries themselves were added together, the whole thing would not amount to the trade of the people of the United States during that year.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. SMOOT. I do.

Mr. LONG. I assume that the Senator takes the view that there should be a tariff equal to the difference between the cost of producing in this country and the cost of producing abroad.

Mr. SMOOT. I certainly do.

Mr. LONG. I wonder why it is that we never have been able to get more than about one-fifth that difference in the case of oil? We got only 21 cents tariff on oil. Why is it that we can not get the Republican Party to stand with us to put oil up as high as the difference in the cost of production?

Mr. SMOOT. Mr. President, there has never been, so far as I recall, until this last year, a question of a duty upon oil. Not a soul from the South or from the West or anywhere else even suggested a duty upon oil until conditions here—world conditions, I might add—made it necessary to do it; and I want to say to the Senator that I was very glad indeed to vote for a duty upon oil.

Mr. McKELLAR. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. SMOOT. Yes.

Mr. McKELLAR. The Senator has just said he was very glad to vote for a duty on oil.

Mr. SMOOT. Yes.

Mr. McKELLAR. Can the Senator inform us whether or not the price of oil went up after the duty was voted?

Mr. SMOOT. Mr. President, I have not the quotations here, but I do know this: It will stop the importations of oil, and the American consumers will purchase American oil.

Mr. McKELLAR. Of course, the purpose of the duty was to increase the price of oil to American producers.

Mr. SMOOT. Not altogether, Mr. President.

Mr. McKELLAR. If, as I understand, it did not have that effect, I do not see what good it did.

Mr. SMOOT. The Senator does not understand the principle of a protective tariff.

Mr. McKELLAR. No, sir; I never have understood it, and I doubt if I ever will.

Mr. SMOOT. Another thing: The Senator does not want to understand it. But, Mr. President, this is what the oil tariff has done, at least: It has provided a market for home-produced oil; and even if the price is the same, on account of local competition, it is American oil. it is American money, and it has not been cut to pieces by foreign oil coming into this country.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah further yield to the Senator from Louisiana?

Mr. SMOOT. Yes; I yield.

Mr. LONG. I understand from my friend from Tennessee that the price of oil actually went down with the tariff that was put on, instead of going up, as many of us contended it would do, and protect the independent industry in this country. I was further informed that the copper combination had suffered a severe blow because of the protection on copper. The point I am making is, Why was it that it took 12 years for the Republican Party to see the necessity of giving a tariff on products that would not aid monopoly?

Mr. SMOOT. Mr. President, as far as copper is concerned, the copper people themselves said that they did not care whether they had a duty upon copper or not until this very year, when we were asked to place one upon it. The Utah Copper Co., normally producing or handling sixty-odd thousand tons every day, has not a wheel moving to-day. Not only that, Mr. President, but the new discovery of copper in South Africa carries, I am told, about 12 per cent of copper, whereas the Utah copper has but 21 pounds of copper in a ton of earth.

Not until after President McKinley had been elected and called Congress into extra session in 1897 was this era of hard times brought to an end. A new protective tariff was enacted. Prosperity gradually returned, with both imports and exports growing to larger volumes than had ever been known before. Since that time the United States has never been without protection for its domestic industries. That experience earned for the Democratic Party its well-known sobriquet—" the party of hard times."

The same disastrous results probably would have followed the Democratic tariff of 1913 had not the World War swept away the competition of foreign producers for a larger share in the American market. Throughout the period of the war American producers were doubly protected in spite of Democratic policy. Competitors were so occupied with supplying the demands of their governments that they had no surplus to ship to America. Industry and agriculture in this country not only had the domestic market to supply but the war created exceptionally heavy demands for exports.

When the war was over Congress found it necessary to re-establish the protective system to save American producers from a deluge of cheap foreign commodities. Had the Democratic policy prevailed the industries that American genius, American capital and labor had developed would have been doomed. The United States would have had a chronic unemployment problem and would have fallen headlong into the present depression with no reserve strength nor capital to meet it.

Quotations from President McKinley and President Hoover as to the desirability of international trade mislead only those who are trying to substitute imports for domestic business. No doubt President Hoover would repeat to-day what he said in his Boston address—that " to insure continuous employment and maintain our wages we must find a profitable market for our surpluses." But the President did not suggest that in a vain effort to find foreign markets we jeopardize the home market we already have.

The issue here involved is not foreign trade but the protection of American enterprise. International commerce is a natural by-product of domestic trade. Throughout the annals of our country we find that foreign trade has fluc-

tuated in close relationship to business within our borders, unless influenced by war or some other abnormal factor. In this period of depression the best statistics available show that the decline of foreign commerce has about kept pace with the falling off in domestic business. Does the Democratic Party suppose that by some magic power the Government could or would maintain foreign trade at its former volume while domestic industry is in a slump?

I want to say, Mr. President, that 90 per cent of what we hear about the destruction of our foreign trade is nothing more than the fabrication of misleading data. That is the only argument left to the antiprotectionists. Just a short time ago they were trying to convince the country that the tariff act of 1930 would bring about a tremendous inflation of prices and add $2,000,000,000 to the cost of living in the United States each year. Now, when commodity prices are only a fraction of what they were before the tariff act was passed, they have nothing to complain about except the fanciful "ruin" of American trade abroad.

Anyone who has examined the facts knows that most of the spectacular decline in the value of foreign trade—or all trade, for that matter—is accounted for by the decline in prices. No tariff barrier could maintain price levels in the face of a drastic depression throughout the world; but it is a fact of record, Mr. President, that prices in this country have declined much less than prices abroad. That is why the same critics look at the diminishing dollar sign on our import trade and close their eyes to the enormous bulk of foreign goods that are coming into the United States to displace the products of American factories and farms.

Let me call attention of the Senate to the Department of Commerce's analysis of foreign trade for 1931. It has this to say:

> The marked decline in the dollar value of our foreign trade during 1931 was attributable in large part to sharp decreases in price, which affected all classes of commodities. In physical volume exports showed a decline of about 20 per cent as compared with 1930, while imports were only 10 per cent smaller. Since domestic industrial production fell off 16 per cent and freight-car loadings dropped 19 per cent, it appears that the shrinkage of our foreign trade was about as great as the decline in domestic business, the decrease in exports being slightly larger and that in imports somewhat smaller.

During the first quarter of 1932 the volume of imports into this country was only 4 per cent lower than in the corresponding months of 1931, in spite of the fact that American production was curtailed from 16 to 20 per cent. Is the remedy for this situation a reduction of the American tariff, so that a greater volume of foreign goods may be poured upon our markets? If ever there was a time in the history of the United States when we need tariff protection, it is to-day when the markets of the world are glutted, thousands of factories and farms are turning out more than the limited purchasing power of the world can buy, and every producer is seeking an outlet market for his surplus. It would be sheer madness, Mr. President, to tamper with our protective system under such conditions.

It is very strange to listen to distinguished critics proclaim the destruction of our foreign trade when American exports still exceed those of any nation in the world.

I want Senators to mark that—American exports exceed those of any other country in the world. Is it possible that men with reason would think of tampering with the protective tariff, knowing the conditions in the world to-day, with the purchasing power of the peoples of the world shattered, with commodity prices 30 per cent lower than they were a few years ago? It is impossible to think such a thing.

Mr. LONG. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. LONG. As I take it, the Senator does not think the tariff has caused this depression.

Mr. SMOOT. I do not.

Mr. LONG. Then what has?

Mr. SMOOT. Perhaps I can explain it in just a few words to the Senator. The world can not destroy $200,000,000,000, the world can not destroy tens of millions of the flower of the manhood in the world, without having to pay the penalty; and she is paying it to-day, and we are paying our part of it.

Mr. LONG. The Senator means we are just now paying what the war cost, on account of destroying something?

Mr. SMOOT. There is no doubt about it.

Mr. LONG. Have we not more wheat than we had before, more cotton than we had before, and more corn than we had before? What is it that we have not more of now than we had when this flowery condition existed?

Mr. SMOOT. There is more to it than cotton and wheat.

Mr. LONG. I am just trying to find out what caused this trouble. I know the Senator is one of the leading economists of this country, or of any country, and I am just one of the country boys fixing to go back home, and I want to find out what brought this trouble about. We have had you fellows here 12 years, and I would like to find out just what has caused the trouble. The Senator says the tariff has not caused it. What is the trouble?

Mr. SMOOT. The purchasing power of the world is destroyed. Take every man in this Chamber—perhaps not the Senator from Louisiana, but take every other man in the Chamber—take every farmer in the country, take every mechanic in the country, take every business man in the country, they are not producing what they did before, and the Senator knows it.

Mr. LONG. They can not buy.

Mr. SMOOT. Why not? Because they have not the money with which to buy.

Mr. LONG. Why have they not?

Mr. SMOOT. They have not it on account of the destruction of billions of property during the World War and the debts that were piled upon the people of the world. The debtors have to pay them sooner or later. The interest alone is enough to destroy business.

Mr. LONG. Will the Senator permit another question along that line? We had about 12 years of Harding, Coolidge, and Hoover prosperity here.

Mr. SMOOT. Yes; we did; decidedly so.

Mr. LONG. With advertisements even over the signatures of all three of these men to buy stocks and not to sell America short. What has occurred, and how did it occur, during these 12 years of prosperity, so that we are now in this economic distress? The tariff has not caused it, the Senator says. What has caused it?

Mr. SMOOT. It occurred because of the fact——

Mr. LONG. Did the war cause the prosperity of the Coolidge administration?

Mr. SMOOT. The Coolidge administration had prosperity while all the balance of the world was purchasing goods from us; yes.

Mr. LONG. Then the war caused the prosperity of the administration of Hoover, as long as it was prosperous, and of Coolidge and Harding. What we have now is what they did to the country.

Mr. SMOOT. I say now that the prosperity that came to the United States, if it could be called prosperity, was added to by the war. Every person was paid an exceedingly high wage, and prices for commodities were high all the world over. The settlement day is here.

Mr. BYRNES. Mr. President, does the Senator think we ought to have another war in order to get another 12 years of prosperity?

Mr. SMOOT. That is a silly question for any man to ask.

Mr. BYRNES. Is that not what the Senator's argument amounts to?

Mr. SMOOT. If I thought that anything that might produce prosperity in the United States would bring such trouble to the rest of the world, I would not support it.

Mr. BYRNES. The Senator says that war brought prosperity. Is not that so?

Mr. SMOOT. I said that in part it brought temporary prosperity.

Mr. BYRNES. The war that caused 12 years of prosperity is now causing the depression?

Mr. SMOOT. I have not made any such statement, and the Senator need not try to put any such statement in my mouth.

Mr. LONG. Mr. President, will the Senator yield again?

Mr. SMOOT. I refuse to yield any longer.

Mr. LONG. Just one more question.

Mr. SMOOT. No; I want to get through. I do not want all of this nonsense in my remarks.

The VICE PRESIDENT. The Senator declines to yield.

Mr. SMOOT. I know it is not pleasant for members of the Democratic Party to listen to the facts, and all they are trying to do is to becloud the facts. The American people will know sometime what the facts are.

In the fiscal year of 1931 exports from the United States were valued at $3,033,700,000. No other nation came within the $3,000,000,000 class for the same period. Exports from Great Britain amounted to only $2,636,100,000, Germany exported goods valued at $2,524,400,000, and France sold $1,428,300,000 worth of her products abroad.

It is a significant fact, Mr. President, that the United States, which centers its attention upon domestic commerce, should have larger foreign markets than any other country, in spite of the fact that some of our closest competitors make international commerce their specialty. Great Britain, for example, must import foodstuffs and raw materials to live. By comparison the United States is largely self-contained. Only a few foreign products, such as rubber, silk, and tin, are essential to our economic well-being. Great Britain must sell her manufactured products abroad to pay for foodstuffs and raw materials. Foreign markets are an absolute necessity for her. But the United States sells more than 90 per cent of its output to the home market. In spite of this fundamental contrast between the trade philosophy of Europe and America, this country has a greater export market than any European nation. To speak of the collapse of American trade in the face of this fact is to trifle with veracity.

It is a matter of record, Mr. President, that we sold as large a percentage of our domestic output abroad before the war as we did in the heyday of 1929.

Department of Commerce records show that 9.7 per cent of our production went into foreign trade in the year before the war, compared with 9.8 per cent in 1929. During the interval, America underwent intensive industrial development, but we did not seek to exploit the world with our goods. American producers found it more advantageous to cultivate the home market by steadily advancing the standards of living. Our total production has been multiplied many fold, but the percentage of goods that are shipped abroad is considerably smaller than it was 30 years ago. Is there any reason, then, in assuming that prosperity will evade us until we find new foreign markets to exploit? American prosperity has never been based on exports abroad, and it probably never will be. Foreign markets are only a tiny supplement to our own immense market. While we can not guarantee to American manufacturers, labor, and agriculture a foreign outlet for their goods, we can and will safeguard the market they already have within the confines of the 48 States.

The facts clearly show, Mr. President, that the reduction of our export trade is due chiefly to lower purchasing power in foreign countries rather than to any desire on the part of other nations to punish us for protecting our home industry. The exports that suffered most were luxuries and articles used in ordinary industrial development which is now at a standstill. For example, the value of our automobile exports fell 47 per cent; the value of refined oils, principally gasoline, 47 per cent; manufactures of iron and steel, 51 per cent; and agricultural machinery and implements, 50 per cent. Our exports of necessities, such as cotton and silk manufactures, chemicals, and rubber products held up much better. These figures simply indicate that foreign nations have bought from us those products that they needed most in hard times.

Reasons for the decline in imports to the United States are similar. I defy the antiprotectionists to prove their charges that the tariff act of 1930 is the chief cause for the shrinkage in our imports. If they take the trouble to inquire from the Department of Commerce, they will learn that the value of free imports fell during 1931 as much as did the value of dutiable imports. In both instances the decline was slightly more than 32 per cent. Do the learned economists and statesmen who rail against the tariff contend that the duties levied by Congress in 1930 are responsible for the reduction of free imports?

This is an extremely embarrassing fact for them to contemplate. Hence, they seek to becloud the public mind. They try to convey the impression that the tariff has destroyed our foreign trade when indisputable figures show that more than two-thirds of the shrinkage in the dollar value of imports may be traced directly to commodities on the free list.

I anticipate an attempt to explain away this significant fact by the argument that most of our free imports are raw materials which have undergone a drastic price reduction. Nevertheless, there has been a steady demand for raw products, such as rubber, coffee, silk, and so forth. The prices of dutiable imports may not have fallen so low as those of the average free commodity. But luxuries and specialties, which constitute a large portion of the dutiable list, are not in great demand during a time of severe depression. The loss resulting from sharp price reductions for free imports is offset by the reduced demand for dutiable imports.

Free and dutiable imports reacted in the same general way toward the forces of depression. That fact can not be disputed. It takes the foundation from under the whole Democratic argument that the tariff has closed the American market to imports and destroyed our foreign trade.

Critics who lament the collapse of the foreign market for such products as cotton are apparently oblivious of the fact that the foreign shipments of American cotton were 5 per cent greater for 1931 than for 1930. Crude-petroleum exports were 8 per cent larger, and the shipments of tobacco fell off only slightly. Wheat exports were 16 per cent lower, and the volume of American meats consumed in foreign countries fell off 17 per cent. On the other hand, fruit exports registered a decided increase. There is no element of ruin in these figures. Buying power has been temporarily curtailed. But I have no doubt, Mr. President, that with the resumption of normal conditions our trade with other nations will continue to increase without the sacrifice of a single American industry.

I wish to direct the attention of the antiprotectionists to another significant fact in connection with our tariffs and trade. Most of our tariffs are levied against Europe. Only 42 per cent of our imports from that continent come in free, as compared with 67 per cent for the world as a whole. If the decline in our exports were a result of retaliation on the part of foreign countries affected by the American tariff, we could expect our heaviest loss of export trade in Europe. But that is not the case. In 1931 the value of our exports to Europe fell off 35 per cent. The decline in volume was, of course, much smaller. Europe remained our best customer in spite of the fact that most of our tariffs are levied against her products. Since the depression began Europe has bought a considerably larger portion of our exports than before.

Our trade with South America shows a remarkable contrast. Nearly 84 per cent of everything we import from the southern Republics comes in free. Yet our exports to that continent in 1931 fell off 53 per cent in value, or half as much again as did our exports to Europe. Asia is the only continent that showed a more moderate decline in the purchase of American exports than Europe. For the most part, those continents, whose goods come into the United States with almost no duty, bought proportionately less from us, and Europe, whose exports to America are mostly taxed, bought proportionately more from us.

The flimsy theory that our diminished foreign trade is due to retaliatory tariffs can not stand. Even if we should eliminate from consideration all figures and contemplate the bare fact that nations have been busy revising their tariffs ever since the war, only the most fantastic imagination could attribute these numerous revisions to the influence of the American tariff. Many nations have adjusted their duties

skyward, both before and since the American tariff of 1930 became effective. Anyone who looks into the background of the world's economic conditions ought to realize that all nations have been actuated by the same influence—the desire to protect their own producers. The world has been deluged with more goods than the purchasing power of the people can buy. Every nation is seeking to dump surplus crops or excessive industrial output upon its neighbors. Woe to the market that is unprotected in these days of feverish production and underdeveloped purchasing power. The manufacture of goods of every kind and the growing of crops have become so easy that the world is overwhelmed by the results.

To suggest that this dilemma is a result of tariff barriers is to put the cart before the horse. Tariffs that have sprung up, like mushrooms, in nearly every part of the world in the last decade are a result and not the cause of economic maladjustments. So long as world economic conditions remain as they are, no other nation will relinquish the protection of its domestic markets; and if the United States should attempt to do so, as a gesture of economic good will, our people would become the victims of world-wide exploitation.

The idea of Congress revising the American tariff downward, according to its own judgment, but acting as nearly as possible in concert with other nations, is a grandiose pipedream. Tariffs are levied for the protection of home markets, not with a view to stimulating international trade. If the protective policy is to continue as a vital force in our industrial and agricultural systems, it must be based upon the interests of American and not foreign importers. No nation can be allowed to dictate what our tariffs should be. When Congress once more undertakes to revise the tariff, it should be in response to a demand from Americans and not foreign interests. At present there is no such demand. A few Democratic candidates seeking to capitalize the depression have indulged in reckless charges, but not one has had the courage to submit a measure containing specific duty reductions. Why? Because they realize that American producers are already in distress and that any additional concessions to importers could only add to the number of unemployed men and idle factories.

Let the Democrats who advocate an international tariff conference name the industries that would be denied protection as a concession to importers who seek greater privileges in the American market; let them specify what industries they would sacrifice to appease the purchasers of American automobiles and machinery abroad. Unless the Democratic Party comes forth with a tariff measure to correct the alleged "iniquities" of the 1930 act, about which its spokesmen are complaining to the high heavens, it will convict itself of gross hypocrisy before the bar of public opinion.

The fact of the matter is, Mr. President, that the leaders of the Democratic Party in Congress are misled by European economic philosophy. They have borrowed the theories of the British and hence see no prosperity except that which comes from overseas. They put the United States in the position of a tiny state, like Belgium or Rumania, which must trade extensively with its neighbors to live. Apparently they are unable to comprehend the difference between the vast free-trade area of the 48 American States and the restricted confines of a European country. Where tariffs work an extreme hardship upon Europe with its myriad boundary lines, they make America with its endless and varied resources, its extensive market, and its high standards of living, the most prosperous Nation in the world.

The application of European policies will provide no solution for our economic difficulties. Suppose that Europe did succeed in reducing the economic barriers that separate one country from another. That would not obviate the necessity of equalizing the costs of production in the Old World with those of the United States. A substantial American tariff would still be necessary.

Public opinion has been stifled by misinformation as to the Republican tariff policy. For example, I read a few weeks ago in a magazine of reputable standing an article that purported to show that the Republican Party keeps building tariff barriers higher and higher simply because it is compelled by expediency to create a new issue for every campaign. To suggest that the Republican Party has written tariff acts that are contrary to its own best judgment is a slanderous falsehold that would be unworthy of answer were it not for the fact that this statement is part of an organized propaganda to discredit the tariff in the eyes of the American people.

I deny that the Republican Party has elevated tariff rates higher and higher without regard for the economic needs of our country. As a matter of fact, the average rate in the Smoot-Hawley Act is not as high as the corresponding average 30 years ago under the Dingley law. The best measuring rod we have for tariff barriers is the equivalent ad valorem rates. During the first six months under the 1930 act the average rate on dutiable items was 44 per cent. Under the Dingley law of 1897 the average rate reached as high as 52 per cent, and the average for the 12 years under this statute was in excess of 46 per cent.

Mr. TYDINGS. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Maryland?

Mr. SMOOT. I will yield for a question.

Mr. TYDINGS. I should like to ask the Senator whether or not he believes it was in consequence of the Smoot-Hawley tariff bill and whether or not it helped American laboring men when, after that act was passed, 246 American factories removed from Detroit, Mich., to Detroit, Canada, and many other American concerns transferred their plants to foreign countries, thereby employing foreign labor to make goods with American capital which had formerly been made by American capital in the United States?

Mr. SMOOT. The Senator need not talk about that movement beginning recently. It was going on before the Smoot-Hawley bill was passed. Mr. Ford established a plant in Ireland; the United States Steel in France; the shoe interests in Czechoslovakia. American capital, American machinery, American foremen went to other countries where there is the cheapest labor in the world.

Mr. TYDINGS. Does the Senator think that moving these 246 American plants from Detroit, Mich., over to Detroit, Canada, and employing Canadian workmen, helped the American workman who was unemployed?

Mr. SMOOT. The wage scale in Canada is about the same as it is in America, and there must be some other reason.

Mr. TYDINGS. The fact that Canada can send her products to the whole British Empire without paying any duty makes a difference, does it not?

Mr. SMOOT. The Senator wanted to ask me a question, and I have answered the question.

Mr. TYDINGS. I am now asking the Senator a question.

Mr. SMOOT. When I get through with my remarks I will answer any question the Senator may ask.

Mr. TYDINGS. If the Senator does not want to answer a question in direct opposition to what he is now saying, for the reason that it can not be answered, I will not insist on asking the question.

Mr. SMOOT. It is not in opposition to what I have said or to anything in the few remarks I am making. However, I am a protectionist and the Senator is not.

Mr. TYDINGS. I thank the Senator.

Mr. SMOOT. Mr. President, in 1909 the Republican Party revised the tariff downward, because it was convinced that the situation of the country warranted such action. The war saved the American people from economic difficulties when the Democratic Party riddled tariff rates in 1913. When the war was over it became imperative for the Republicans to reestablish the protective system to save the country from economic ruin. But the best measuring rods avail-

able indicate that the rates in the Fordney-McCumber law were not, on the whole, as high as those which prevailed at the beginning of the century.

Everyone who has given even superficial thought to the tariff act of 1930 knows that it was not a general revision upward, but that it was an adjustment to meet changing conditions. If Congress could have foreseen the conditions of world competition that now confront us, the rates might have been fixed considerably higher than they were. The Republican Party is not shackled to any impractical theory as to how high tariffs should be. We insist that they shall be high enough to protect American industry, labor, and agriculture against undue foreign competition. World conditions and not philosophical conjectures are the determining factor. In the intensity of economic competition among all nations and all people at this time it is a question of whether a greater and not a smaller degree of protection should be allowed to our own producers.

I deny that the rates and classifications of the 1930 tariff act operate as an embargo. Congress has set up a fact-finding agency—the Tariff Commission—which is charged with the duty of finding differences in the cost of producing the same or similar articles in the United States and the chief competing countries. During the last year the commission investigated and prepared reports on production costs for 72 different commodities. These commodities were the most controversial items in the last tariff bill. But the commission did not find them to be virtual embargoes. Thirty-nine of the seventy-two duties considered were found to equalize the costs of production here and abroad as nearly as that can be done. A few duties were found to be too low for that purpose, and some few were too high.

Where is there another country that bases its customs duties upon the differences in costs of production? Any importer who does not have an equal opportunity with American interests to sell upon our markets may appeal to the Tariff Commission to adjust the duty in question on the basis of different production costs. But the Democratic antiprotectionists would go farther than that. Their theory, as propounded upon the floor of this Senate, would give foreign producers a distinct advantage over our own people. When they plead for a policy of "the lowest production costs, living costs, transportation costs, and distribution costs," they ask that the American people voluntarily reduce themselves to a level with the peasants and paupers of Europe and Asia.

We have listened to the old and hollow story of the farmer being fettered by tariff shackles. Has anyone heard the farmers complain because of the tariff protection given them? Like all other groups they sometimes inveigh against the duties granted to other industries. That is a natural reaction. Every economic group would like to have as much protection as possible for its own members and as little as possible for other groups. But the farm organizations will not relinquish the advantages that were given them in the 1930 tariff act without a struggle.

The chief purpose of that act was to extend the protective policy to agriculture. Accordingly, the average agricultural rate was raised from 38 to 49 per cent, and a similar increase was allowed on articles manufactured from dutiable farm products. In contrast to this liberal allowance to agriculture, the average industrial rate was moved up from 31 to only 34 per cent.

Results from the agricultural tariff are remarkable in spite of the depression of prices. In the last year before the rates of 1930 became effective, agricultural imports were valued at about $300,000,000 more than agricultural exports. In the first year after the rates became effective this adverse balance of trade for agriculture was virtually wiped out. At the same time agricultural exports have held up much better than the exportation of manufactured articles.

Some Democrats would expose the farmer to the ravages of world competition, even in this age when surpluses are being produced everywhere, merely to vindicate a worn-out theory. How can they ignore the fact that 90 per cent of all the crops from American farms come directly into competition with foreign products of the soil. Argentina, Australia, and Canada can produce wheat, for example, at a fraction of the production cost in the United States. Soviet Russia is beginning to turn out vast crops of staple commodities, under the government monopoly, with almost no outlay for labor or land. These crops may be dumped upon the world market at any time. American farmers are liable to need more and not less protection.

Can the Democratic party speak for organized labor on the tariff? The plan of creating jobs by lowering the tariff so that the products of foreign labor may displace American goods is too puerile to need answer. Of course, American workingmen are more efficient than those of Europe. But even efficient workmen can't earn their bread and butter without industries to employ their talents. What we need in America is more and not fewer industries. Thousands of men are being displaced every year by machinery. We must create new industries to give them work, and not destroy the industries we already have for the benefit of importers.

The fundamental difference between the Republican and the Democratic policy is this: The Republicans would protect the industries we already have and encourage the cultivation of our 90 per cent domestic market, so that new industries may take root to give work to the unemployed. The Democrats, on the other hand, would begin by allowing foreign competition to destroy some of the industries that we already have in the vain hope that they might be able to expand our 10 per cent market abroad. If the proponents of the Democratic theories can make an appeal to the workingmen of America with such a proposition, then I have very seriously underestimated the intelligence of our citizens.

This Government should have no apology to make for reserving America for Americans. That has been our traditional policy ever since the United States became a nation. We have refused to participate in the political intrigues of Europe, and we will not compromise the independence of this country for the privilege of serving as schoolmaster for the world. In economics as in politics, the policy of this Government is, "America first." The Republican Party will not stand by and see economic experimenters fritter away our national heritage.

Critics have referred to our "economic nationalism" as if it were a term of reproach. On the contrary, it suggests the wisdom and soundness of the policy that has brought America into the rôle of the world's leading nation. In this hour of realities only fanatics dream of a day when national boundaries will be razed. At present national well-being, national prosperity, and national development are the only rod we have to cling to. We may expect the internationalists to expound the glories of world economic cooperation, but we must face the hard and cold fact that every nation is looking out for its own self-interests. And we must do likewise. To invite other nations to sit down with us at a council table and adjust our tariffs could lead in no other direction than toward calamity for the American people. Let the internationalists continue to dream of new streams of commerce flowing across the Atlantic and the Pacific and surpluses disappearing into rich foreign markets, ignoring the pitiful lack of purchasing power of the distressed countries of Europe, Asia, and South America. The Republican Party will not be tempted to share that reverie. It has a responsibility to the people to keep itself well grounded upon the basic element of common sense. Adversity makes it more and not less necessary that we preserve the American heritage, and we reserve the major share of our markets for our own producers.

MERGER OF DISTRICT STREET RAILWAYS

The Senate resumed the consideration of the motion of the Senator from Vermont [Mr. AUSTIN] that the Senate proceed to the consideration of House Joint Resolution 154 to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes.

Mr. JONES. Mr. President, the Senator from Vermont [Mr. AUSTIN] has sought for some little time to secure the consideration of a measure of interest to the District of Columbia. I should be glad to see his measure considered by the Senate, but it seems to me that the opposition is

so determined that it will probably be impossible for him to secure consideration for it. I have an appropriation bill, which has passed the House of Representatives, which I am very anxious to have considered. I therefore should like to ask the Senator if he has not about reached the conclusion that the wise thing probably to do would be to withdraw his motion for the consideration of his bill at this time?

Mr. AUSTIN. If the Senator will pardon me for a moment, at the conclusion of a very brief statement I will withdraw the motion, but I should like, if the Senator will yield for that purpose, to say a few words regarding it.

The VICE PRESIDENT. Does the Senator from Washington yield for that purpose?

Mr. JONES. I am glad to do so.

Mr. AUSTIN. I desire to make just a brief statement. The Congress of the United States is the sole sanctuary for the people of the District of Columbia in distress, and in this instance distress can be alleviated, I think, by such a business measure as the pending House joint resolution. This joint resolution is nothing more——

Mr. McNARY. Mr. President, will the Senator yield for the purpose of suggesting the absence of a quorum?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Oregon for that purpose?

Mr. JONES. I would rather the Senator from Vermont would conclude his statement, unless he thinks we ought to have a quorum called. Then I will make a motion to take up a bill.

Mr. AUSTIN. So far as I am concerned, I would yield for a quorum, but I think it is up to the Senator from Washington.

Mr. JONES. Would the Senator like to have a quorum called?

Mr. AUSTIN. I think it would be wise, in view of what is taking place here.

Mr. JONES. Very well; I will yield to the Senator from Oregon to make the suggestion.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Kean	Robinson, Ind.
Austin	Dickinson	Keyes	Schall
Bailey	Dill	King	Sheppard
Barbour	Fletcher	La Follette	Shipstead
Barkley	Frazier	Lewis	Shortridge
Bingham	George	Long	Smoot
Black	Glass	McKellar	Steiwer
Blaine	Glenn	McNary	Stephens
Borah	Goldsborough	Metcalf	Thomas, Idaho
Brookhart	Gore	Morrison	Thomas, Okla.
Bulkley	Hale	Moses	Townsend
Bulow	Harrison	Neely	Trammell
Byrnes	Hastings	Norbeck	Tydings
Capper	Hatfield	Norris	Vandenberg
Cohen	Hayden	Nye	Wagner
Connally	Hebert	Patterson	Walcott
Costigan	Howell	Pittman	Walsh, Mass.
Couzens	Johnson	Reed	Watson
Dale	Jones	Robinson, Ark.	

The VICE PRESIDENT. Seventy-five Senators have answered to their names. A quorum is present.

Mr. AUSTIN. Mr. President, the people of the District of Columbia for years have knocked at the doors of Congress for admittance and for a hearing upon an important question of relief which has not been limited to this period of depression. The people of the District of Columbia have been in need of relief from the waste which necessarily exists whenever two street-railway lines occupy the same streets of the same city, as do the two street railways which are sought to be united by this joint resolution.

As some evidence of the extent to which the people have besought Congress to act in this matter, I call attention to the names of some of the citizens' organizations which the record shows have applied here:

Washington Chamber of Commerce, Washington Board of Trade, Merchants & Manufacturers' Association, Washington Central Labor Union, Washington Society of Engineers, Progressive Citizens' Association of Georgetown, Central Business Men's Association, and Northeast Washington Citizens' Association.

It also goes without saying, but I should like to have it made a part of this record, that the owners of both of these street railways—and by "owners" I mean the stockholders as well as the officers of the corporations—have come to Congress asking Congress to effect this merger.

The joint resolution now pending in the Senate is a mere instrumentality to carry out a privilege and authority granted by Congress to these companies to do the act which they seek to do here now. This is a joint resolution merely to carry into effect a law passed by Congress in 1925; but this matter has been pending for approximately 15 years, and it is not prematurely brought here, as claimed. The essence of this measure, all the material elements of this measure, have been under consideration by the following boards and institutions of government:

The District Commissioners; Bureau of Efficiency; Director and staff of the Bureau of Accounts of the Interstate Commerce Commission; National Capital Park and Planning Commission; Public Utilities Commission; an expert, Doctor Maltbie, whose opinion was cited here a few days ago, now the head of the New York State Public Utility Commission, who was employed as an independent expert by the Senate Committee on the District of Columbia for that purpose, and who made a written report which has been here on file and in the RECORD for years; the House Committee on the District of Columbia; and the Senate Committee on the District of Columbia for several sessions.

So we find this joint resolution, after it has passed the House, early on the calendar of the Senate. At the earliest possible time during this session it was brought up for consideration, objected to from time to time; once, on a motion to proceed to its consideration, voted down; and now, on a motion for a simple hearing, what do we find? An organized plan to prevent even a consideration of this measure; an organized plan to prevent its becoming the unfinished business of the Senate.

Being so confronted in the late hours of this session, and realizing the importance of the measure of the Senator from Washington [Mr. JONES], I am about to withdraw my motion. Before doing so, however, I wish to call attention to this significant language.

During the discussions which have occurred here since I made my motion some very able speeches have been made alluding to improper practices by so-called power trusts in this land, and practices which were very vigorously condemned. It ought to give some merit to our position here, representing the people of the District of Columbia in their only legislature, that paragraph 5 on page 7 of this joint resolution provides:

> That the original bonded indebtedness and stock liability of the new company shall not be in excess of the total amount of the stocks, certificates of stock, bonds, or other evidences of indebtedness then outstanding against the Capital Co. and the Washington Co.

So, Mr. President, I do not want this occasion to go by without alluding to the fact that there is not one drop of water in this proposed merger.

Mr. McKELLAR. Mr. President——

Mr. AUSTIN. I yield to the Senator from Tennessee.

Mr. McKELLAR. I have no doubt the Senator thinks that is the case; but if the Senator will examine into the history of these two companies he will find that practically all of the stock is watered stock, and a whole lot of the bonds are likewise watered bonds.

Mr. AUSTIN. Mr. President, the information which I have, and which I think is considerable, leads me to believe that there is not to-day 1 cent of stock or bonds that is not represented by property, not merely 100 cents on the dollar but in normal times more than 100 cents on the dollar; and when the time comes we will meet that claim.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Vermont yield to the Senator from Michigan?

Mr. AUSTIN. I yield.

Mr. VANDENBERG. The Senator is dealing with a District problem which to my own personal knowledge has been at the bar of the Senate for five years; and if our precedents are any criterion, it will be here five more years before there is any action. That is no reflection on the Senate, because the Senate finds itself concentrated upon its larger responsibilities in the country as a whole.

I ask the Senator whether, in the face of this contemplation and his experience with it, he does not believe that the existing method, by which the Congress undertakes to be a common council for the District of Columbia, has come to be wholly outworn, inadequate, and unfair to the District itself, and that a fundamental responsibility upon us is to rewrite an organic act which will permit sufficient District of Columbia autonomy to allow problems of this importance in the District to have their day in court and their proper decision?

Mr. AUSTIN. Mr. President, I have given that thought some consideration, and my present view of the matter is that there is merit in the proposal. Certainly my experience in connection with this merger leads me to believe that it is extremely difficult to get any practical progress with a matter that is controversial and which relates to the District of Columbia and not to the country in general.

Mr. LONG. Mr. President——

Mr. AUSTIN. I am about to conclude.

Mr. LONG. I was wondering if the Senators from Michigan and Vermont did not know that the people of Washington at one time had one of these autonomous governments. It was run head over heels in debt, and the people of Washington themselves petitioned the Federal Government to take it over.

Mr. AUSTIN. Mr. President, I am withdrawing this motion at this time for two reasons. One is the obvious situation that we are in, nearing the end of the session, which leads me to doubt that it is wise to hold up the entire Senate with this motion at this time. The other is the importance of the measure which is alluded to by the Senator from Washington [Mr. JONES].

I now withdraw my motion, with thanks for the good will of so many Senators who have knowledge of this measure, and who, I believe, will be glad to support it whenever an opportunity can be given it.

Mr. JONES obtained the floor.

Mr. KING. Mr. President, before the Senator from Vermont takes his seat, will he yield to me?

The VICE PRESIDENT. The Senator from Washington has the floor. Does the Senator from Washington yield to the Senator from Utah?

Mr. JONES. If the Senator from Utah desires to ask a question of the Senator from Vermont, of course I yield.

Mr. KING. I wanted to ask the Senator whether any effort had been made to secure an understanding, akin to that which was obtained with respect to the Philippine bill, that this measure may be made the unfinished business at a given time when Congress meets in December, or that it shall follow the Philippine measure, or some other measure which may take its place, and be regarded as the unfinished business.

Mr. AUSTIN. Mr. President, if the Senator from Washington will yield further——

Mr. JONES. I yield.

Mr. AUSTIN. Such an effort was made in earnest, and, so far as I know, every possible means of persuasion was employed to that end and all efforts failed.

Mr. KING. Mr. President, may I say, if the Senator from Washington will pardon me, with reference to this matter——

Mr. JONES. I yield.

Mr. KING. Without any particular reference to the bill under consideration, I think it must be obvious to everyone that there should be a merger of the two railroads which are now occupying the streets of this city. I can not quite account for the long delay that has occurred in accomplishing this result. I know that Congress itself urged—and I am not sure that that urging was not by virtue of a resolution or an act—the railroad companies to try to merge and to submit a plan of merger. They did submit a plan when the able Senator from Michigan was a member of the committee, as I recall, and that plan, as well as other suggested plans, was referred to Doctor Maltbie, employed by the committee because of his knowledge of the subject and the fact that he was regarded as fair and impartial, and when the plan was submitted we attempted to crystallize it into a bill and have it enacted into law.

I will not comment upon the reasons for the delay. It is only unfortunate that we can not secure action upon some measure. I am not committed to any measure, and I am sure the people of the District of Columbia are not committed to any particular measure, but they do want action, and I think the Senate has failed to discharge its duty in not passing in former years a genuine and fair and proper and sound measure for the merging of these two railway companies. I sincerely hope that when Congress meets in December the Senator from Vermont and other members of the committee will join in this or some other bill and try to secure action in regard to it.

One further observation. May I say to my friend from Michigan that efforts have been made to have the people of the District agree upon a plan to enlarge the jurisdiction of the commissioners, and to commit to the commissioners greater authority than that which they now possess. Unfortunately, the people of the District have not been united in the powers which they were willing to confer upon the District Commissioners, or, so far as I can discover, upon some other body subordinate in character to the Congress. When the citizens of the District of Columbia can unite upon a policy and upon a measure increasing the power and authority of the commissioners to deal with these local problems, I feel sure that Congress will be responsive to their demands.

Mr. GLASS. Mr. President, will the Senator from Washington yield to me for just a moment?

Mr. JONES. I yield.

Mr. GLASS. I do not think this opportunity ought to go by without some member of the Committee on the District of Columbia attesting the intelligent, the comprehensive, and the fair conduct of the distinguished Senator from Vermont [Mr. AUSTIN] in the consideration of this problem. He has done his work thoroughly and tolerantly, and I think it is a misfortune that practices have been resorted to in order to defeat the considered judgment of the Committee on the District of Columbia expressed over and over again. If we shall defer action upon this problem, and other kindred problems, until all the people of the District of Columbia shall unite, we shall never have anything done either as to this problem or as to the schools, or as to any other problem which has been considered in the 10 years I have been a member of the committee.

It is to be deplored that a measure to which so much of intelligent consideration has been given, particularly by the Senator from Vermont, should have been treated in this unreasonable fashion. I would not like to say and could not say temperately what I think of it.

Mr. LEWIS. Mr. President, if the Senator from Washington will yield to me, I merely want to take a second of the time of the eminent Senator, the chairman of the Committee on Appropriations.

As a member of the Committee on the District of Columbia, not always being able to attend all the sessions but having attended many of the sessions where this subject was considered, I beg to add my approbation of the work of the distinguished Senator from Vermont, and I adopt the language of the Senator from Virginia, to which I give my indorsement.

Mr. JONES. Mr. President, I desire to join with these Members of the Senate in their kind words with reference

to the Senator from Vermont, and I also desire to express my sincere appreciation of his kind consideration in the matter, and in the action he has taken. I hope the measure he has had in charge may soon be brought up for consideration.

Mr. HARRISON. Mr. President, will the Senator yield to me?

Mr. JONES. For what purpose?

Mr. HARRISON. I want to say some kind words about the Senator from Utah when the Senator from Washington has finished saying kind words about the Senator from Vermont.

Mr. JONES. Will not the Senator wait until I get my motion acted on?

Mr. HARRISON. Yes; I will be glad to do that.

WHEAT AND COTTON FOR THE RED CROSS

Mr. JONES. Mr. President, I move that the Senate proceed to the consideration of House Joint Resolution 461, making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

Mr. KING. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. Is the motion debatable?

The VICE PRESIDENT. The motion is debatable.

Mr. KING. I shall claim recognition before the question is put.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, returned to the Senate, in compliance with its request, the bill (S. 4940) to provide temporary aid to agriculture for the relief of the existing national economic emergency.

The message announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer fallowing, during the year 1932.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, and that the House insisted upon its disagreement to the amendments of the Senate Nos. 46 and 47 to the bill.

THE REPUBLICAN ADMINISTRATION—REPLY TO SENATOR SMOOT

Mr. HARRISON. Mr. President, I shall not delay the Senate long, but I want to make some observations with reference to the speech my friend the senior Senator from Utah [Mr. SMOOT] has just made touching the tariff.

Of course, those of us who have been here for quite a while have heard this speech so often, and know so well its purposes, that when we heard that this might be the last day of the session we were not surprised that the Senator from Utah should make a tariff speech. Especially did we feel no surprise when we reflected that the Senator from Utah is to come up for reelection this year, and he, in common with all other Republican Senators, will have a mighty hard fight on his hands.

I want to express my personal high regard of the Senator from Utah before he journeys forth, either to-night or to-morrow night, out into what is this year the strong Democratic State of Utah, to meet the forces in political combat next November. We all like the Senator from Utah personally. We wish for him every pleasure and happiness. But when it comes to politics—well, just as much as I like him personally, I dislike him politically.

The Senator from Utah started out in his speech on the tariff by citing the records of Democratic Senators on the tariff, saying, in substance, that they were all spotted protectionists. The Senator from Iowa [Mr. DICKINSON] has made the same argument; the Senator from Indiana [Mr. WATSON], over the radio and elsewhere, has made the same argument; and the Senator from Utah a dozen times or more has made that argument.

The reason for that is quite plain. It is that they want to divert public attention and try to fool somebody and escape the consequences of their own nefarious conduct in dealing with the tariff question.

Mr. President, the Senator says that we make misleading statements about the President and about the administration. He was alluding to the speech of the senior Senator from Arkansas [Mr. ROBINSON] this morning. Permit me to say that the speech of the Senator from Arkansas to-day was one of the strongest deliverances that has been made in this Chamber in a long time. No wonder the Senator from Utah felt that he should say something with reference to that speech, because it cut to the quick. It laid on the table the bare hypocrisy of this administration and unfolded to the country the misleading statements of the Secretary of War in his speech last night. It was a splendid presentation of the political issues in this campaign, and the Senator from Utah will hear of it many times in the campaign as he confronts the people of Utah.

Talk about Democrats making misleading statements about this administration! We have been the best friends the administration has had. If it had not been for some of us on this side of the aisle pointing out some of the shortcomings of the administration and helping Republican Senators to put over some of the administration policies, they would have been in a bad fix. Indeed, if they had followed our advice more, they might have had a record such that they could praise.

The only mistakes I have made in my votes in the Senate have been in following some of the administration propositions. I did that apologetically, because I hoped we might help the country in its dire distress, and I accepted even doubtful formulas. The only defense I will have to make for such votes is that I was trying to help the country.

You can have all the honor you want about the creation of the Reconstruction Finance Corporation. Some of us voted for the act establishing that body, but I reckon we will answer for it for years to come. It did some good, and I hope it will do more; but you would never have put it over if it had not been for Democratic votes, mine among others. If there was ever a nonpartisan piece of legislation, it was the proposal for the creation of the Reconstruction Finance Corporation. There are any number of other propositions Mr. Hurley claims as a credit for the administration which we passed in a nonpartisan way, trying the best we could to help in this situation.

The Senator from Utah, in his tariff speech, undertook to praise the so-called Smoot-Hawley bill. He had more courage in doing that than did the Republicans who were assembled at Chicago recently. They were frightened at it. They would not even touch it. Indeed, they did not mention it in the platform or in those glorious and eloquent speeches that were presented to that great, quiet, unenthusiastic assemblage of Republicans at Chicago.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Mississippi yield to the Senator from Texas?

Mr. HARRISON. I yield.

Mr. CONNALLY. Did not the Senator from Iowa [Mr. DICKINSON] "paramount" it in his opening speech?

Mr. HARRISON. He may have apologized for it, but the Republican platform did not mention the Smoot-Hawley tariff bill. If I am mistaken about that, I want my good friend the Senator from Utah—because he is indeed entitled to all the credit for any tariff legislation that bears his name—to correct me and tell us whether it was mentioned. Do we not know that if the Republicans had thought it would have been a credit to the Republican Party in the campaign they would have praised the Smoot-Hawley tariff law? Yet they did not do it. My friend the Senator from Utah did not attend the convention, and I do not know

whether he sent word to them not to mention it or whether those fellows who were there writing the platform had better political judgment than he and, if he had told them to do it, would not have done it. Anyway, it was not praised or mentioned in the Republican platform.

Mr. GORE. The platform was too short.

Mr. HARRISON. Yes; it was too short. I think it occupied only one page in the metropolitan press and contained only about 17,000 words, while our platform, I think, contained about a thousand words and could almost be written upon a postal card. And yet we did not shirk the duty. We did not run at the mention of the Smoot-Hawley tariff law. We courageously stepped up and in a few short, crisp, truthful words we condemned it in the strongest possible language. We are perfectly willing, may I say to my agreeable friend from Utah, to go to the country this year on the issue of the Smoot-Hawley tariff law.

My friend the junior Senator from Louisiana [Mr. LONG] asked the Senator from Utah what was the cause of this economic disaster. The answer of the Senator from Utah was just as clear as his answers usually are. I wrote it down at the time he said it. When he was asked if the Smoot-Hawley tariff law did not bring on this economic collapse, he said, "No; it was the purchasing power of the world." Everybody understands that answer. When he was pressed for a further answer the Senator from Utah said, "No; it was not the Smoot-Hawley tariff law. It was because the World War destroyed millions of men and billions of property and revised profits"—a perfectly good answer and right to the point. That, he said, was the cause of the economic collapse.

But the facts will not be denied. The Senator may get all the figures he wants to show that the average of rates in the Smoot-Hawley law is below the average of the Dingley law and that the average is not as high, but he can not make a person in the country believe it, because it is not true. Everybody knows it, and I am surprised that the Senator from Utah did not admit that the present tariff law is the highest that has ever been put upon the statute books in the history of the United States. He wanted the rates to climb higher and higher and higher. It is true that under the Dingley law there were more things on the free list than there are now, so the Senator might work in the free list and get some sort of an average, but the tariff rates on imports into the United States were higher under the Smoot tariff law than ever before, and yet they are not high enough now for the distinguished Senator from Utah. He is willing, brave as he is, to go back to Utah and risk his political life on this proposition.

Some one asked the Senator from Utah about the tariff on oil and he evinced some surprise. He said there was no need until recently for a tariff on oil and that it is only in very recent years that the question has come up.

Mr. LONG. Mr. President, if the Senator will permit me——

Mr. HARRISON. I yield to my friend from Louisiana.

Mr. LONG. I think the Senator from Mississippi is a little in error. I think the Senator from Utah said he had always supported a tariff on oil.

Mr. HARRISON. I am just coming to that. The tariff on oil was proposed in 1922 by no less a person than the present Republican candidate for the Vice Presidency, who presides over this body. My friend from Utah did not support him in those days. When the Smoot-Hawley tariff bill was being given consideration the Senator from Oklahoma [Mr. THOMAS] had something to say about it, as shown by the RECORD. When my friend spoke about it in answer to a question, I looked up the RECORD to see if I was mistaken, because I thought the Senator from Utah had opposed a tariff on oil in the past. He was recorded as voting against a tariff on oil in 1930 when the Smoot-Hawley tariff bill was before the Senate. Not until the time when he wanted to get a tariff on copper, so that he might go back to Utah this year and tell them what he had done for copper, was he willing to take oil into the combination that finally put it over.

May I say I have never seen a more zealous and persistent fighter for any tariff than my friend from Utah was during the consideration of the tax bill with reference to the tariff on copper. When he was beaten one time he was not defeated. He came back stronger than ever. When my friend from Pennsylvania [Mr. REED] voted on one phase of the oil question, as I believe it was—on one occasion he did not vote for a tariff on copper, but he finally shifted around—the Senator from Utah was alert and right on the job. He knew how to get them back into the fold. He worked overtime doing that. He was not even for Hoover's furlough plan when it came to that. He worked at that time to get his copper tariff. Not until copper became involved was he in favor of a tariff on oil, and in order to put it over he was willing to accept oil, lumber, coal, and anything else.

Mr. President, it takes indeed a very courageous person in the political life of the country to-day to undertake to defend the Smoot-Hawley tariff law. More than a thousand economists prophesied what was going to happen and pleaded with the Senator from Utah and the President of the United States not to put over that legislative monstrosity; but they plowed ahead, they had their program mapped out, they went on to its completion, and the President finally attached his signature to it.

That is one of the troubles with the present President of the United States. I think he is a very well-meaning man, but, oh, what a procrastinator he is. How indecisively does he work. With what uncertainty does he proceed.

When the tariff bill was before the Senate, with what hesitancy did he take a stand. Here was the Senator from Utah saying, "We need these high rates." Here was the progressive element of the Republican Party, led by distinguished gentlemen like the Senator from Idaho [Mr. BORAH] and the Senator from Nebraska [Mr. NORRIS] and the Senator from Wisconsin [Mr. LA FOLLETTE] and others over on the other side of the Chamber. Did the President take his stand with the progressive element of his party? No! No one could find out how he stood. He was afraid he might make this element mad or that element mad in his party, and so in this spineless way he groped along, letting the Republican leadership of this body write the Smoot-Hawley tariff law which started the economic collapse in this country.

The Senator from Utah may smile; but I say to him that he should look outside and see men walking the streets, tired and hungry. He should go back to the mines of his State and see them closed and men out of jobs. When some one says to him, "It is because of the tariff bill that you fathered that this condition came about," he may smile; but there are millions of men and women in America who believed from the very time of the introduction of that bill that it meant closing the doors to the sale of our products in foreign lands, a shutting down of our factories, and increase in unemployment. It meant isolating ourselves in trade and commerce and a beginning of a retreat in our economic progress.

Sneer at it, gentlemen of the Republican Party; scoff at it if you will, but you have to answer to the American people this time and it will not be such an answer as the Senator from Utah gave when he was asked if the Smoot-Hawley tariff bill had not driven factories from the United States. "Oh," he said, "that has been done before; they have been going abroad for years. Mr. Ford 15 years ago put his plants into Ireland and some other concern built a plant somewhere else." That will not answer the American people, because the Senator's own Department of Commerce statistics show that practically $1,000,000,000 in property investment, after the beginning of the consideration of the Smoot-Hawley tariff law, found its way into foreign countries, there to be invested, there to be expended for construction of factories, there to be used in giving employment to foreign labor to produce articles to be sold in competition with our own products. When the Senator looks at the hundreds of thousands of unemployed in Pittsburgh, Detroit, and other cities of the country, he must realize that they all know that he forced American factories to be

built abroad because of his selfish, narrow, isolated policy on the tariff question.

The Senator from Utah undertook to pay a tribute to the lamented McKinley, a great Republican, a man who had splendid ideas with reference to the tariff and other questions, and who had fixed principles in his heart and mind. Let me quote from that distinguished man.

If he knew that the Senator from Utah and others of his party were trying to implant upon the American people the policies which they advocated in the framing of the Smoot-Hawley tariff law, McKinley would turn over in his grave.

He would not want anyone in the same connection to mention his name on the floor of the United States Senate. Here is what McKinley said. He said it in the very last speech he made. He said it at Buffalo on the very occasion at which he was shot. Let us see how different it is from the Republican idea of to-day. He had such ideas as were incorporated by the Democratic leadership in this body, backed by the solid Democratic vote here and in the House, and which we tried to place on the statute books of the country and made every effort to have adopted as the policy of trade and commerce of the United States with the nations of the world. That was the policy which the Senator from Utah criticized and condemned as an unwise policy. But it was an unwise policy which was believed in by the great Republican protectionist, the martyred McKinley. Here is what he said:

> Our industrial enterprises which have grown to such great proportions affect the homes and occupations of the people and the welfare of the country. Our capacity to produce has developed so enormously and our products have so multiplied that the problem of more markets require our urgent and immediate attention.

What wise words were those!

> Only a broad and enlightened policy will keep what we have. No other policy will get more.

Let me read that again to the Senator from Utah, who would not follow any such wise policy as that. He wants us to withdraw like a turtle in his own shell and live to ourselves. He does not want to trade with foreign countries; he does not want to negotiate reciprocal trade agreements with foreign countries. He does not want any world economic conference. He wants tariffs so high that nothing can come into the United States. McKinley said:

> Only a broad and enlightened policy will keep what we have. No other policy will get more.

Further, he said:

> By sensible trade arrangements which will not interrupt our home production we shall extend the outlets for our increasing surplus. A system which provides a mutual exchange of commodities, a mutual exchange, is manifestly essential to the continued and healthful growth of our export trade. We must not repose in the fancied security that we can fofever sell everything and buy little or nothing.

Listen, I ask the senior Senator from Utah:

> If such a thing were possible, it would not be best for us or for those with whom we deal. We should take from our customers such of their products as we can use without harm to our industries and labor. Reciprocity is the natural outgrowth of our industrial development under the domestic policy now firmly established. What we produce beyond our domestic consumption must have a vent abroad. The excess must be relieved through a foreign outlet, and we should sell everywhere we can and buy wherever the buying will enlarge our sales and productions, and thereby make a greater demand for home labor.

What wise words were those! How greatly to the interest of the Republican Party it would be, what confidence it would inspire in the hearts of the American people, if they would follow the wise principles and policies laid down by the lamented McKinley instead of those of the author of the Smoot-Hawley tariff bill, in which the Republicans did not have enough confidence to mention in their platform.

> The period of exclusiveness is passed.

Let me read that again. Let me burn it into the hearts of my Republican colleagues. When they go out on the hustings during the campaign, instead of seeking to deceive the people on the tariff question will they not get a copy of McKinley's speech and read a little bit of it to them, read to them, at any rate, this part of that speech:

> The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. Commercial wars are unprofitable. A policy of good will and friendly trade relations will prevent reprisals. Reciprocity treaties are in harmony with the spirit of the times, measures of retaliation are not.

And yet day by day and week by week and month by month, with a President twiddling his thumbs and saying nothing, Senators on the majority side of the Chamber pressed the consideration of this tariff monstrosity, which resulted in isolating this country, in destroying all hope for an enlargement of our foreign trade and commerce, and in making foreign peoples angry with us, causing the organization of cartels and boycotts in foreign countries. They went madly to work and did a good job in wrecking our country.

The wonderful achievements of the Republican Party! I wish I had time, Mr. President, to go down the line and properly expose the hypocritical actions of the administration. In the speech of Secretary Hurley, as published this morning in the press, he makes a statement which I thought he was too big to make. I did not think that this great Secretary of War—and Republican Senators need not smile when I say the "great" Secretary of War—would make a statement such as this:

> Is he condemning the Wilson Democratic administration for having given the allied nations nearly all the money the American taxpayers owned and asking in return not even a definite promise to pay? Is he going to lift that burden that his chieftain placed on American taxpayers?

He was asking that question of the standard bearer of the Democratic Party and charging the Democratic administration during the war with having put this burden upon the taxpayers of America. I did not think that politics had become so degenerate; I did not believe that men could become so partisan as to charge the Democratic administration of President Wilson with putting upon the people the burden of taxation due to war necessities and to the conduct of the war.

How different was the attitude of the great Secretary of War who served during the World War from that of the present great Secretary of War under Mr. Hoover! This gentleman is playing politics in his office and charging that the Democratic Party is responsible for the burden of debt in this country due to the prosecution of the war, while his predecessor during the war refused to play politics in any instance, so far as I have ever heard. The one fault I found with Newton D. Baker when Secretary of War was that I could not get any closer to him than a Republican could get; and I like to get a wee bit closer to my own Secretary of War than a Republican can get; and I do not mind a Republican Senator getting closer to a Republican Secretary of War than I can get. However, it must be said to the credit of Newton D. Baker as Secretary of War that he played no politics in that high office; that a Republican could get as much as a Democrat could get; that he was for prosecuting the war and carrying the orders of the illustrious Wilson to victory and to glory. But the present Secretary of War, speaking to Ohio Republicans last night, charges the whole foreign debt and all the taxes that have been put upon the American people to the Wilson administration, because that administration prosecuted the war.

Ah, Mr. President, whatever glories came from that war are not glories of the Democratic Party. I am proud that the Democrats were at the head of the Government at that time, and I do not believe that any other administration could have rendered finer service to the Nation than was performed by President Wilson and his splendid Cabinet—all honor to them—but the war was not won by Democrats any more than by Republicans. The brave lads who are buried in "Flanders field," as well as all who served their country, whether they be Republicans or Democrats, deserve full credit. Their unselfish and patriotic service is the priceless glory of the whole country; and no Democrat or Republican can detract from it—and it will not reflect credit upon any administration or any Cabinet officer now to try to raise the skeleton of the war and blame the Democrats for the part we played in it. In that war was written one of the finest chapters of American history. The insinuation

that the Democratic standard bearer or the Democratic Party may favor lifting the foreign debt and placing it on the backs of the American people is unworthy of the Secretary of War. Could stronger language be employed to convey a party's plans than is found in the Democratic platform? It speaks directly and clearly against the cancellation of the foreign debt. How different with the party of the Secretary of War. On that question, important as it is, his platform is as silent as the tomb.

Mr. President, I have said about all I want to say. The issue is joined on many things. We are perfectly willing to fight it out in Utah and elsewhere on the tariff question; but, before I close, inasmuch as I presume the Congress is going to adjourn to-night or to-morrow, I want to express myself here on one other question, because I am going to do it in the campaign.

I have not recently said anything about the prohibition question. I have been classed as a dry; I have voted that way consistently; I have never voted any other way.

It has been amusing to me to hear my good friend the "Tall Sycamore" from Connecticut, day after day, in grand parade, as he pranced this floor, prate about the beer question and the liquor question. I do not know just when it was he started, but it was about the same time that he decided he would run for reelection as Senator from Connecticut. So, in order to curry a little favor, he got busy and he has been very busy. Of course, the people of Connecticut will wonder why he did not have any influence with his Republican friends at Chicago and in the Senate so that he could get them to stand for his position, but he did not have. He has made his motive plain; he is playing politics.

Here is my position on this question. It may not suit some people, but I myself do not expect and I do not want to see my colleagues to pull out of the fire the chestnuts of Senators on the other side. I am perfectly willing to go to the country on the declarations of the two platforms on the prohibition question in the coming campaign. There is one thing about it—there is no uncertainty about the Democratic position; it is clear; there is no equivocation about it and no ambiguity. I voted in the resolutions committee for the report of the subcommittee that drafted a submission plank. That went about as far as I wanted it to go. As a matter of fact, I would not have gone that far if it had not been for the recommendations submitted. But, the other plank having been adopted, I am for it; I expect to speak for it; and I expect to vote that way after the 4th day of March, if I am given an opportunity to do so. No one can charge me now with helping you out of your troubles in New Jersey—and I am looking at the Senator from New Jersey now.

Mr. KEAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from New Jersey?

Mr. HARRISON. Gladly; I yield.

Mr. KEAN. I am delighted to hear the Senator is going to vote for a submission of this question to the people. The whole country is very anxious to have a chance to vote on it. I congratulate the Senator, but I should like to have him vote on it a little bit before the 4th of next March.

Mr. HARRISON. Yes; the Senator is delighted I am going to do it, and he congratulates me——

Mr. KEAN. I do.

Mr. HARRISON. Why did not the Senator use his influence and power with his own Republican colleagues and Republican President to do what we are going to do? The Senator from New Jersey wishes that I would vote that way earlier than the 4th of March. I am wondering if he knows, because he is close to the gentleman in the White House, how the President feels about the proposition, and does he agree with the President in his position on the prohibition question?

Mr. KEAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield further to the Senator from New Jersey?

Mr. HARRISON. I yield.

Mr. KEAN. I would be delighted to tell the Senator if I knew.

Mr. HARRISON. Of course, I knew the Senator did not know; nobody knows.

Mr. KEAN. The President has not confided in me any more than he has confided in the Senator from Mississippi, but if we should pass a joint resolution repealing the eighteenth amendment it would not be necessary for it to go to the President of the United States; it would go to the people for a vote, without the signature of the President.

Mr. HARRISON. Yes. I understand, then, it does not make any difference how the President feels about the proposition. Is that right?

Mr. KEAN. It makes a difference to you.

Mr. HARRISON. Yes, it does; it makes a lot of difference to me, and it ought to make some difference to the people of New Jersey. Yet the distinguished Senator from New Jersey says it makes no difference how the President feels on this question. I am wondering whether when the Senator speaks in New Jersey during the coming campaign he is going to tell them then what he is telling the Senate now—that it makes no difference how the President stands on the prohibition question. The Senator has said he does not know how the President stands. If in November the Senator is going to stand by the remarks he has just made, I hope he will keep his seat; but if when he gets on the hustings he is going to shift his position and take a different one from that he has just taken I hope he will now rise and tell us he is going to do that. Of course, if he does that, it will be in keeping with the antics of other Republicans, who change their position about every other day, and when he keeps his seat and says nothing he is following the leadership of President Hoover, who has kept quiet and said nothing on this question up until now.

So, Mr. President, I am trying to do, in these few remarks, what President Hoover has not the courage to do. If the Senator from New Jersey would follow his own inclination he would agree with me that the President ought to express himself now as to how he stands on this question. I stand upon the Democratic platform. I expect to follow the platform. I expect in March, when we have a President Roosevelt in the White House, and a Democratic Senate here, and a Democratic House of Representatives, to vote "aye" on a resolution to submit the repeal of the eighteenth amendment to conventions in the several States; and I have not any doubt that on this side of the aisle the great majority if not all of Democrats will do the same thing. Indeed, I know of no Democrat who would fail to do that under the circumstances, because we are going to the people upon that plank in this campaign.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. HARRISON. Yes; I yield to the Senator.

Mr. KEAN. The Senator has said that he would vote to submit the repeal of the eighteenth amendment if he had a Democratic Senate and a Democratic House and a Democratic President in the White House. I say I will vote that way whether we have a Republican or a Democratic Senate and House and President.

Mr. HARRISON. Well, that is all right. I do not care how the Senator votes. [Laughter.] It does not make much difference, anyhow. He ought to exercise some of his influence with some of his party colleagues.

Mr. TYDINGS. Mr. President——

Mr. HARRISON. I yield to the Senator from Maryland.

Mr. TYDINGS. I should like to say, in line with the observations of the Senator from Mississippi, that during the last three days I have had a poll made of the 47 Democratic Members of the Senate. A few of them have been away from the Capitol, and to them we have sent telegrams. This poll has elicited the views of over 40 Members of the Senate on this side of the aisle. I am glad to say that about 95 per cent of them are in complete accord with voting for the plank in the Democratic platform when we get in power.

Mr. HARRISON. Now I want to ask the Senator from New Jersey whether there are any other planks in the Republican platform that he repudiates.

Mr. KEAN. No, Mr. President.

Mr. HARRISON. Is the Senator for the Democratic plank on prohibition, or the Republican plank on prohibition?

Mr. KEAN. Mr. President, when I ran for the United States Senate I announced that if I came here I would vote to modify the Volstead Act, and I have consistently kept that promise. Now, the Democratic plank says that they will immediately modify the Volstead Act, and I ask the Senator from Mississippi what he has done toward that.

Mr. HARRISON. I am going to answer the Senator from New Jersey. He can not ask me a question that I will not answer. If the Senator would be just as frank with me as I am going to be with him, the country would understand how we stand on the proposition. Now will not the Senator be equally candid with me? What plank does he favor—the Republican plank on prohibition or the Democratic plank on prohibition?

Mr. KEAN. I favor the Republican plank as drawn and submitted by the delegates from New Jersey, which was for direct repeal.

Mr. HARRISON. Yes; and that was repudiated; was it not? That was voted down, was it not? And the Senator was not there trying to help put it through, either; was he? No; he stayed here.

Mr. KEAN. Mr. President, I was honored by the people of New Jersey with election as a delegate at large; but I felt that my duty here was such that I could not go away, and I stayed here.

Mr. HARRISON. I do not know whether the convention would have been in a worse fix or we would have been in a worse fix if the Senator had been there or here [laughter]; but I want the Senator to answer my question.

The Senator has told us now that he was for the plank that was submitted by the New Jersey Republicans at the Chicago Republican convention, but that was voted down. Now we have the plank on prohibition as proposed by the Democrats and adopted by the Democrats, and the one that was adopted by the Republicans. Which does the Senator favor?

Mr. KEAN. I am still for the New Jersey plank, Mr. President. [Laughter.]

Mr. HARRISON. Does the Senator think that the New Jersey plank, as proposed at the Republican convention in Chicago, was as good as or better than the plank as adopted by the Democrats at Chicago?

Mr. KEAN. I do.

Mr. HARRISON. The Senator thinks it was a better one?

Mr. KEAN. Yes.

Mr. HARRISON. The Senator will hear from that again. The Senator would rather have had that one than the Democratic plank, as I understand?

Mr. KEAN. Yes.

Mr. HARRISON. Now, I want the Senator to explain to us what that plank was, as submitted by the Republicans of New Jersey.

Mr. KEAN. That plank——

The VICE PRESIDENT. If the Senator does that, the Senator from Mississippi will lose the floor.

Mr. HARRISON. I would run the risk of losing the floor just to get an answer from the Senator.

The VICE PRESIDENT. The Senator from Mississippi will yield the floor if he permits the Senator from New Jersey to answer him, and the Senator from New Jersey will be recognized. Does the Senator from New Jersey wish to answer the Senator from Mississippi?

Mr. HARRISON. Does the Senator want to take me off the floor? Is that the reason why he is answering?

Mr. KEAN. No, Mr. President.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

Mr. HARRISON. I ask unanimous consent that the Senator may answer my question without my losing the floor.

The VICE PRESIDENT. No; the Chair is going to get this matter through. The Senator from Mississippi can not yield for a speech without losing the floor.

Mr. HARRISON. Well, Mr. President, of course I do not blame the Vice President for protecting the Senator from New Jersey.

Mr. KEAN. Mr. President, the Senator from Mississippi has not answered my question.

The VICE PRESIDENT. The Senator from New Jersey has no right to ask a question. The Senator from Mississippi can yield for a question.

Mr. HARRISON. I yield for a question, if the Senator wants to ask me a question.

Mr. President, I think we understand the Senator from New Jersey. I say that I stand on the Democratic platform. I expect after the 4th of March, when this question is submitted to the Senate to vote for a resolution submitting the question to conventions in the several States. I will go farther. Living up to my platform, if I were a delegate to the convention in my State where this matter was submitted to it, I would feel in duty bound to vote to adopt that repeal. If, after that is done, the question comes up in my State as to whether or not I should turn away from prohibition within the State, modify the law or repeal it, I should vote against it. I shall vote, as a citizen of Mississippi, to hold to and maintain prohibition within the State; but as a Democratic Senator from that State, on or after the 4th day of March, if the question comes up here, I shall vote to submit the repeal of the eighteenth amendment to conventions in the several States.

"Why do you not vote for it now?" some one will ask. That is a perfectly proper question from a Republican source. We adopted a platform out there in Chicago, and you did, too. It is to be a sounding board reflecting the views and wishes of the American people in November. Senators who are coming up for reelection this year are running upon that platform. Representatives in Congress seeking reelection are running upon that platform. We have nominated a candidate for President and Vice President on that platform. We are going before the people on that platform. You have nominated your candidate for President and your candidate for Vice President on a different platform. No one understands what you mean on the prohibition question. It is ambiguous. It is as clear as mud. No one can explain it. You are going before the country on that proposition. The American people will have a clear-cut issue presented to them.

If the people of New Jersey want Mr. Hoover, and want the Vice President, and want your weak, milky, muddy prohibition plank on repeal, then they will vote for your Republican ticket. If they want to repeal the eighteenth amendment—and you say they do, although you have had a lot of fights within the Republican Party on that proposition; a lot of them in your party do not believe as you do on it—then they will have an opportunity to vote whether or not they want straight repeal.

As I look into the cunning eyes of my friend from New Jersey I want to give him a piece of advice. He does not come up for reelection this year; but if he wants to have a ghost of a chance of coming back, he had better not play ping-pong with the people of New Jersey on this issue. He had better tell them that he does not know what Hoover's views are; that he does not know what the Vice President's views are; that he only knows his own views; that the Republican Party has not been right on this question; that it has tried to play both ends against the middle; that he does not know what their platform means, it is so ambiguous. Talk like the Senator from Connecticut [Mr. BINGHAM]. He is not here now. Somebody probably told him I was going to talk on this subject and he left. He did not want to hear a real good speech on the eighteenth amendment. [Laughter.]

The VICE PRESIDENT. No demonstrations in the galleries are permitted.

Mr. HARRISON. If the Senator will just make the same kind of a speech as the distinguished Senator from Connecticut [Mr. BINGHAM] made to the Republican Convention, when he told them practically that they were a gang of hypocrites out there, and that the country would not accept that kind of plank, and that they ought to repudiate it, the Senator may get away with it up in New Jersey; but he will not if he takes the kind of a cue that he is following.

One thing, too, can be said about delegates to the Republican and the Democratic conventions. They knew what they were about. Of course it took a great deal of haltering on some of the delegates to keep them in line all the time.

Mr. KEAN rose.

Mr. HARRISON. Before the Senator asks me a question, since I do not want to be taken off the floor——

Mr. KEAN. Mr. President, will the Senator yield for just a question?

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from New Jersey?

Mr. HARRISON. I will yield to the Senator after I tell him this incident.

Of course I do not blame delegates and Republicans generally for not knowing what to do, because the President does not know what he is doing half the time. The Republican delegates from Mississippi clearly indicated the Republican frame of mind when they had this plank on prohibition up in the convention. The negro delegates from Mississippi, who headed the delegation, never had any influence with this administration. As soon as this crowd up here got in, they turned out the negro delegates and the negro citizens down there were denied entree to the White House.

Mr. LONG. They did that in my State, too.

Mr. HARRISON. They did it in practically all the Southern States. They put in other patronage fellows to control the post offices, some very nice gentlemen, and they have been in control for four years; but when they got out to the Chicago convention, of course, the administration did not have any more use for these white gentlemen. They had some very smart negro delegates there, and of course they had a good influence in the North in certain sections among certain people; so in a contest there before the credentials committee they seated this delegation from Mississippi, and when the prohibition question came up they did not know for a while exactly how they were going to vote.

The instructions went from Perry Howard, the high "muckety-muck" of the negro delegation from Mississippi, who is one of the real and influential negro orators of this country, and there is none better. He left word, since he had to go to make a Republican speech, to vote "aye" on the adoption of the platform, and there was but about one delegate left in the Mississippi delegation, it is said, and he happened to be a negro, too. It was his first experience in a convention, and when the minority plank was presented first, he voted "aye," following the command of his chief. This substitute did not know the difference between a dry and wet plank. Of course, my friend from New Jersey would know better. But as to where the President stands on this question, he has no more conviction than the Republican delegate from Mississippi, and he will probably remain about as quiet, for fear he will make a mistake. [Laughter.]

Mr. LONG. Mr. President——

Mr. HARRISON. In just a moment I will yield.

That is the way with a good many of our Republican friends, whether it is in the Republican convention or elsewhere. We know what we are about. We were clear cut and direct in what we said our plank would be. We knew, when we adopted it, what we were doing. We expect to go before the country on that proposition, and we are going to live up to it. If we are intrusted with power by the people from New Jersey, and by the citizens of this country, after the 4th of March, we will live up to the platform, and we will pass a resolution repealing the eighteenth amendment.

I yield to the Senator from Louisiana.

Mr. LONG. I wanted to ask the Senator, just before he left the point about the care that is given to the negro delegates from Mississippi and other Southern States, inasmuch as we know that after they get through with them in the convention, that ends their political participation, if they are not in the position usually down our way of being permitted to receive sacrament and vote for the preacher in Republican politics, and that about ends the matter.

Mr. HARRISON. That is right. As soon as the election is over our colored friends down there will be thrown out and the white bunch will be put back in. But they will use them effectively in the campaign.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. HARRISON. I yield to the Senator.

Mr. KEAN. I would like to ask the Senator from Mississippi whether he is aware of the fact that all the Republicans in the House from New Jersey asked the candidate for Vice President of the Democratic Party whether they could not amend the Volstead Act now, and he refused to allow them to do so? How does the Senator from Mississippi explain that?

Mr. HARRISON. That demonstrated that our vice presidential candidate has political sense. Does the Senator think we are so foolish, that we know so little about politics, as to pass a beer proposition here at this session of Congress? Does the Senator think that if there is any advantage to come from the modification of the Volstead law, within constitutional limitations, in the coming election, we are going to give it all away by voting for modification at this time? We are not violating any pledge by taking that course. It takes a good long time to pass a constitutional amendment.

Mr. KEAN. Mr. President——

Mr. HARRISON. I hope the Senator will wait a moment. It takes some time to do that. It took a long time for the suffrage amendment to be adopted by the various States of the Union and by the Congress, and the same was true with reference to the eighteenth amendment. So, if the resolution for the repeal of the eighteenth amendment is proposed by the Congress in March, I dare say it will take some months—indeed, it may take a year or more, or several years—before the requisite number of conventions of the States shall have adopted the proposition. In the meantime, in the interim, before the eighteenth amendment shall have been repealed, we pledge ourselves, in this plank of the Democratic platform—and we expect to go before the country on that proposition during this campaign—that on the 4th day of March, or as soon thereafter as possible, we will modify the Volstead law within constitutional limitations so as to permit beer to be sold. Does that answer the Senator's question? I know it is disappointing to him.

Mr. KEAN. No, Mr. President; it does not answer my question because the Senator from Mississippi says on the 4th day of March and the platform says "immediately."

Mr. HARRISON. Oh, the platform says "immediately."

Mr. KEAN. Therefore the Senator repudiates the Democratic platform.

Mr. HARRISON. "Immediately!" That plank was not adopted for the guidance of Congress at this session at all. That platform was adopted for candidates for the Senate and the presidential and vice presidential candidates to run on. But the Senator complains. Well, his platform says nothing. It is perfectly silent on modification. What are you going to do; take yours, with nothing in it, or ours. with a definite promise? In the speech delivered by the senior Senator from Massachusetts [Mr. WALSH], who introduced the substitute amendment, and who championed it, and who made a most forceful speech for it, in presenting it to the committee on resolutions and in the Democratic convention, he expressly stated that during the interim, after we have passed through the campaign, we will take the action which I have suggested.

No one ever dreamed that the question would come up in this session of Congress, and from a Democratic standpoint it would be a foolish thing for us to try to take action now. Let those who want to modify, whether it be in Connecticut, or up in Rhode Island, or in New Jersey, those who want the Volstead law modified, vote the Democratic ticket, vote for the platform that insures that; and after the 4th of March, if they will give us enough votes here, we will put it over for them.

Mr. LEWIS. Mr. President, if the Senator will yield, I wish to ask the Senator from Mississippi, whose very clear

exposition was aided by the questions propounded by the Senator from New Jersey and the replies made by the Senator from Mississippi, if it be not true that, if the amendment, so called, tendered by the Senator from Connecticut under the guise or name of a modification of the Volstead Act, had met with success in humiliating the President of the United States and defeating the object of the home loan bill, and had been added to the home loan bank bill and sent to the House, would not the House have had a home loan bank bill and no beer bill whatever before it? The public has not understood that.

Mr. HARRISON. Yes. Before the Senator from New Jersey leaves the floor, with the permission of the Presiding Officer, I would like to ask him a question. The Senator says he is for the modification of the Volstead law so as to permit the sale of beer, and he wants it done right now. Does the Senator think that his President would sign a bill if it were passed now, or at any time, carrying out that idea?

Mr. KEAN. I hope so, Mr. President.

Mr. HARRISON. The Senator hopes so. He does not know, though, does he?

Mr. KEAN. I have no secret information of anything the President is thinking about.

Mr. HARRISON. Does the Senator believe he would?

Mr. KEAN. I do.

Mr. HARRISON. The Senator believes he would sign it?

Mr. KEAN. I do.

Mr. HARRISON. The Senator is a living curiosity of Republican optimism. [Laughter.]

CROP CULTIVATION LOANS

Mr. FLETCHER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer-fallowing, during the year 1932, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House, and agree to the same.

PETER NORBECK,
FREDERICK STEIWER,
DUNCAN U. FLETCHER,
Managers on the part of the Senate.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ANNING S. PRALL,
L. T. MCFADDEN,
JAMES G. STRONG,
Managers on the part of the House.

Mr. FLETCHER. I move that the Senate agree to the conference report.

Mr. KING. Mr. President, will not the Senator make an explanation?

Mr. FLETCHER. The Senate passed a bill, Mr. President, in connection with the loans for production of crops under certain conditions for the year 1932. The House amended the bill so as to include in the 1932 extension, under the conditions named in the measure, dairy products.

The Senate disagreed and asked for a conference, and the conferees upon the part of the House and the Senate met; the House conferees insisted upon their amendment, the Senate conferees receded, and the House has adopted the conference report. I am therefore moving that the Senate agree to the report. It means no new appropriation.

Mr. KING. Mr. President, may I ask the Senator whether this involves the $10,000,000 appropriation heretofore made?

Mr. FLETCHER. No; it has nothing to do with that. It makes no new appropriation.

Mr. KING. What was the original fund appropriated?

Mr. FLETCHER. I think it was $200,000,000.

Mr. KING. From the Reconstruction Finance Corporation fund?

Mr. FLETCHER. Yes.

Mr. CONNALLY. Mr. President, as I understand it, the effect of the conference report is to extend throughout the present year the operations of the agricultural production loan. Is that correct?

Mr. FLETCHER. That is correct; so as to include cultivation.

Mr. CONNALLY. It does not extend it over until next year?

Mr. FLETCHER. No.

Mr. CONNALLY. I am very much pleased with the report and hope it will be agreed to.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator desire to debate the conference report?

Mr. BLAINE. Is it debatable?

The VICE PRESIDENT. It is debatable.

The conference report was agreed to.

MERGER OF STREET-RAILWAY CORPORATIONS IN THE DISTRICT OF COLUMBIA

Mr. BLAINE. Mr. President, these was some confusion in the Senate following the statement of the junior Senator from Vermont [Mr. AUSTIN] in withdrawing his motion that the Senate proceed to the consideration of the street-car merger measure. It was my desire at that time to rise and approve the withdrawal of that motion. I was not recognized, through no fault of the Chair, and therefore I desire at this time to express my approval of the Senator from Vermont in withdrawing the motion to take up the so-called merger bill.

It has been very obvious to everyone that deliberate consideration could not be given this very important measure during the closing days of the session.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. BLAINE. I want to make my statement. I have waited over an hour for the opportunity.

It has been apparent to everyone that during the last three days there has been a great deal of political discussion introduced in the debate. I am not objecting to that. I make no complaint about it. That is perfectly natural. It was bound to be so. I realized when the motion to proceed to the consideration of the merger bill was first made that the Senate would be in no mental or temperamental condition to give the bill earnest and serious consideration.

The Senate has now been in session for over eight months continuously, engaged in the consideration of important legislation. The measure is of such great importance to the people of the District of Columbia that it ought not to be taken up in the last two or three days of the session under the conditions that have existed. It is a measure that should require and does require the conscientious consideration of the Congress at a time when the Congress could give it due and proper consideration.

The merger bill, so called, is not a complete unification bill. It still leaves the utility companies within the District in a scrambled condition. The bill that is pending also authorizes a system of subsidiary companies, which means that in the future, and we do not know how near that future may be, the Congress will be again confronted with a merger proposal to unscramble the various subsidiaries that are authorized to be created under the bill.

There are some other interests outside of the traction interests which should be considered in connection with this matter. There are more than half a million people in the District of Columbia who have no representation in the Congress. They must rely upon the Members of Congress and by petition submit their views, their demands, their rights. Under the merger bill as proposed practically the only benefit that would come to the street-car users in the District of Columbia, as shown by the testimony, would be a saving of about $60,000 in transfers, but the traction companies would escape not less than $250,000, though estimated by some to run as high at $400,000, of a charge that is now made against the traction companies and which expenditure, when the traction companies are released therefrom, will be fastened upon the taxpayers of the District. There-

fore, from the financial standpoint of the people of the District, they would be the losers financially under the proposed merger bill.

Moreover, it has been the desire of those who have been laboring for years in connection with the matter to bring about a complete unification. There is no objection to a unification measure, but there is objection on the part of the people of the District to setting up a system whereby the North American Co., a foreign company, shall obtain control of both street-railway systems and of the Potomac Electric Power Co., the company which produces the electric energy not only for the street cars but as well for the private users of electricity in the District. The bill as it is drafted would make the North American Co. a holding company for the new company and for the Potomac Electric Power Co. It would also make the North American Co. the holder of such subsidiary companies as are authorized under the proposed bill. Therefore, instead of having a unification bill we have a bill which scrambles the situation more than it is to-day. It has been the desire of those who have been urging unification in the interest of the people of the District to unscramble the entire situation, to bring about a complete unification, and thus bring to the people of the District reduced street-car fares and reduced rates for electric power and light.

I am not going to discuss the merits or demerits in any great detail. I have merely called attention to the importance of the measure. I also want to call attention to another very important feature of the bill. The bill as reported by the House provides only for universal transfers between street cars, but it gives to the new street-railway company that is to be organized and to the bus company a complete monopoly of the streets in the District of Columbia. Those of us who have undertaken to speak for the people of the District believe that we should follow the rule that where there is a monopoly granted for the use of the streets for a particular purpose, namely, for transportation by bus and street car, there shall be universal free transfers. Some of us who have been undertaking to bring about a unification believe that there ought to be an opportunity to consider the bill when the Senate has sufficient time and not in the closing days of the session which are occupied to a large extent, as the time has been occupied, by political speeches.

In view of the situation which I have described I think it was the part of wisdom, it was good sense, for the junior Senator from Vermont [Mr. AUSTIN] to refrain from pressing his motion in the closing days of the session. For one, and I think I can speak as well for the chairman of the Committee on the District of Columbia, Mr. CAPPER, I believe that this matter ought to be taken up at such time as it can be fully considered, when the amendments which will be offered may be properly and fully explained, with a single object in view, namely, the complete unification of the transportation systems in the District of Columbia, including the Potomac Electric Power Co., protection to the people of the District respecting rates, and a complete unscrambling of present conditions. If we were to pass the merger bill as it has been reported to us, we would then be inviting additional extensions of street-railway service under subsidiaries without any limitation on the number of those subsidiaries.

So, Mr. President, I close by commending the very able junior Senator from Vermont in withdrawing his motion.

Mr. NORRIS. Mr. President, I want to take the time of the Senate to read a short editorial which applies to the street-railway situation. I want to take occasion to commend the Senator from Wisconsin [Mr. BLAINE] and the Senator from Kansas [Mr. CAPPER] for their minority report in this matter. I read from an editorial appearing in the Washington News of April 30, 1932, entitled "The Figures' Lesson," as follows:

Quarterly reports on their earnings are being filed with the Public Utilities Commission by the corporation it regulates. In the beginning of the third year of the depression the Potomac Electric Power Co. reports net income for the quarter of $1,256,264, or at the rate of $5,000,000 annual profit.

Pepco's figures show a continuation of the annual increase of profit which has occurred now for several years. But the most interesting thing is that the street-car company which owns it, the Washington Railway & Electic Co., reports for the same quarter an almost identical decrease of profits. Pepco gained $38,615 in net income for the quarter. Wreco lost $38,847 in net income for the same quarter.

The power company has reduced rates annually and its profit has grown. The car company has increased rates and its profits have dwindled. And yet street-car executives can not read the lesson.

ST. LAWRENCE WATERWAYS TREATY

Mr. BORAH submitted the following resolution (S. Res. 278), which was referred to the Committee on Foreign Relations:

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized and directed to make an investigation and to hold hearings with respect to matters touching the St. Lawrence waterways treaty between the United States and Canada. The committee shall report to the Senate as soon as practicable the results of its investigation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-second Congress until the final report is submitted, to employ such clerical and other assistants, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. BORAH subsequently, from the Committee on Foreign Relations, to which the foregoing resolution was referred, reported it without amendment, and it was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. TOWNSEND subsequently said: Mr. President, from the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably with an amendment Senate Resolution 278, and I ask unanimous consent for its immediate consideration.

There being no objection, the Senate proceeded to consider the resolution.

The amendment was, in the second paragraph of the resolution, after the words "which shall not exceed," to strike out "$5,000" and insert "$2,500."

The amendment was agreed to.

The resolution as amended was agreed to, as follows:

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized and directed to make an investigation and to hold hearings with respect to matters touching the St. Lawrence waterways treaty between the United States and Canada. The committee shall report to the Senate as soon as practicable the results of its investigation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-second Congress until the final report is submitted, to employ such clerical and other assistants, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $2,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

IMPROVEMENT OF THE COLUMBIA AND SNAKE RIVERS—HEARINGS

Mr. TOWNSEND. Out of order, from the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably Senate Resolution 256 and ask unanimous consent for its present consideration.

The VICE PRESIDENT. Let the resolution be reported for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 256) submitted by Mr. MCNARY, Mr. STEIWER, and Mr. THOMAS of Idaho on June 28, 1932, as follows:

Resolved, That the Committee on Irrigation and Reclamation, or any duly authorized subcommittee thereof, is authorized to hold hearings during the recess between the first and second sessions of the Seventy-second Congress, at such times and places as it deems advisable, on the bills S. 4408, to provide for the

construction of work for the development of the Columbia River and minor tributaries, and for other purposes; and S. 2670, to provide for the improvement of the Columbia and Snake Rivers, Seventy-second Congress.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to employ such stenographic assistance as it deems advisable, but the cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses incurred pursuant to this resolution, which shall not exceed $2,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. KING. Mr. President, the Senator is not asking for immediate consideration of the resolution, is he?

The VICE PRESIDENT. The Senator from Delaware asks unanimous consent for immediate consideration. Is there objection?

Mr. KING. Mr. President, I should like to ask the Senator from Oregon or the Senator from Delaware or whoever offered the resolution to advise me in regard to the purpose of the resolution?

Mr. McNARY. Mr. President, the resolution was submitted by the Senator from Idaho [Mr. THOMAS], my colleague the Senator from Oregon [Mr. STEIWER], and myself. It provides for hearings on bills affecting the Columbia and Snake Rivers in connection with the development of power and the selection of sites, surveys recently having been made. The idea is to have the Committee on Reclamation and Irrigation, having jurisdiction, to hold hearings by subcommittee along the river and to report back to Congress whether there are feasible sites.

Mr. KING. Does the Senator think it wise legislation?

Mr. McNARY. I do. The amount carried by the resolution has been reduced from the original sum of $2,500 to $1,500.

Mr. KING. Mr. President, I shall not object, but I invite the attention of the Senate to the fact that the President of the United States suggested some time ago—I think when he was running for the Presidency—a large appropriation of some $500,000,000 for the development of the Columbia River. It looks as though we are embarking upon a plan to spend billions of dollars for development work—the St. Lawrence, the Columbia, and other rivers—when many of the projects ought to be carried forward by private capital instead of by the Federal Government.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution. The amendment of the Committee to Audit and Control the Contingent Expenses of the Senate was, on page 2, line 4, after the word "exceed," to strike out "$2,500" and insert "$1,500."

The amendment was agreed to.

The resolution as amended was agreed to.

WHEAT AND COTTON FOR THE RED CROSS

The VICE PRESIDENT. The question now is on the motion of the Senator from Washington to proceed to the consideration of a joint resolution, which will be read by title.

The CHIEF CLERK (reading):

A joint resolution (H. J. Res. 461) making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

Mr. JONES. Mr. President, I wish to make a brief statement with reference to the joint resolution. It has been passed by the House, and proposes to appropriate money to carry out the terms of a Senate joint resolution which was passed and signed by the President on the 5th day of July. Briefly, the joint resolution which was passed directed the Federal Farm Board to turn over to the Red Cross 45,000,000 bushels of wheat and 500,000 bales of cotton. The joint resolution for which I am now asking consideration is designed to carry out the provisions of the previous joint resolution by making the necessary appropriation. That is all there is to it.

Mr. McKELLAR. Mr. President, I move in line——

The VICE PRESIDENT. The motion to proceed to the consideration of the joint resolution has not been agreed to. The question is on that motion.

Mr. KING. Mr. President, I desire to make an observation in regard to this matter.

The VICE PRESIDENT. The motion is debatable.

Mr. KING. Mr. President, the Senator from Washington has just stated that the purpose of the joint resolution which he has asked the Senate to consider is to carry out what he assumes to be a pledge upon the part of the Congress, or at least on the part of the Senate, to appropriate a large sum of money.

Mr. JONES. Mr. President, it is to carry out the provisions of a joint resolution which has been passed by the Congress. It is to carry out the action not just by the Senate but of Congress as provided in a joint resolution signed by the President and now a law.

Mr. KING. I assumed that the Senator meant the joint resolution which was passed constituted a pledge on the part of the Congress to supplement it by an adequate appropriation in order that it might be carried into effect.

Mr. JONES. Mr. President——

Mr. KING. I yield to the Senator.

Mr. JONES. I want to say to the Senator that I do not consider it exactly as a pledge, so far as that is concerned, but the Congress contemplated our doing that. This joint resolution was reported to the House by the Appropriations Committee of the House, and was passed by the House. It proposes to carry out the provisions of the joint resolution which was recently enacted. Congress was convinced that we ought to furnish the Red Cross with 45,000,000 bushels of wheat and 500,000 bales of cotton in these difficult times.

Mr. KING. Mr. President, I believe that a majority of the Members of the Senate, and I think possibly a majority of the Members of the House, when they voted for the original joint resolution, which is the basis for the one now under consideration, understood that there was to be turned over by the Farm Board to the Red Cross substantially 50,000,000 bushels of wheat and 500,000 bales of cotton without cost to the Government; that is to say, without an appropriation being called for to be made now out of the Treasury of the United States. It was assumed—at least, that was my information—that wheat and cotton were available for distribution, or sale, as might be determined, by the Farm Board, if Congress itself should not superimpose itself upon the Farm Board and determine the policy which it should pursue with respect to the commodities referred to.

Mr. JONES. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield further to the Senator from Washington?

Mr. KING. I yield.

Mr. JONES. The original joint resolution came from another committee; it did not come from the Appropriations Committee. The other committee evidently knew about conditions affecting the wheat and cotton, because there were really three conditions imposed by that joint resolution that must be taken care of.

Mr. KING. May I say to my friend it is possible, and quite likely, the committee that carried on the investigation may have understood the facts, but I do not believe that a majority of the Members of the Senate understood, and, speaking for myself, I certainly did not understand that there were liens upon these two commodities of approximately $40,000,000, and that we were to be asked to appropriate out of the Treasury of the United States forty or fifty million dollars in order to free the commodities that were to be distributed from the liens thus existing.

Mr. JONES. Mr. President, I do not remember about any extensive discussion, but I know in the original joint resolution there was an express provision that certain charges would have to be met out of the price that might come to the Government from the wheat which was held, and that

can not be gotten until these charges have been paid. I am satisfied that Congress understood the situation and understood what it was doing when it took this action. I am not going to occupy further time.

Mr. KING. Mr. President, I must express dissent from the position just taken by my friend from Washington. I did not understand, and I make the assertion again that I do not think the majority of the Members of the Senate understood, that we were to be called upon further to deplete the Treasury of the United States by taking from it $50,000,000 in order to pay the debts that had been contracted by the Farm Board, notwithstanding the fact that they had gotten $500,000,000 out of the Treasury of the United States.

HOME-LOAN BANKS—CONFERENCE REPORT

Mr. NORBECK. Mr. President, will the Senator from Utah yield to me? I desire to present a conference report to which I think there will be no objection.

The VICE PRESIDENT. Does the Senator from Utah yield for that purpose?

Mr. KING. I yield for that purpose, with the understanding that I do not lose the floor.

The VICE PRESIDENT. The report presented by the Senator from South Dakota is privileged and the Senator from Utah will not lose the floor.

Mr. NORBECK. I present a conference report on House bill 12280 and ask for its present consideration.

The VICE PRESIDENT. The report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, 6, 7, 9, 11, 12, 13, 17, 18, 21, 24, 25, 27, 35, 38, 39, 40, and 42.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 5, 8, 14, 16, 19, 20, 26, 28, 29, 30, 31, 34, 36, 37, 43, and 44, and agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "insurance company, or"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "or, in case there is a lawful contract rate of interest applicable to such transactions, in excess of such rate (regardless of any exemption from usury laws), or, in case there is no legal rate of interest or lawful contract rate of interest applicable to such transactions, in excess of 8 per cent per annum and a comma"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: ": *Provided*, That accumulated dividends, as provided in subsection (k), have been paid"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "but in any case in which the rate of dividend is in excess of 2 per cent, the stock subscribed for by the United States shall be entitled to dividends at a rate not in excess of that paid on other stock"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "its advances" and a comma; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "The notes, debentures, and bonds issued by any bank, with unearned coupons attached, shall be accepted at par by such bank in payment of or as a credit against the obligation of any home-owner debtor of such bank"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "$300,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: "except a national bank, trust company, or other banking organization" and a comma; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 46 and 47.

PETER NORBECK,
JAMES E. WATSON,
DUNCAN U. FLETCHER,
Managers on the part of the Senate.

HENRY B. STEAGALL,
W. F. STEVENSON,
T. ALAN GOLDSBOROUGH,
L. T. MCFADDEN,
ROBERT LUCE,
Managers on the part of the House.

Mr. NORBECK. I move the adoption of the conference report. If that be done, I shall move that the Senate insist on its amendments in disagreement, ask for a further conference with the House, and that the Chair appoint the conferees.

The VICE PRESIDENT. The question is on agreeing to the conference report, and the motion is debatable.

Mr. COUZENS. Mr. President, may I ask the Senator from South Dakota what are amendments 46 and 47?

Mr. NORBECK. Amendment numbered 46 is the so-called Borah amendment, and amendment numbered 47 is a minor amendment, the last one on the page; I have forgotten for the moment just what it is. There is another one as to the meaning of which there seems to be a misunderstanding. Therefore, I desire to move that the Senate further insist upon its amendments.

Mr. COUZENS. If we shall agree to the conference report, will that mean that all the differences are settled with the exception of amendments numbered 46 and 47?

Mr. NORBECK. No; I would not say that; but they would be settled except for those and one other.

Mr. COUZENS. Those and one other. I should like to know what the other is.

Mr. NORBECK. The other has reference to the rate of interest that may be charged. It is the so-called usury amendment. It does not seem to be in good form; there seems to have been a mistake in writing it. So it should go back to conference for that reason.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COUZENS. I understand if we agree to the motion of the Senator from South Dakota that we accept the action of the House and Senate conferees with the exceptions indicated?

Mr. NORBECK. No; the motion is not in that way. The motion is that we disagree. I will say, for the information

of the Senator from Michigan, that the conferees have reached an understanding; and I know what they will do except on these three amendments.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Chair will state that the first question is upon the motion to agree to the conference report. Then the motion of the Senator from South Dakota that the Senate further insist upon its amendments will be in order.

Mr. KING. Mr. President, will the Senator yield; and may I also have the attention of the assistant leader on the other side, the Senator from Oregon [Mr. McNARY]? Is it intended to take a recess until to-morrow morning?

Mr. McNARY. Mr. President, this matter should be disposed of, I assume, first. I do not know how long the Senator from Washington wants to go on with his measure. It is a little bit too early to promise right at this time.

Mr. KING. If the Senator will yield further, the point I had in mind was this:

There are a large number of amendments which have been suggested by the conferees, or at least are the result of the conference, with many of which, speaking for myself, I am not familiar. I am quite sure that many of the Senators are not familiar with them. If the matter has to go back to conference, it seems to me that there should be no haste in our agreeing upon the report as submitted.

It occurs to me that if the report as submitted could be printed, and the conferees could continue their activities and try to reach an agreement upon the two or three or four controversial matters, we could to-morrow morning, in one bite of the cherry—if I may use the language of the street—dispose of the entire question; and we certainly could do so, speaking for myself, in a very short time.

Mr. NORBECK. Mr. President, the Senator knows how many Senators are going to read the report to-morrow morning. In other words, Senators are in no frame of mind to go into the matter any further. This subject has been before the Senate for months and months. The Senators are pretty familiar with it, and I do not think many Senators will pay any attention to the printed report just now.

Mr. KING. I understand that a number of very important changes have been made. First, I understand that there have been revived in the bill some of the provisions that were in the original bill, namely, the 12 banks or at least 8 regional banks, striking out the provision for 4 banks which appeared in the bill as it finally passed the Senate.

Mr. NORBECK. The other conferees, I think, will bear me out in the statement—I am quite sure I am right—that the bill simply provides for four banks, but makes it possible to establish more. It does not start out with a large number of banks, as the original bill did. The appropriation proposed in the original bill was $500,000, and in this one it is $300,000.

Mr. FLETCHER. Mr. President——

Mr. NORBECK. The Senator from Florida can answer that question better than I can.

Mr. FLETCHER. May I say to the Senator, in reference to the matter of printing, that the bill has been printed showing all the amendments that were put on in the Senate. The bill has been printed, and the amendments themselves have been set out; so that I do not think we need to have any reprint.

Mr. KING. I do not ask for a reprint, but so that we can have an opportunity of understanding just what the conferees have done. As I listened to the reading of the report just now, it indicated that a large number of amendments had been made, that the Senate had receded from a large number of amendments, and that a large number of provisions had been agreed upon by the conferees as attachments to the House provisions or to the Senate provisions. One could not tell, from reading the report, whether the bill had been transformed or changed in its essential parts, or whether they were mere minor amendments which had been agreed upon.

I do not like to vote for this conference report in the dark; and if the Senator insists upon a vote now, I shall, of course, have to vote against the conference report, although if I understood it, or if proper explanations were made, with opportunity to examine the numerous changes which have been made, I might be very glad to accept the report.

Mr. NORBECK. Let me say to the Senator that I feel that the motion really should be to disagree to the conference report, and send it back to conference. If that is what the Senator from Utah wants we will accommodate him, and I will make the motion in that way.

Mr. KING. I have not said that.

Mr. COUZENS. Mr. President, a parliamentary inquiry. Do I understand that the Senator from South Dakota has now changed his motion?

Mr. NORBECK. No. It may be subject to a different interpretation, but this is the motion I was going to make——

The VICE PRESIDENT. The question would be on agreeing to the report; but, of course, if Senators are opposed to it, the motion could be voted down.

Mr. NORBECK. Mr. President, a parliamentary inquiry. As I understand, if the report is rejected, all the matters that were previously in conference will be in conference now. Is that right?

The VICE PRESIDENT. That is correct.

Mr. NORBECK. All right.

Mr. KING. I hope the Senator will move to disagree to the report, and send the bill back.

Mr. NORBECK. I make the motion in that way.

Mr. MOSES. Mr. President, the simple thing is to agree to what has already emerged from the conferees, and then to send the disputed items back to another conference.

Mr. COUZENS. That is just what I do not want.

Mr. NORBECK. I will say to the Senator from New Hampshire that there is an error in the report that should be corrected, and I know of no other way to keep the matter within the jurisdiction of the conference committee than to reject the report.

Mr. COUZENS. Mr. President, as I understand, the motion of the Senator from South Dakota is that the entire report be disagreed to and sent back to conference. If that is the motion, I shall not object; but if the Senator's motion is to agree upon the report as made, with the exceptions, then I shall desire to discuss it for some time.

The VICE PRESIDENT. The Chair will state that the proper way to put the question is to submit the motion to agree to the conference report. That, of course, could be voted down if the chairman of the committee desires, or if a majority of the Senate feels the same way.

The question is on agreeing to the conference report.

Mr. COUZENS obtained the floor.

Mr. BINGHAM. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BINGHAM. Is it not in order to move to disagree?

The VICE PRESIDENT. The Chair thinks not.

Mr. BINGHAM. In the rules it is stated that a motion to amend an amendment may be made before the motion to agree or disagree.

The VICE PRESIDENT. This is not an amendment. This is a conference report, which must be voted up or voted down.

Mr. BINGHAM. I was referring to the phase in the rules, which uses the word "disagree."

The VICE PRESIDENT. The question is, Shall the conference report be adopted or rejected? The question raised by the Senator from Connecticut applies to amendments. This, however, is a full report.

The question is on agreeing to the conference report.

Mr. COUZENS rose.

Mr. FLETCHER. I understand that the chairman of the committee asks that the report be rejected, so there is no need to discuss it.

Mr. COUZENS. If the Senator from South Dakota will ask that the report be rejected and sent back to conference, I will not take any of the Senate's time.

The VICE PRESIDENT. The Senator has asked that that be done.

Mr. NORBECK. That is my request; and we can bring that about by voting "no" when the question is put.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was rejected.

Mr. NORBECK. I ask that the Senate further insist upon its amendments to the House bill and request a further conference with the House, and that the Chair appoint the conferees on the part of the Senate.

The VICE PRESIDENT. The question is on the motion of the Senator from South Dakota.

The motion was agreed to; and the Vice President appointed Mr. NORBECK, Mr. WATSON, and Mr. FLETCHER conferees on the part of the Senate at the further conference with the House.

MOTION TO DISCHARGE A COMMITTEE

Mr. BULKLEY submitted a motion, which was read, as follows:

Pursuant to the provisions of rule 40 of the Standing Rules of the Senate, I hereby give notice of my intention to move hereafter to suspend paragraph 2 of rule 26 of the Standing Rules for the purpose of making in order the following motions:

A motion to proceed to the consideration of the motion heretofore entered by the Senator from New York [Mr. WAGNER] to discharge the Committee on the Judiciary from the further consideration of the joint resolution (S. J. Res. 90) proposing an amendment to the Constitution of the United States repealing the eighteenth amendment thereto.

A motion, in the event the prior motion is agreed to, to proceed immediately to the consideration of the said joint resolution.

WHEAT AND COTTON FOR AMERICAN RED CROSS

The VICE PRESIDENT. The question now is on the motion of the Senator from Washington [Mr. JONES] that the Senate proceed to the consideration of House Joint Resolution 461, making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

Mr. KING obtained the floor.

Mr. JONES. Mr. President, I suggest to the Senator that we might have the question put on the question of proceeding to the consideration of the joint resolution.

Mr. KING. Yes.

Mr. JONES. I understand that the Senator will probably take only 10 minutes or so to-morrow morning.

Mr. KING. A very short time; not exceeding a half hour.

Mr. JONES. If that will save time, I will agree to that.

The VICE PRESIDENT. The question is on the motion of the Senator from Washington.

The motion was agreed to; and the Senate proceeded to consider the joint resolution, which was read, as follows:

Resolved, etc., That to enable the Federal Farm Board to carry into effect the provisions of the public resolution entitled "Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress," approved July 5, 1932, such sums as may be necessary during the fiscal year ending June 30, 1933, are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be used only for the purposes specified in subdivisions (a), (b), and (c) of section 3 of such public resolution.

Mr. McKELLAR. Mr. President, in order to perfect the joint resolution, I move, on page 1, line 8, after the numerals "1932," to strike out "such sums as may be necessary during the fiscal year ending June 30, 1933, are" and to insert "not to exceed $40,000,000 is."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 1, lines 8 and 9, it is proposed to strike out "such sums as may be necessary during the fiscal year ending June 30, 1933, are" and to insert "not to exceed $40,000,000 is."

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. JONES. Mr. President, while I much prefer that the amendment be not put on, under the circumstances, as I understand there will be very determined opposition unless we reach some conclusion like that, and it is very important that this measure should be gotten through just as soon as possible, I will not insist upon the objection.

Mr. KING. That does not preclude offering a substitute after it is perfected?

Mr. JONES. Certainly not.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

The CHIEF CLERK. On page 2, line 3, it is proposed to strike out "(b)."

Mr. JONES. I make the same statement with reference to that.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McKELLAR. Now I offer a third amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 2, at the end of line 3, after the word "resolution" and before the period, it is proposed to insert a colon and the following:

Provided, That the equity provided for under subdivision (b) of the public resolution approved July 5, 1932, shall not be paid for out of said appropriation, and any balance remaining after paying the amounts authorized to be paid under subdivisions (a) and (c) of said resolution shall not be used by the Federal Farm Board, but shall remain in the Treasury of the United States: *And provided further*, That the Federal Farm Board shall make a full and complete accounting of its acts and doings under this resolution and file the same with the Secretary of the Senate and the Clerk of the House of Representatives on or before December 8, 1932.

Mr. JONES. I make the statement with reference to that amendment. I should much prefer that it be not adopted; but, under the circumstances, I will not resist it.

Mr. KING. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes; I yield.

Mr. KING. I ask the Senator to advise me if I am in error that this amendment means that the Farm Board will get no part of this $40,000,000; that whatever is required to pay the liens upon the cotton and upon the wheat will be taken from the $40,000,000, and if there is any residue it shall go into the Treasury, and not go into the pockets of the Farm Board to be squandered and wasted by it as it has squandered and wasted so much of the $500,000,000 heretofore appropriated to it.

Mr. McKELLAR. As I understand, the Senator has stated the matter with accuracy.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

Mr. KING. Mr. President, I offer a substitute, which I ask to have lie on the table.

The VICE PRESIDENT. The clerk will read.

The Chief Clerk read as follows:

Amendment proposed by Mr. KING to the joint resolution (H. J. Res. 461) making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress, viz: Strike out all after the resolving clause and insert in lieu thereof the following:

"That to enable the Federal Farm Board to carry into effect the provisions of the public resolution entitled "Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress," approved July 5, 1932, such sums as may be necessary during the fiscal year ending June 30, 1933, are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be used only for (1) meeting carrying and handling charges and interest payment on commercial or intermediate credit bank loans on or against 30,000,000 bushels of wheat and 400,000 bales of cotton released for donation under the provisions of such public resolution between the date of its approval and the delivery of the wheat or cotton to the American National Red Cross or other organization, and (2) making advances under subdivision (a) of section 3 of such public resolution with respect to such wheat and cotton released: *Provided*, That the total amount expended pursuant to this resolution shall not exceed $30,000,000.

"SEC. 2. (a) The Federal Farm Board shall be composed of three members to be appointed by the President, by and with the advice and consent of the Senate and of the Secretary of Agriculture, ex officio. Such appointments shall be made as soon as practicable after the date of the enactment of this resolution, but not later than October 1, 1932.

"(b) Terms of office of the first members appointed under this section shall expire, as designated by the President at the time of nomination, one at the end of one year, one at the end of two years, and one at the end of three years after the date of enactment of this resolution. The term of office of a successor to any such member shall expire three years from the time of the expiration of the term for which his predecessor was appointed, except that a member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term. The members appointed hereunder shall hold office until their successors are appointed and qualify.

"(c) Notwithstanding the provisions of subsection (a) the Federal Farm Board as constituted upon the date of the enactment of this resolution shall continue to function until all of the members appointed as provided in such subsection have taken office and no such member shall be paid a salary, as such member, for any period prior to such time.

"(d) This section shall be held to reorganize the board and, except as herein modified, all laws relating to such board shall remain in full force and effect, and no regulations, actions, investigations, or other proceedings under any such laws existing or pending on the date of the enactment of this resolution shall abate or otherwise be affected by reason of the provisions of this section."

Mr. JONES. Mr. President, as I stated a while ago, the Senator from Utah assures me that he wants to take just a short time in the morning, not over half an hour, and then we will have a vote on the amendment. So I am perfectly willing that the joint resolution shall go over until tomorrow morning.

PURCHASES OF TWINE BY THE GOVERNMENT

Mr. BYRNES. Mr. President, I desire to make just a short statement.

Yesterday the senior Senator from Pennsylvania [Mr. REED] stated that after reading a letter from the Postmaster General to the chairman of the Committee on Appropriations he was satisfied that the Postmaster General was correct in the construction placed by the department upon the section in the post-office appropriation bill providing that preference be given to domestically produced commodities. At that time I stated that the Senator from Pennsylvania had not objected to the amendment of the Committee on Appropriations. Upon looking at the record I find that the Postmaster General was correct in stating that the Senator from Pennsylvania had made such objection, and, in justice to the Senator from Pennsylvania and the Postmaster General, I wanted to make this statement.

CONSERVATION

Mr. NYE. Mr. President, it was my favor a few days ago—on June 25—to attend a meeting at the Cosmos Club in this city attended by many interested in conservation. At the meeting addresses were made by the senior Senator from Nebraska [Mr. NORRIS], the senior Senator from Wisconsin [Mr. LA FOLLETTE], the majority leader in the House of Representatives, Representative RAINEY, of Illinois, and others. The addresses, containing material of historical value and significance, have not been printed in any newspaper or magazine. They are nonpartisan and nonpolitical in character. I ask unanimous consent that the remarks made at that time be printed in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

MR. BASIL MANLY, TOASTMASTER

Ladies and gentlemen, we who are friends of Harry Slattery have met here this evening for the rather unique purpose of honoring a man who has never sought or held public office and who has avoided publicity, as far as it was possible for him to do so, throughout his career.

I am not quite sure why I was chosen to act as director of ceremonies, except perhaps because of the fact that I have known Harry Slattery longer than anyone else here and longer than almost anyone else living; but I like him and love him just the same.

I might reveal a heretofore unrevealed secret, that Harry and I were born just across the street from each other in the little town of Greenville, S. C. One of my earliest memories of Harry is playing cards with him in Grady Jordan's barn. We were raised in a very pious atmosphere, and it was necessary to go up in the loft of the barn to pursue such pastimes.

It was 25 years ago when Harry came to Washington and began taking part in the affairs of Washington and the affairs of the Nation. That was during the administration of Theodore Roosevelt. The forests of the country at that time were about to become the prey of the great lumber interests. The conservation movement developed during that period and gained the impetus which has carried it on ever since. Even at that early date Harry was an important factor in that movement, and he has become an increasingly important factor during the succeeding years.

The Taft administration brought a continuation of the struggle over the Nation's natural resources. The Ballinger case and the great fight to withdraw the naval oil reserves from further exploitation developed, and in that struggle likewise Harry played his part.

The Wilson administration came into office March 4, 1913. This, I believe, is not generally known, but one of the most important episodes of that period, which made possible some of the achievements of the first part of the Wilson administration, was the exposure of the lobbies which were then operating in Washington. The President made public a statement in which those lobbyists were denounced. He was called upon to furnish specifications and was not in a position to do so immediately. But a man came to his rescue—a very young man at that time—and put into his hands the basic information which resulted in uncovering the lobby of the National Association of Manufacturers and a host of other lobbies which were operating at that time. That young man was Harry Slattery.

Without going into all of the details down through the years, but touching upon some of the high spots of which I have personal knowledge, I want to speak particularly of the fight that resulted in saving the naval oil reserves and in exposing those who had succeeded in taking them from the Government.

The first public attack upon the naval oil leases was made by Harry Slattery at a dinner very much like this held in the Ebbitt Hotel on March 10, 1922. Following that came official exposure on the floor of the Senate, about which something may be said later in the evening.

And so it went down through all these years. Mr. Slattery has been the real protector, the real watchdog of the public domain, of the natural power resources, and of our human resources. I think we might well rise and drink a toast to Harry Slattery.

Whereupon the assembly rose and drank a toast to Mr. Slattery.

There is a Biblical quotation that "He who is greatest among you, let him be the servant of all." That has been the practice of one of the great men who is with us this evening, a man who has insisted upon taking a place at the foot of the table. He can not completely hide himself from us, because I am going to call upon him to respond to the toast, "The preservation of our natural resources," Senator NORRIS. [Great applause.]

HON. GEORGE W. NORRIS, SENATOR FROM NEBRASKA

Senator NORRIS. Mr. Chairman, I do not believe that one could respond to the toast that the chairman has propounded to me and do it properly without somewhere paying tribute to Harry Slattery.

All of those who have been connected with the preservation of the natural resources of the United States during the last several years, in various ways and various forms and on various occasions—if they have gone into a very thorough study and into the history of the great fight that has been waged for many years to preserve our God-given resources and keep them from exploitation—I say that any citizen who goes into that thoroughly will run into the tracks of Harry Slattery somewhere along the line.

There are men engaged in public service in which it is necessary to have some one with ability, with steadfastness, and with the purest of motives, and who has to do a great deal of work the public never sees. That work will find its place in the great book, upon the page whereon the names of those will be written who are behind such fights in behalf of the people, though the individual does not become generally known as doing the work among the people themselves. Such a man is Harry Slattery.

I was somewhat surprised that the chairman, in his narration, indicated that Harry was a comparatively young man. I came here when I was a young man, and Harry was an old man then. I figure that the only reason why the chairman made that unjust charge was because he had said that he and Harry were born about the same time.

We have almost forgotten the Ballinger investigation. In fact, Mr. Chairman, I had not thought of it for years until I heard you mention it, but it was a wonderful contest; it was a battle for a principle that ought to be sacred to every lover of human liberty and everyone who is anxious to retain the foundation stones on which our Government is built; and Harry Slattery had a great deal to do with it.

I do not suppose that there is a person present who knows, either, that I had anything to do with it; but it is as straight in my mind as though it happened to-night, although I had not thought of it for a long time. The Ballinger work had become so well known that it was really a stench in the nostrils of the people, and an investigation was demanded, and it became apparent that it had to be made in response to the demands of the people, the indignant people of the country, who had become aroused at what was going on.

In those days the Senate and House were both controlled by machines that were riveted by a steel fence that was so tight that nobody thought there was any way to get through. And so this great political machine, realizing that the people were becoming indignant and that something had to be done, decided that they would investigate the Ballinger matter and, of course, there would be a whitewash. The concurrent resolution was introduced, providing for the appointment of a commission to make this investigation, and they appointed a large commission. There

were 10 men to be on the commission, 5 to be appointed by the President of the Senate and 5 by the Speaker of the House of Representatives. There used to be, in those days, as you all know—and still is—harmony on occasions when it is necessary between great political machines. Often there is not any difference between them; they drink out of the same canteen and they are supplied from the same source to get enough oil to keep the machine properly lubricated. It was that way then.

The Republicans, however, had a Vice President whose name was Sherman, of New York, and in the House of Representatives was Speaker Cannon, another man just like him. So this resolution passed the Senate. In those days, so complete was the control of the machine that the newspapermen announced in the morning what the House and Senate would do in the afternoon, and in the morning paper it was announced that this resolution, which had already passed the Senate, would come up in the House and that, immediately after the reading of the Journal, Judge Dalzell, of Pennsylvania, would introduce a special rule, which would provide for the passage of the resolution. Everybody knew it would happen just that way and all of us fellows who were Members of the House, realizing that the master had spoken, did not expect anything else to happen. True to the report, after reading the Journal, Mr. Dalzell arose in his place and introduced the report from the Committee on Rules, which as you know had then, and still has, special privileges, and it was taken up by agreement between Champ Clark, the Democratic leader, and Cannon, the Republican leader, and they agreed, by unanimous consent, to have general debate of three hours on a side, and that anyone who spoke had a right to make a motion to amend, and that all such motions should be voted on at the close of the debate.

Well, I did not know the details about Ballinger and all of this material which Harry Slattery had worked up, but I was satisfied there was something in it and I knew, as everybody else knew, that there was a job on hand to whitewash Ballinger. That was generally known and in the debate it was charged. The Democrats ranted up and down the aisle and told what a terrible thing this committee was going to do—that it was going to whitewash this man; but it did not occur to them that they had a chance to amend. In those days we had in the House of Representatives a well-organized body of insurgents. We used to meet every night and talk over what we were going to do the next day. When that agreement was made, it entered my mind that here might be a good opportunity to have a real investigation instead of a whitewash; and so I determined to make a speech. To speak, you had to get the consent of the leader to yield to you some time, and with me it was a pretty difficult task with Dalzell. But next on the Committee on Rules, the ranking Republican, was Mr. Smith, of Council Bluffs, Iowa, who was a very warm personal friend of mine; and immediately after the debate started, Mr. Dalzell went down to get his lunch and, of course, he had delegated the next man until he came back.

I went over and sat in the Cherokee strip on the Democratic side, and said to Smith, "How about getting some time?" and he said, "All right, George, I will give you some time," and said, "How much do you want?" "Two minutes," I said. He said, "When do you want it?" And I said, "I want it as soon as I can get it." I was afraid Dalzell would get through with his lunch and get back. He said, "There is a Democrat over there talking now, but he is about through, and I will give you some time as soon as he finishes."

I had not got back to my seat until Smith said, "I yield two minutes to the gentleman from Nebraska."

I was innocent of trying to accomplish anything great, but I just knew it was a job; I just knew it was a whitewash, and that the whitewash had all been mixed up and it was going to be nothing but a whitewash job. I did not use up my two minutes. All I said was that it was generally believed and generally understood that this committee was going to whitewash Ballinger, and that I was perfectly satisfied that if the Speaker appointed the committee it would whitewash Ballinger; and I said, "Therefore, I move to amend this resolution by striking out 'appointed by the Speaker' and insert in lieu thereof 'elected by the House,'" and immediately the cap went off of the jug and consternation reigned and everybody was excited.

During the balance of the debate, which lasted until 6 o'clock, there was a scurrying around and they were getting their forces together on that amendment, and with a solid Democratic front and a solid insurgent front we adopted the amendment, and that is why there was a real Ballinger investigation. [Applause.]

We had a meeting, I remember. The insurgents met that night down on Massachusetts Avenue to decide what action we could take about the election of that committee. We did not want to be hoggish, but we wanted to name one, and the Republican membership could name two, but we insisted that certain men's names should not be on that committee, and we mentioned those who were thought to be objectionable and asked the Democrats if they would stay with us on it, and if they would, we would carry the proposition through.

I will now say that I had the honor of having tendered to me the unanimous wish of that group of insurgents that I should be a member of that committee. In the first place, I did not know much about it; and in the next place, I did not want to see myself liable to the charge of having obtained personal gain out of it, and I declined it. We selected as chairman of that committee Judge Madison, of Kansas, one of the ablest and most steadfast men of his time. If he had lived, he would have been one of the leaders in American history. He was an able attorney.

The Democrats named two good men. The Republicans were confined in their selection to a small number, on account of the exceptions we had drawn; and because there was one man there who was really determined to make an investigation, there was not anybody else on the committee that dared hesitate, and the majority of that committee went forward as one, with one of the most complete and thorough investigations that ever was made.

A man who now adorns the Supreme Court bench, Justice Brandeis, was the attorney who conducted the investigation, and managed it from beginning to end; and there was another instance, my friends, of what our friend Harry Slattery had done. He had done valuable work.

You people have given him credit; but I presume the generation that has grown up since then does not have knowledge of it, and that they do not even have knowledge of the trick I played in it; but without such a man to back us up, without such a man to furnish evidence and information and documents, lots of times it would have been physically impossible for us to get results. Without such a man, those who have tried to fight the people's causes in the last 10 years—without such a man, I repeat, we would nearly always have failed. Yet I often think that, even in failing, we win success that we do not at the time appreciate.

After all, this contest that I have mentioned, the Teapot Dome contest, and most any other contest that we have had, involves one fundamental principle that is the same down to the bottom, even, with the same principle involved that has been involved since the dawn of civilization, and that is a battle between monopoly and entrenched wealth against the common people of the country.

So I think you do well in honoring our friend, Harry Slattery, for the invaluable assistance that he has given to all. [Applause.]

TOASTMASTER. One of those who has played a part in the protection of natural power resources, Representative PHILIP SWING, of California, was unable to be here, but he has sent a letter which I would like to read:

"I recognize the fine, unselfish public service that Harry Slattery has rendered the people in his private capacity without the compensation of either pay or glory.

"In his quiet and unassuming way he has made tremendous contributions to every important fight for the people that has had Washington as its battle ground.

"I am particularly appreciative of the splendid work he did in connection with Boulder Dam in organizing the National Boulder Dam Association and throwing into this great project the power and influence of the progressives in every part of the country.

"I trust that in his heart there is an abiding satisfaction of a good work well done, because, in the end, those who keep the faith seldom win any other reward."

The natural resources have been a battle ground since the beginning of this country; its forests, its preserves of oil and coal have been constantly attacked by those who wish to exploit them. There is one here who can speak of his own knowledge of the long fight to preserve the national oil reserves and to protect the forests from exploitation. I therefore offer the toast, "To the protection of our public domain," and ask Senator LA FOLLETTE to speak to us.

HON. ROBERT M. LA FOLLETTE, JR., SENATOR FROM WISCONSIN

Senator LA FOLLETTE. Mr. Toastmaster, men and women who have come here to-night to honor Harry Slattery, I am one of the generation that has grown up recently; but I remember the Ballinger investigation. While that investigation was in progress, Justice Brandeis, who was at that time conducting the prosecution, used to come very often to our house, and in discussing the details of that case and its procedure from day to day in the committee there was no name more frequently mentioned than that of Harry Slattery. During the years that followed, whenever there was a question in Congress affecting the natural resources of the Nation, whether it be with relation to the forests or to the water power or to coal or to oil, there was no one to whom my father turned more frequently, when those contests arose, than to Harry Slattery.

Much has been said of Harry's modesty and retiring disposition, to which I subscribe; but I would not wish this record to carry the implication that Mr. Slattery is not persistent, nor that he has not that determination and that courage which go to make up a great character—a great leader. Harry, it is true, has been retiring; it is true that he has been modest in the sense of ever having his name mentioned in connection with the legislative battles which have been fought over this great broad question of conservation; but Harry has had that perseverance, that persistence, that courage, that ability to stand up and fight until the last man had gone down, which has made possible the successful struggle that has been waged through all these years.

Perhaps I know most about the fight over the naval oil reserves, and perhaps I may speak more from my own personal knowledge with reference to that great episode in our recent history. It was Harry Slattery who first called attention to the transfer of the naval oil reserves from the Navy Department to the Department of the Interior. It was he who first brought that transfer to the attention of my father. And in order that there may be on this record made here to-night a part of the written history of that period, I wish to read a letter which my father wrote to Admiral Griffin and to Josephus Daniels, dated April 19, 1922, in which he says:

"Mr. Harry Slattery, the gentleman who bears this letter, I believe you already know. I have the greatest confidence in him and have entrusted to him the investigation of the present situation for me. This has been necessary because I am completely

tied down with work in connection with the tariff bill. I will regard it as a favor if you will talk as freely to Mr. Slattery as you would to me were I able to see you. I might say in closing that I do not intend to see these naval reserves despoiled for the benefit of private individuals and corporations without a vigorous protest being made upon the floor of the Senate."

It is a matter of history that as a result of that preliminary investigation my father introduced a resolution which called for an investigation by the Public Lands Committee of the naval oil leases, which finally resulted in their being restored to the public from whom they had been despoiled.

It was not, however, only by means of a private letter that he made acknowledgment to Harry Slattery. On the floor of the Senate on April 28, 1922, he had this to say:

"Harry A. Slattery, I know, has contributed in no small measure to the development of this case. For many years as secretary of the National Conservation Association, and later as a practicing attorney, Mr. Slattery has been a veritable watchdog of the Nation's resources. In every contest over these resources he has been on the people's side, ready to give his time without compensation and devote his knowledge of these questions to the public service. On more than one occasion during the long fight that has been made on this floor to protect the Nation's water power, its timber, its ores, and its oil from ruthless exploitation I have called for Mr. Slattery's assistance. I never found him wanting."

To-day we face probably the most complex problems which have ever presented themselves for solution in the history of this democracy. I, for one, draw courage from the fact that we have men like Harry Slattery to support us in making the efforts which we must make to meet and solve these questions, and while I know that the Senator from Nebraska made his reference to the age of Mr. Slattery as a facetious remark I wish to say that it is a matter of inspiration and encouragement to me to feel that Harry Slattery will be here fighting these battles for the next 25 years as he has fought them during the last 25 years. [Applause.]

I do not know any greater tribute that I could pay to him to-night than that which I have heard my father pay to him, and one which he reserved for few men, namely, that Harry Slattery is the kind of man he would like to go tiger hunting with in the dark—because you can always reach out and be sure he is there. [Applause.]

TOASTMASTER. Many of Mr. Slattery's friends who would delight to join with us are absent at the convention in Chicago. It was necessary to confine the speaking program to those who were certain to be in the city, but the occasion would not be complete without hearing a message from one who has known Mr. Slattery over the whole span of his career—Representative HENRY T. RAINEY, the majority leader of the House.

HON. HENRY T. RAINEY, REPRESENTATIVE FROM ILLINOIS, MAJORITY LEADER OF THE HOUSE OF REPRESENTATIVES

Mr. RAINEY. I have been closely associated with Mr. Slattery for over a quarter of a century of time. Soon after I came to Congress, 30 years ago, I saw a private corporation organized in Hamilton, Ill., and Keokuk, Iowa, by unanimous consent awarded a franchise to dam the Mississippi River at Keokuk. I was a new Member then and did not realize what it was all about. At that time any corporation desiring permission to build a dam for water-power purposes, wherever there was a declivity in any river, succeeded in getting by unanimous consent a bill passed through the House and the Senate for that purpose.

Along about 1908 or 1909 I announced on the floor of the House that no more bills to grant franchises for this purpose would pass the House by unanimous consent. From that time on until the Wilson administration commenced I was on the floor always objecting to requests for unanimous consent and during this period of time I made many speeches on the floor, always using material furnished me by Mr. Slattery.

At any time I was permitted by him to call him over the telephone. Whenever I wanted to answer a speech on this subject he always responded with data and information, and if I needed it at once he brought it in person to me and had it delivered to me on the floor of the House. I made many enemies among Members during this period of time, but I was able to meet in debate all comers and I was able to do it because I had back of me always Mr. Slattery.

The statement I made on the floor of the House announcing that no more unanimous consent in these matters would be granted really commenced the fight against the rapidly developing Water Power Trust. During the second year of the Wilson administration the President sent for me. I met him in his private apartments and he told me of a great many organizations which were anxious to commence the development of river projects and complained that I was holding it up and he asked me what could be done about it. I went over the matter with the President and he agreed that I was right about it. He asked me if I would be willing to participate as a member of a committee which he might select to frame a water power bill. I agreed, and he appointed the committee. This committee met daily for a long period of time. As I remember it, we met for some weeks almost daily in Secretary Lane's office and the result was the water power bill which we prepared.

During all the period of our meetings I was in touch with Mr. Slattery, getting his advice and his suggestions. We drafted the bill and delivered it to the chairmen of the committees having jurisdiction of the subject matter in both the House and the Senate, and it was introduced. The bill as it finally passed the House and Senate was different in many respects from the bill we drafted and I have always thought the bill we drafted was a better bill.

Prior to the Wilson administration and to the drafting of the bill the debate grew particularly animated on the floor of the House on account of the fact that I made charges on the floor which a Member of Congress from Tennessee, now deceased, interpreted as reflecting upon him. I charged that one Member at least was receiving compensation from the Aluminum Trust of America for his services in obtaining these franchises. Finally, in order to settle the matter, Congress adjourned one morning until 10 o'clock the next morning and I was given one hour to prove my charges against the Tennessee Member and he was given one hour to disprove them. I succeeded in proving my charges. I showed that he received considerable sums of money from the Aluminum Co. of America, which he was compelled to admit, but he claimed that he lost it all afterwards on account of having signed as surety some note given by some representative of the Water Power Trust.

I know of no living man who has rendered more service—and more effective service—for the public interest in the fight against the Water Power Trust than Harry Slattery. He has at all times kept modestly in the background and no one but his most intimate friends know the extent of his services nor the value of them.

TOASTMASTER. I am sure that everyone will agree with me that an important factor in the public service are those engaged in newspaper work in Washington, for whom Harry Slattery has always served as an inspiration and inexhaustible source of facts. I offer a toast to the "Preservation of a free and effective press," and ask Mr. Gilson Gardner to respond to it.

MR. GILSON GARDNER

Mr. GARDNER. Mr. Chairman, and men and women who are friends of Mr. Slattery, as a friend of almost each and every one of those present, I am appearing in this case rather in the capacity of a has-been and I may, therefore, perhaps be pardoned if I associate myself with Mr. Slattery to the extent of saying that I played a part, with Senator NORRIS, in the original Ballinger case.

Our organization, perhaps not through direct bribery and corruption, but by some means, secured a confession from the private secretary of Ballinger. This confession covered the preparation of a document by a distinguished official of several recent administrations, a document which pretended to be an opinion on the case, on which President Taft had presented judgment, and which, when he could not verify it, Louis Brandeis suspected was antedated. It was pursued until, finally, the secretary, Mr. Frederick M. Kirby, told us the truth about the preparation of that document down in the Interior Department. Mr. Kirby, two or three years later, was my private secretary; so you can see how I was intimately connected with the Ballinger case. Mr. Kirby became, when he got free from that influence, a very fine and very efficient newspaperman. He is still with the Scripps organization.

I never knew the end of the capacity of Mr. Slattery. He knows more now than most anybody. He has got more material in his files up there than anybody in the United States. If he ever prints the history of his life, the public will sit up and take a great deal of notice.

I am reminded by this tribute to Mr. Slattery, which has my utmost approval, of a story which I heard the other day: One of my classmates was a district attorney for the western end of Massachusetts for 13 years, and he tried the cases of all of the criminals in that part of the country. He was over in Boston one day and met one of the distinguished lights there. This man said to him: "And is it true that you have spent all of your life over there in that part of the country?" And Charlie Wright said, "Not yet." I hope Mr. Slattery will have the same reply to make. [Applause.]

TOASTMASTER. There are other resources besides our natural and physical resources; there are human resources. While we were here at dinner I had a long-distance call from William B. Wilson, former Secretary of Labor, who told me that he had expected to be in Washington and had hoped until the last minute that he would be able to attend this dinner, but he telephoned this message:

"I wish you would convey to Mr. Slattery my highest appreciation of the splendid services he has rendered during the period of his public life. Few men have had the opportunity to conserve the moral and material resources of a nation such as came to him, and the courage, integrity, and intelligence with which he has met every situation entitle him to the gratitude of all of his countrymen."

Mr. Wilson is one of the brave men and women who, like Harry Slattery, have been fighting for the preservation of human resources, and so I give you the toast, "To the preservation of the Nation's human resources, its men and women and children," and ask Mrs. Costigan to respond to that toast.

MRS. EDWARD P. COSTIGAN, WIFE OF THE SENATOR FROM COLORADO

Mrs. COSTIGAN. Mr. Toastmaster and friends, when these ceremonies began Harry Slattery said, "Here is where I would like to go under the table." That made me think of a testimonial dinner I attended one time, given to my best friend in our home town when he was appointed a member of the Tariff Commission. There was a picture of Woodrow Wilson on the wall and a picture of my

best friend. Ex-Senator Cannon, of Utah, one of the speakers on that occasion, was most eloquent. He finally turned to the pictures on the wall and exclaimed, "There they are, where they belong, hanging together!" To-night we are all where we belong, hanging together, as we always should be on occasions when we meet to honor one who has been our guide and inspiration on countless occasions.

Harry Slattery makes me think of the old saint whose ambition was to do all the good he could and never know anything about it. That is just the kind of saint he is.

I do not suppose Mr. Slattery recalls an occasion, which I well remember, when he saved some of us from a serious pitfall, at the time when the League of Women Voters was first considering how to deal with the Muscle Shoals issue. The ladies from Alabama had put the problem on our doorstep, saying, "You must save Muscle Shoals for the women of the South." We were considering the best way to dispose of Muscle Shoals, and our committee, thinking they knew a great deal about the Muscle Shoals project, met to decide what they should recommend to the convention of the League of Women Voters. When, as chairman, I realized the magnitude of the public issue, I did what so many women do—I called up a man and said: "What is the truth of this situation?" And before the vote came a few hours later, all the arguments were in our hands against the proposal of Henry Ford to lease Muscle Shoals. Who provided those arguments? Harry Slattery, of course. So, from time to time, he has saved that League of Women Voters, as legal adviser, from many difficulties. There were other troubles on our doorstep, but Mr. Slattery was always there telling us how to handle them.

Our times are serious and we need advice as never before. The people are in the coop, instead of the chickens in the pot. So, to-night, I bring here the tribute of all the women I have worked with in Washington during past years. We have come to tell Harry Slattery of our debt of gratitude and, here, before you all, to thank him for the many times he has saved us—this gentleman, this statesman, our friend, Harry Slattery.

TOASTMASTER. Now, we come to the time when our guest should at least let us know that he is glad to be with us. [Company rising, great applause.]

MR. HARRY SLATTERY

Mr. SLATTERY. Mr. Chairman and friends, it is not easy to speak on an occasion like this. I deeply appreciate all the kind things that have been said about me. I appreciate them more than you will ever know. At a time like this emotion sometimes takes away thoughts. Any man would be proud of this occasion and of these fine things, and of these friends. I have only one regret, and that is, that to-night my mother, who is 85 years old, could not be here. She has always held to and taught me the old Biblical principle that "He who gives his life, shall save it."

I feel a good deal like one of the early pioneers or like a charter member of the oldest inhabitants. Senator NORRIS has told you about the old Ballinger case. He did not tell you that in the fight in the Ballinger case he unseated Cannon and ended a political dynasty. But it seems I go so far back, it might be like a story I heard the other day of the old darky to whom some one was talking at Mount Vernon. He said he had been a slave owned by the Washington family. A visitor said: "Why, this is certainly unusual. You must remember General Washington." And he said, "Oh, I remember him well." "You knew him as a boy?" "Yes, sir, right there with him," the darky replied. "You must remember him when he took a hack at the cherry tree." And he said, "I certainly do, boss. I drove that hack—we had a good ride."

It is a great privilege and a great pleasure to have been in some way—a small way, associated with the progressive movement. Washington, after all, is a good deal the home of certain financial and social cliques; there is ballyhoo and playing for place or favor on all sides, sometimes either at the Capitol or at the White House; but I am sure that even if there is a good deal of artificial sham, ideals win out.

My years have taught me one thing, clear as crystal, and that is, that the progressive principles and the progressive ideals have won straight through. They might have their ups and downs, and they might have changes here and there, but they all work to solve our problems, every one, every day, and in many ways, and will always win; because I think we can safely rest our faith upon one principle that is above all others, and that is unselfishness and undying belief in the democratic ideals of the Nation.

I can recall very well when they had a great filibuster in the dying days of the Wilson administration, on the fight over the natural resources. That contest was led by the fighter who has gone from us, Senator La Follette. He would lie down at times with a great military cloak around him, like a general on the field of battle, preparing to renew the fight that was being carried on in the Senate night and day, day after day. One night I remember Senator Sherman spoke to him and said, "Bob, I think the end is in sight on this." But Senator La Follette said, "We will win this fight to-morrow, or eventually; *we will win it.*"

It strikes me that is the story of the whole progressive movement—that American ideals will win to-day, they will win to-morrow, or they will eventually win.

The battle over these resources always seemed to me a long-time proposition. So many people do not seem to realize that legislation takes years. The conservation measures took from 7 to 15 years, whether water power, forests, coal, or oil, before they were enacted into law. Many people in this world want to win to-day. The reason why progressive ideals are eventually going to win is because those who support them realize it is a long-time proposition; and the fight goes always forward.

But I want to tell you one story about the oil leasing. Mr. Fall, when we conservationists started to question his activities as to the naval oil leases, used pretty strong language—he was a gentleman that used strong language—and he sent us to a certain place, where they do not keep refrigeration. Then Mr. Fall in his reign of terror—and I am sure Senator NORRIS and Senator LA FOLLETTE must remember those days—Mr. Fall decided he would use some rough tactics and he had a man by the name of Baracca, who was a 2-gun man and had passed several men over the Great Divide. Mr. Fall sent him around to several newspaper men to make inquiry, and I think he went to see Gilson Gardner. But anyway, he arrived to see me with a threat; and I want to cite this as an illustration of how tense those times were. I may be modest, but I kicked that gentleman out of my office. [Applause.]

One more observation and then I am through. In my opinion, when the whole story about water power is written, no part of it will be so complete as that marvelous fight for many, many years that Senator NORRIS has made for Muscle Shoals. He has exemplified the progressive spirit. In the days when he had no support he labored away and fought morning, noon, and night with his legislative resources, and he turned up both the Democratic and Republican propower groups on many occasions. What has been a great surprise to me is that the Southern representatives (I make apology to Senator BLACK, of course; I know Senator BLACK has been one of the stalwarts on the public side) have never seen that this was giving away a great birthright for a mess of pottage, and that the Muscle Shoals development is going to mean more to the economic development of the South than the cotton fields, the lumber resources, the plantations, or the other great resources of the South.

I want to thank you all again for this unusual and marvelous meeting. It will mean much in my life; it will mean, like the old story, that I will touch earth again with renewed strength to carry on the fight that I believe will always win. [Rising applause.]

TOASTMASTER. And now, ladies and gentlemen, God be with you 'till me meet again.

LETTERS AND TELEGRAMS RECEIVED

CHICAGO, ILL., *July 13, 1932.*

As one of the Washington correspondents, I have a personal knowledge of the high type of Mr. Slattery's public contributions. I know of no man in or out of public life who has labored so hard for the public welfare with such unselfish motives. Without him I doubt if there would have been a successful Teapot Dome investigation. That was only one of many achievements.

As a newspaperman close to the Teapot Dome story from its inception, I know what he did. If there is anyone who unselfishly, day in and day out, labors pro bono publico with no hope or anticipation of pecuniary reward, that man is Harry Slattery.

If Congress were filled with men of his type what a difference there would be in the attitude of the people toward government.

JOHN D. ERWIN,
Correspondent, Nashville Tennessean, Chattanooga News, Knoxville Journal, and formerly Chief Correspondent, New York Evening World.

SEBASCO ESTATES,
Via Bath, Me., July 1, 1932.

I should like to have been there and participated in this occasion. If there ever was a man faithful to the interests of the people, surely Slattery is entitled to that distinction. I am sure the meeting was a great success.

WILLIAM S. KENYON,
Judge, United States Circuit Court of Appeals.

CHARLESTON, S. C., *June 25, 1932.*

Permit me to join in paying tribute to Harry Slattery for his unselfish and patriotic contributions to the public service during the past 25 years. May God spare him to his country and his friends for many years to come.

JOHN I. COSGROVE,
Justice, Supreme Court of South Carolina.

NEW YORK CITY, *July 8, 1932.*

Harry Slattery is, and long has been, one of the ablest and most courageous and effective champions of the public interest at Washington. He knows the public law of this country as do few lawyers of our time, and he stands preeminent in the utilization of that knowledge for the public good. No one has a finer record in the whole field of conservation. In the great contests to save Muscle Shoals, Boulder Dam, the national forests, and the naval oil reserves for the benefit of the American people, he has played an essential and often a decisive part. I had hoped and planned to come to Washington for the dinner and count it a deep satisfaction to make this acknowledgment to him.

FRANK P. WALSH,
Chairman The Power Authority of the State of New York.

UNITED STATES FLEET AIRCRAFT,
SCOUTING FORCE, U. S. S. "WRIGHT," FLAGSHIP,
San Diego, Calif., July 7, 1932.

I very much regret that I was unable to attend the dinner or to send a message of greeting in time for the dinner. More than anyone else, perhaps, in the Navy, I appreciate the great public service that Harry Slattery gave the Navy and the Nation in the matter of the naval petroleum reserves.

JOHN HALLIGAN,
Rear Admiral, United States Navy.

WASHINGTON, D. C., *July 13, 1932.*

I have personal knowledge of some of Harry Slattery's work, and much more of it I know from what others have told me. That this work has been of great importance in the public interest is certain, and it is equally certain that he has been so modest and self-effacing that he has escaped the general public recognition of merit which was his due. It is a delight to honor such a man, and I sincerely hope that for the future he may not lack the strength and opportunity to continue along the same old lines. He can serve his country in no better way.

JOSEPH B. EASTMAN,
Member Interstate Commerce Commission.

NEW YORK, N. Y., *June 25, 1932.*

Leaving for Chicago, otherwise would join with you in honoring Harry Slattery for his fine social service through a quarter of a century. If democracy is to be preserved it will be through the tireless and unselfish service of just such militant champions of social justice.

CLAUDE G. BOWERS.

WASHINGTON, D. C., *June 23, 1932.*

Harry Slattery's untiring efforts in behalf of the conservation of the natural resources of this country have proved a real contribution to that cause and have inspired others to join the fight. Never before has this Nation needed men of sound but liberal views as it does to-day. By honoring those who have spent years in the fight, we attract others to the standard of progressiveism. May God spare Harry Slattery and all others like him to continue on for many years to come.

FRANKLYN WALTMAN, Jr.,
Editorial Staff, the Baltimore Sun.

NIANTIC, CONN., *June 25, 1932.*

To Harry Slattery: About the most useful citizen this country has produced. I wish I could be there to greet him.

STUART CHASE.

WASHINGTON, D. C., *June 23, 1932.*

Nothing would have given me greater pleasure than to sit among my friends for the purpose of doing honor to a man who has labored so hard and so long in the public interest.

ARTHUR CAPPER,
United States Senator from Kansas.

WASHINGTON, D. C., *June 22, 1932.*

I take this opportunity to express my appreciation of the splendid service rendered by Mr. Slattery for the public welfare. May his power and good influence increase in the coming years.

J. H. SINCLAIR,
United States Representative from North Dakota.

WASHINGTON, D. C., *June 25, 1932.*

It is difficult to put on paper my opinion of Harry. I find it is a queer mixture of warm, personal affection for a dear friend and deep admiration for the ability and courage of a veteran battler for the common good.

When I came to Washington 20 years ago I found Harry a charter member of the "Hell Raisers." He made the ammunition other men used. They got the glory while Harry—always smiling, always self-effacing—was content in the knowledge that he had contributed to the job of blowing special privilege and political roguery out of their trenches.

During the last 20 years the progressives have done great work here in Washington, and Harry Slattery—God bless him—is entitled to a lot of the credit.

As a "son of the wild jackass," I doff my chapeau in heart-felt tribute to this fine gentleman from the old South.

EDWARD KEATING,
Manager Labor, Official Newspaper of the Standard Railroad Brotherhoods.

NEW YORK, N. Y., *June 22, 1932.*

I am very glad indeed that a group of Mr. Slattery's friends is thus going to honor his 25 years of public service. He has done yeoman's work, all the more to be praised as it has been so modest and self-sacrificing that the public has failed to hear of him as it ought and to honor him for his noteworthy patriotic services. I regret that I can not testify by my presence to my own appreciation of what he has done.

OSWALD GARRISON VILLARD,
Editor The Nation.

CHICAGO, ILL., *June 23, 1932.*

I regret very much that the Democrats are keeping me away from the dinner for Harry Slattery.

He richly deserves this testimonial. Will you please convey to him my warmest regards and say that I count it an honor to have had his friendship? Surely we need not despair of our Republic when there are still some men like Harry Slattery to carry the torch of truth and justice.

CHARLES G. ROSS,
Washington Correspondent St. Louis Post-Dispatch.

WASHINGTON, D. C., *June 24, 1932.*

Harry has done such wonderful work that I should like to be among those who are paying him some part of the honor that is his due.

R. H. MCGOWAN,
Assistant Director Department of Social Action, National Catholic Welfare Conference.

CHICAGO, ILL., *June 27, 1932.*

There is no man more worthy of our honor for public service than Harry Slattery.

LUDWELL DENNY,
Chief Editorial Writer, Scripps-Howard Newspapers.

CHICAGO, ILL., *June 25, 1932.*

I would like to express my appreciation of the long and effective public service which Harry Slattery has rendered and my hope that he may be permitted by the mysterious powers that allot health and economic security to continue his useful labors for many many years.

DONALD R. RICHBERG.

PHILADELPHIA, PA., *June 25, 1932.*

Harry Slattery is the kind we will have more of when we get really civilized. They do not come any more dependable, able, socially-minded, warm-hearted, and self-effacing. Any listing of the public causes on which he has left his impress makes quite a catalogue. I get a real kick thinking about his splendid services and feel a sense of deep gratitude for his cooperation.

MORRIS LLEWELLYN COOKE.

CHICAGO, ILL., *June 25, 1932.*

Sorry to miss any dinner for Harry Slattery—one of Washington's best and most useful.

LOWELL MELLETT,
Editor the Washington News.
MAX STERN,
Correspondent, Scripps-Howard Newspapers.

ROCHESTER, MINN., *June 24, 1932.*

Very sorry I will not be able to be in Washington on June 25. My congratulations and my gratitude go to Mr. Slattery. I hope the dinner celebrates the beginning of another quarter century of service.

GRACE ABBOTT,
Chief, Children's Bureau, Department of Labor.

BREMERTON, WASH., *June 28, 1932.*

It certainly would have been a matter of the greatest pleasure for me to have been able to attend that dinner and pay my tribute to the good work that Harry Slattery has done during all these years. He has been forever on the job and has never failed in any requirement or appointment in line with his duty. He has been the right hand of the great and mighty and has been the everlasting foe of those who would undermine progressive and righteous efforts.

I believe in Harry Slattery with all my heart and want you to assure him of my perpetual confidence, love, and affection.

J. W. BRYAN, Sr.,
Former Representative from Washington.

NAKOMA FARMS,
Fairport, N. Y., July 3, 1932.

It is pleasant to think of that fine group assembled to honor one whose ability and single-minded devotion to the cause of righteousness and integrity in Government and politics during these 25 years have won him the love and admiration of those who have been close enough to him to understand and recognize that his sensitiveness and modesty have prevented the general recognition which might have been accorded to him.

MRS. LAURA C. WILLIAMS.

CALF PASTURE COVE,
Groton, Conn., July 5, 1932.

I should have liked so much to have added my voice to the chorus of those who appreciate Harry Slattery's long years of valiant service; especially nowadays when the world rocks about us.

MARY FOULKE MORRISSON.

CAPE ELIZABETH, ME., *June 27, 1932.*

Mr. Harry Slattery's unique service to good government seems to me to be made up of two elements: First, the extent and variety

of his knowledge about public affairs and about men and women in public life; second, his single-minded and selfless devotion to the ideals in which he has faith.

Like hundreds of others, I am deeply grateful for all that he is and has done.

MAUD WOOD PARK.

SCRANTON, PA., *June 22, 1932.*

I congratulate Harry Slattery upon the twenty-fifth anniversary of his public service. He has in the last quarter of a century been faithful and progressive, and the results of his labors make a record of which he and his friends may be very proud.

E. J. LYNETT,
Editor and Publisher The Scranton Times.

WASHINGTON, D. C., *June 24, 1932.*

If there is any man in Washington who has consistently demonstrated genuine capacity for purely patriotic service, that man is Harry Slattery. He deserves more honor than he is ever likely to get, and all of the tribute that will be paid to him to-morrow night will go only a short distance on the road to the recognition his service merits. There are plenty in this world who are willing to do the right thing and often do do it very ably for a sufficient reward in either cash or notoriety, but everyone who knows Harry Slattery understands that here is one queer bird who goes along doing the right thing all the time for the sake of doing it.

CHESTER M. WRIGHT,
Editor International Labor News Service.

WASHINGTON, D. C., *June 23, 1932.*

I am really surprised that any friends of Harry Slattery should actually think they know anything about the good public service that Harry has rendered to the community. Do they not know that he has always disobeyed those most ancient of injunctions and hid his light under a bushel and buried his talent in the ground? But, then, the bushel always caught on fire, and the talent turned out to be a smokeless and noiseless bomb that lifted things out of the waters of corruption. What would not the great destroyers of humanity give for that kind of an explosive force! But, luckily, the friends of Harry Slattery have had that force on their side and can now gather to tell him so in the simple words that would most please him, I am sure.

LEIFUR MAGNUSSON.

WASHINGTON, D. C., *June 23, 1932.*

I have long known Harry Slattery as a man of sterling qualities, high ideals, and unusual attainments, and I am proud of the privilege of adding my congratulations to those of his many other friends and associates.

J. J. FITZPATRICK,
Managing Editor the Washington Times.

NEW YORK, N. Y., *June 23, 1932.*

May I offer my testimony of the unusual and beneficial service that Harry Slattery has rendered this Nation and the cause of enlightened and practical liberalism, consonant with the principles and traditions upon which our country was founded.

DWIGHT L. HOOPINGARNER,
Executive Secretary American Construction Council.

WASHINGTON, D. C., *June 22, 1932.*

It would give me great happiness to attend a gathering in honor of the splendid work that Mr. Slattery has done in all these years. He has been a fine public servant without portfolio.

HUSTON THOMPSON,
Former Chairman Federal Trade Commission.

WASHINGTON, D. C., *June 22, 1932.*

I have personal knowledge of Mr. Slattery's splendid service and direct personal aid in this movement, from the days when as a newcomer I challenged wasteful appropriations by the House. His help enabled us to get the work before the people, and that was half the battle. On the Muscle Shoals and other propositions, he lent aid and encouragement that helped in the battles of those days.

JAMES A. FREAR,
United States Representative from Wisconsin.

CHICAGO, ILL., *June 25, 1932.*

Cordial greetings and congratulations to Harry Slattery upon his completion of 25 years of outstanding public service in his chosen field. I wish him more power and a long life.

HERMAN L. EKERN,
Former Attorney General of Wisconsin.

WASHINGTON, D. C., *June 21, 1932.*

I have fought alongside with Harry since the hell raiser days of 1913. He has served the old cause with unswerving devotion, with all his energy, directed by an unusually wise head. He has never shown a yellow streak nor hesitated to go to the front because he was not paid.

A list of the things Harry has accomplished successfully, and for which he has been given and for which he has sought no credit would be an imposing array. The story of his life and experiences would be more fascinating than any novel I know of and more valuable than any known treatise on current history or political science. He knows how things actually happen to happen.

It is for the interest of the country to see that he has another 25 years of service.

JUDSON KING,
Director National Popular Government League.

CHICAGO, ILL., *June 25, 1932.*

You do well to honor a man who has done so much real service to the people of America. No matter how eloquent the tributes to Harry at your dinner, Harry's life itself speaks much more eloquently.

CHARLES W. ERVIN.

CROSSFIELDS, PETERSHAM, MASS., *July 5, 1932.*

Harry Slattery has been a splendid citizen, of the type ever on the job, of which our country needs many times the number it has. His knowledge and his devotion have always attracted me to him, and many is the time I have leaned on him. Perhaps a few years later I may be fortunate enough to be one of a group to do him honor.

NORMAN HAPGOOD.

NEW YORK, N. Y., *July 6, 1932.*

I am sorry to have missed the dinner and the chance to express to Harry my appreciation of his splendid work.

GEORGE SOULE,
Editor The New Republic.

NEW YORK, *June 24, 1932.*

Deeply regret inability to attend dinner to my old and dear friend, Harry Slattery, Saturday night. Give him my affectionate regards and congratulate him for me upon a record of intelligent, devoted, and immensely important service to his country such as few men of our time can boast.

AMOS PINCHOT.

WASHINGTON, D. C., *June 22, 1932.*

Harry Slattery is a good man! There are not many of them and they are widely scattered. Let's encourage them all we can. There never was a time before when such men were more needed.

DR. JOHN H. GRAY.

WASHINGTON, D. C., *June 21, 1932.*

Please express on my behalf my best wishes for Mr. Slattery and my appreciation of the work he has performed in the public service for the last quarter of a century.

R. B. HOWELL,
United States Senator from Nebraska.

WASHINGTON, D. C., *June 24, 1932.*

I feel that this is one of the rare occasions that come to those of us who are interested in the public welfare to pay homage to a person who holds the well-being of his fellow citizens as the great end to be served.

Please convey to Mr. Slattery my sincerest greetings and my hope that a quarter of a century hence we may still have his services.

ISADOR LUBIN,
Economist, The Brookings Institution.

WASHINGTON, D. C., *June 21, 1932.*

If I am in the city you can rest assured that I will not miss being present at any dinner which is to be given in honor of Harry Slattery's work in the interest of the progressive cause, which has been unexcelled.

BURTON K. WHEELER,
United States Senator from Montana.

WASHINGTON, D. C., *July 8, 1932.*

Harry Slattery has done so much good work, the credit for which has gone to others, that it was very fitting for his friends to express their appreciation in this way. Please convey to Harry my best wishes for an indefinite continuation of this work.

RAYMOND CLAPPER,
Manager Washington Bureau, United Press Association.

ST. PAUL, MINN., *July 5, 1932.*

I hope it is not too late for me to say how highly I value the public services of Harry Slattery not only in the field of conservation but in the entire field of liberal economic measures. There are people who get a great deal of public acclaim for whatever they do, and I am glad for them. There are, however, people of his type who do a prodigious amount of work of which only a few of their closest friends are aware. I therefore am delighted that some friends thought of paying him the tribute which he has so richly earned for unobtrusive, quiet, but effective work. I have not yet lost faith in the sense of justice and reason of the American people, and some of these days this conscience that has been

slumbering will come to the front once more and people will turn to its real and true leaders for guidance.

Permit me to acknowledge my personal indebtedness to him for all he has done in forestry.

DR. RAPHAEL ZON,
Director Lake States Forest Experiment Station,
Professor of Forestry University of Minnesota,
Editor in Chief Journal of Forestry.

Messages of greeting and appreciation of Mr. Slattery's public services were also received from Mr. Thomas R. Shipp, Washington, D. C.; Mr. John P. Frey, secretary-treasurer metal trades department, American Federation of Labor, Washington, D. C.; Hon. Michael MacWhite, envoy extraordinary and minister plenipotentiary Irish Free State; Hon. John J. McSwain, United States Representative from South Carolina; Mr. F. Stuart Fitzpatrick, manager civic development department, Chamber of Commerce of the United States; Hon. John M. Evans, United States Representative from Montana; Mr. and Mrs. LaRue Brown, Boston, Mass.; Mr. Homer Joseph Dodge, Haskin Information Service, Washington, D. C.; Mr. W. J. MacDonald, East St. Louis, Ill.; Mr. John J. Lenney, Philadelphia, Pa.; Mr. Harold L. Ickes, lawyer, Chicago, Ill.; Mr. Benjamin C. Marsh, executive secretary the People's Lobby, Washington, D. C.; Alice Griswold, Bryn Mawr, Pa.; Mr. Darwin J. Meserole, New York, N. Y.; Hon. Fiorello H. LaGuardia, United States Representative from New York; Hon. Kenneth McKellar, United States Senator from Tennessee; Hon. Bronson Cutting, United States Senator from New Mexico; Hon. I. C. Blackwood, Governor State of South Carolina.

Present at the dinner were: Hon. George W. Norris, Senator from Nebraska; Hon. Henrik Shipstead, Senator from Minnesota; Hon. Robert M. La Follette, jr., Senator from Wisconsin; Mrs. Robert M. La Follette, jr.; Hon. Gerald P. Nye, Senator from North Dakota; Mrs. Gerald P. Nye; Hon. Lynn J. Frazier, Senator from North Dakota; Mrs. Lynn J. Frazier; Hon. Edward P. Costigan, Senator from Colorado; Mrs. Edward P. Costigan; Hon. Hugo L. Black, Senator from Alabama; Hon. John J. Blaine, Senator from Wisconsin; Hon. Henry T. Rainey, Representative from Illinois and majority leader of the House of Representatives; Mrs. Henry T. Rainey; Hon. George J. Schneider, Representative from Wisconsin; Hon. Paul J. Kvale, Representative from Minnesota; Hon. Thomas R. Amlie, Representative from Wisconsin.

Hon. Joseph B. Eastman, member of Interstate Commerce Commission; Hon. Basil Manly, former joint chairman United States War Labor Board; Mrs. Basil Manly; Mrs. Laura Bradley; Miss Josephine Roche; Mr. Andrew Furuseth; Miss Mary Anderson; Mr. Lewis L. Lorwin; Mr. Lawrence Todd; Miss Ruth Finney; Mr. Robert G. Allen; Mr. Grattan Kerans; Mr. M. L. Ramsey; Col. George P. Ahern; Mr. Benjamin Meiman; Mrs. Louis F. Post; Mr. Richard Boeckel; Mr. Richard Litchfield; Capt. A. C. Toombs; Hon. J. E. Lawson; Mr. F. R. Livingston; Mr. George T. Odell; Mrs. George T. Odell; Mr. Paul Webbink; Mr. Maurice Pasch; Mrs. Nellie Dunn MacKenzie; Dr. Constantine McGuire; Mr. Harold Horan; Mr. Louis J. Heath; Mr. Ovid M. Butler; Mr. Charles M. Kelley; Maj. Robert Y. Stuart; Mr. R. G. Sucher; Mrs. R. G. Sucher; Mr. John Carson; Miss Mary Katherine Carson; Mr. Jack Robertson; Mrs. Jack Robertson; Mr. John Baer; Senator Gardner; Mrs. Gardner; Mr. Oswald Schuette; Mrs. Oswald Schuette; Mr. Gilson Gardner; Mrs. Gilson Gardner; Mr. Jerry Egan; Mrs. Jerry Egan; Mr. Elliott Pemberton; Mrs. Elliott Pemberton; Mr. W. J. Ghent; Mr. Gardiner Jackson; Mrs. John J. Lenney; Mrs. Mary Lenney Watts.

DEDICATION OF CAPITOL OF WEST VIRGINIA

Mr. HATFIELD. Mr. President, the State of West Virginia and the citizens of West Virginia dedicated a new State capitol a few days ago, and I ask unanimous consent that the proceedings, a report of which appeared in a local newspaper, be printed in the CONGRESSIONAL RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the Charleston (W. Va.) Gazette, June 21, 1932]

CAPITOL DEDICATED AS GIFT TO STATE ON ITS SIXTY-NINTH BIRTHDAY—THOUSANDS ATTEND COLORFUL CEREMONY; HEAR CITIZENSHIP EXTOLLED BY GOFF—OFFICIAL RECEPTION HELD AS DAY'S CLOSING EVENT—MISS JARVIS, GOVERNOR CONLEY, AND SENATOR CHILTON ARE SPEAKERS

By Clyde H. East

A present to the State of West Virginia by its people on its State's sixty-ninth birthday, the new capitol was dedicated yesterday as thousands inspected the government's elaborate quarters and later gathered in the concourse behind the main unit to hear the dedication addresses and formal acceptance on behalf of the people by Gov. William G. Conley.

The first State reception to be held in the magnificent reception room of the governor's suite last night closed the day's events. The chief executive and six other elective State officers making up the board of public works greeted a seemingly never-ending line of visitors.

Various estimates of the number of persons who participated in the dedication were offered. Many agreed that 15,000 had visited the statehouse during the day, and they came from every corner of the State. Included in the number were persons prominent in the political, social, and industrial life of West Virginia.

DEDICATED TO POSTERITY

Throughout the dedication a scorching sun beat upon the thousands grouped on the capitol lawn. Relief from the blazing heat came near the close of Governor Conley's address of acceptance. Like a curtain descending at the end of a play, semidarkness brought on by a sudden storm fell just as the National Guard band played West Virginia Hills at the conclusion of the afternoon ceremonies.

It grew darker swiftly until, as the final bars of the State's anthem were played, wind whistled through the trees and dark clouds raced across the sky.

The capitol was dedicated to posterity by former United States Senator Guy D. Goff, of Clarksburg, as "a temple to the God-like in man who realizes that worldwide prosperity, the success of nature, lies in concord, not strife, in the things of the mind, not the powers of the arm."

EMBLEMATIC OF THE PEOPLE

The building was accepted by Governor Conley as symbolic in its sturdy strength of the pioneer stock from which West Virginians spring. "These pillars and columns," he said, "are emblematic of the characteristics of our people—honesty, integrity, and industry—are also indicative of the ambitions of our citizens."

A colorful parade, headed by Col. R. L. Osborn, superintendent of State police, and Chief of Police John Britton, of Charleston, preceded the dedication exercises. The entire program was carried out as planned. The addresses were brief and the thousands listened attentively to the speakers.

Former United States Senator William E. Chilton presided at the ceremony. He referred to the capitol as "the finest in the United States" and congratulated the people upon its completion.

The voices of the speakers were carried to the outermost fringes of the crowd by batteries of amplifiers.

MONUMENT TO MOTHERS

Miss Anna Jarvis, founder of Mother's Day and a native of Grafton, was the first speaker introduced by Senator Chilton. She termed the capitol "a fitting monument to the sacrifices, the devotion, the industry, and the hopes of West Virginia mothers."

Miss Jarvis said she "would offer this building as though it came from the visible work and hands of these women of the State. I would offer it as the true home of West Virginia—a building in which every mother and the son of every mother has an even right to its usefulness, its ownership, and its duty—a building in which every citizen, now living, as well as unborn, are equal and even possessors, share and share alike, and of which none can deprive them."

The elements of greatness, she said, "have always been shown by West Virginia. To-day the State passes another milestone toward the goal of true greatness. To-day, this State honors its homes and mothers as has no other State and nation. To-day for the first time in history the mothers have a part in the dedication of a great public edifice. It is an honor to every West Virginia home. It is a tribute to every West Virginia mother; it is a movement that other States and countries will follow in paying tribute to the mothers of all mankind.

"May we realize that this building stands for truth, for justice, and for integrity, and for the hopes and ambitions of all West Virginia mothers."

Cass Gilbert, capitol architect, sent a telegram saying he regretted his inability to be present. He was represented by his son, Cass Gilbert, jr., who was introduced to the crowd by Senator Chilton.

LIBERTY IS GUARANTEED

Both Senator Goff and Governor Conley expressed hope that future occupants of the capitol would conduct themselves in such manner that the faith of the people in their system of government shall never be shaken.

"Too many people are trying to get something out of their country and too few are willing to give and serve," Senator Goff declared. He stated "in these days the State is continually asked to assume additional functions, because many believe that the State should take the place of individual initiative and reduce all men to the dead level of the most incompetent.

"No government ever made or ever will make a people great except as it guarantees the liberty whereby the people shall make themselves great. No people ever have made or ever will make themselves great by relying upon their government to do for them the things they should do for themselves."

UNSELFISHNESS DEMANDED

Senator Goff continued that the principal need of the Nation today is "citizens who are not afraid of the demagogues and the unprincipled, selfish, time-serving politicians who, for selfish and sordid reasons, have interfered with matters they do not understand, until they have retarded recovery and made the people believe that they are constantly being cheated * * * until confidence is destroyed and honor always questioned."

He referred to law enforcement with a statement that "disrespect for law is one of our cankering sins." If it is allowed to continue "it will mean the destruction of individual rights, the family, and the Nation."

"Never, in all her onward and upward march," the speaker added, "was West Virginia more needed than now as a teacher of the priceless lessons of American liberty to our citizens, both native and foreign born."

HISTORY OF STATE TRACED

Governor Conley traced the history of hardy pioneers that carved out their homes in the wilderness, now West Virginia, and of the State moving through the years "progressing step by step in all lines of endeavor, until we stand here to-day and behold the most beautiful capitol building in the United States, the home of the government of West Virginia.

"As our footsteps pass echoing down the corridors of time our work will be taken over by our children, whose footsteps to-day echo down the corridors of these buildings. In a large measure it is for them and their children and their children's children that we have built here structures which typify the State of West Virginia and her people.

"Just as these massive walls can stand only when they are constructed on a firm foundation of an honest, alert, and intelligent public * * *. Let it be our dedication and acceptance prayer that the leaders in government, who utilize the facilities here provided, will so order their work as to continue confidence in government and its purposes and may that confidence continue so long as government lasts."

MOTHERS EXPRESS APPROVAL

It is appropriate, he said, "that the mothers of this great State, through their representative, the founder of Mother's Day throughout the civilized world, who is here in person, have expressed their approval of this effort to dignify West Virginia by a capitol that stands for the past, the present, and the future greatness of the State"

A silent tribute was paid by the big crowd, at the request of Senator Chilton, to the memory of the six members of the capitol commission who have died—Frederick M. Staunton and William A. MacCorkle, of Charleston; Boyd Jarrell, of Huntington; Harry P. Camden, of Parkersburg; N. Price Whittaker, of Wheeling; and Virgil L. Highland, of Clarksburg.

Surviving members of the commission, many of whom occupied places of honor on the north portico of the main unit near the speakers, are former Gov. E. F. Morgan, former Gov. Howard M. Gore, Governor Conley, Gohen C. Arnold, Edwin M. Keatley, Herbert Fitzpatrick, George A. Laughlin, Senator Mont Z. White, J. William Cummins, Charles W. Dillon, and Charles K. Payne.

MANY LEGISLATORS HERE

Many members of the legislature, headed by their presiding officers, Senator White, president of the senate, and J. Alfred Taylor, speaker of the house of delegates, were on the platform. They expressed pride in the capitol, and several of them who expect to be members of the next legislature said they were looking forward to the session in January when they will occupy the new legislative chambers.

It was the biggest birthday party in West Virginia history. Streets were bedecked with flags and a carnival spirit prevailed as the thousands of citizens gathered to present their gift to the State.

The visitors hurried to the massive gray stone structure on the banks of the Kanawha to walk through its marble halls, awed by its simple beauty.

ESCORTED THROUGH BUILDING

There guides, employees of the various State departments, escorted the citizens through their own capitol building, through the reception room in the governor's suite, termed by many as the most beautiful room in the State, through the three rotundas, two small and one massive, where far overhead glistened a many-faceted chandelier hanging from the top of a sky-blue dome.

Many also climbed the stairs to the legislative chambers and were shown through the two office buildings flanking the main unit.

Meanwhile airplanes droned overhead, lending their part to the celebration of the 10-year capitol task started after destruction of the old capitol by fire in 1921.

To-day will be "open-house day" at the capitol. Many of the visitors remained in Charleston overnight and they are expected to visit the statehouse and glimpse the officials and employees at work.

Program June 20, 1932, 2 o'clock p. m.—Dedication West Virginia Capitol Building.

Speaker's stand will be located on north portico, facing Washington Street.

Presiding: Hon. William E. Chilton.

"America;" Two hundred and first Regiment Band.

Prayer: Dr. Wilbur V. Mallalieu.

Address: Miss Anna Jarvis, founder of Mother's Day.

Dedication address: Col. Guy D. Goff.

Address: Accepting the capitol building on behalf of the people of the State, Gov. William G. Conley.

"West Virginia Hills;" Two hundred and first Regiment Band.

SOCIAL EVENTS CLOSE FESTIVAL

Governor and Mrs. Conley were hosts at a buffet supper at the mansion, given prior to the state reception in the executive suite of the capitol.

Guests of Governor and Mrs. Conley at the supper were members of the board of public works and of the capitol commission, as well as other distinguished visitors. Among the guests were Mr. and Mrs. Guy D. Goff, of Washington, D. C.; Miss Anna Jarvis, of Philadelphia, Pa.; Mr. and Mrs. D. A. Burt, of Wheeling; Mr. and Mrs. J. O. Henson, of Martinsburg; Miss Grace Pettit, of Hopemont; Secretary of State George W. Sharp and Mrs. Sharp; State Auditor Edgar C. Lawson and Mrs. Lawson; Attorney General H. B. Lee and Mrs. Lee; Superintendent of Education William C. Cook and Mrs. Cook; State Treasurer William S. Johnson and Mrs. Johnson; former Gov. Howard M. Gore; President Mont Z. White, of the State senate, and Mrs. White, of Williamson; Mr. Cass Gilbert, jr., of New York City.

Maj. A. J. Stackpole, president of the Pennsylvania Aeronautical Board; Capt. Fred Smith, president of the Ohio Aeronautical Board; Mr. F. S. Dunkle, executive secretary to the Governor of Ohio; Mr. and Mrs. J. W. Cummins, of Wheeling; Mr. and Mrs. C. W. Dillon, of Fayetteville; Mr. Gohen C. Arnold, of Buckhannon; Mr. Herbert F. Fitzpatrick, of Huntington; Mr. and Mrs. George A. Laughlin, of Wheeling; Mr. and Mrs. J. T. Pedro, of Parkersburg; Mr. and Mrs. Edwin M. Keatley; Mr. and Mrs. Vincent Legg; Mr. and Mrs. James Conley; Mr. and Mrs. John Laing; and Mrs. H. G. Hapgood.

STATE RECEPTION

Governor Conley's state reception, held at 8.30 o'clock in the reception room adjoining his official suite, was attended by 2,000 West Virginians and visitors from other States.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

S. 4522. An act to authorize the conveyance to the State of Tennessee of certain land deeded to the United States for the Great Smoky Mountains National Park and not needed therefor;

S. 4574. An act to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes;

S. 4661. An act to repeal an act entitled "An act to legalize the incorporation of national trade-unions," approved June 29, 1886;

S. 4747. An act to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea;

H. J. Res. 473. A joint resolution to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932;

H. J. Res. 474. A joint resolution making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof; and

H. J. Res. 475. A joint resolution making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 25, 1932.

FINAL ADJOURNMENT

Mr. WATSON submitted the following concurrent resolution (S. Con. Res. 35), which was referred to the Committee on Appropriations:

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall adjourn on Saturday, the 16th day of July, 1932, and that when they adjourn on said day they stand adjourned sine die.

STUDY OF GOVERNMENTAL EXPENDITURES

Mr. McKELLAR submitted the following resolution (S. Res. 279), which was referred to the Committee on Appropriations:

Resolved, That the subcommittee of the Committee on Appropriations heretofore appointed to consider and report economy measures, namely, WESLEY L. JONES, HIRAM BINGHAM, L. J. DICKINSON, KENNETH MCKELLAR, SAM G. BRATTON, and JAMES F. BYRNES, be, and the same are hereby, appointed by the Senate of the United States to continue the study of governmental expenditures and report at the next session of Congress its recommendations as to what modifications, if any, should be made in the provisions of the so-called economy act enacted at this session, also, what further economies in governmental expenditure can be wisely effected either by the reduction of appropriations or the abolishment or consolidation of existing departments, bureaus, or independent establishments of the Government.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, July 15, 1932, that committee presented to the President of the United States the following enrolled bills:

S. 4522. An act to authorize the conveyance to the State of Tennessee of certain land deeded to the United States for the Great Smoky Mountains National Park and not needed therefor;

S. 4574. An act to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes.

S. 4661. An act to repeal an act entitled "An act to legalize the incorporation of national trade-unions," approved June 29, 1886.

S. 4747. An act to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea."

EXECUTIVE SESSION

Mr. McNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate a message from the President of the United States, submitting several nominations in the Regular Army, which was referred to the committee on Military Affairs.

REPORTS OF COMMITTEES

Mr. REED. Mr. President, from the Committee on Military Affairs, I report routine nominations, and ask unanimous consent that they may be considered at this time.

The VICE PRESIDENT. The nominations will be reported.

The Chief Clerk proceeded to read the nominations.

Mr. REED. I ask that the nominations be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and, without objection, the nominations are confirmed.

Mr. HEBERT. Mr. President, from the Committee on Post Offices and Post Roads I report certain nominations and ask unanimous consent that they may be considered at this time.

The VICE PRESIDENT. The nominations will be reported.

The Chief Clerk proceeded to read the nominations of postmasters.

Mr. HEBERT. I ask that the nominations be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed.

Are there further reports of committees? If not, the calendar is in order.

PROTOCOLS CONCERNING THE ADHERENCE OF THE UNITED STATES TO THE COURT OF INTERNATIONAL JUSTICE

The Chief Clerk proceeded to read Executive A, protocols concerning adherence of the United States to the Court of International Justice.

Mr. MOSES. Let that go over.

The VICE PRESIDENT. The treaty will go over.

TREATY BETWEEN THE UNITED STATES AND MEXICO

The Chief Clerk proceeded to read Executive L, a convention between the United States of America and the United Mexican States, signed at Mexico City June 18, 1932, extending the duration of the Special Claims Commission provided for in the convention between the two countries of September 10, 1923, together with a protocol concerning the extending convention, signed at the same time.

Mr. KING. Mr. President, may I inquire of the Senator from Oregon whether we will have another short executive session before we adjourn?

Mr. McNARY. Mr. President, if we do not conclude the consideration of all the nominations on the calendar, we can have an executive session to-morrow afternoon before adjournment.

Mr. KING. I make the inquiry because the Senator from Idaho has reported from the Committee on Foreign Relations a very important treaty on Mexico. I have not had an opportunity to examine it. I received a copy of it just a few moments ago through the courtesy of the Senator, and if there is to be an executive session to-morrow, I ask that it may go over until to-morrow.

The VICE PRESIDENT. Is there objection to it going over?

Mr. BORAH. Mr. President, with the understanding that there will be an executive session to-morrow, I am glad to accommodate the Senator from Utah. But may I have an understanding with the Senator from Utah that it may be disposed of to-morrow?

Mr. KING. As far as I am concerned, I may vote against it; but I have no objection to the Senate passing upon it to-morrow.

The VICE PRESIDENT. Without objection, the treaty will go over.

CHARLES J. MOOS

The Chief Clerk proceeded to read the nomination of Charles J. Moos to be postmaster at St. Paul, Minn.

Mr. BLAINE. Mr. President, I suggest that that go over.

Mr. McNARY. Mr. President, if the Senator will withhold that suggestion a moment——

Mr. BLAINE. I am glad to.

Mr. McNARY. The senior Senator from Minnesota [Mr. SHIPSTEAD] is much interested in early consideration of this nomination, and on his request I am going to make inquiry if it will not be agreeable to the Senator from Wisconsin to consider the matter at the first executive session in December?

Mr. BLAINE. I am perfectly willing.

Mr. McNARY. Very well. With that understanding——

Mr. NORRIS. Mr. President, I would like to call the attention of Senators to the fact that the nomination would have to be made again.

Mr. BLAINE. May I suggest to the Senator from Nebraska that the postmaster has been holding over after the expiration of his term for nearly two and a half years?

Mr. NORRIS. I am not making any objection. I am just suggesting that the present nomination will not be before us at the next session.

The VICE PRESIDENT. The Senator from Nebraska is correct, that if the nomination is not confirmed, the papers must go back to the President.

Mr. REED. Mr. President, if I may make a suggestion, the only reason the matter would have to go back to the President is because of a Senate rule, which can be suspended by unanimous consent. If that is not done, it will be impossible, except by unanimous consent, to consider the nomination at the first executive session in December.

Mr. McKELLAR. I hope there will not be a request for unanimous consent, because this is a very unusual case, and there are many charges. I hope that no request for unanimous consent will be made.

Mr. NORRIS. Mr. President, I have no objection whatever to this nomination going over. I am not anxious to have it taken up at all. But I would object, even if it could be brought about by unanimous consent, which I doubt, to the suggestion made by the Senator from Pennsylvania. I do not see how we can confirm this nomination anyway, with the opposition there is.

Mr. BLAINE. Mr. President, if the nomination is again sent to the Senate, I will be perfectly willing to take the matter up and dispose of it at the first executive session in December.

Mr. SCHALL. Mr. President, I have just come into the Chamber. Is not this matter to be thrashed out now?

The VICE PRESIDENT. Request has been made that the matter be passed over, and the Senator from Wisconsin [Mr. BLAINE] has suggested that if the nomination is made

again it may be taken up at the first executive session in December.

Mr. SCHALL. Are we to have an executive session to-morrow?

Mr. McNARY. Mr. President, I tried to answer that question a few moments ago. It is somewhat indefinite, but if there is any strong reason for it, we will have an executive session.

Mr. SCHALL. I would like to have this matter disposed of.

The VICE PRESIDENT. The nomination will go over for to-day.

Mr. SCHALL. Can we not have an understanding that it will be taken up to-morrow?

Mr. SHIPSTEAD. Mr. President, at the last executive session I stated that I would move to-day to take the matter up. If there is any possibility of getting the matter disposed of, I would like to have it done to-day. I understand the Senator from Wisconsin would like to discuss the case, as he has a right to do, and I do not want to shut him off from having ample time to discuss it, but it seems to me we ought to be able to dispose of it at this session, if the Senate is so inclined, even if it leads to some extended debate.

I realize full well how tired Senators are, and that they would not like to stay longer this evening, but I do not know when we are to adjourn finally. If there will be time to dispose of it to-morrow, very well. I do not like to make the motion to proceed to consider the matter unless the Senate feels that they want to do it.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. SHIPSTEAD. Certainly.

Mr. NORRIS. As I said before, I have no interest in the matter, but this man is now holding the office, he is holding over, it would be no detriment to him if it should go over, and there would be no great damage done, because he would still be holding the office. It is true that when we convene in December the President would have to send his name in again, would have to renominate him, but in the meantime he would be acting as postmaster, so there is no very great damage to him if he is finally confirmed, because it means a longer term for him than though he were confirmed now.

Mr. MOSES. Mr. President, the Senator from Nebraska is quite right about that. He would get a commission for four years.

I would say for the benefit of the Senator from Minnesota that in my opinion the parliamentary situation is such that, the nomination being on the calendar, it is automatically before us, and it will require a motion or unanimous consent to send it over. The Senator from Minnesota, if he wishes to go on with it to-day, can do so in the absence of any affirmative action to the contrary by the Senate.

Mr. McNARY. Mr. President, I ask unanimous consent that the nomination go over until December, to be considered at the first executive session in December.

Mr. SHIPSTEAD. Very well.

Mr. SCHALL. Mr. President, I object to the nomination going over.

The VICE PRESIDENT. The junior Senator from Minnesota objects. The question is on the confirmation of the nomination.

Mr. BLAINE. Mr. President, it is 6 o'clock. I assumed that the matter would not be taken up to-day. I have sent to my office for my records, and I have also sent to the Committee on Post Offices and Post Roads for certain records which are in the possession of the committee. I do not like to weary the Senate with any long discussion of the matter from memory. I would much prefer to state the facts from the record, because it is purely a question of record.

Mr. McNARY. Mr. President, let me suggest to the able Senator that I think the nomination might go over until to-morrow. I think some agreement may be reached then.

Mr. BLAINE. Mr. President, I think I ought, in good conscience, to advise the Senator that I expect to leave Washington before that session could be held. I do not want to leave without giving the Senator that information.

Mr. McKELLAR. Mr. President, while the Senator from Wisconsin is waiting for his papers, could we not dispose of the rest of the calendar?

Mr. BLAINE. It is a question of how long the Senate desires to continue in session this afternoon.

Mr. McKELLAR. If we can dispose of the other matters, we shall conclude our business for the afternoon just that much earlier.

The VICE PRESIDENT. Without objection, the St. Paul nomination will be passed over temporarily and the clerk will state the next business on the calendar.

POSTMASTERS

The Chief Clerk read the nomination of Doyle M. England to be postmaster at New Tazewell, Tenn.

Mr. McKELLAR. Mr. President, I ask that the nomination go over until to-morrow.

The VICE PRESIDENT. The nomination will be passed over.

The Chief Clerk read the nomination of John D. Fatheree to be postmaster at Hebbronville, Tex.

Mr. CONNALLY. Mr. President, I ask that that nomination go over.

The VICE PRESIDENT. The nomination will be passed over.

CUSTOMS SERVICE

The Chief Clerk read the nomination of Fred A. Bradley to be collector of customs at Buffalo, N. Y.

Mr. KING. Mr. President, I ask that the nomination go over.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COUZENS. What will be the status of Fred A. Bradley if action is not taken at this session of Congress? Would he continue to serve?

The VICE PRESIDENT. The nomination would expire and papers will have to go back to the President.

Mr. COUZENS. But does he continue to serve between now and the 1st of December if the President so desires?

The VICE PRESIDENT. That is for the President to determine. If the nominee is in office he would probably continue to serve, but the Chair does not care to pass final judgment on that point. The Chair is of the opinion, however, that if he is in office he would continue to serve. At the request of the Senator from Utah the nomination goes over.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nominations of William W. Butterworth, jr., Lewis Clark, and Paul W. Meyer to be secretaries in the Diplomatic Service.

The VICE PRESIDENT. Without objection, the nominations are confirmed.

POSTMASTERS

The Chief Clerk read sundry nominations of postmasters.

Mr. GEORGE. Mr. President, I ask that calendar No. 5029, the nomination of Louis P. Cross, to be postmaster at Clayton, Ga., be passed over until to-morrow.

The VICE PRESIDENT. Without objection, the nomination will be passed over until to-morrow.

Mr. HEBERT. Mr. President, I ask that all nominations of postmasters, except the one nomination in Georgia just passed over, may be confirmed en bloc.

The VICE PRESIDENT. Without objection, it is so ordered.

EXCLUSION OF ALIEN COMMUNISTS

Mr. TRAMMELL. Mr. President, while the matter of the postmaster at St. Paul is pending and the Senator from Wisconsin [Mr. BLAINE] is waiting for his papers, I want to make reference to a legislative matter upon the calendar. Calendar No. 865, the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, was passed by the House, came to the Senate, and was referred to the Committee on Immigration, and on June 11 was reported back to the Senate favorably and without amendment. In other words, the bill has been on the cal-

endar of the Senate since June 11. I think it is a very important piece of legislation and I do not know why it has not been brought up by the chairman of the Committee on Immigration [Mr. HATFIELD]. I would like very much to see the legislation disposed of before the adjournment of this session of the Senate.

Mr. HATFIELD. Mr. President, I agree with the Senator from Florida that this is an important bill, but its consideration has been objected to every time we have had a call of the calendar. I should be very glad to join with the distinguished Senator from Florida to-morrow, or any time when we are in legislative session, in pressing a motion to take the bill from the calendar and to give it immediate consideration.

Mr. TRAMMELL. I thank the Senator. I hope we will have an opportunity to-morrow to take up the bill and dispose of it. It should be disposed of.

Mr. KING. Mr. President, a point of order. I understand we are in executive session.

Mr. TRAMMELL. Mr. President, I do not yield to the Senator from Utah.

Mr. ASHURST. Mr. President, will the Senator from Florida yield to me?

Mr. NORRIS. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state the point of order.

Mr. NORRIS. We are in executive session and engaged in a call of the executive calendar. Why do we not proceed?

The VICE PRESIDENT. Executive business must be considered if there is objection to the Senator from Florida proceeding.

Mr. McNARY. I object.

The VICE PRESIDENT. Objection is made.

Mr. ASHURST. Mr. President, the Senator from Florida [Mr. TRAMMELL] has performed a distinct valuable public service in directing attention to the fact that the Senate should not adjourn unless and until it shall have passed the bill providing for the deportation of criminal aliens who are unlawfully in the United States. I congratulate the Senator from Florida upon his courage in the matter. At this time, too, before I resume my seat, I wish to congratulate the Senator from West Virginia [Mr. HATFIELD], the chairman of the Committee on Immigration, who reported the bill favorably. I conclude by saying that our country does not need the presence of criminal aliens who are here unlawfully. Let us hope that to-morrow the Senate will not adjourn until it shall have passed the bill.

CHARLES J. MOOS

Mr. McNARY. Mr. President, I have conferred with the junior Senator from Minnesota [Mr. SCHALL] who has consented to withdraw his objection to the nomination of the St. Paul postmaster going over until December. Therefore I ask unanimous consent that the nomination of Mr. Moos may go over until December, to be acted on at the first executive session in December.

The VICE PRESIDENT. The Chair announced before that when the Senate adjourns the papers must be returned to the President. That action could not be taken until the President sends in the nomination again.

Mr. McNARY. By unanimous consent it can be done. That is only done by virtue of a rule of the Senate.

The VICE PRESIDENT. The rule can be suspended by unanimous consent.

Mr. McNARY. That is what I am asking to have done.

The VICE PRESIDENT. The Senator from Nebraska [Mr. NORRIS] gave notice that he would object to that proceeding.

Mr. NORRIS. Mr. President, I object to a suspension of the rule. I do not think there is going to be any practical difficulty about the matter, but if we are going to start in now to grant unanimous consent to take up matters at a subsequent session of the Senate, we ought to act under the rule. If we adjourn for more than 30 days the nomination automatically goes back to the President. I do not want to establish that kind of a precedent, and particularly in this case, in which I again say I have no interest. The nominee is holding the office now and to delay it does not involve any damage to him.

The VICE PRESIDENT. On objection, the nomination will be passed over until to-morrow.

Mr. BLAINE. Mr. President, I desire to renew my statement that if the papers are returned to the President and the nomination is renewed, I shall be willing to take up the matter without any obstructive tactics at the first executive session in December.

NOTIFICATION TO THE PRESIDENT

Mr. McNARY. Mr. President, I ask unanimous consent that the President be notified of the confirmations made to-day.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

The Senate resumed legislative session.

RECESS

Mr. McNARY. I move that the Senate take a recess until 10 o'clock to-morrow morning.

The motion was agreed to; and the Senate (at 6 o'clock and 10 minutes p. m.) took a recess until to-morrow, Saturday, July 16, 1932, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate July 15 (legislative day of July 11), 1932

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO FIELD ARTILLERY

Second Lieut. John Kauffman Bryan, Infantry, with rank from June 13, 1929.

TO AIR CORPS

Second Lieut. Russell Alger Wilson, Signal Corps (detailed in Air Corps), with rank from June 9, 1928.

PROMOTIONS IN THE REGULAR ARMY

INFANTRY

To be first lieutenant

Second Lieut. William Preston Grace, jr., Infantry, from July 9, 1932.

MEDICAL CORPS

To be lieutenant colonel

Major Luther Raymond Poust, Medical Corps, from July 8, 1932.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 15 (legislative day of July 11), 1932

SECRETARIES IN THE DIPLOMATIC SERVICE

William W. Butterworth, jr., to be secretary in the Diplomatic Service.

Lewis Clark to be secretary in the Diplomatic Service.

Paul W. Meyer to be secretary in the Diplomatic Service.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

TO FIELD ARTILLERY

Second Lieut. John Kauffman Bryan.

TO AIR CORPS

Second Lieut. Russell Alger Wilson.

APPOINTMENTS BY PROMOTION IN THE REGULAR ARMY

INFANTRY

To be first lieutenant

Second Lieut. William Preston Grace, jr.

MEDICAL CORPS

To be lieutenant colonel

Maj. Luther Raymond Poust.

POSTMASTERS

ILLINOIS

Orlie E. Carter, Ipava.

INDIANA

Paul Buroker, Montpelier.

KENTUCKY

Calvin H. Cash, Big Clifty.
Mildred Ramage, Hickman.
Grant North, Hustonville.

MAINE

Philip B. Seavey, Sherman Mills.

MARYLAND

Samuel L. Bickling, Greensboro.

MICHIGAN

Clarence J. Fuller, Fowlerville.

MINNESOTA

William G. Early, Eyota.
Lillian F. Sandin, Grandy.
Ruth P. Harris, Maynard.
Ralph G. Hosfield, Medford.
Alice J. Pelland, Northome.

MISSISSIPPI

Walter G. Gearhart, Bolton.

NEBRASKA

Bessie Freed, Pender.

NEW JERSEY

Forrest Green, Long Branch.

NEW YORK

Mollie Feldman, East White Plains.

OHIO

Louis A. Schuesselin, Pleasant Hill.
Russel A. Medaugh, Spencerville.

OKLAHOMA

Marion D. Woodworth, Kingfisher.
Bert Redmon, Sallisaw.

PENNSYLVANIA

Edward J. Monroe, Frackville.
Thomas V. Partridge, Houtzdale.
Herbert C. Noakes, Mahanoy City.
S. Charles McClellan, Mifflin.
Howard C. Emigh, Morrisdale.
Oscar F. Sutliffe, Somerset.

RHODE ISLAND

Edgar E. Matteson, Apponaug.

WEST VIRGINIA

D. Alton Jackson, Rowlesburg.

HOUSE OF REPRESENTATIVES

FRIDAY, JULY 15, 1932

The House met at 12 o'clock noon.

The Rev. David Campbell Mayers, of the Episcopal Church of Middleburg, Va., offered the following prayer:

Almighty God and Heavenly Father, who hast given us this good land for our heritage, fill our hearts, we pray Thee, with a true sense of gratitude, and help us to realize our responsibility for its happiness and welfare at home, its honor and usefulness abroad.

We beseech Thy continual favor and guidance to those who have been chosen as the counselors and leaders of this Nation. Give to them such clearness of vision, such ripeness of judgment, such resoluteness of purpose that they may ever perform the duties of their high office without fear or favor of any man.

In the day of national perplexity and distress make them to put their whole trust and confidence in Thee, who wilt give wisdom and understanding for every problem of government.

When the needy cry for help, when the oppressed demand justice, when the unemployed seek for labor, when the doubtful and hesitant look for constructive leadership, raise up Thy power in these men and come among us through them, and with great might succor us in the day of our necessity.

O Lord, how great is this task. How serious is this responsibility. Guide this House of Representatives by Thy Holy Spirit, so that all things may be settled by their endeavors upon the best and surest foundations, that peace and happiness, truth and justice, religion and piety may be established among us for all generations.

From ocean to ocean and from border to border bring together as one happy people those who have come hither from many lands; and give to America, our common country, that real wealth which comes from contentment and that true prosperity which is the fruit of righteousness, so that all the world may say, "Happy is that people that is in such a case; yea, happy is that people whose God is the Lord."

All which we humbly ask in the name of Jesus Christ, our most blessed Lord and Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Crockett, its Chief Clerk, announced that the Senate had passed without amendment a bill and joint resolutions of the House of the following titles:

H. R. 12281. An act to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes;

H. J. Res. 473. Joint resolution to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932;

H. J. Res. 474. Joint resolution making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof; and

H. J. Res. 475. Joint resolution making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 25, 1932.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9642) entitled "An act to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment."

The message also announced that the Senate insists upon its disagreement to the amendment of the House to the amendment of the Senate No. 1 to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment.

That the Senate further insists upon its amendments Nos. 1 and 2 to said bill, asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. NORBECK, Mr. BROOKHART, Mr. GOLDSBOROUGH, Mr. GLASS, and Mr. WAGNER to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 4976. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the South Fork, Forked Deer River, on the Milan-Brownsville Road, State Highway No. 76, near the Haywood-Crockett County line, Tennessee; and

S. J. Res. 206. Joint resolution making available to the Banking and Currency Committee of the Senate certain information in the possession of the Treasury Department and the Bureau of Internal Revenue.

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 4574) entitled "An act to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 4747) entitled "An act to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea."

Mr. CLARKE of New York. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The Chair will count. [After a pause.] Two hundred and twenty-two gentlemen are present, a quorum.

RESIGNATION FROM COMMITTEES

The SPEAKER. The Chair lays before the House the following communication:

JULY 15, 1932.

Hon. JOHN N. GARNER,
Speaker House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: I hereby respectfully tender my resignation as a member of the following standing committees of the House of Representatives, to wit: Flood Control, Public Buildings and Grounds, World War Veterans' Legislation, Elections No. 1, and Accounts.

Respectfully,

JERE COOPER.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

APPOINTMENT TO COMMITTEES

Mr. RAINEY. Mr. Speaker, I offer a privileged resolution and ask unanimous consent for its immediate consideration.

The Clerk read the House resolution, as follows:

House Resolution 287

Resolved, That JERE COOPER, of the State of Tennessee, be, and he is hereby, elected a member of the standing committee of the House on Ways and Means, and that WILLIAM P. COLE, Jr., of the State of Maryland, be, and he is hereby, elected a member of the committee of the House on Accounts.

The resolution was agreed to.

AGRICULTURAL RELIEF

The SPEAKER. The Chair lays before the House a privileged resolution, which the Clerk will report.

The Clerk read as follows:

Ordered, That the House of Representatives be requested to return to the Senate the bill S. 4940, entitled "An act to provide temporary aid to agriculture for the relief of the existing national economic emergency."

The SPEAKER. Without objection, the resolution is agreed to.

Mr. SUMMERS of Washington. Mr. Speaker, I object to the return of the bill.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL RELIEF BILL

The SPEAKER laid before the House a message from the Senate announcing its further disagreement to the amendment of the House to Senate amendment No. 1 and further insisting upon its amendment No. 2 to the House bill H. R. 9642, an act to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, and asking for a further conference with the House and notifying the House that it had appointed Mr. NORBECK, Mr. BROOKHART, Mr. GOLDSBOROUGH, Mr. GLASS, and Mr. WAGNER conferees on the part of the Senate.

Mr. RAINEY. Mr. Speaker, I move that the House agree to the conference asked by the Senate.

The motion was agreed to.

The Chair appointed the following conferees: Messrs. COLLIER, RAINEY, DOUGHTON, HAWLEY, and TREADWAY.

EXTENSION OF REMARKS

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that all Members have leave to extend their own remarks in the RECORD until the last issue of the RECORD during the recess. Usually this is 10 or 15 days after the adjournment of Congress, but notice indicating the date of the last issue will appear in the RECORD.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, will the gentleman so qualify his request that Members may be privileged to extend their remarks only once?

Mr. RAINEY. That is not the usual way in which it is done.

Mr. STAFFORD. I do not think the Members should have the right to extend their remarks ad infinitum, as many times as they please. I have no objection to their extending their remarks once.

Mr. RAINEY. I am making the usual request. This is the request which was made at the close of the Seventy-first Congress and granted.

Mr. STAFFORD. It was not made in prior Congresses, as I recall.

Mr. RAINEY. Yes; it was. I looked it up.

Mr. STAFFORD. Mr. Speaker, I have no objection to granting all the Members the privilege of extending their remarks on one occasion. If they want to do it more than once, let them stand here and ask for the special privilege.

Mr. CLARKE of New York. That is the proper procedure and I shall object if it is not followed.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. CLARKE of New York. Mr. Speaker, I object.

Mr. O'CONNOR. Mr. Speaker, I offer a privileged resolution from the Committee on Rules.

The Clerk read as follows:

House Resolution 288

Resolved, That all Members of the House shall have leave to extend their own remarks in the CONGRESSIONAL RECORD until the last issue of the RECORD of the present session.

Mr. STAFFORD. Mr. Speaker, I ask for recognition on the resolution.

The SPEAKER. The gentleman from New York has control of the time.

Mr. MAPES. Mr. Speaker, I make a point of order. Personally I have no objection to the resolution reported by the Committee on Rules, but is it not necessary to get unanimous consent to have this resolution considered immediately?

The SPEAKER. It is not.

Mr. MAPES. Is not this a report from the Committee on Rules?

The SPEAKER. It is.

Mr. MAPES. Does not the rule provide that a report from the Committee on Rules shall stand over one day?

The SPEAKER. It does unless two-thirds vote the other way. The Chair will read the rule to the gentleman if he desires.

Mr. MAPES. The gentleman is familiar with the rule.

The SPEAKER. This is the rule:

It shall always be in order to call up for consideration a report from the Committee on Rules (except it shall not be called up for consideration on the same day it is presented to the House, unless so determined by a vote of not less than two-thirds of the Members voting, but this provision shall not apply during the last three days of the session).

The second clause of the exception applies to this resolution. Unless two-thirds of the Members of the House vote in favor of considering the resolution to-day, it could not be adopted to-day.

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

Mr. MAPES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MAPES. It would seem to me the House should take action on the specific motion as to whether or not it will consider the resolution as reported by the Rules Committee before the resolution is called up for a vote. That motion might carry by two-thirds vote and then the House could act upon the resolution reported by the committee; but if the Speaker may place before the House immediately any resolution reported from the Committee on Rules without any

notice, then the membership of the House is not protected at all, because in that case any rule or resolution that is brought out by the Committee on Rules may be placed upon its immediate passage.

The SPEAKER. If the gentleman is asking a parliamentary inquiry, the Chair will attempt to answer it; but if the gentleman intends to make an argument, the Chair will not recognize him for that purpose.

Mr. MAPES. I made a point of order. If the Speaker has ruled, that is all there is to it.

The SPEAKER. The Chair thinks he could recognize any member of the Committee on Rules to call up any resolution reported by that committee; and if two-thirds of the Members voted for its consideration, it would become the order of the House.

Mr. MAPES. But, if the Speaker will permit, the rule expressly provides that during the last six days of the session the Speaker is authorized to recognize anyone to move to suspend the rules. Now, it does not seem to me this rule is the same as that.

The SPEAKER. The Chair will again read that provision of the rule, and the membership of the House can determine.

(Except it shall not be called up for consideration on the same day it is presented to the House, unless so determined by a vote of not less than two-thirds of the Members voting, but this provision shall not apply during the last three days of the session.)

Mr. MAPES. I do not want to appear to be contentious about the matter, but let me make sure that I make my point clear. The rule provides that it shall not be called up unless two-thirds of the House determine that it shall be. Now, my point is that the Speaker himself is determining that it shall be called up when he puts the question before the House and that the House ought to determine in advance whether it is to be called up or not.

The SPEAKER. That seems to the Chair easily settled. The question is, Shall the House consider the resolution? That will satisfy the gentleman, I suppose.

Mr. STAFFORD. Mr. Speaker, I waive my right to the floor and yield it to the gentleman from New York.

Mr. MAPES. Mr. Speaker, I want to make myself clear. I am not opposing this resolution at all, but I do think we ought not to establish a precedent which will allow the Speaker to put a resolution or a report from the Committee on Rules until the House itself decides that it should be put.

The SPEAKER. The Chair is of the same opinion. The question is, Shall the House consider this resolution?

The question was taken; and on a division (demanded by Mr. SCHAFER) there were—ayes 201, noes 20.

So two-thirds having voted in favor thereof, the question was decided in the affirmative.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

HOME LOAN BANK BILL

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

Mr. SCHAFER. Reserving the right to object, what is the report?

The SPEAKER. It is a conference report.

Mr. SCHAFER. On what?

The SPEAKER. On the home loan bank bill.

Is there objection?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of July 14, 1932.)

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 46: Page 41, after line 9, insert:

"SEC. 29. That notwithstanding any provisions of law prohibiting bonds of the United States from bearing the circulation privilege, for a period of three years from the date of enactment of this act all outstanding bonds of the United States heretofore issued or issued during such period, bearing interest at a rate not exceeding 3⅜ per cent per annum, shall be receivable by the Treasurer of the United States as security for the issuance of circulating notes to national banking associations, and upon the deposit with the Treasurer of the United States by a national banking association of any such bonds, such association shall be entitled to receive circulating notes in the same manner and to the same extent and subject to the same conditions and limitations now provided by law in the case of 2 per cent gold bonds of the United States bearing the circulation privilege; except that the limitation contained in section 9 of the act of July 12, 1882, as amended, with respect to the amount of lawful money which may be deposited with the Treasurer of the United States by national banking associations for the purpose of withdrawing bonds held as security for their circulating notes, shall not apply to the bonds of the United States to which the circulation privilege is extended by this section and which are held as security for such notes. Nothing contained in this section shall be construed to modify, amend, or repeal any law relating to bonds of the United States which now bear the circulation privilege.

"As used in this section, the word 'bonds' shall not include notes, certificates, or bills issued by the United States.

"There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section."

Mr. STEAGALL. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

Mr. BACHMANN. Mr. Speaker, this is a very important matter, and I make the point of order there is not a quorum present.

The SPEAKER. The Chair will count. (After counting.) One hundred and ninety-one gentlemen present, not a quorum.

Mr. STEAGALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 121]

Abernethy	Finley	Larsen	Sandlin
Arentz	Frear	Linthicum	Sirovich
Bankhead	Free	Lovette	Smith, Idaho
Beck	Freeman	McClintic, Okla.	Smith, W. Va.
Blanton	Fulbright	McKeown	Somers
Bohn	Fuller	McReynolds	Sparks
Boland	Fulmer	Maloney	Sullivan, Pa.
Boylan	Gasque	Mansfield	Swank
Brand, Ga.	Gifford	Miller	Taylor, Tenn.
Buchanan	Gilbert	Mitchell	Thatcher
Busby	Gillen	Montague	Thomason
Cable	Glover	Nelson, Wis.	Tinkham
Canfield	Golder	Oliver, N. Y.	Tucker
Cary	Greenwood	Owen	Turpin
Chiperfield	Hastings	Parks	Underhill
Corning	Hill, Ala.	Partridge	Vinson, Ga.
Crisp	Hull, William E.	Peavey	Weeks
Davis	Igoe	Ragon	Williams, Tex.
De Rouen	Johnson, Ill.	Rayburn	Wingo
Dickstein	Kading	Reid, Ill.	Wright
Drane	Karch	Rogers, N. H.	
Evans, Mont.	Ketcham	Romjue	
Fernandez	Lanham	Sabath	

The SPEAKER. Three hundred and forty-one gentlemen have answered to their names. A quorum is present.

On motion of Mr. STEAGALL, further proceedings under the call were dispensed with.

The SPEAKER. The gentleman from Alabama moves to recede and concur in the Senate amendment with an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. STEAGALL moves that the House recede and concur in the amendment of the Senate No. 46, with an amendment as follows:

"In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"SEC. 29. (a) That notwithstanding any provisions of law prohibiting bonds of the United States from bearing the circulation privilege, for a period of three years from the date of enactment of this act, all outstanding bonds of the United States heretofore issued or issued during such period, bearing interest at a rate not exceeding 3⅜ per cent per annum, shall be receivable by the Treasurer of the United States as security for the issuance of circulating notes to national banking associations, and upon the deposit with the Treasurer of the United States by a national banking association of any such bonds, such association shall be entitled to receive circulating notes in the same manner and to

the same extent and subject to the same conditions and limitations now provided by law in the case of 2 per cent gold bonds of the United States bearing the circulation privilege, except that the limitation contained in section 9 of the act of July 12, 1882, as amended, with respect to the amount of lawful money which may be deposited with the Treasurer of the United States by national banking associations for the purpose of withdrawing bonds held as security for their circulating notes, shall not apply to the bonds of the United States to which the circulation privilege is extended by this subsection and which are held as security for such notes. Nothing contained in this subsection shall be construed to modify, amend, or repeal any law relating to bonds of the United States which now bear the circulation privilege.

"(b) As used in subsection (a), the word 'bonds' shall not include notes, certificates, or bills issued by the United States.

"(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a).

"(d) The Federal reserve act is amended by adding at the end thereof a new section to read as follows:

"'SEC. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency.'

"(e) The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective the policy set forth in subsection (d).

"(f) Acts and parts of acts inconsistent with the terms of subsection (d) or (e) are hereby repealed."

Mr. McFADDEN. Mr. Speaker, I make a point of order against the amendment.

Mr. MAPES and Mr. CHINDBLOM joined in the point of order.

Mr. McFADDEN. Mr. Speaker, the subject matter of section 29 of the bill deals with the increasing of the circulating medium under the provisions permitting the use of certain classes of United States bonds. The amendment as read is the Goldsborough bill, proposing to direct the Federal reserve system, in the pursuit of its direction of operations, to pay particular attention to the stabilization of the price level. I think these are two distinct and different matters, and therefore the matter is subject to a point of order.

Mr. LUCE. Mr. Speaker, this point of order is of the most serious importance, quite apart from the subject matter concerned. It involves the integrity of parliamentary law as it is enforced in the House of Representatives.

In another branch the rule of germaneness does not apply, and there are those who greatly regret that our House practice is not the universal practice in all legislative bodies. With us it is well established, and has been for a hundred years and more, that the House shall not be taken by surprise by proposals to which it has given no consideration in connection with the pending legislation.

The pending legislation in this matter is for the establishment of home-loan banks to be of benefit to 25,000,000 and more of our people. There has been injected here by motion a proposal to relieve the pending distress in finance by a distinct and separate measure which, to be sure, has been once debated in the House, but never has been debated in connection with this bill. It distracts the attention of the House from the bill itself and puts into prominence this proposal of which neither the present Members nor the absent Members have had any warning as likely to come up in connection with the pending measure. Member after Member has come to me this morning and asked me what is the purport and intent of this motion. The House is taken completely by surprise and completely without any opportunity to pass deliberate judgment upon this proposal as an excresence on the home loan bank bill.

Now, sir, if I understand aright the function of conferees, it is to lay before each other, those from each branch presenting the views of its own body, the differences between the two branches.

There were laid before our conferees yesterday 47 differences between the two branches, some of them merely technical, to be sure, but not a few of importance. The points at issue had all been considered in committee or on the floor of at least one House and had been printed in the CONGRESSIONAL RECORD. The parliamentary presumption is that every Senator and Representative had or could have had notice of them.

Then at the end of the conference came this proposal to add the Goldsborough bill. It had not in this connection been in difference between the two branches. Upon it the two branches, in connection with this bill, had never acted. It was a proposal that had not been discussed on the floor or publicly elsewhere in connection with the home loan bank bill.

Its introduction here violates a principle for which the House has stood, the principle that every member of the minority and majority alike shall know of especial occasion for attendance, and shall have opportunity to discuss, listen, reflect, and then vote. Instead, most of the Members are here taken by surprise, are without warning, without opportunity, confronted with an unrelated proposal that now is for the first time presented in connection with the pending legislation. Because this violates the parliamentary principles of the House, because it violates the integrity of our parliamentary law, I maintain that the motion is not in order. [Applause.]

Mr. CHINDBLOM. Mr. Speaker, the original bill, H. R. 12280, related solely to creating Federal home-loan banks and various necessary provisions in regard thereto. The Senate added an amendment, section 29 in the bill before us, which relates exclusively to the matter of increasing the circulating medium of the country by amending the general law upon that subject, the act of July 9, 1882.

I call the attention of the Chair to the fact that the Senate amendment does not refer to or relate to the Federal reserve system. It amends an act passed way back in July, 1882, before the Federal reserve system was established. That Senate amendment, if offered on the floor of the House, would have been out of order. I am certain that the Chair and other parliamentarians in the House will agree to that proposition.

When an amendment comes to the House from the Senate, a point of order can not be raised on the ground that it is not germane to the original bill, but when the House considers that Senate amendment, the House may not add anything to the Senate amendment that is not germane to it. The House may not further violate the rule against germaneness.

Now, it is proposed to amend the Senate amendment by adding to it what is known as the Goldsborough bill, which was passed by the House some time ago, for restoring and maintaining the purchasing value of the dollar.

Incidentally, I call the attention of the Chair to the fact that the Senate itself struck out the Goldsborough bill and substituted for it the so-called Borah amendment, which is section 29 in the pending bill. That amendment would have been out of order if it had been offered on the floor of the House to the original Goldsborough bill. We do not now have the question as to whether we can add a third or fourth subject to two subjects that have already been included in the bill, because in this instance the first subject is that which was put in the bill by the House, and which was the exclusive subject of that bill, and the second subject is one that was put in the bill by the Senate and which, under the rules of the House, would not be germane and would not be in order on the original House bill.

The question is now: Shall this House, and shall the Speaker in passing on this point of order, hold that after the House has passed a bill relating to one subject, wholly and exclusively, and the Senate has added an amendment to that bill relating to another subject, wholly and exclusively, not germane to the original bill, then the House itself may add another amendment, which is not germane to either one of the other two propositions? As stated by the gentleman from Massachusetts [Mr. LUCE] the question is one of great importance for the orderly procedure of business in the House. If the House is to be subjected to all kinds of nongermane amendments, all kinds of new amendments violative of the rules of the House, simply because another body has already added an amendment which here would be subject to a point of order, then I say to the Speaker we may as well discard the rule relating to germaneness entirely in the procedure of the House of Representatives.

The SPEAKER. Will the gentleman permit the Chair to ask him a question?

Mr. CHINDBLOM. Gladly.

The SPEAKER. As the Chair understands the gentleman's position, it is that where the Senate puts on an amendment that is not germane to the bill, no other amendment can be placed to that amendment, however germane it might be to the Senate amendment.

Mr. CHINDBLOM. No; the gentleman from Illinois did not say that. The gentleman from Illinois tried to say definitely and distinctly that to the Senate amendment a nongermane amendment may not be added by the House, and that the violation of the rule of germaneness can not be enlarged under the rules of the House in its application to a Senate amendment, simply because it is a Senate amendment. The Senate amendment comes to the House with the simple privilege that we can not raise a point of order against it, but we can not add an amendment in the House which is not germane to the Senate amendment in the first place, and which violates the rule of germaneness further than does the amendment of the Senate itself.

The SPEAKER. The Chair understands the gentleman, and his sole argument is that the Goldsborough bill is not germane to what is known as the Glass bill.

Mr. CHINDBLOM. It is not germane to the Glass amendment, nor is it germane to the original bill.

The SPEAKER. The Chair is not speaking of the original bill. What the Chair is asking the gentleman is whether he interprets the Glass amendment and the Goldsborough amendment as the Chair interprets it. The Glass amendment has for its purpose increasing the circulating medium in this country. The Goldsborough proposition has that exact purpose. One is a method that is sought to be, and I think the facts would show it to be a probable opportunity of expanding the currency to the extent of some $900,000,000. That is the Glass proposition. There is no limit, so far as the Chair knows, to expanding the currency under the Goldsborough bill. Both of them have the same purpose. The Chair can not see why one is not germane to the other.

Mr. CHINDBLOM. But they are upon absolutely different lines. They are different propositions. The so-called Glass amendment provides for the issuance of national-bank notes to increase the circulating medium. The so-called Goldsborough bill provides for stabilizing or restoring and maintaining the purchasing power of the dollar by the purchase and sale of bonds by the Federal reserve banks. Those are two entirely different things. One provides for increasing the circulating medium and the other provides for the purchase and sale of bonds to maintain, on a certain level, the purchasing power of the dollar.

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. GOLDSBOROUGH. The result of the purchase of bonds is the issuance of Federal reserve notes, which is currency. So that is the purpose of it. In one case the member banks issue the currency. That is the Glass bill. In the case of the Goldsborough bill the Federal reserve banks issue the currency. That is the only difference.

Mr. CHINDBLOM. The answer to that is that the Glass amendment concerns itself entirely with the banking act of 1882 and the Goldsborough bill relates to the Federal reserve system, but they are along two different lines. They are for entirely different purposes. One is for the purpose of increasing the circulating medium and the other, distinctly upon its face, is for the purpose of restoring and maintaining the purchasing power of the dollar. There may incidentally be the same result of both of those operations, but it is not for the Chair, I submit, to speculate as to what may be the effect of one bill or the other.

The question is whether the two propositions are separate and distinct, so that the one has no relation to the other. I say they are so separate and distinct that the one has no relation to the other, and the proof historically is that the House passed the one bill and the Senate passed the other bill, and now the gentleman who offers this amendment proposes to pass both bills in one measure as an amendment to an entirely different bill.

Mr. LUCE. Mr. Speaker, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. LUCE. I want to make myself clear. I think perhaps the Chair remembers that I had some relation to the Goldsborough bill, and I spoke perhaps with some understanding of the matter when it was before the House. The Goldsborough bill was intended to operate through changing the volume of credit.

The Glass-Borah bill is meant to change the volume of money. As I understood it, and I so spoke in its behalf, one was to affect the volume of credit, working through the purchase and sale of acceptances, operations in the open market, ordinary functions which the Federal Reserve Board has been pursuing since its existence, and was intended to instruct the Federal reserve banks to raise the level of prices by affecting the volume of credit, while this bill is to affect the volume of money; and they are two distinct propositions.

Mr. STEVENSON. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. STEVENSON. I would like to ask the gentleman if he has not overlooked one of the words of the Goldsborough bill.

It shall be restored and maintained by control of the volume of credit and currency.

Mr. LUCE. But the currency is deposit currency.

Mr. STEVENSON. The gentleman merely stated "credit" a moment ago.

Mr. LUCE. Currency may be of two kinds; it may be of money or it may be of credit; but the purpose of the Goldsborough bill was to instruct the Federal Reserve Board, by operations in the open market, to raise and lower the volume of what is known as credit currency.

Mr. STEVENSON. "Credit and currency" is the language, and the Glass-Borah proposition is a proposition to issue currency without control. The Goldsborough proposition is to be added to it, which gives the Federal reserve banks the right to control.

If we allow them to issue currency without control, as they are under the Borah amendment to the extent of the United States bonds that are eligible, then there is no control of that volume; and if it becomes too abundant and redundant, then with the Goldsborough bill attached there is power in the Federal Reserve Board to restrict its issues and regulate the amount of currency to the needs of the country; and that makes it entirely and absolutely relevant to the proposition.

Mr. STEAGALL. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. STEAGALL. The whole philosophy, theory, and purpose of the Goldsborough bill is to accomplish a rise in the price level of commodities through the enlargement of currency circulation, to be brought about by the issuance of notes by the Federal reserve banks based upon bonds as a substitute for commercial paper, as provided in the Glass-Steagall bill. Is that not true?

And is it not also true that the issuing of currency provided for in the Glass substitute to the Goldsborough bill, now embodied in the home loan bank bill through what is known as the Borah amendment, itself provides that the issuance of currency shall be based upon Government bonds, the same as the Goldsborough bill? Is that not true?

Mr. LUCE. The gentleman and I differ. Our dispute is wholly confined to the meaning of the word "currency."

Mr. STEAGALL. May I ask the gentleman another question?

Mr. LUCE. May I complete my statement first?

Mr. STEAGALL. Certainly.

Mr. LUCE. The Goldsborough bill contemplates the control of deposit currency, not of money currency.

Mr. STEAGALL. Can the gentleman tell me any difference, or can any mind comprehend any difference, in the effect upon commodity prices—assuming that the theory is sound that the enlargement of the circulation will effect an enhancement in commodity prices? Can the gentleman

tell me how currency issued under the Goldsborough bill would have any different effect upon commodity prices from currency issued under the provisions of the Glass substitute for the Goldsborough bill?

Mr. LUCE. The gentleman is absolutely correct, but one measure contemplates doing this thing in the field of deposit currency, and the other contemplates doing it in the field of money currency.

Mr. STEAGALL. But the argument has been made and the point of order predicated upon the contention that the Goldsborough bill has a different purpose in view—the accomplishment of enhancement in commodity values through enlarged circulation of currency, and I insist there can not be any different effect upon commodity prices by the enlargement of currency under one plan from the enlargement of currency under the other plan.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. GOLDSBOROUGH. Under the Glass bill bonds would be put up by the member banks and currency issued.

Mr. LUCE. Money currency.

Mr. GOLDSBOROUGH. Well, the gentleman can call it what he pleases. It will be a piece of paper secured by bonds that are put up as collateral. That currency, in one way or another, would get into a bank and would become the basis for credit currency. Exactly the same operation would take place on the issuance of a Federal reserve note. It would go into somebody's hands, but eventually it would get into a bank and become the basis of credit currency. Under our system any kind of currency that is issued ultimately becomes the basis of bank credit. It can not do anything else, because it goes into a bank and becomes a part of the bank reserve. Nothing that could be issued would be currency for any longer than until it got into some bank of deposit.

Mr. LUCE. I have in this pocketbook the same type of money that the gentleman carries in his pocketbook. We are talking about currency that goes from hand to hand, not currency that is disposed of by check.

Mr. GOLDSBOROUH. But when the gentleman goes to a bank this afternoon and makes a deposit, then it ceases to become currency and immediately becomes credit.

Mr. LUCE. But I am not going to the bank. I am going to carry that money in my pocketbook.

Mr. CHINDBLOM. Mr. Speaker, I ask leave to respond to the last question propounded to the gentleman from Massachusetts [Mr. LUCE] because it related to my argument.

I say the purpose of the two amendments is different, for this reason. The so-called Borah amendment provides for an increase in the volume of currency, provides a method by which more money may be issued. The Goldsborough bill provides nothing of the sort. It does not change the law whatever in regard to the issuance of Federal reserve notes, or in regard to the purposes of, or the limitations upon, the issuance of those notes. It simply recites a policy which is construed as achieving the stabilization of commodity prices. In other words, there is nothing in the Goldsborough bill which results in the issuance of any new kind of money or any new amount of money for currency purposes.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. CHINDBLOM. I yield.

Mr. GOLDSBOROUGH. I may say to the gentleman that in the very extended hearings before the Committee on Banking and Currency we were asked time and time again why we wanted this bill passed because of the fact the Federal Reserve Board claimed they were issuing currency anyhow, buying bonds and issuing Federal reserve notes. In other words they admitted at that time that they were doing exactly what they would have to do if the Goldsborough bill were passed, using their own judgment and not the people's judgment as to how far they should go. So, the only thing they could do to raise the price level if this bill were passed would be to increase the currency. When I say currency I mean Federal reserve notes, which have exactly the same effect as any other money, gold, silver, or notes that go into the market.

Mr. CHINDBLOM. But the gentleman does not claim the Goldsborough bill contains any provision whatever for enlarging the possibilities for the issuance of Federal reserve notes.

Mr. GOLDSBOROUGH. Why, of course, we all know the price level is not up to the price level of 1921 and 1929, and we all know the only way the Federal reserve system could raise the price level would be to go into the market and buy acceptances, notes, or Government bonds, and representatives of the Federal reserve system said in the hearings that if this bill were passed, that what they would have to do would be to pursue the policy they were pursuing, but to pursue it faster.

Mr. CHINDBLOM. But before the passage of the Goldsborough bill, and without the passage of the Goldsborough bill, the Federal reserve system could issue just as much money, just as large an amount of Federal reserve notes, as it would be able to issue after the passage of the Goldsborough bill.

Mr. GOLDSBOROUGH. Absolutely not without being guilty of malfeasance in office.

Mr. CHINDBLOM. The gentleman says they have acted without authority. They now have the legal authority.

Mr. GOLDSBOROUGH. No; they have been doing it without authority.

The SPEAKER. The Chair prefers, if possible, to have the argument directed to the point of order made by the gentleman from Pennsylvania [Mr. MCFADDEN.]

Mr. MAPES. Mr. Speaker, I do not want to take the time of the Speaker or of the House unnecessarily, and judging from the comment which the Speaker made, I am afraid he has made up his mind, but I would like to supplement, for a moment, the arguments which have been made on this point of order by citing some authorities.

The SPEAKER. The Chair will be pleased to hear them.

Mr. MAPES. As I understand it, Mr. Speaker, the question before the Speaker to decide, reduced to its simplest terms, is whether the Goldsborough bill is germane as an amendment to the Glass bill.

The SPEAKER. The Chair thinks that is the sole point of order involved, although the gentleman from Massachusetts and some other gentlemen argued upon the point that it was a customary rule of the House that the House should not be taken by surprise.

Mr. MAPES. That is undoubtedly an incidental consideration, but I agree entirely with the Speaker that the point for the Chair to decide is whether the Goldsborough bill is germane as an amendment to the Glass bill.

The matter before the House for consideration is amendment No. 46 to the home loan bank bill. Amendment 46 is the so-called Glass bill.

Section 777 of the Rules of the House provides that "no motion or proposition on a subject different from that under consideration shall be admitted under color of amendment." Under this rule there is this holding:

> In the consideration of Senate amendments to a House bill an amendment must be germane to the particular Senate amendment to which it is offered, it not being sufficient that it should be germane to provisions of the bill.

The Speaker and I are agreed upon the point at issue. The question is, Is the Goldsborough bill germane as an amendment to the Glass bill?

In the report of the conferees on the home-loan bank bill, speaking with reference to amendment No. 46, this language is used:

> This amendment authorizes United States bonds bearing interest at a rate not in excess of 3⅜ per cent to bear the circulating privilege for a period of three years after the enactment of this act. There is no comparable provision in the House bill. The committee of conference have not agreed on this amendment.

That, Mr. Speaker, is the interpretation which the House conferees put upon amendment No. 46, the Glass bill. The conferees without any reference to this point of order said

that amendment No. 46 had only one purpose in view, namely, to authorize—

United States bonds bearing interest at a rate not in excess of 3⅜ per cent to bear the circulating privilege for a period of three years after the enactment of this act.

I do not want to get into an argument on the money question with the members of the Banking and Currency Committee, but it seems to me the sole purpose of the Glass bill is to make certain United States bonds security for the issuance of national-bank notes. That is the only purpose of the Glass bill, and the Goldsborough bill in no way refers to national-bank notes, nor to any security for the issuance of such notes. The Goldsborough bill is so short that I would like to read it in this connection:

It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency.

And makes it the duty of the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury to make that policy effective.

Nothing is said about furnishing any additional type of security for the purpose of issuing more national-bank notes, and, as I understood it, the issuance of more national-bank notes was not contemplated by the Goldsborough bill at all. It was not mentioned in the debate on the bill on the floor of the House nor anywhere else.

It is unnecessary to call the attention of the Speaker to the fact that the precedents of the House for a great many years have been to the effect that even though separate propositions attempt to accomplish the same general result they are not germane to each other if they attempt to accomplish that result by entirely different methods.

We had before us at different times during the last few years, as the Speaker well knows, the farm-relief legislation. I think the first decision on that legislation establishing the principle for which I am now contending was handed down by former Member Sanders, of Indiana, as chairman of the Committee of the Whole House on the state of the Union. He expressly laid down the rule that amendments had to be related in order to be germane. It was held, for example, that the debenture plan of farm relief was not germane to a bill containing the equalization-fee plan, nor the Federal Farm Board plan to the equalization-fee plan. Unless the Speaker can find that these two methods of improving the present economic conditions, if you want to speak of the matter in that way, are related to each other, it seems to me he must hold with the gentleman from Pennsylvania on this point of order. It seems to me it takes a great deal of construction and a great deal of imagination to hold that the Goldsborough bill is at all germane to the Glass bill, or that it attempts to accomplish the purpose desired by the same general method.

Mr. HUDDLESTON. Mr. Speaker, in considering the germaneness of the proposed amendment we are not controlled by what are the purposes of the two proposals nor whether they have the same purpose. We are concerned merely with the manner in which that purpose is to be carried out. We are not concerned with what is to be the product but with the parliamentary machinery by which it is to be produced.

The SPEAKER. Has the gentleman any authority for that?

Mr. HUDDLESTON. Will the Speaker hear me a little further before he calls for authority?

May I point out in just a word or two that these two proposals have no relation to each other? The Borah amendment is, in substance, an amendment to the act of July 12, 1882. The Goldsborough bill is an amendment to the Federal reserve act.

The Borah amendment relates to the issuance of national bank notes. It provides a means whereby national banking associations may obtain notes from the Treasury. That is all it does provide.

The Goldsborough bill undertakes first to establish a governmental policy relating to prices of commodities, having nothing whatever to do with the issuance of national-bank notes. Its secondary purpose is to give instructions to the Federal Reserve Board and to the Secretary of the Treasury in carrying out that policy.

One proposal relates to public policy as affecting prices, the other relates exclusively to terms under which national bank notes may be issued by the Treasury. The two are not related in even the remotest degree. [Applause.]

The SPEAKER. The Chair is ready to rule. Wherever an amendment has for its purpose the accomplishment of the same results, it is germane. However different the language may be, if its ultimate object results in the same purpose, undoubtedly it is germane.

The Chair believes that the so-called Goldsborough amendment—and he has read the debate on it—had for its purpose the increasing not only of the credit but of the currency of the country. The Members voted on it with that understanding. The Glass proposal undoubtedly has for its purpose the extension of the national-bank note currency so far as the banks desire to use bonds for that purpose. So both of these propositions have for their purpose the expansion of the currency of the United States and making it less valuable in comparison with commodity prices.

In answer to the gentleman from Massachusetts [Mr. LUCE] that the rule ought to be—and the Chair believes it ought to be as far as it can be enforced—that the House should not be surprised, and therefore no amendment ought to be considered on a wholly new subject matter, the Chair will state that that happens not to be the case in this instance. The House did discuss the Goldsborough amendment, but it has never had a chance to discuss the Glass amendment. It did vote on the Goldsborough amendment and voted 289 to 60 in favor of the Goldsborough amendment. In the opinion of the Chair, it can not be said that after the House so overwhelmingly voted in favor of the Goldsborough amendment—as the Chair stated, 289 for the amendment and only 60 against it—the House is taken by surprise.

The Chair believes that they both have the same purpose, and although the Glass amendment would not have been in order to this bill originally in the House, having been put on in the Senate in violation of the House rules, under our rules we are compelled to consider the Senate amendment and therefore an amendment to the Senate amendment which does not violate the rules of the House is germane, and the Chair overrules the point of order.

Mr. STEAGALL. Mr. Speaker——

Mr. McFADDEN. Mr. Speaker, is the gentleman from Alabama going to yield so that we can discuss this matter on both sides?

Mr. STEAGALL. I expect to yield and to divide the one hour of time as best I may, and so far as I am concerned, if it does not interfere with the business of the day, I will be pleased to request that the time be extended 30 minutes, after which time the previous question shall be considered as ordered.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the debate on this motion be for one hour and a half, to be equally divided between himself and the gentleman from Pennsylvania, and at the end of the debate, the previous question shall be considered as ordered. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, we have decided to ask for a division of the motion. Would that have to be agreed upon now or could that be done after the previous question is ordered?

The SPEAKER. The Chair does not understand just what the gentleman from New York wants to divide.

Mr. SNELL. The motion made by the gentleman from Alabama is to recede and concur with an amendment, and we want to divide that question.

The SPEAKER. The Parliamentarian informs the Chair that the motion to recede and concur is divisible.

Mr. SNELL. That is what I asked, and I would like to have it understood now that we want to do that. The ques-

tion is whether we would have to do it now or can we make the request after the previous question is ordered.

Mr. STAFFORD. If the gentleman will permit, I believe the Speaker has not grasped the purport of the request from the gentleman from New York. The gentleman asked for a division of the pending motion, two propositions being involved, one the Borah amendment and the other the Goldsborough amendment.

The SPEAKER. That is not what the gentleman from New York asked.

Mr. SNELL. Yes. If I did not make myself clear, I ask that the motion be divided and that we vote on receding and also on concurring, with an amendment. I want a vote on receding and also a vote on concurring with an amendment.

The SPEAKER. The gentleman can have that, the Parliamentarian advises the Chair, and the Chair is inclined to think he is right about it.

Mr. SNELL. If we agree to the previous question, can that be done after the previous question is ordered?

The SPEAKER. The division will be made now, so that ordering the previous question will not deprive the gentleman of any of his rights.

Is there objection to extending the time of debate to one hour and a half, after which the previous question shall be considered as ordered?

Mr. HOWARD. I object.

The SPEAKER. The gentleman from Alabama is recognized for one hour.

Mr. STEAGALL. Mr. Speaker, the conferees on the home loan bill have reached an agreement on everything except what is known as the Borah amendment. This amendment embodies the same provisions as the measure reported to the Senate as a substitute for the Goldsborough bill which passed the House. The Borah amendment authorizes national banks to issue currency based upon United States bonds bearing interest not in excess of 3⅜ per cent for a period of three years. It is estimated that this would result in the issue of about $800,000,000 of bank notes. The Goldsborough bill declares it to be the policy of the Government that the Federal reserve banks shall use their powers through the expansion of currency and credit to restore a normal commodity price level. The Federal Reserve Board under this bill would have complete control of the increase in circulation and power to reverse the policy if necessary to stabilize commodity prices. The country is suffering from contraction of currency and a complete breakdown of credit. It is true Federal reserve banks have emitted notes to the amount of $1,000,000,000 and more. But we are advised that one and one-half billion dollars are being hoarded, and more than a billion dollars in gold have been withdrawn. So we see there has been a large curtailment of circulation. It is agreed on all hands that the contraction of currency and credit can only result in depression of prices and curtailment of commerce and business. The House conferees sought to amend the Borah provision by incorporating the substance of the Goldsborough bill.

The conferees on the part of the House have simply attempted in good faith to represent and maintain the will and desire of the House as expressed in the passage of the Goldsborough bill by record vote, 289 to 60. [Applause.]

We have kept faith with the House and I am sure our purpose will be appreciated by the House. Mr. Speaker, I have voted for the measures that have been proposed by the administration in the effort to find relief from the horrible conditions under which the country suffers at this time. No man can charge that the committee of which I have the honor to serve as chairman has been guided by any partisan considerations or that we have not whole-heartedly supported and upheld every suggestion and every undertaking put forth by the administration and its leadership looking toward alleviation of the suffering and distress that exist as a result of economic conditions.

This conference was not actuated, so far as we are concerned who are here dissenting from the amendments incorporated by the Senate, by any partisan consideration, and I want to say to the gentlemen on the minority side that the conferees on the part of the House acted without consulting anybody. It can not be said that the vice presidential candidate had anything to do with the differences which sprang up in the conference on this bill yesterday. We did not consult him in advance, and we did not consult him while we were in session. We did not consult anybody. But fairness compels me to make the statement that these differences would not have existed, and this disagreement would not have been reported to the House, if gentlemen who represent the majority in the Senate in this conference had pursued the same course that we did. Some of them were busy at the telephone a good deal of the time the conference was engaged in the consideration of this bill, and the plain fact is that our failure to agree was the result of a telephone conversation and a suggestion that Executive disapproval would be forthcoming if the Republican conferees themselves voted their own judgment on the propositions in dispute.

That is why we disagreed. That is a fair statement of the history of the conference in that regard. I shall not yield to the temptation to go farther into details.

Mr. Speaker, the things we have done during the present session, the legislation we have passed to bring relief to the country have failed of their purpose. I want to say here and now that I have never made the statement on this floor in regard to any measure that came out of the committee of which I serve as chairman that any of these bills would bring the relief we hoped for and so much desired.

These measures are palliatives; they are narcotics; they simply postpone the day of judgment.

The Reconstruction Finance Corporation has saved some banks from failure, but at enormous cost. To furnish funds to take care of the withdrawal of deposits in banks is a stupendous undertaking. But it would not be so difficult to protect depositors in banks from final losses in cases of bank failures.

The corporation saved one bank in Chicago a few days ago, but in order to do it they had to pledge the funds of the corporation to the extent of $80,000,000. That was necessary to prevent a breakdown of the economic situation in the city of Chicago.

I remind this House that some of us have labored for a simple, common-sense, inexpensive method of saving our banks. The plan is to apply to bank deposits the principle of insurance, a principle universally approved and practiced in economic affairs throughout the civilized world. We have sought to establish plans to have the banks themselves carry the burden and set up an insurance fund for the protection of depositors. This would relieve banks of the constant fear of runs. No solvent bank would be in such danger. But we were not allowed to do it. Instead we are having the Treasury make loans to banks to provide funds to meet withdrawals.

I remind the House that the loan made to one bank in the city of Chicago of $80,000,000 was a sum in round numbers sufficient to pay all the net losses to depositors in national banks in this country from the foundation of the system in 1865 down to 1930, and that is the testimony before the Banking and Currency Committee of the House.

It would be a trivial thing comparatively to set up an insurance fund and let the depositors know that their deposits are safe; that they do not have to take their money home, bury it, or sleep with it, in order to make it safe. Such a situation is a stigma upon the banking system of the United States and upon the financial leadership of the Nation.

Now, they are asking Congress to supplement the funds that we have set up for the Reconstruction Finance Corporation involving the Treasury to the amount of three and one-half billion dollars. Bank failures are continuing at an alarming rate, and they will continue. When we set up the Reconstruction Finance Corporation with its billions supplied by the Treasury, we confessed ourselves bankrupt in leadership before God and the world.

I supported the bill, but no man can boast of leadership in financial affairs or of any contribution to relief from economic distress when he has to resort to the Treasury and put his hand in the pockets of the taxpayers of the whole Nation. [Applause.]

Give me access to the Treasury of the United States and I will put J. P. Morgan to shame as a financier—if he will take his hands out. [Laughter and applause.]

We have no right to boast. On the contrary we stand discredited before the world until we afford the American people a leadership that will find relief from financial distress, without leading into the doors of the people's Treasury. [Applause.]

That is the only remedy we have found, as expressed in final enactment of legislation by this Congress. The only measures that would bring relief in a normal way have been passed by the House only to sleep at the other end of the Capitol until the hour of adjournment is at hand.

There is but one way by which we may ever dig our way out of the burdens of debt that press down upon us. That is by raising the price level of commodities—the products of the farms and factories in this country. Everybody says so; nobody any longer disputes it. You do not have to have an expert come and look wise to tell you that. Everyone from the head of the Government down to the properietor of the lowliest bootblack stand has found out that that is where the trouble is—wheat farmers can not pay debts or consume their share of the necesaries of life at present prices for wheat. People can not pay their debts contracted at 20-cent cotton with cotton down to 5 cents. It went down to $4.80 a few days ago on the board in New York. Talk about honest money! Talk about sound money! Of course, all good citizens want sound money. They want our money respected at home and abroad. But they want money that is honest for debtors as well as creditors. There is nothing more terrible, there is nothing more indefensible, there is nothing more dishonest than to compel a man to produce 4 bales of cotton to pay a debt for which he contracted to pay 1. [Applause.] If anyone has any remedy for this better than the bill reported by the Banking and Currency Committee and passed by the House, the measure which we now offer along with the Borah amendment, I say bring it out and I shall vote for it and work for it if I have to stay here and keep at work until I drop in my tracks. Only two things have been offered here that offer promise of relief. Oh, we may save a few homes, Brother REILLY, and you rendered valiant service in that direction. I appreciate the hard work and splendid service rendered by the gentleman from Wisconsin in connection with this bill. I fear its relief as in the case of the aid to Federal land banks will not reach those for whom it is intended as we desire. I am talking about our difficulties in their broader aspects. We have not touched a real solution. There have been only two bills that justify hope of substantial success—the currency expansion and bank deposit protection bills. I do not know that they would do the work. I am not an expert. If I were, I would not have the face to look at you, because the big financiers and experts and leaders in the financial world are so discredited that I thank God I do not belong to their class. [Applause.]

We need a little common sense. We need a little patriotism and love of country instead of selfish love of dividends and dollars. [Applause.] We are not going to find our way out under our present leadership. This leadership does not even pretend to offer any remedy. These leaders tell the people to wait, to sit still, and trust to luck. They say that this depression is an accident, that it is providential, that it is the result of the World War. It is not an accident. It is not providential. It is not due to the war. France is on her feet financially. The sun in the heavens and the moon and the stars operate under immutable law. You sit where you are under immutable law. All the universe and the multipled worlds that float through space are held together under immutable law. It is cause and effect wherever you turn; and this panic, this depression, is an instance of cause and effect. I want to repudiate here and now any part of responsibility for a leadership that treats our afflictions as accidental. I repudiate here and now any part in a leadership that attempts to treat industrious labor, a fruitful soil, happy seasons, and bountiful harvests as curses to mankind. [Applause.] It is mockery; it is worse than mockery—it is little less than blasphemy—to treat these beneficent results of Divine Providence as curses. Yet we have a leadership that says to my farmers and to yours—at least they told them so last year, and if they are consistent and sincere they will tell them again this year—to go back and find employment by plowing up a part of the crop produced by their labor and the sweat and toil of their women and children. [Applause.] It is false; it is ridiculous; it is idiotic; and the average man or woman in this country understands that it is—that it is not true; that it is not put out by people who think, but by people who read something somewhere and repeat it without thinking. Thinking could not lead to such a conclusion.

There never has been overproduction of anything that is good and useful for human kind. God Almighty does not do things in a foolhardy way. There is not a drop of water in the ocean or a leaf in the forest that was not put there by His all-wise hands for our good and for His glory, if only we will have the common sense and the patriotism to appropriate those things, each man receiving according to his contribution in human toil to the production of things that make for human happiness. If this other doctrine were true, then an anarchist would be a good citizen and a farmer who works and toils and sacrifices and saves would be an undesirable citizen. No; it is not so; and let me say this: I have some little official responsibility, though not a great deal. My people have been very good to me, and not very exacting. But the people of this country have a right to demand and exact a high standard of public service at a time like this on the part of men who are called to serve in high places. I feel my responsibility, and I say this in all kindliness, and not in partisanship. Our partisan controversies will work out all right. I am not disturbed about that. I am quite content with developments and indications in that connection. No administration, no Member of Congress, has any right to ask that he be permitted to serve in office at a time like this unless he has some purpose and some plan to bring relief to the people of this country. [Applause.] Common honesty and true patriotism demand of you and me and of the Speaker in that chair, and of any other official, high or low, in this Government, from the President down, that unless he has some plan by which to aid the people of the Nation and to bring relief from the distress that exists and the dangers that threaten the country in this hour, he owes the duty to get out of office and let somebody take his place who will at least undertake to find relief.

Two measures have been offered and passed by the House that have met popular approval. One is the Goldsborough bill. It is a conservative bill; it is constructive. It merely tells the Federal Reserve Board that it is the policy of the Government that they shall use their powers in open-market operations in a way to release currency and expand credits in order that our people may sell the products of their toil at prices that will enable them to pay their debts and save their homes and save this Republic with all it means to us and to the world. [Applause.]

An industrious, law-abiding people who work and produce an abundance of the things essential to human happiness are entitled to fair rewards and a reasonable measure of prosperity.

Mr. CELLER. Will the gentleman tell us how the Federal reserve will do that?

Mr. STEAGALL. The Federal reserve has the power. They say so. Every member of the board says so. They have the power to bring some measure of relief by emitting bills and by putting more money in circulation. The Glass bill has a provision looking to that end, but the Senate would not consider the bill we passed. They sent a substitute in

the bill before us, and it would have been just as properly attached to a treaty with some foreign power as to attach it to the home loan bank bill that this House passed. We want to maintain the dignity of this House and the integrity of its position by keeping that bill in this measure and sending it to the Senate and letting them vote on it.

The other bill to which I referred would require the banks of this country to apply the principle which they apply in their transactions with their customers, with their own officials and with themselves, the principle of insurance that is applied in the economic affairs of the world, so that citizens may have a place where they may deposit their money and where that money may perform its proper function in the economic and commercial life of the Nation. When we pass these two measures we shall begin to see the light breaking. They at least offer hope. The other leadership has failed. It simply leads us nowhere, and the people of this country are not content with it. They are going to repudiate it. [Applause.]

Mr. Speaker, I must beg pardon for trespassing upon the time of the House. I wanted the gentleman from Maryland [Mr. GOLDSBOROUGH], who has rendered such signal service during this session and the gentleman from Wisconsin [Mr. REILLY], the author of the home loan bank bill, to say something on this measure.

I ask unanimous consent that we have 30 minutes additional time for debate, in order that these gentlemen may be heard. [Applause.]

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. SCHAFER. Reserving the right to object, I shall not object if the discussion will be confined to the bill and not have the extra time taken up in making political speeches on questions not related to the bill.

The SPEAKER pro tempore. Is there objection?

Mr. SCHAFER. I object unless the request is amended that the additional debate be confined to the bill.

Mr. STEAGALL. I will amend my request by stating that the debate shall relate to the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. SCHAFER. As modified?

The SPEAKER pro tempore. As modified.

Mr. STAFFORD. Under the rules of the House, the discussion must be confined to the subject matter. It is a ridiculous proposal to have that suggested.

The SPEAKER pro tempore. That was the understanding of the Chair. We will proceed accordingly. There being no objection, the time is extended 30 minutes.

There was no objection.

Mr. STEAGALL. I yield one-half of the time to the gentleman from Pennsylvania [Mr. MCFADDEN]—45 minutes.

Mr. McFADDEN. Mr. Speaker, the bill under consideration is the home loan bank bill. The conference report this morning agreed on all of the amendments on the home loan bank bill. We disagreed on amendment No. 46, on page 41 of the bill. This proposal has nothing whatever to do with the home loan bank bill. I have not been in sympathy with the passage of legislation like the home loan bank bill, but I say to the friends of the home loan bank bill that their bill is at stake here to-day; and unless you vote down both of these proposals, in my judgment, you will not have any home loan bank bill.

I will be perfectly plain. I may be violating some of the rules of the conference, but if I am, I alone will suffer by that criticism.

We were told in the conference that the President of the United States would not sign this bill if the Goldsborough amendment were added to it, and I want the friends of the home loan bank bill to understand that when you vote in support of the Goldsborough amendment you are not helping that amendment by voting for it twice. It has once passed the House, and I know the majority of the House is for it, but the Senate is against that amendment. What kind of maneuvering took place at the other end of the Capitol in order to defeat it? Senator GLASS proposed and had accepted in the Senate committee this amendment No. 46, section 29 of this bill, which provides for the legalizing, for circulating privileges, "for the issuance of national-bank currency," $1,000,000,000 or more of United States bonds. Senator GLASS, when he proposed that, as disclosed by the debates on the floor of the Senate, and any of you who look at it will find it, said that the proposition was unsound, and that he was only presenting it for the purpose of defeating the Goldsborough bill, which it did defeat. The Goldsborough bill stopped right there in the Senate, and there it lies right now. If by any act of this House to-day it is put into this bill, you have notice in advance that the home loan bank bill will not be signed. I am not asking you to take my word as regards section 29 of this bill. It will not do that which the people who want this amendment claim that it will do.

Let me follow it a little further. It has Senator BORAH's name attached to it. If you will watch the Senate proceedings on the floor of the Senate you will notice that Senator BORAH took up this proposition of Senator GLASS originally for the purpose of defeating the beer bill provision that the Senate had placed in the home loan bank bill. That it would appear was the Senator's interest in this particular piece of legislation.

If there ever was a ridiculous proposal made it is this section 29. I know there is a vast sentiment throughout this country that we should increase the circulating medium, that currency should be increased, and that it will help stabilize and raise price levels. Permit me to tell you that the passage of section 29 will not increase the circulating medium one cent.

I will tell you why. This qualifies those classes of outstanding Government bonds bearing interest at 3⅜ per cent or under. Most of the little banks of the country—and they are the ones most of us here are thinking about—have now outstanding their full quota of circulating medium.

It was stated to the conferees last evening that an examination disclosed the fact that this particular class of bonds mentioned here are not at the present held by the small banks. There is a question as to where they are held. It may be that a lot of them are held abroad. They may be held by the big city banks. So if any of these small banks want to increase their circulating medium what have they got to do? They have got to go into the market to buy bonds. They have got to borrow money. Then when they get these notes they are going to use the national-bank currency notes they get to take up the money they borrowed to buy the bonds.

This circulating medium in the form of national-bank notes will go into the Federal reserve banks, and it will increase credit on the books of the Federal reserve banks. There is a surplus of this kind of credit to-day in the Federal reserve banks. There is not any question about that.

I am just wondering what the maneuver is here in this situation. If there is any good here anywhere it might possibly be in increasing the value of the Government bonds, but this is a doubtful expedient at this time, and I think it is very questionable whether we should do the thing that is already in existence to-day, establish speculation in Government bonds. That is what is taking place.

Mr. REILLY. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. REILLY. The gentleman from Pennsylvania has stated that the President has announced he will veto the home loan bank bill with the Goldsborough amendment. Was any announcement made as to what he would do with the bill with the Glass amendment?

Mr. McFADDEN. I do not know that it was stated. I think it was said by one of the conferees that he did not want it. I have understood the Federal Reserve Board does not want that provision in the bill.

I think I have shown exactly how it will work if this amendment should be adopted, but I want to point out more clearly what is going to happen.

The 2 per cent bonds that are now back of the issuance of the national bank currency which are held by banks all

over the country are at a fictitious price because they carry with them the circulation privilege. Now, you are authorizing the circulation privilege to be extended to all bonds drawing interest under 3¾ per cent.

Mr. CELLER. Is it 3¾ per cent or 3⅜ per cent?

Mr. McFADDEN. Three and three-eighths per cent or under. By this amendment you have disturbed the market, because before I came to the House to-day I called up to see what the market is on 2 per cent bonds that are now held by these banks, and I was told by the best authority I could call that there were no offers on 2 per cent bonds to-day. You are going to depreciate the value of the 2 per cent bonds that are now held by the banks all over the country. The depreciation in some instances will cause a depletion in the capital of the banks that will cost the banks real dollars. You are going to put a fictitious value on these bonds that bear 3⅜ per cent interest and under.

It is said here as an argument for this proposition that there is a 3-year limitation, but there is no provision that says what is going to happen at the end of the three years. These little banks are going to decide for themselves what they had better do. A lot of banks right now are selling their 2 per cent bonds in fear that this bill may pass, and these bonds are going to be a drug on the market as indicated by the market this morning. The other bonds have gone up already, and the little country banks will have to buy bonds bearing the higher rate of interest and pay the present bonds a higher price for the 3⅜ bonds to the banks in the cities who have been accumulating them to make this profit. They will have to buy after some one has made the profit that will be made in the next few days after the passage of this act.

Mr. BRITTEN. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. BRITTEN. Can the gentleman tell the House, without violating any confidence of the conference, what the attitude of the American Bankers' Association is toward this legislation that is now pending before the House?

Mr. McFADDEN. I understand they are all against it, but I am not speaking for the American Bankers' Association.

Mr. BRITTEN. Well, any other association of bankers.

Mr. McFADDEN. I am speaking to preserve a situation in this country that is going to become disastrous to the small banks if this bill passes. This is a ridiculous proposition and will do the banks more harm than good.

Mr. STEVENSON. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. STEVENSON. The amount which banks have invested in those 2 per cents is practically the amount of the present circulation, or about $700,000,000, is it not?

Mr. McFADDEN. A little over $700,000,000.

Mr. STEVENSON. A depreciation of 20 per cent, or $140,000,000, would very materially impair the capital of these banks.

Mr. McFADDEN. I will say that the gentleman from South Carolina and myself are entirely in agreement on this proposition. I think I am quoting him correctly when I say that this loss will come principally from the small national banks throughout the country.

Mr. STEVENSON. I would like to ask this further question. The present parliamentary situation is confusing me. If this House should refuse to concur with an amendment but should concur in the Borah amendment it will become law, because the Senate has already put it in.

Mr. McFADDEN. The gentleman is quite correct.

Mr. STEVENSON. We need to be careful about it, because it is a very dangerous proposition.

Mr. McFADDEN. When you gentlemen vote to-day to concur in section 29 or amendment 46, which I am asking you not to, you are voting this provision into the law.

Mr. CELLER. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. CELLER. The gentleman said that most of the money for the purchase of these bonds would go into the Federal reserve system. Is that because it has most of the bonds, through its open-market transactions, which would have the circulation medium privilege under the Glass amendment?

Mr. McFADDEN. I will say to the gentleman it comes about in this way: These country banks which have the 2 per cent bonds now but do not have these other bonds will have to borrow money if they want to buy more bonds to increase their circulating notes in order to get them or else use their general assets which may not be free. They will have to go into the market and buy the bonds and then later they will have to repay their obligations to the Federal reserve banks from which they borrowed the money to buy the bonds. These notes, then, would go back to establish a credit in the Federal reserve. I want to point out to you that I know that it is the desire of many to increase our circulating medium, but this is not the way to do it. This money is going into the Federal reserve banks, and let me tell you that a credit of $1,000,000,000, no matter how it is established, in the Federal reserve banks can, under certain conditions, be expanded twenty times. Now, there is no need for that kind of an expansion in the Federal reserve at this time. What we need is the money to go out of the member banks. It should be poured out into industry.

While I am on this particular subject let me say that the proposed relief bill which we will vote on to-day contains a provision which is particularly dangerous to the Federal reserve system, and that is the provision in the bill which goes to the very fundamentals of the Federal reserve system, the provision which authorizes corporations and individuals to borrow directly from the Federal reserve banks. Why, gentlemen, that would destroy the Federal reserve system. I wonder what we are doing. What are we thinking about here with important legislation like this, with only a half hour's time to discuss it, in a trying situation like this? I can not understand what people who are responsible for these proposals are thinking about.

Mr. PARSONS. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. PARSONS. Is there any difference in principle between the issue under this bill and the issue under the Owen bill for the payment of the soldiers' bonus?

Mr. McFADDEN. It is practically the same thing.

Mr. CELLER. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. CELLER. Did I understand the gentleman to say that the provision with reference to direct loans is in the relief bill?

Mr. McFADDEN. As I understand, it is an amendment that was placed on the bill in the Senate, the relief bill that is now in conference.

Mr. WOODRUFF. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. WOODRUFF. I have in mind that there was a proposal at one time to give corporations and individuals the privilege of borrowing from the Reconstruction Finance Corporation. Is there any difference fundamentally in putting it in the bill as applied to the Federal reserve banks and as applied to the Reconstruction Finance Corporation?

Mr. McFADDEN. If you are going to do it you would a great deal better do it through the Reconstruction Finance Corporation, because under the present proposal you are going to destroy the Federal reserve if it is put into operation. I know the great desire and need for improving the price level of farm commodities, and of this, that, and the other. The gentleman from Alabama said we were dealing with causes and effects. Of course we are. However, we are not dealing with causes but we are dealing with effects in all this class of legislation.

Let me tell you, gentlemen, that which I have tried to tell you on various other occasions, that the root of this whole trouble is the policy and management of your Federal reserve system. It is a deflationary policy. In spite of all beliefs and in spite of what you are reading in the papers in regard to inflation, the purchase of Government bonds under pressure to the extent of a billion dollars was to offset the gold that was shipped out of this country. From my study of this situation and from my information we are still

operating under a deflationary policy. We are still pursuing it. For the past week the deflation in the loans of the member banks of the Federal reserve system was 1⅕ per cent. That is the report of the Federal Reserve Board and that is the deflation for the past week. For the past four months, since the enactment of the Glass-Steagall bill, the deflation has been 12 per cent, a deflation at the rate of 3 per cent each month, for the past year a deflation of 24 per cent and for the past two years a deflation in these loans of 34 per cent.

In the face of a policy of this kind, how can you expect a return to normal prices in the United States? I want to repeat, as forcefully as I can, that the trouble in this whole situation is the policy and the management of the Federal reserve system.

Mr. FIESINGER. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. FIESINGER. What would the gentleman suggest as an inflationary measure?

Mr. McFADDEN. A change of policy in the management of the Federal reserve system, and you can not have any change so long as you have the present management.

Just a word in regard to the Goldsborough bill. I am entirely in sympathy with the purpose that is sought to be accomplished by that bill, but you can not get around the present management of the Federal reserve system. They will do as they please when you pass the Goldsborough bill and you will not know whether they are following the instructions of that law or not. They are a law unto themselves, and in the management of the Reconstruction Finance Corporation you have perpetuated this same control over the operations of that corporation, and I venture to say that my good friend, Judge SUMNERS of Texas, the chairman of the Judiciary Committee, will agree with me when I state that the reconstruction finance measure is not constitutional, and that the operations of the Federal reserve, as they have been carried on for the past two years, are illegal.

Mr. CELLER. Will the gentleman yield for a brief question?

Mr. McFADDEN. I will.

Mr. CELLER. Will the gentleman explain what difference, if any, exists between the Glass-Steagall bill relative to the issuance of Federal reserve currency by the Federal reserve system, and its privileges under the present Glass bill?

Mr. McFADDEN. Under the Goldsborough bill he is dealing with Federal reserve operations and in directing the management of the Federal reserve system to give due consideration to the equalization of price levels, of course, is embodied to a certain extent, so far as their authority goes, the regulation of the issuance of Federal reserve notes, and the release of credit through the Federal reserve system.

This provision of the Glass-Borah bill is an amendment of the national banking act and applies to the issuance of national-bank currency. When these notes are issued, of course, they go into the Federal reserve system through the issuing banks directly and indirectly to establish credit in the Federal reserve, and they are just like any other money that goes in there—they establish a credit after they are once in the Federal reserve. There is a vast difference when credit is established in the Federal reserve as to whether you take it out in the form of Federal reserve notes or whether you take credit on the books of a Federal reserve bank. I would like to have you distinguish between the two, because in several speeches I have made on the floor of this House during this session, I have pointed out the great abuse of this credit that is thus established by the Federal reserve, and the large amounts which have been used by foreign countries to finance operations between other foreign countries and to also finance our industrial competitors in trade with the United States.

Mr. MOUSER. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. MOUSER. Assuming they will take credit on the books of the Federal reserve bank, how much more money would that put in circulation, and what effect would that have on increasing the circulating medium so far as paper money is concerned?

Mr. McFADDEN. You can only keep out so much circulating medium. There is no shortage of circulating medium to-day—if you have a check or credit, any bank will give you the cash. When it is not required, it automatically retires itself. The mere authorization of the issuance of currency, as proposed in this bill, will not increase the circulating medium one dollar.

Mr. MOUSER. That is the point I wanted to make.

Mr. McFADDEN. Do not be deceived. Vote against both of these proposals, and when I say this I am speaking for those who are in favor of the home-loan bank. [Applause.]

Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, friends of the home loan bank bill will vote down both the proposed amendment and the Senate amendment. The gentleman from Pennsylvania [Mr. McFADDEN] has made clear that the Borah amendment is foreign entirely to the purpose of the home loan bank bill. It was injected into it for one purpose, and that was an ulterior purpose.

All those who have followed the proceedings in the other body know that there are a large number who were primarily opposed to the fundamental principle of the home loan bank bill, and to adopt these amendments now would jeopardize the very life of the bill by injecting a foreign question, with the direct purpose on the part of enemies of the measure to defeat it.

We have voted on the Goldsborough bill overwhelmingly in favor. I spoke against it. I was not in sympathy with the idea of inflation that is involved in that bill. I am not in sympathy with the minor inflationary proposal of the Borah amendment; and I say to the Members of the House that if they are truly and sincerely in favor of the home loan bank bill, then vote consistently against both of these foreign, extraneous proposals.

We should not inject into this bill now the consideration of something that is going to jeopardize the principle of granting to the owners of homes, who have mortgages on them, the privilege of getting some relief from a system that is similar to the Federal reserve system.

Why should the gentleman from Maryland, just from pride of authorship, try to defeat a proposal which will give some relief to the home owners of the country by injecting the Goldsborough proposal because he thinks it will bring some relief to the country generally? [Applause.] The sincere supporters of the original bill will vote down the Senate amendment and refuse to concur in the Senate amendment with an amendment. If we do that, then there is hope that we will get away from this torrid atmosphere not only in the House but outside of the House in 24 hours. [Applause.]

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I am in absolute agreement with the remarks of my distinguished friend from Wisconsin [Mr. STAFFORD] when he urges that the pending amendment be rejected by the House.

However, I am sure he did not intend to inject a partisan note when he referred to the Goldsborough bill and stated that it was the desire of the author to have incorporated into this bill his theory as expressed in the bill that passed this House a few months ago.

Our present legislative condition is due to the Borah amendment adopted in the Senate, whereby, as a rider, a currency expansion bill was added to the home loan bank bill.

The situation here to-day unfortunately emanated in the other branch and the responsibility, if this bill fails to pass, is and should be definitely fixed in and placed upon that body.

I am absolutely in accord with the gentleman from Pennsylvania [Mr. McFADDEN] and the gentleman from Massachusetts [Mr. LUCE], and other gentlemen on both sides of the aisle, who feel that we ought to pass the home loan

bank bill, and that we should not permit the bill to be used as a means of inflation or expansion of the currency of the country.

Furthermore, let me convey this thought to those Members who voted against the bonus bill: I voted for it because I felt that a reasonable expansion of the currency was justifiable and that the payment of the adjusted-compensation certificates was the most effective way to put an expansion of currency into successful operation. But how can any man who voted against the bonus bill vote for this bill? If you do, you are voting for the same principle that was involved in the Patman bill. The principle of the expansion of the currency is involved in the Borah amendment and in the amendment offered by my distinguished friend [Mr. STEAGALL], and if you vote for this you are simply stating that you did not believe in an expansion for the soldier but that you do believe in expansion provided for in this rider on the home loan bank bill for certain banking interests who will benefit by the Borah amendment.

Mr. PARSONS. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. PARSONS. The soldiers' bonus would have distributed the money in all parts of the country.

Mr. McCORMACK. The gentleman is correct.

Mr. MOUSER. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MOUSER. The gentleman spoke of the Senators putting on the Glass bill as an amendment to this bill. We in this House have the responsibility now, and that responsibility is ours.

Mr. McCORMACK. Certainly we have our responsibility, and I am assuming mine by opposing the pending amendment, and I hope that this branch will reject any effort to place into this bill a provision for the expansion of the currency as a rider on this most important and meritorious legislation.

The people of the country want the passage of a home loan bank bill. I want it, and practically every Member of the House wants it. Let us pass such a bill. [Applause.] Do not let us stand for the insertion of riders by the other branch into any bills that we pass, which are not germane. We passed a $125,000,000 home loan bank bill, and when it comes back from the other branch there is an expansion of the currency rider attached to that meritorious piece of legislation involving $1,000,000,000. I hope this branch will reject the recommendation of the House conferees on the amendment which is pending; reject the amendment put in the bill in the Senate, and pass the home loan bank bill and send it to the President and let him sign it, thereby putting it into operation. [Applause.]

Mr. McFADDEN. Mr. Speaker, I yield the remainder of my time to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, I wish to address myself briefly to the practical situation. At the opening of the session the President recommended as part of his financial program for relieving the financial distress of the country the passage of a home loan bank bill. This measure has been in preparation and process of enactment for more than six months. The first question before us now, the prime question, the great question, is whether this House will or will not permit the enactment of a home loan bank bill. For purposes that I have no desire to criticize, because I address myself to the practical phase of the situation, there has come an attempt to attach to this bill two other proposals. A difficult technical situation confronts the House. Unless it is understood, the voting may not always be intelligent. I am not going into the philosophy of the questions involved or to argue their merits, but I shall try to help gentlemen who will be good enough to listen to me.

Mr. LAMNECK. Mr. Speaker, will the gentleman yield?

Mr. LUCE. Yes.

Mr. LAMNECK. I am simply trying to make the gentleman 4 or 5 votes.

Mr. LUCE. I know the gentleman would be doing that, and I wish he could get me more, but perhaps the voting will be more likely to go my way if the questions immediately confronting us are understood, and the parliamentary situation is understood. In the Senate there was attached to this bill what may be called the Glass-Borah bill, by reason of its advocates, which contemplates increasing the volume of money. The Senate is strongly in favor of that proposal. That proposal, if it leaves here, will not meet obstacles anywhere along the road. I do not say that as an argument in its behalf, or as to its merits, but to point out a fact. If no addition is made to that proposal this House will adjourn from three days to a week earlier than would otherwise be the case. I know that is not the highest type of consideration. We all ought to be willing to stay here and swelter if it is in the interest of the public good, but those of us who think the public good will not be subserved by an effort of this sort may at least throw the fact into the scale for what it may be worth.

If you accept this Goldsborough amendment, you have not only invited that calamity but also have invited a renewal of a discussion, largely academic, that will have no practical result in the way of legislation. Already it is quite clear that the other branch does not believe in the instructions that the House would have given to the Federal Reserve Board. I do not retract one word of what I have said in behalf of the economic principle involved, but this principle should not at the moment be put in issue. What gentlemen must choose between is this: Will you go back home and say that you have killed the home loan bank bill for the sake of a manifesto about deposit currency; or will you go home and say, "I bring you a home loan bank bill, believing that the other question will be discussed at a later time when it may be determined by itself and on its own merits"?

Mr. HARLAN. Mr. Speaker, will the gentleman yield?

Mr. LUCE. Yes.

Mr. HARLAN. In the gentleman's opinion, what will be the effect on the possibility of an early passage of this bill if the so-called Glass-Borah amendment is also stricken out? In answering that, also, would the gentleman give us his opinion as to whether or not the purposes of the home loan bank bill are in any way improved or enhanced by this Glass-Borah amendment which is now attached to it?

Mr. LUCE. Its purposes are improved not the slightest. Its possibility of going into action forthwith is somewhat dimmed by the delays inevitable to a discussion of the Glass-Borah bill. Personally, I am at the moment taking no sides for or against the Glass-Borah amendment. I am simply discussing the practical situation.

If, as now seems probable, the request for a division of the question will be withdrawn, then the first vote will come squarely upon the Goldsborough bill. We can vote it up or vote it down. If we vote it up, then the delay and the uncertainty continue, and the great risk to the home loan bank bill continues.

Any man who wants the home loan bank bill, any man who has listened to the voices of hundreds of his constituents, who knows that there are 12,000,000 members of the building and loan associations and 14,000,000 savings-bank depositors, more than a quarter of the adult inhabitants, men and women, of this country, directly or indirectly concerned with the home loan bank bill, will find it somewhat difficult to explain why he placed in advance of that measure the fate of a proposal as to the conduct of the Federal Reserve Board in its relation to prices.

Mr. McCORMACK. The same thing applies to the Glass-Borah amendment. I have listened to the argument of my friend.

I analyzed his mind; I appreciate the message he is conveying, but if we are to pass a home loan bank bill we should not have either the Goldsborough amendment there or the Glass-Borah amendment there. [Applause.]

Mr. LUCE. I take no issue with the gentleman in that regard, but I am trying to point out how we are going to have an opportunity to kill one rat at a time.

Mr. McCORMACK. Will the gentleman help kill the other one?

Mr. LUCE. I shall vote to kill the other one. [Applause.] But I do not so importantly stress the other as my colleague

from Massachusetts, and I shall shed no tears if my vote proves futile.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. HUDDLESTON. The gentleman is proposing to kill the mouse first and let the big rat get away, if he does not watch out.

Mr. LUCE. I rather doubt it. I think the House can handle both of them, but I am sure my chief anxiety is to kill the first one because of my deep concern for the fate of the home loan bank bill.

Mr. KELLER. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. KELLER. How will that be accomplished? Is the gentleman going to vote for the bill as is?

Mr. LUCE. The first vote will come on a motion to recede and concur, together with the Goldsborough amendment. I shall vote "no" on that, and I wish the whole House would vote "no." By doing that we shall have wiped the Goldsborough proposal off the slate. Then the next motion will be simply to recede and concur. If that prevails, in all probability we shall thereby have put into law the Glass-Borah provision. If you do not like the Glass-Borah provision, you will vote to refuse to recede and concur in that amendment. If the motion should, however, prevail, then the business will go back to conference and we shall return with a home loan bank bill such as we started out to get.

Mr. KELLER. Will it not then result naturally and certainly that the Senate will turn down the home loan bank bill?

Mr. LUCE. Oh, there is no likelihood of that. This bill will become a law if we do not load it down with things which I continue to believe, in spite of my respect for the opinion of the Speaker, are not germane to this proposition.

Mr. KELLER. I am afraid the gentleman will murder the bill.

Mr. LEHLBACH. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. LEHLBACH. I understood that at the time the debate started the gentleman from New York [Mr. SNELL] made a parliamentary inquiry of the Speaker whether the motion was divisible and served notice that he would divide it, and it was so ordered. Consequently the first vote, if that is the case, will come on a motion to recede.

Mr. SNELL. Will the gentleman yield?

Mr. LUCE. I yield to the gentleman from New York to answer the gentleman from New Jersey.

Mr. SNELL. The gentleman is correct in his statement, but when the time comes for voting I shall withdraw that request and let the vote come direct.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. MARTIN of Oregon. Is it not probably the purpose to kill the home loan bank bill by tacking on these amendments?

Mr. LUCE. I do not think so, sir.

Mr. MARTIN of Oregon. I have very serious doubts if that is not the actual purpose.

Mr. LUCE. I do not think so.

Mr. Speaker, I am informed that I gave the House the impression that if the Glass-Borah amendment were left in adjournment would be delayed. My remarks about adjournment were meant to be wholly addressed to the effect of voting the Goldsborough measure into the bill.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has expired.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. REILLY].

Mr. REILLY. Mr. Speaker, I desire to congratulate the conferees of the House on the good bill that they have brought back from the conference. There are some changes but very few that are material, and there is before you now practically the original bill as it passed the House. There is no issue before this House to-day on the merits of the home loan bank bill. So I will not spend any time in discussing the merits of the bill. I hope the bill will be able to speak in action for the confidence that its friends have placed in it.

I am a friend of the Goldsborough bill. I voted for it. This House voted for it when it passed this House some time ago. This House paid marked tribute to the legislative statesmanship of the gentleman from Maryland [Mr. GOLDSBOROUGH] when it passed by an overwhelming vote his bill dealing with a vital and difficult financial problem. [Applause.] As you have been told, we are dealing to-day with a home loan bank bill and not an inflation or stabilizing measure, and the Senate of the United States had no business to tack on to the home loan bank bill as a rider the Glass-Borah amendment. We will offer no vote of confidence to the gentleman from Maryland by voting to attach his bill to this bill as a rider to the pending measure. As a friend of the Goldsborough bill I am going to vote against it as it is now before the House, and I am also going to vote against the Glass-Borah rider [applause], because I want a home loan bank bill, and there should be attached to that bill neither one of these riders. I think the House ought now, once and for all, to notify the Senators at the other end of this Capitol that we will not submit to the tacking on of legislative riders not germane to a great piece of legislation. [Applause.]

The home loan bank bill is large enough and big enough to stand by itself, and it needs no riders to be attached by the gentlemen at the other end of the Capitol. If we want to make sure to pass this bill at this session, I say to the friends of the home loan bank bill, there is only one thing to do, and that is to vote down both riders. [Applause.]

If you do that you do not discredit the Goldsborough bill or its principles, because this House has overwhelmingly approved them before. Therefore a vote of confidence in the Goldsborough stabilizing bill is a useless gesture on the part of the House.

Vote down both riders or amendments and give the country the home loan bank bill practically as it passed the House.

Mr. McSWAIN. Will the gentleman yield?

Mr. REILLY. I yield.

Mr. McSWAIN. The home loan bank bill has to do with the encouragement of building homes and paying for homes in towns and cities, as I understand it.

Mr. REILLY. That is one of the purposes.

Mr. McSWAIN. What is the objection to also taking care of homes all over the country, on farms and everywhere else, through either the Glass amendment or the Steagall amendment? Let us take care of the American homes.

Mr. REILLY. I may say in answer to the gentleman that if I were sure if this House passed the Goldsborough bill that the Senate would pass it and the President would sign it, I would vote for it. Otherwise it would be a useless performance on the part of the House.

[Here the gavel fell.]

The SPEAKER. All time has expired.

Mr. SNELL. Mr. Speaker, earlier in this debate I requested that the amendment be divided but I desire to withdraw that request and vote directly on the main proposition.

The SPEAKER. The question is on the motion of the gentleman from Alabama to recede and concur in the Senate amendment with an amendment.

Mr. STEAGALL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 126, nays 217, not voting 87, as follows:

[Roll No. 122]

YEAS—126

Allgood	Butler	Clague	Disney
Almon	Byrns	Clark, N. C.	Dominick
Amlie	Campbell, Iowa	Collier	Doughton
Barton	Cannon	Collins	Dowell
Bland	Carden	Cooper, Tenn.	Doxey
Boileau	Cartwright	Cross	Drewry
Briggs	Chapman	Crosser	Driver
Browning	Chavez	DeRouen	Ellzey
Burch	Christgau	Dickinson	Fishburne
Burtness	Christopherson	Dies	Flannagan

Gambrill	Kading	May	Selvig
Garber	Keller	Milligan	Shallenberger
Garrett	Kemp	Mobley	Shannon
Gilchrist	Kerr	Montet	Simmons
Goldsborough	Kleberg	Morehead	Sinclair
Green	Kniffin	Nelson, Mo.	Smith, Idaho
Gregory	Knutson	Norton, Nebr.	Smith, Va.
Griswold	Kopp	O'Connor	Steagall
Hall, Miss.	Kunz	Oliver, Ala.	Stevenson
Hare	Kvale	Owen	Strong, Kans.
Haugen	LaGuardia	Palmisano	Swanson
Hill, Wash.	Lambertson	Patman	Taylor, Colo.
Hoch	Lambeth	Patterson	Thurston
Hogg, Ind.	Lankford, Ga.	Person	Weaver
Hornor	Lewis	Pettengill	Whittington
Howard	Lozier	Polk	Williams, Mo.
Jacobsen	McDuffie	Pou	Williamson
Jeffers	McGugin	Rainey	Wilson
Johnson, Mo.	McMillan	Ramseyer	Withrow
Johnson, Okla.	McSwain	Rankin	Yon
Johnson, Tex.	Maas	Robinson	
Jones	Major	Sanders, Tex.	

NAYS—217

Adkins	Curry	Johnson, Wash.	Rich
Aldrich	Dallinger	Kahn	Rogers, Mass.
Allen	Darrow	Kelly, Ill.	Rudd
Andresen	Davenport	Kelly, Pa.	Sanders, N. Y.
Andrew, Mass.	Delaney	Kendall	Schafer
Andrews, N. Y.	De Priest	Kennedy	Schuetz
Arnold	Dieterich	Kinzer	Seger
Auf der Heide	Douglas, Ariz.	Kurtz	Seiberling
Ayres	Douglass, Mass.	Lamneck	Shott
Bacharach	Doutrich	Lankford, Va.	Shreve
Bachmann	Dyer	Larrabee	Snell
Bacon	Eaton, Colo.	Lea	Snow
Baldrige	Eaton, N. J.	Leavitt	Somers, N. Y.
Barbour	Englebright	Lehlbach	Spence
Beam	Erk	Lichtenwalner	Stafford
Beedy	Estep	Lindsay	Stalker
Black	Evans, Calif.	Lonergan	Stewart
Bloom	Fiesinger	Loofbourow	Stokes
Boehne	Fish	Luce	Strong, Pa.
Bolton	Fitzpatrick	Ludlow	Stull
Bowman	Foss	McClintock, Ohio	Sullivan, N. Y.
Brand, Ohio	French	McCormack	Summers, Wash.
Britten	Gavagan	McFadden	Sutphin
Brumm	Gibson	McLaughlin	Sweeney
Brunner	Goodwin	McLeod	Swick
Buckbee	Goss	Magrady	Swing
Bulwinkle	Granfield	Manlove	Taber
Campbell, Pa.	Griffin	Mapes	Tarver
Carley	Guyer	Martin, Mass.	Temple
Carter, Calif.	Hadley	Martin, Oreg.	Tierney
Carter, Wyo.	Haines	Mead	Tilson
Cavicchia	Hall, Ill.	Michener	Timberlake
Celler	Hall, N. Dak.	Millard	Tinkham
Chase	Hancock, N. Y.	Moore, Ky.	Treadway
Chindblom	Hancock, N. C.	Moore, Ohio	Underwood
Clancy	Hardy	Mouser	Vinson, Ky.
Clarke, N. Y.	Harlan	Murphy	Warren
Cochran, Mo.	Hart	Nelson, Me.	Wason
Cochran, Pa.	Hartley	Niedringhaus	Watson
Cole, Iowa	Hawley	Nolan	Welch
Cole, Md.	Hess	Norton, N. J.	West
Colton	Hogg, W. Va.	Overton	White
Condon	Holaday	Parker, Ga.	Whitley
Connery	Hollister	Parker, N. Y.	Wigglesworth
Connolly	Holmes	Parsons	Wolcott
Cooke	Hooper	Perkins	Wolfenden
Cooper, Ohio	Hopkins	Pittenger	Wolverton
Cox	Horr	Prall	Wood, Ga.
Coyle	Houston, Del.	Pratt, Harcourt J.	Wood, Ind.
Crail	Huddleston	Pratt, Ruth	Woodruff
Crowe	Hull, Morton D.	Purnell	Wyant
Crowther	Hull, William E.	Ramspeck	Yates
Crump	James	Ransley	
Culkin	Jenkins	Reed, N. Y.	
Cullen	Johnson, S. Dak.	Reilly	

NOT VOTING—87

Abernethy	Fernandez	Lanham	Sabath
Arentz	Finley	Larsen	Sandlin
Bankhead	Frear	Linthicum	Schneider
Beck	Free	Lovette	Sirovich
Blanton	Freeman	McClintic, Okla.	Smith, W. Va.
Bohn	Fulbright	McKeown	Sparks
Boland	Fuller	McReynolds	Sullivan, Pa.
Boylan	Fulmer	Maloney	Sumners, Tex.
Brand, Ga.	Gasque	Mansfield	Swank
Buchanan	Gifford	Miller	Taylor, Tenn.
Burdick	Gilbert	Mitchell	Thatcher
Busby	Gillen	Montague	Thomason
Cable	Glover	Nelson, Wis.	Tucker
Canfield	Golder	Oliver, N. Y.	Turpin
Cary	Greenwood	Parks	Underhill
Chiperfield	Hastings	Partridge	Vinson, Ga.
Corning	Hill, Ala.	Peavey	Weeks
Crisp	Hope	Ragon	Williams, Tex.
Davis	Igoe	Rayburn	Wingo
Dickstein	Johnson, Ill.	Reid, Ill.	Woodrum
Drane	Karch	Rogers, N. H.	Wright
Evans, Mont.	Ketcham	Romjue	

So the motion to recede and concur in the Senate amendment with an amendment was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. Bankhead with Mr. Underhill.
Mr. Maloney with Mr. Gifford.
Mr. Crisp with Mr. Free.
Mr. Sandlin with Mr. Ketcham.
Mr. Corning with Mr. Chiperfield.
Mr. Lanham with Mr. Arentz.
Mr. Boylan with Mr. Beck.
Mr. Ragon with Mr. Partridge.
Mr. Evans of Montana with Mr. Reid of Illinois.
Mr. Swank with Mr. Thatcher.
Mr. Mansfield with Mr. Weeks.
Mr. Montague with Mr. Turpin.
Mr. Blanton with Mr. Finley.
Mr. Davis with Mr. Bohn.
Mr. Linthicum with Mr. Williams of Texas.
Mr. Gasque with Mr. Taylor of Tennessee.
Mr. Boland with Mr. Canfield.
Mr. Buchanan with Mr. Hope.
Mr. Brand of Georgia with Mr. Gillen.
Mr. Sumners of Texas with Mr. Lovette.
Mr. Tucker with Mr. Larsen.
Mr. Thomason with Mr. Sparks.
Mr. Hastings with Mr. Igoe.
Mr. Woodrum with Mr. Sullivan of Pennsylvania.
Mr. Karch with Mr. Dickstein.
Mr. McClintic of Oklahoma with Mr. Golder.
Mr. McKeown with Mr. Sirovich.
Mrs. Wingo with Mr. Oliver of New York.
Mr. Vinson of Georgia with Mr. Burdick.
Mr. Fernandez with Mr. Sabath.
Mr. Rayburn with Mr. Cable.
Mr. Busby with Mr. Smith of West Virginia.
Mr. Gilbert with Mr. Freeman.
Mr. Greenwood with Mr. Romjue.
Mr. Fuller with Mr. Frear.
Mr. Glover with Mr. Johnson of Illinois.
Mr. Miller with Mr. Drane.
Mr. Hill of Alabama with Mr. Nelson of Wisconsin.
Mr. Abernethy with Mr. Rogers of New Hampshire.
Mr. Parks with Mr. Peavey.
Mr. Cary with Mr. Schneider.
Mr. Mitchell with Mr. Fulbright.
Mr. McReynolds with Mr. Fulmer.

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. GIFFORD, is unavoidably absent because of illness. If he were here he would vote "no."

Mr. TEMPLE. Mr. Speaker, my colleague the gentleman from Pennsylvania, Mr. TURPIN, is ill and not able to be present. If he were here he would vote "no."

Mr. TILSON. Mr. Speaker, my colleague the gentleman from Connecticut, Mr. FREEMAN, is detained in the hospital by illness. If he were here he would vote "no."

The result of the vote was announced as above recorded.

Mr. STEAGALL. Mr. Speaker, I move that the House insist on its disagreement to the Senate amendment.

The Clerk read as follows:

Mr. STEAGALL moves that the House insist on its disagreement to the amendment of the Senate No. 46.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 47: Page 42, line 17, strike out "29" and insert "30."

Mr. STEAGALL. Mr. Speaker, I move that the House insist on its disagreement to the Senate amendment.

The Clerk read as follows:

Mr. STEAGALL moves that the House insist on its disagreement to the amendment of the Senate No. 47.

The motion was agreed to.

A motion to reconsider was laid on the table.

AMENDMENT OF THE RECONSTRUCTION FINANCE CORPORATION ACT

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer-fallowing, during the year 1932, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer-fallowing, during the year 1932, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House and agree to the same.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ANNING S. PRALL,
L. T. MCFADDEN,
JAMES G. STRONG,
Managers on the part of the House.

PETER NORBECK,
FREDERICK STEIWER,
DUNCAN U. FLETCHER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer-fallowing, during the year 1932, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate bill amended section 2 of the Reconstruction Finance Corporation act so as to extend the authority of the Secretary of Agriculture to make loans or advances to farmers for crop planting or crop cultivation, including summer-fallowing, as well as for crop production.

The House amendment supplements the provisions of the Senate bill by further extending the authority of the Secretary of Agriculture to make loans or advances to farmers for livestock production, including poultry, and for carrying on dairy farming. The House amendment also eliminates the provision of existing law providing for preference to farmers who suffered from crop failures in 1931, and authorizes the Secretary of Agriculture, in his discretion, to take such security (other than or in addition to first liens on crops or livestock) as he may deem proper and sufficient for the loans or advances.

The Senate recedes on this amendment and also on the amendment which amends the title of the bill.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ANNING S. PRALL,
L. T. MCFADDEN,
JAMES G. STRONG,
Managers on the part of the House.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. STAFFORD. From what I gleaned during the reading of the statement, the Senate virtually accepts the House amendments?

Mr. STEAGALL. The Senate accepts the House amendments in whole.

Mr. STAFFORD. So the bill is virtually the House bill?

Mr. STEAGALL. The Senate accepted the House amendments.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL RELIEF BILL

Mr. RAINEY. Mr. Speaker, I present a conference report on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That this act may be cited as the 'Emergency relief and construction act of 1932.'

"TITLE I—RELIEF OF DESTITUTION

"SECTION 1. (a) The Reconstruction Finance Corporation is authorized and empowered to make available out of the funds of the corporation the sum of $300,000,000, under the terms and conditions hereinafter set forth, to the several States and Territories, to be used in furnishing relief and work relief to needy and distressed people and in relieving the hardship resulting from unemployment, but not more than 15 per cent of such sum shall be available to any one State or Territory. Such sum of $300,000,000 shall, until the expiration of two years after the date of enactment of this act, be available for payment to the governors of the several States and Territories for the purposes of this section, upon application therefor by them in accordance with subsection (c), and upon approval of such applications by the corporation.

"(b) All amounts paid under this section shall bear interest at the rate of 3 per cent per annum, and, except in the case of Puerto Rico and the Territory of Alaska, shall be reimbursed to the corporation, with interest thereon at the rate of 3 per cent per annum, by making annual deductions, beginning with the fiscal year 1935, from regular apportionments made from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads, of an amount equal to one-fifth of the share which such State or Territory would be entitled to receive under such apportionment, except for the provisions of this section, or of an amount equal to one-fifth of the amounts so paid to the governor of such State or Territory pursuant to this section and all accrued interest thereon to the date of such deduction, whichever is the lesser, until the sum of such deductions equals the total amounts paid under this section and all accrued interest thereon. Whenever any such deduction is made, the Secretary of the Treasury shall immediately pay to the corporation an amount equal to the amount so deducted. If any State or Territory shall, within two years after the date of enactment of this act, enter into an agreement with the corporation for the repayment to the corporation of the amounts paid under this section to the governor of such State or Territory, with interest thereon as herein provided, in such installments and upon such terms as may be agreed upon, then the deduction under this subsection shall not be made unless such State or Territory shall be in default in the performance of the terms of such agreement. In the case of a default by the State or Territory in any such agreement, the agreement shall thereupon be terminated and reimbursement of the unpaid balance of the amount covered by such agreement shall be made by making annual deductions in the manner above provided (beginning with the fiscal year next following such default) from regular apportionments made to such State or Territory from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads. Before any amount is paid under this section to the Governor of Puerto Rico or of the Territory of Alaska, Puerto Rico or the Territory of Alaska shall enter into an agreement with

the corporation for the repayment of such amount with interest thereon as herein provided, in such installments and upon such terms and conditions as may be agreed upon.

"(c) The governor of any State or Territory may from time to time make application for funds under this section, and in each application so made shall certify the necessity for such funds and that the resources of the State or Territory, including moneys then available and which can be made available by the State or Territory, its political subdivisions, and private contributions, are inadequate to meet its relief needs. All amounts paid to the governor of a State or Territory under this section shall be administered by the governor, or under his direction, and upon his responsibility. The governor shall file with the corporation and with the auditor of the State or Territory (or, if there is no auditor, then with the official exercising comparable authority) a statement of the disbursements made by him under this section.

"(d) Nothing in this section shall be construed to authorize the corporation to deny an otherwise acceptable application under this section because of constitutional or other legal inhibitions or because the State or Territory has borrowed to the full extent authorized by law. Whenever an application under this section is approved by the corporation in whole or in part, the amount approved shall be immediately paid to the governor of the State or Territory upon delivery by him to the corporation of a receipt therefor, stating that the payment is accepted subject to the terms of this section.

"(e) Any portion of the amount approved by the corporation for payment to the governor of a State or Territory shall, at his request, and with the approval of the corporation, be paid to any municipality or political subdivision of such State or Territory if (1) the governor makes as to such municipality or political subdivision a like certificate as provided in subsection (c) as to the State or Territory, and (2) such municipality or political subdivision enters into an agreement with the corporation for the repayment to the corporation of the amount so paid, with interest at the rate of 3 per cent per annum, at such times, and upon such other terms and conditions, as may be agreed upon between the corporation and such municipality or political subdivision. The amount paid to any municipality or political subdivision under this subsection shall not be included in any amounts reimbursable to the corporation under subsection (b) of this section.

"(f) As used in this section the term 'Territory' means Alaska, Hawaii, and Puerto Rico.

"TITLE II—LOANS BY RECONSTRUCTION FINANCE CORPORATION

"SEC. 201. (a) The Reconstruction Finance Corporation is authorized and empowered—

"(1) to make loans to, or contracts with, States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public corporations, boards and commissions, and public municipal intrumentalities of one or more States, to aid in financing projects authorized under Federal, State, or municipal law which are self-liquidating in character, such loans or contracts to be made through the purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided*, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this paragraph, from purchasing securities having a maturity of more than 10 years;

"(2) to make loans to corporations formed wholly for the purpose of providing housing for families of low income, or for reconstruction of slum areas, which are regulated by State or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operation, to aid in financing projects undertaken by such corporations which are self-liquidating in character;

"(3) to make loans to private corporations to aid in carrying out the construction, replacement, or improvement of bridges, tunnels, docks, viaducts, waterworks, canals, and markets, devoted to public use and which are self-liquidating in character;

"(4) to make loans to private limited dividend corporations to aid in financing projects for the protection and development of forests and other renewable natural resources, which are regulated by a State or political subdivision of a State and are self-liquidating in character; and

"(5) to make loans to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law enacted before the date of enactment of the emergency relief and construction act of 1932; and the Reconstruction Finance Corporation is further authorized and empowered to purchase bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge irrespective of the dates of maturity of such bonds.

"For the purposes of this subsection a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges, or by such other means (other than by taxation) as may be prescribed by the statutes which provide for the project. All loans and contracts made by the Reconstruction Finance Corporation in respect of projects of the character specified in paragraphs (1) to (5) of this subsection shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive, administrative, and supervisory positions), so far as practicable, no individual directly employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection with any such project preference shall be given, where they are qualified, to ex-service men with dependents.

"The provisions of this subsection shall apply with respect to projects in Puerto Rico and the Territories to the same extent as in the case of projects in the several States, and as used in this subsection the term "States" includes Puerto Rico and the Territories.

"(b) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures under this section and under the Reconstruction Finance Corporation act, together with a statement showing the names of the borrowers to whom loans and advances were made, and the amount and rate of interest involved in each case.

"(c) In order that the surpluses of agricultural products may not have a depressing effect upon current prices of such products, the corporation is authorized and directed to make loans, in such amounts as may in its judgment be necessary, for the purpose of financing sales of such surpluses in the markets of foreign countries in which such sales can not be financed in the normal course of commerce; but no such sales shall be financed by the corporation if, in its judgment, such sales will affect adversely the world markets for such products: *Provided, however*, That no such loan shall be made to finance the sale in the markets of foreign countries of cotton owned by the Federal Farm Board or the Cotton Stabilization Corporation.

"(d) The Reconstruction Finance Corporation is authorized and empowered to make loans to bona fide institutions, organized under the laws of any State or of the United States and having resources adequate for their undertakings, for the purpose of enabling them to finance the carrying and orderly marketing of agricultural commodities and livestock produced in the United States.

"(e) The Reconstruction Finance Corporation is further authorized to create in any of the 12 Federal land-bank districts where it may deem the same to be desirable a

regional agricultural credit corporation with a paid-up capital of not less than $3,000,000, to be subscribed for by the Reconstruction Finance Corporation and paid for out of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture under section 2 of the Reconstruction Finance Corporation act. Such corporations shall be managed by officers and agents to be appointed by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe. Such corporations are hereby authorized and empowered to make loans or advances to farmers and stockmen, the proceeds of which are to be used for an agricultural purpose (including crop production), or for the raising, breeding, fattening, or marketing of livestock, to charge such rates of interest or discount thereon as in their judgment are fair and equitable, subject to the approval of the Reconstruction Finance Corporation, and to rediscount with the Reconstruction Finance Corporation and the various Federal reserve banks and Federal intermediate credit banks any paper that they acquire which is eligible for such purpose. All expenses incurred in connection with the operation of such corporations shall be supervised and paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe.

"(f) All loans made under this section, and all contracts of the character described in paragraph (1) of subsection (a), shall be fully and adequately secured. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans shall be made on such terms and conditions, not inconsistent with this act, as the corporation may prescribe, and may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise in such form and in such amount and at such interest or discount rates as the corporation may approve: *Provided,* That no loans or advances (except loans under subsection (c)) shall be made upon foreign securities or foreign acceptances as collateral.

"(g) Each such loan may be made for a period not exceeding three years, and the corporation may, from time to time, extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally: *Provided,* That loans or contracts of the character described in subsection (a) may be made for a period not exceeding 10 years: *Provided further,* That loans or contracts of the character described in paragraph (1) or (5) of subsection (a) may be made for a period exceeding 10 years when it is the judgment of the board of directors of the corporation that it is necessary to purchase securities as provided in such paragraphs and that it is not practicable to require the reimbursement of the corporation, within 10 years, through the repurchase or payment of such securities, or in any other manner.

"(h) The corporation may make loans under this section at any time prior to January 23, 1934.

"(i) No fee or commission shall be paid by any applicant for a loan under the provisions of this section in connection with any such application or any loan made or to be made under this section, and the agreement to pay or payment of any such fee or commission shall be unlawful.

"(j) No loan under this section shall be made to a railroad or to a receiver of a railroad except on the approval of the Interstate Commerce Commission. Any railroad may obligate itself in such form as shall be prescribed and otherwise comply with the requirements of the Interstate Commerce Commission and the corporation with respect to the deposit or assignment of security hereunder, without the authorization or approval of any authority, State or Federal, and without compliance with any requirement, State or Federal, as to notification other than such as may be imposed by the Interstate Commerce Commission and the corporation under the provisions of this section.

"SEC. 202. The last sentence of the second paragraph of section 5 of the Reconstruction Finance Corporation Act is amended by striking out "5" and inserting "2⅝" in lieu thereof.

"SEC. 203. The second sentence of the third paragraph of section 5 of the Reconstruction Finance Corporation Act is hereby repealed.

"SEC. 204. Section 8 of the Reconstruction Finance Corporation Act is amended to read as follows:

"'SEC. 8. In order to enable the corporation to carry out the provisions of this act and the emergency relief and construction act of 1932, the Treasury Department, the Federal Farm Loan Board, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation, in confidence, such reports, records, or other information as they may have available relating to the condition of applicants with respect to whom the corporation has had or contemplates having transactions under either of such acts, or relating to individuals, associations, partnerships, corporations, or other obligors whose obligations are offered to or held by the corporation as security for loans under either of such acts, and to make, through their examiners or other employees for the confidential use of the corporation, examinations of applicants for loans. Every applicant for a loan under either of such acts shall, as a condition precedent thereto, consent to such examination as the corporation may require for the purposes of either of such acts and that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor.'

"SEC. 205. (a) The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation act to have outstanding at any one time is increased to an aggregate of six and three-fifths times its subscribed capital stock.

"(b) The first proviso of section 2 of the Reconstruction Finance Corporation act is amended by inserting after 'as set out in section 9' the following: '(as in force prior to the enactment of the emergency relief and construction act of 1932),' but the Secretary of Agriculture is directed to continue making loans to farmers under the provisions of such section 2.

"SEC. 206. The Reconstruction Finance Corporation is authorized and empowered to make loans under the Reconstruction Finance Corporation act to financial institutions, corporations, railroads, and other classes of borrowers specified in section 5 of such act, organized under the laws of the District of Columbia, Alaska, Hawaii, and Puerto Rico. As used in this title and in section 15 of the Reconstruction Finance Corporation act the term 'State' includes the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"SEC. 207. No loan or advance shall be approved under this section or under the Reconstruction Finance Corporation act, directly or indirectly, to any financial institution any officer or director of which is a member of the board of directors of the Reconstruction Finance Corporation or has been such a member within the 12 months preceding the approval of the loan or advance.

"SEC. 208. (a) The first sentence of section 3 of the Reconstruction Finance Corporation act is amended, effective at the expiration of 10 days after the date of enactment of this act, to read as follows: 'The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury (or, in his absence, the Under Secretary of the Treasury), who shall be a member ex officio, and six other persons appointed by the President of the United States by and with the advice and consent of the Senate.'

"(b) Nothing in this section shall be construed to affect in any manner the terms of office of the appointed members of the board of directors of the Reconstruction Finance Corporation, nor to require their reappointment.

"SEC. 209. Section 9 of the Reconstruction Finance Corporation act is hereby amended by adding at the end thereof the following:

"'The Secretary of the Treasury, at the request of the Reconstruction Finance Corporation, is authorized to market for the corporation its notes, debentures, bonds, and other such obligations, using therefor all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States. The proceeds of the obligations of the corporation so marketed shall be deposited in the same manner as proceeds derived from the sale of obligations of the United States, and the amount thereof shall be credited to the corporation on the books of the Treasury.'

"SEC. 210. Section 13 of the Federal reserve act, as amended, is further amended by adding after the second paragraph thereof the following new paragraph:

"'In unusual and exigent circumstances, the Federal Reserve Board, by the affirmative vote of not less than five members, may authorize any Federal reserve bank, during such periods as the said board may determine, at rates established in accordance with the provisions of section 14, subdivision (d), of this act, to discount for any individual, partnership, or corporation, notes, drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this act when such notes, drafts, and bills of exchange are indorsed and otherwise secured to the satisfaction of the Federal reserve bank: *Provided*, That before discounting any such note, draft, or bill of exchange for an individual or a partnership or corporation the Federal reserve bank shall obtain evidence that such individual, partnership, or corporation is unable to secure adequate credit accommodations from other banking institutions. All such discounts for individuals, partnerships, or corporations shall be subject to such limitations, restrictions, and regulations as the Federal Reserve Board may prescribe.'

"SEC. 211. The first paragraph of section 5 of the Reconstruction Finance Corporation act is hereby amended to read as follows:

"'SEC. 5. To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products the corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, mortgage loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, livestock credit corporation, organized under the laws of any State or of the United States, including loans secured by the assets of any bank or savings bank that is closed, or in process of liquidation to aid in the reorganization or liquidation of such banks, upon application of the receiver or liquidating agent of such bank and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same: *Provided*, That not more than $200,000,000 shall be used for the relief of banks (including savings banks) that are closed or in process of liquidation.'

"TITLE III—PUBLIC WORKS

"SEC. 301. (a) For the purpose of providing for emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $322,224,000, which shall be allocated as follows:

"(1) For expenditure in emergency construction on the Federal-aid highway system, $120,000,000. Such sum shall be apportioned by the Secretary of Agriculture to the several States by the method provided in section 21 of the Federal highway act, as amended and supplemented (U. S. C., title 23, sec. 21). The amounts apportioned to the States shall be available as a temporary advance of funds to meet the provisions of such act as to State funds. The amount apportioned to any State under this paragraph may be used to match the regular annual Federal-aid apportionments made to such State (including the one for the fiscal year ending June 30, 1933), and when so used such amount shall be available for expenditure in paying the share of such State in the cost of Federal-aid projects. No amounts apportioned under this paragraph shall be advanced except for work on the Federal-aid highway system performed before July 1, 1933: *Provided*, That the amounts so advanced shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1938, by making annual deductions from regular apportionments made from future authorizations for carrying out the provisions of such act, as amended and supplemented: *Provided further*, That all contracts involving the expenditure of such amounts shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *And provided further*, That in the expenditure of such amounts, the limitations in the Federal highway act, as amended and supplemented, upon highway construction, reconstruction, and bridges within municipalities and upon payments per mile which may be made from Federal funds, shall not apply. As used in this paragraph, the term "State" includes the Territory of Hawaii. The term "highway," as defined in the Federal highway act, approved November 9, 1921, as amended and supplemented, for the purposes of this paragraph only, shall be deemed to include such main State parkways as may be designated by the State and approved by the Secretary of Agriculture as part of the Federal-aid highway system.

"(2) For expenditure in emergency construction during the fiscal year ending June 30, 1933, $16,000,000, as follows: (A) For the construction and improvement of national-forest highways, $5,000,000; (B) for the construction and maintenance of roads, trails, bridges, fire lanes, and so forth, including the same objects specified in the paragraph commencing with the words 'Improvement of the national forests' under the heading 'National Forest Administration' in the agricultural appropriation act for the fiscal year ending June 30, 1932, approved February 23, 1931 (46 Stat. 1242), $5,000,000; (C) for the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, including areas to be established as national parks authorized under the act of May 22, 1926 (U. S. C., Supp. V, title 16, secs. 403 to 403c), and under the act of May 25, 1926 (U. S. C., Supp. V, title 16, secs. 404 to 404c), and national park and monument approach roads authorized by the act of January 31, 1931 (46 Stat. 1053), as amended, or any one section of such roads of not less than 8 miles, which crosses lands wholly or to the extent of 90 per cent owned by the Government of the United States, $3,000,000; (D) for construction and improvement of Indian reservation roads under the provisions of the act approved May 26, 1928 (U. S. C., Supp. V, title 25, sec. 318a), $1,000,000; and (E) for the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of section 3 of the Federal highway act, as amended and supplemented (U. S. C., Supp. V, title 23, secs. 3 and 3a), $2,000,000. The Secretary of Agriculture and the Secretary of the Interior, respectively, are authorized to make rules and regulations for carrying out the foregoing provisions of this section with a view to providing the maximum employment of local labor consistent with reasonable economy of construction.

"(3) For the prosecution of river and harbor projects heretofore authorized, $30,000,000.

"(4) For the prosecution of flood-control projects heretofore authorized, $15,500,000.

"(5) For the continuation of construction of the Hoover Dam and incidental works, as authorized by the Boulder

Canyon project act, approved December 21, 1928 (U. S. C., Supp. V, title 43, ch. 12A), $10,000,000.

"(6) For expenditure by the Department of Commerce for air-navigation facilities, including equipment, $500,000.

"(7) For constructing or purchasing and equipping lighthouse tenders and light vessels for the Lighthouse Service as may be specifically approved by the Secretary of Commerce, $950,000, and for establishing and improving aids to navigation and other works as may be specifically approved by the Secretary of Commerce, $2,860,000.

"(8) For the enginering work of the Coast and Geodetic Survey, Department of Commerce, heretofore authorized, $1,250,000.

"(9) For the construction of projects included in the report of the Federal Employment Stabilization Board, laid before the Senate January 25, 1932, which have heretofore been authorized or which do not require specific authorization, under the Bureau of Yards and Docks, Navy Department, $10,000,000, of which not to exceed $300,000 shall be available for the employment of classified personal services in the Bureau of Yards and Docks and in the field service to be engaged upon such work and to be in addition to employees otherwise provided for.

"(10) For emergency construction of public building projects outside the District of Columbia (including the acquisition, where necessary, by purchase, condemnation or otherwise, of sites and additional land for such buildings, the demolition of old buildings where necessary, and the construction, remodeling, or extension of buildings), such projects to be selected by the Secretary of the Treasury and the Postmaster General from the public building projects specified in House Document No. 788, Seventy-first Congress, third session, $100,000,000. Such projects shall be carried out within the limits of cost specified in such document (except as modified by law), and in selecting such projects preference shall be given to places where Government facilities are housed in rented buildings under leases which will expire on or before July 1, 1934, or which may be terminated on or prior to that date by the Government.

"(11) For the construction and installation at military posts of such buildings and utilities and appurtenances thereto as may be necessary, $15,164,000, as follows:

"Albrook Field, Canal Zone: Quartermaster maintenance building, $20,000; post exchange, theater, and gymnasium, completion of, $42,000.

"Barksdale Field, La.: Noncommissioned officers' quarters, $252,000; officers' quarters, $609,000; barracks, $474,000; hospital, completion of, $225,000; garage, completion of, $30,000; quartermaster warehouse, completion of, $15,000.

"William Beaumont General Hospital, Texas: Noncommissioned officers' quarters, $7,000; warehouse, $15,000.

"Fort Benning, Ga.: Barracks, $650,000.

"Fort Bliss, Tex.: Noncommissioned officers' quarters, $50,000; officers' quarters, $150,000.

"Bolling Field, D. C.: Noncommissioned officers' quarters, $54,000; dispensary, completion of, $30,000; post exchange, theater, and gymnasium, completion of, $45,000; officers' mess, $50,000; enlargement of central heating plant to provide for quarters area, $95,000.

"Fort Bragg, N. C.: Barracks, completion of, $40,000; noncommissioned officers' quarters, $160,000.

"Carlisle Barracks, Pa.: Heating plant, $200,000.

"Chanute Field, Ill.: Noncommissioned officers' quarters, $137,000; central heating plant for technical and quarters area, $200,000.

"Camp Devens, Mass.: Roads and sidewalks, $75,000; service club, $30,000; post exchange and gymnasium, $50,000.

"Fort Douglas, Utah: Noncommissioned officers' quarters, $15,000.

"Dryden, Tex.: Barracks, $20,000.

"Duncan Field, Tex.: Quartermaster warehouse, $40,000; quartermaster maintenance building, $20,000; garage, $40,000; fire and guard house, $25,000.

"Fort Du Pont, Del.: Noncommissioned officers' quarters, $60,000.

"Edgewood Arsenal, Md.: Noncommissioned officers' quarters, $70,000.

"Fitzsimons General Hospital, Colorado: Gymnasium, recreation, and social hall, $150,000.

"Hamilton Field, Calif.: Officers' quarters, $215,000; noncommissioned officers' quarters, $120,000.

"Fort Hamilton, N. Y.: Noncommissioned officers' quarters, $100,000.

"Fort Benjamin Harrison, Ind.: Noncommissioned officers' quarters, $120,000.

"Hensley Field, Tex.: Noncommissioned officers' quarters, $8,000; officers' quarters, $30,000; roads, utilities, and improvement of flying field, $25,000; replacement of pumping plant, $3,000; sewage-disposal plant, $3,000.

"Holabird Quartermaster Depot, Maryland: Hospital, $120,000.

"Fort Sam Houston, Tex.: Noncommissioned officers' quarters, $150,000; officers' quarters, $350,000.

"Fort Howard, Md.: Hospital, $150,000.

"Fort Hoyle, Md.: Noncommissioned officers' quarters, $70,000.

"Fort Humphreys, Va.: Officers' quarters, $150,000.

"Fort Huachuca, Ariz.: Post exchange, gymnasium, and service club, $100,000.

"Fort Jay, N. Y.: Noncommissioned officers' quarters, $130,000; barracks, completion of, $70,000; officers' quarters, $125,000; nurses' quarters, completion of, $35,000.

"Jefferson Barracks, Mo.: Noncommissioned officers' quarters, $65,000; additions to kitchens and mess halls, $55,000.

"Camp Knox, Ky.: Hospital, $200,000.

"Langley Field, Va.: Central heating plant for quarters area, $60,000; quartermaster maintenance building, $20,000; fire house, $20,000; barracks, medical detachment, $30,000; garage, completion of, $15,000; magazine, completion of, $10,000.

"Fort Lawton, Wash.: Noncommissioned officers' quarters, $30,000.

"Fort Leavenworth, Kans.: Nurses' quarters, $60,000.

"Letterman General Hospital, California: Two wards, $150,000.

"Fort Lewis, Wash.: Barracks, completion of, $30,000; water main, $30,000; noncommissioned officers' quarters, $75,000; officers' quarters, $65,000.

"Fort Logan, Colo.: Noncommissioned officers' quarters, $53,000.

"Fort McClellan, Ala.: Headquarters, $50,000; recreation hall, $35,000; gymnasium, $45,000.

"Fort McPherson, Ga.: Nurses' quarters, $70,000; contagious ward for hospital, $70,000.

"Maxwell Field, Ala.: Officers' quarters, $940,000; officers' mess, $55,000.

"March Field, Calif.: Barracks for medical detachment, $25,000; contagious ward for hospital, $12,000; bakery, $15,000; laundry, $60,000; enlisted men's service club, $50,000; officers' mess, $50,000; theater, $40,000.

"Fort Mason, Calif.: Officers' quarters, $110,000.

"Fort Meade, S. Dak.: Riding hall, $25,000.

"Fort George G. Meade, Md.: Noncommissioned officers' quarters, $150,000; officers' quarters, $50,000.

"Mitchel Field, N. Y.: Noncommissioned officers' quarters, $118,000; bakery, $15,000; incinerator, $10,000; enlisted men's service club, $50,000; theater, $40,000; sewage-disposal plant, $40,000; fence, $31,000; quartermaster gasoline storage, $3,000; magazine, $15,000; officers' mess, $50,000; coal storage and handling system, $70,000; roads, walks, and surface-drainage system, $86,000.

"Fort Monmouth, N. J.: Addition to hospital, $75,000; noncommissioned officers' quarters, $170,000; band barracks, $35,000.

"Fort Myer, Va.: Barracks, $100,000.

"Fort Oglethorpe, Ga.: Noncommissioned officers' quarters, $120,000.

"Fort Ontario, N. Y.: Noncommissioned officers' quarters, $50,000.

Plattsburg Barracks, N. Y.: Additions to barracks, $25,000; barracks, $255,000.

"Pope Field, N. C., for the Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

"Post Field, Okla., for Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

"Presidio of San Francisco, Calif.: Noncommissioned officers' quarters, $60,000; addition to headquarters, $50,000.

"Randolph Field, Tex.: Barracks, completion of, $56,000; gymnasium, completion of, $70,000; roads and utilities, $243,000; completion of chapel and school, $50,000.

"Raritan Arsenal, N. J.: Noncommissioned officers' quarters, $75,000.

"Walter Reed General Hospital, District of Columbia: Noncommissioned officers' quarters, $120,000; addition to nurses' quarters, $300,000.

"Rock Island Arsenal, Ill.: Noncommissioned officers' quarters, $15,000.

"Rockwell Field, Calif.: Noncommissioned officers' quarters, $234,000; officers' quarters, $266,000.

"Fort Winfield Scott, Calif.: Noncommissioned officers quarters, $140,000.

"Selfridge Field, Mich.: Gymnasium and theater, $80,000; garage, $40,000; quartermaster maintenance building, $20,000; post exchange, $45,000; officers' mess, $60,000; enlisted men's service club, $50,000; bakery, $15,000; roads and utilities, $75,000.

"Fort Sill, Okla.: Barracks, $875,000; noncommissioned officers quarters, $72,000; officers quarters, $75,000; gun sheds, $48,000; stables, $30,000; vehicle shed, $10,000.

"Fort Snelling, Minn.: Quartermaster warehouse, $65,000; barracks, medical detachment, $40,000.

"Fort Totten, N. Y.; Noncommissioned officers' quarters, $30,000.

"Fort Wadsworth, N. Y.: Officers' quarters, $75,000.

"Fort Francis E. Warren, Wyo.: Noncommissioned officers' quarters, $120,000.

"West Point, N. Y.: For addition to hospital, $250,000; barracks for service detachment, $250,000.

"Fort George Wright, Wash.: Noncommissioned officers' quarters, $60,000.

"(b) No part of the sum appropriated by this section, except the amount for expenditure under paragraph (1) or (2) of subsection (a), shall be expended if the Secretary of the Treasury certifies to the President that the amount necessary for such expenditure is not available and can not be obtained upon reasonable terms.

"SEC. 302. There is hereby authorized to be appropriated not to exceed $7,436,000, to be expended for the construction and installation at military posts, and at airports and landing fields, of such technical buildings and utilities and appurtenances thereto as may be necessary, as follows:

"Albrook Field, Canal Zone: Technical buildings and installations, completion of, $293,000; gasoline-storage system, completion of, $25,000.

"Barksdale Field, La.: Hangars, $350,000; headquarters and operations buildings, completion of, $89,200; gasoline-storage system, completion of, $20,000; paved aprons, $100,000.

"Fort Benning, Ga.: Hangar, combination, $88,000; gasoline-storage system, $10,000; improvement of landing field and building area, $25,000; heating plant, $20,000; paved aprons, $20,000.

"Benton Field, Alameda, Calif.: Completion of shops, including assembly and test hangars, dope storage, heating and engine test block, $605,500; depot warehouse, $500,000; administration building, $80,000; railroad spur, $8,000; quartermaster warehouse, maintenance and salvage building, $35,000; garage, $48,000; fire and guard house, $30,000; pier, $125,000; paint, oil, and dope storage and oil reclamation, $35,000; gasoline-storage system, $20,000; paved aprons, $80,000.

"Fort Bliss, Tex.: Operations building, $10,000.

"Bolling Field, D. C.: Paved aprons, completion of, $22,800; heating plant for technical area, completion of, $78,000; field shops, completion of, $6,000; improvement of landing field and building area, $615,000.

"Chanute Field, Ill.: Hangars, $170,000; paved aprons, $30,000; improvement of landing field and technical area, $15,000; enlargement of central heating plant and steam lines, $185,000.

"Dryden, Tex.: Paved aprons and hangar floor, $15,000.

"Duncan Field, Tex.: Depot administration building, $60,000; gasoline-storage system, completion of, $15,000.

"Hatbox Field, Muskogee, Okla.: Roofing and side walls for hangar, and paved aprons, $15,000.

"Hamilton Field, Calif.: Headquarters and operations building, to complete, $35,000; improvement of landing field and building area, $120,000.

"Langley Field, Va.: Remodeling two hangars into shops, and for ceilings in and additions to hangars, $91,000; gasoline-storage system, completion of, $21,000; bomb storage, $19,000; improvement of landing field and building area, $25,000; machine-gun range, $6,000.

"Luke Field, Hawaiian Department: Air depot, plane overhaul and assembly, $200,000.

"March Field, Calif.: Gasoline-storage system, completion of, $10,000; aircraft-bomb storage, $5,000.

"Maxwell Field, Ala.: Squadron officers' school and/or additions to school building, $150,000; gasoline-storage system, $10,200; improvement of landing field, $100,000; camera obscura, $4,000; bomb storage, $13,000; machine-gun and bombing range, $6,000.

"Mitchel Field, N. Y.: Improvement of landing field, $80,000; gasoline-storage system, completion of, $5,000; bomb storage, $13,000; machine-gun range, $2,000.

"Panama Canal Zone: Improvement of emergency landing fields at Gamboa Reach and Camp Gaillard, $20,000.

"Patterson Field, Ohio: Hangars, headquarters and operations, and heating plant, completion of, $251,300; improvement of landing field and building area, $5,000; gasoline-storage system, completion of, $10,000.

"Pope Field, N. C.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000; paint, oil, and dope storage, $5,000.

"Post Field, Okla.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000.

"Randolph Field, Tex.: Engine-test stands and building, $40,000; oil storage, $15,000; gasoline-storage system, completion of, $10,000; aerial target range, $20,000.

"Rockwell Field, Calif.: Hangars, $576,000; Air Corps warehouse, $80,000; operations building, $20,000; remodeling a permanent building for radio, parachute, and armament building, $20,000; administration building, $80,000; photographic building, $36,000; paint, oil, and dope storage, $15,000; gasoline-storage system, $30,000; paved aprons, $95,000; central heating plants, $100,000; improvement of landing field and technical building area, $100,000; camera obscura, $5,000; bomb storage, $15,000.

"Schoen Field, Ind.: Grading landing field, $5,000.

"Scott Field, Ill.: Hangar, $90,000; headquarters and operations building, $80,000; barracks, $271,000; radio building, $10,000; photo building, $36,000; gas plant and chemical storage, $50,000; central heating plants, $145,000; gasoline-storage system, $10,000; paved aprons, $40,000; improvement of landing field and building area, $50,000; machine-gun butts, $3,000.

"Selfridge Field, Mich.: Gasoline-storage system, completion of, $10,000.

"Wheeler Field, Hawaiian Department: Gasoline-storage system, completion of, $31,000; paved aprons, $38,000.

"SEC. 303. No money shall be available for expenditure under this title in connection with a project in the District of Columbia, except as provided in section 301 (a) (11) or 302.

"SEC. 304. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921, as amended and supplemented (U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"'Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance herewith.'

"SEC. 305. After the date of the enactment of this act, in the acquisition of any land or site for the purposes of section 301 (a) (10):

"(1) The period of solicitation of proposals by public advertisement shall be 10 days in lieu of 20 days;

"(2) In any case in which such site or land is to be acquired by condemnation, the provisions of section 355 of the Revised Statutes, as amended, shall not apply; and

"(3) Notwithstanding the provisions of section 1 of the act entitled 'An act to expedite the construction of public buildings and works outside of the District of Columbia by enabling possession and title of sites to be taken in advance of final judgment in proceedings for the acquisition thereof under the power of eminent domain,' approved February 26, 1931 (U. S. C., Supp. V, title 40, sec. 258a), in any case in which any land or any interest therein is to be acquired by condemnation, the Secretary of the Treasury, through the Attorney General, may, prior to the institution of condemnation proceedings, file with the clerk of the district court of the district in which such land is located a declaration of taking, containing the matters required by such section to be included in a declaration of taking. The declaration of taking shall be accompanied by the deposit with such clerk, to the use of the parties who may be found to be entitled thereto, of the amount of the estimated compensation stated in the declaration. As soon as practicable after the filing of such declaration of taking, the Secretary of the Treasury shall cause to be posted in a prominent place upon the land a notice reciting (A) that the land or the interest therein is taken by the United States for public use, (B) that a declaration of taking in respect of such land or interest therein has been filed with the clerk of the court of the district, and (C) that there has been deposited with such clerk, to the use of the parties who may be found to be entitled thereto, the estimated just compensation for the land or interest therein taken. The Secretary of the Treasurg shall give written notice similar to the posted notice, by personal service in the case of actual occupants of the premises or, if with reasonable diligence such personal service can not be made, he shall send such notice by registered mail directed to the premises, and he shall send notice by registered mail directed to their last known address in the case of all parties who the Secretary ascertains have or may have an interest in such land, and he may give such additional notice by newspaper publication or otherwise as he deems necessary. Upon posting notice on the land, title to the land or interest therein shall vest in the United States, and the right to just compensation therefor shall vest in the parties entitled thereto. The Secretary of the Treasury shall cause notice to be personally served upon, or if with reasonable diligence such service can not be made, to be sent by registered mail to actual occupants of the premises, setting a time (not earlier than 20 days after the service or sending of such notice) at which such parties shall surrender possession, and at the end of such time the right to possession shall vest in the United States. The Secretary of the Treasury may designate any person to serve any notice under the preceding provisions of this subsection and such person shall have power to enter upon such land for the purpose of posting notice or to make personal service of notice. If any such party fails or refuses so to surrender possession, upon summary petition for an order to surrender possession filed in such district court by or on behalf of the Secretary of the Treasury, the court may, by writ of assistance or other process, order the surrender of possession. A petition in condemnation shall be filed in such district court as soon after the filing of the declaration of taking as practicable. In any such condemnation proceeding, no further declaration of taking shall be required, and the provisions of section 1 of such act of February 26, 1931, authorizing the court to fix the time when parties in possession shall be required to surrender possession, shall not apply. If such petition for condemnation is not filed within a reasonable time after the filing of such declaration of taking, any person entitled to just compensation in respect of the property so taken shall be entitled to sue the United States in the court in which such declaration of taking was filed. The procedure in such suit shall be the same as in suits against the United States founded upon contract, except that such suit may be heard even if the amount of the claim is greater than $10,000 and except that the procedure for the ascertainment of the amount of just compensation shall be the same as such procedure in condemnation proceedings. If the petition for condemnation is filed prior to the time the commissioners in condemnation, jurors, or other persons charged with the duty of valuing the property are empaneled, such suit shall be dismissed, except that such suit and the condemnation proceedings may, in the discretion of the court, and under rules prescribed by it, be consolidated to such extent as the court may deem practicable. In any suit authorized to be brought under this subsection or in any condemnation proceeding involving land acquired in accordance with this subsection, the court shall enter judgment against the United States in favor of the parties entitled for the sum or sums awarded as just compensation, respectively, for the land or interest therein taken for the use of the United States and such judgment shall be paid out of the sums deposited with the court and such additional sums as may be awarded shall be paid in the same manner as sums awarded in judgments in cases in which the United States has consented to be sued. The provisions of such act of February 26, 1931, except as modified by this subsection, shall apply to all such suits or condemnation proceedings. The provisions of this subsection shall not be construed to be in substitution for but shall be supplemental to any method of acquiring land or interests therein provided in existing law.

"SEC. 306. In the construction of post offices and of buildings for post offices and other offices provided for in section 301 (a) (10), the Secretary of the Treasury with the cooperation of the Postmaster General may use such standard plans (heretofore or hereafter prepared) as may be most adaptable to the particular building to be constructed.

"SEC. 307. All contracts let for construction projects pursuant to this title shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive, administrative, and supervisory positions), so far as practicable, no individual directly employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection with any such project, preference shall be given, where they are qualified, to ex-service men with dependents.

"SEC. 308. For each fiscal year beginning with the fiscal year 1934, there is authorized to be appropriated, for the purposes of the sinking fund provided in section 6 of the Victory Liberty loan act, as amended, in addition to amounts otherwise appropriated, an amount equal to 2½ per cent of the aggregate amount of the expenditures made, out of appropriations made or authorized in this title, on

or after the date of the enactment of this act and on or before the last day of the fiscal year for which the appropriation is made."

And the House agree to the same.

J. W. COLLIER,
HENRY T. RAINEY,
R. L. DOUGHTON,
Managers on the part of the House.
PETER NORBECK,
SMITH W. BROOKHART,
CARTER GLASS,
ROBERT F. WAGNER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 1:

RELIEF OF DESTITUTION

The Senate amendment provided that in the case of a payment to a municipality or political subdivision for relief purposes the governor should furnish to the Reconstruction Finance Corporation, in addition to his own certificate, a certificate of the chief executive officer of the municipality or political subdivision as to need and the inadequacy of the resources of the municipality or political subdivision. The bill as agreed to in conference omits the provision requiring the additional certificate.

The House amendment to the Senate amendment leaves the interest rates on payments to a municipality or political subdivision to be agreed upon by the Reconstruction Finance Corporation and the municipality or political subdivision. The Senate amendment fixed the interest rate at 3 per cent in such cases.

The bill as agreed to in conference retains the Senate provision.

LOANS BY RECONSTRUCTION FINANCE CORPORATION

Under both the Senate and House amendments loans may be made by the Reconstruction Finance Corporation to private corporations to aid in carrying out the construction of "water works" devoted to public use and which are self-liquidating in character. The Senate amendment included therewith "industrial water-supply systems." The conference agreement omits the Senate provision.

In the definition of a self-liquidating project the House amendment requires that the construction cost be returned within a reasonable period by means of tolls, fees, rents, or other charges, or by other means "other than by taxation" as may be prescribed by the statute which provides for the project. The Senate amendment did not contain the language "other than by taxation." The bill as agreed to in conference retains this language.

The Senate amendment, in the prohibition against the use of convict labor as a condition to loans made by the Reconstruction Finance Corporation for self-liquidating projects, excepted persons on probation or parole. The House amendment contains no such provision. The bill as agreed to in conference omits this exception.

The House amendment requires a monthly report of the activities and expenditures of the Reconstruction Finance Corporation under the original Reconstruction Finance Corporation act and a statement showing the names of the borrowers to whom loans and advances are made under that act. There was no such provision in the Senate amendment. The bill as agreed to in conference retains the House provision.

The Senate amendment contained a provision that no loans should be made for financing sales in foreign countries of cotton owned by the Federal Farm Board or the Cotton Stabilization Corporation. There is no such limitation in the House amendment. The conference bill retains the Senate provision.

The House amendment authorizes the Reconstruction Finance Corporation to make loans to bona fide American institutions having resources adequate for their undertakings for financing the carrying and orderly marketing of agricultural commodities and livestock produced in the United States. There was no similar provision in the Senate amendment. The bill as agreed to in conference retains the House provision.

Both the House and Senate amendments authorize the creation by the Reconstruction Finance Corporation of regional agricultural-credit corporations, with paid-up capital in each case of not less than $3,000,000, to make loans or advances to farmers and stockmen. Under the Senate amendment the stock of these corporations was to be subscribed for by the Reconstruction Finance Corporation. The House amendment requires that at least one-half of such stock be subscribed for by private interests and the balance by the Reconstruction Finance Corporation. The bill as agreed to in conference adopts the Senate provision.

The House amendment provides that loans may be made by the Reconstruction Finance Corporation under the Reconstruction Finance Corporation act to institutions organized under the laws of the District of Columbia and under the new act for projects within the District of Columbia. There was no such provision in the Senate amendment. The bill as agreed to in conference retains the House provision.

The Senate amendment contained a provision prohibiting the Reconstruction Finance Corporation from approving any loan or advance directly or indirectly to any financial institution any officer or director of which is a member of the board of directors of the Reconstruction Finance Corporation or has been such member within 12 months preceding the approval of the loan or advance. There is no similar provision in the House amendment. The conference agreement retains the Senate provision.

The Senate amendment provided for the substitution of two appointive members on the board of directors of the Reconstruction Finance Corporation for the Governor of the Federal Reserve Board and the Farm Loan Commissioner. There is no similar provision in the House amendment. The bill as agreed to in conference retains the Senate provision.

The Senate amendment contained a provision permitting the Federal Reserve Board, upon affirmative vote of not less than five members, to authorize the Federal reserve banks to discount for any individual or corporation paper eligible for discount for member banks under the Federal reserve act if such paper was indorsed and otherwise secured to the satisfaction of the Federal reserve banks. This authority was limited to a period of two years and the discounts were to be made only in unusual and exigent circumstances and where the individual or corporation was unable to secure adequate accommodations from other banking institutions. It was also provided that no paper so discounted should be eligible as collateral security for Federal reserve notes. There is no similar provision in the House amendment. The bill as agreed to in conference retains the substance of the Senate provision but extends the discount privilege to partnerships as well as to individuals and corporations, removes the 2-year limitation, and eliminates the provision that the paper so discounted should not be eligible as collateral security for Federal reserve notes.

The Senate amendment contained a provision making certain that loans might be made under the Reconstruction Finance Corporation act to closed savings banks. There is no similar provision in the House amendment. The bill, as agreed to in conference, retains the Senate provision.

FEDERAL PUBLIC WORKS

The Senate amendment permitted expenditures out of the funds appropriated for national park and monument approach roads upon any section of such roads of not less than 8 miles which crosses lands wholly or to the extent of 90 per cent owned by the Government of the United States.

The House amendment contains no similar provision. The bill as agreed to in conference retains the Senate provision.

The Senate amendment provided that except in the case of the $120,000,000 for Federal-aid roads and the $16,000,000 for national-park roads, trails, etc., no money should be expended on the public-works program "if the Secretary of the Treasury certifies to the President that the amount necessary for such expenditure is not available and can not be obtained upon reasonable terms." The House amendment provides that no such expenditure shall be made unless the Secretary of the Treasury certifies to the President that the amount necessary for the expenditure is available or can be obtained without interference with current financing operations of the Government. The bill as agreed to in conference adopts the Senate provision.

The House amendment authorizes an appropriation of not to exceed $7,436,000 for construction and installation at certain specified military posts, airports, and landing fields, of technical buildings and utilities and appurtenances. The Senate amendment contained no similar provision. The bill as agreed to in conference retains the House provision.

On amendment No. 2: The House recedes on the amendment of the Senate to the title of the bill.

J. W. COLLIER,
HENRY T. RAINEY,
R. L. DOUGHTON,
Managers on the part of the House.

Mr. RAINEY. Mr. Speaker, I ask unanimous consent for the present consideration of the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the statement.

Mr. RAINEY. Mr. Speaker, the statement is so complete that I do not desire at this time to make any extended observations except to say to the Members of the House that on the subject that seems now to be important to the House, the publicity provision with reference to loans, the Senate yielded and the House provision remains in the bill.

Mr. HOLMES. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. HOLMES. I would like to ask the gentleman if the publicity clause in the bill is applicable to States and cities as well as all other loans?

Mr. RAINEY. Yes.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. LAGUARDIA. Does the bill contain the provision eliminating the Governor of the Federal Reserve Board as a director of the Reconstruction Finance Corporation?

Mr. RAINEY. Yes.

Mr. LAGUARDIA. That is very gratifying. I offered the amendment when we considered the original bill. [Applause.]

Mr. CELLER. Will the gentleman from Illinois yield?

Mr. RAINEY. I yield.

Mr. CELLER. Senator WAGNER, who has been most earnest and courageous in the work for this bill, is now in the Chamber, and deserves great credit for what he did. [Applause.]

Mr. ALMON. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. ALMON. Is the $30,000,000 available for rivers and harbors available for expenditure without restriction?

Mr. RAINEY. It depends on the certificate of the Secretary of the Treasury whether the money is available.

Mr. ALMON. That does not apply to highway construction?

Mr. RAINEY. No.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. WHITTINGTON. What became of the Byrns amendment relating to the sale of cotton in foreign countries?

Mr. RAINEY. We concurred in the Senate amendment.

Mr. WHITE. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. WHITE. Does the publicity clause apply to banks that have made loans in the past, or only in the future?

Mr. RAINEY. I made a statement on the floor that it was not retroactive, but since making that statement I have made a more careful study of the provisions, and I think it is retroactive. However, there are not many who agree with me on that proposition.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. RAINEY. I will.

Mr. EATON of Colorado. I did not catch the words as read by the Clerk concerning the provisions as to municipal and other political subdivisions obtaining loans. Was any change made in sections (c), (d), and (e)?

Mr. RAINEY. For self-liquidation propositions?

Mr. EATON of Colorado. You will remember that I asked about the application of the provisions of paragraphs (c), (d), and (e) of section 1, of Title I, to loans which might be requested by municipalities and other political subdivisions. When this bill was under consideration in the House on July 13 (see p. 15226), the point was whether the corporation was permitted to consider loans requested by municipalities or other political subdivisions whose present borrowing power was limited or not now in existence on account of constitutional or other legal inhibition or because loans had heretofore been made to the full extent authorized by law.

As I now understand it, there is no change in said paragraphs, and any municipality or other political subdivision is given by this bill exactly the same privilege as the State. In other words, it makes no difference if a municipality or other political subdivision has borrowed to the full extent authorized by law or whether there are any existing constitutional or other legal inhibitions to borrowing more money. The only requirement is that the governor makes the recommendation to the corporation, and the governor can make the recommendation, if he desires, without the approval of the mayor or other official in authority. If the governor makes the recommendation and request, the corporation may consider the application for the loan and grant the same to a municipality or other political subdivision of a State or Territory exactly the same as it could to such State or Territory itself.

Mr. RAINEY. It depends on the governor.

Mr. HAWLEY. Will the gentleman from Illinois yield me 30 minutes?

Mr. RAINEY. I will yield the gentleman 20 minutes.

Mr. HAWLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, I shall vote for the conference report, not because I approve all of its provisions, but I think when you are beaten the best thing to do is acknowledge it, take your medicine, and go along. [Applause.] I feel that the minority in this case is absolutely in the right. If the session had not been in its last stages, the Senate would not have yielded to the publicity provision and the conference would have remained in deadlock. Before making any further statement I wish to say that the acceptance of this report upon the part of the House is directly contrary to the advice and unanimous opinion of the Reconstruction Finance Corporation. In that connection I ask unanimous consent to insert as a part of my remarks a statement made by the Reconstruction Finance Corporation, through Mr. Cooksey, its secretary, to the Senate conferees this morning.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent to insert in the RECORD a statement made by Mr. Cooksey to the Senate conferees. Is there objection?

Mr. HOWARD. Mr. Speaker, I object.

Mr. TREADWAY. Mr. Speaker, it will therefore become necessary for me to read extracts from this statement which has to do purely with the publicity item, which was the only

one in which the conference was in final disagreement. That publicity item is a campaign issue of the vice presidential candidate. [Applause on Democratic side.] Well, we are glad to have you approve of it. Undoubtedly it is not only an issue of the vice presidential candidate, but I assume that the vice presidential candidate has consulted the presidential candidate in this matter and that the same is agreeable to him. [Applause on Democratic side.] Here is the statement that was issued this morning by the Reconstruction Finance Corporation.

Mr. HOWARD. Mr. Speaker, I make the point of order that under the rules of the House the gentleman may not read an outside statement if there is objection to it. I am always glad to hear from the gentleman himself.

Mr. TREADWAY. Then I shall read this as my own statement and say that I agree to the contents of it.

Mr. HOWARD. I can not consent to that.

The SPEAKER. Does the gentleman from Nebraska make the point of order that the gentleman from Massachusetts is not entitled to read the document?

Mr. HOWARD. I do.

The SPEAKER. The Chair sustains the point of order. The gentleman is not entitled to read the document.

Mr. STAFFORD. Mr. Speaker, I move that the gentleman from Massachusetts be permitted to read the paper.

The SPEAKER. The question is on the motion of the gentleman from Wisconsin that the gentleman from Massachusetts be permitted to read the paper.

The question was taken; and on a division (demanded by Mr. SNELL) there were—ayes 162, noes 67.

So the motion was agreed to.

Mr. TREADWAY read as follows:

RECONSTRUCTION FINANCE CORPORATION,
Washington, July 14, 1932.

The attention of the board of directors of the Reconstruction Finance Corporation has been called to a provision inserted yesterday by the House of Representatives in the so-called relief bill providing for the monthly publication of a report covering all of the activities of the Reconstruction Finance Corporation, "together with a statement showing the names of the borrowers to whom loans and advances were made and the amount involved in each case."

This would mean that all loans made—or to be made—by this corporation to banks, insurance companies, mortgage-loan companies, building and loan associations, and other financial institutions would become public property.

In the opinion of the board, this provision, if enacted into law, would undo much that has been accomplished by this corporation in preserving the credit structure of the Nation and, in a large measure, restrict its usefulness in the future. The publication of the loans made by this corporation to the financial and fiduciary institutions above enumerated, whose relations with the public are of a particularly sensitive character, would, in the board's judgment, be decidedly harmful, more especially if the fact that these institutions are borrowing from this corporation and the amount of the loans is published, as it would be, without adequate explanation of their circumstances or resources or the conditions under which the advances were made.

One of the fundamental purposes of the Reconstruction Finance Corporation is to strengthen our credit structure and to prevent bank closings under the extremely difficult conditions resulting from this great depression. No one can contend that the publication of the names of the 3,600 banks that have borrowed from this corporation will tend to strengthen their position. In the absence of a complete explanation of all of the circumstances, which this corporation clearly could not give in the reports contemplated, it is self-evident that such a procedure, far from strengthening these institutions, would weaken them, and thus destroy the very purpose for which the corporation was created.

And what is true of the banks is, in large measure, true of the other institutions.

Such a provision was considered by both Houses at the time the Reconstruction Finance Corporation act was enacted and rejected by both of them for the reasons above mentioned.

The reason advanced in favor of such a proposal is that this kind of publicity is necessary in order to subject to constant scrutiny the actions of the corporation.

But such an objective can equally well be attained through a select committee of the Senate or House, to whom the books of the corporation would be opened at all times, as has already been provided by the Senate. The Senate committee has asked for the very information provided for in the section above-mentioned. The information is being compiled and will be furnished to that committee at an early date. Thus, the public interests are fully safeguarded.

In the unanimous opinion of the board, therefore, not only is there no necessity for the paragraph inserted in the House bill, but such a provision is against the public interest and may result in irreparable damage.

By direction of the board of directors:

Respectfully,

G. R. COOKSEY, *Secretary.*

Mr. TREADWAY. Mr. Speaker, that shows that the responsible financial body to whom you are entrusting this extra billion and three-quarters dollars of the people's money does not approve of this publicity item and says that it may result in irreparable damage to our financial institutions.

Mr. MANLOVE. And do the Democratic members of that board subscribe to that also?

Mr. TREADWAY. It is the unanimous opinion. Three of the members are Democrats, sitting with the conferees this morning, and they approved this letter when it was read to the Senate conferees.

Mr. MANLOVE. And was Mr. Jones of Texas, one of that number?

Mr. TREADWAY. Yes.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. DOUGHTON. It was said in the press recently that the ex-chairman of the Reconstruction Finance Corporation borrowed $80,000,000 for his bank from the Reconstruction Finance Corporation after he had resigned. How did that become public?

Mr. TREADWAY. Hearsay evidence is mighty poor evidence. The actual evidence has been submitted, as I understand it, by the gentleman from Illinois. He was the one who mentioned the figures yesterday. I do not know anything about the accuracy of the figures, but it was $10,000,000 rather than $80,000,000. Therefore, it was only eight times exaggerated.

Mr. DOUGHTON. And has it not also been published that Mr. Dawes stated to the public that his getting that money had saved his bank?

Mr. TREADWAY. I do not exactly catch the idea of the gentleman's inquiry, but if the loan to the bank with which Mr. Dawes was connected saved the financial situation in the city of Chicago, it was money well loaned.

Mr. DOUGHTON. I agree with the gentleman, and will the gentleman yield further?

Mr. TREADWAY. Yes. It not only saved his bank but the other two big financial institutions of Chicago and practically the financial situation of the city.

Mr. DOUGHTON. Notwithstanding the publicity given to it.

Mr. TREADWAY. Let me call attention once more in closing to this fact: The President of the United States has done everything within his power to get a sensible and workable relief measure through this Congress. We are hereby inserting a clause which from every evidence obtainable will be detrimental to all interests in the country, except, evidently, the political ambitions of the Speaker of this House.

Mr. HAWLEY. Mr. Speaker, I do not care to use any further time.

Mr. RAINEY. Mr. Speaker, I move the adoption of the report, and on that I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the conference report.

Mr. RAINEY. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 286, nays 48, not voting 96, as follows:

[Roll No. 123]

YEAS—286

Adkins	Arnold	Barton	Bowman
Aldrich	Auf der Heide	Beam	Briggs
Allgood	Ayres	Black	Britten
Almon	Bacharach	Bland	Brumm
Amlie	Bachmann	Bloom	Brunner
Andresen	Bacon	Boehne	Buckbee
Andrew, Mass.	Baldrige	Bolleau	Burch
Andrews, N. Y.	Barbour	Bolton	Burtness

Butler	Fishburne	LaGuardia	Rich
Byrns	Fitzpatrick	Lambertson	Robinson
Campbell, Iowa	Flannagan	Lambeth	Rogers, Mass.
Campbell, Pa.	Foss	Lamneck	Rudd
Cannon	Gambrill	Lankford, Va.	Sanders, N. Y.
Carden	Garrett	Larrabee	Schafer
Carley	Gavagan	Lea	Schneider
Carter, Calif.	Gibson	Leavitt	Schuetz
Carter, Wyo.	Gilchrist	Lehlbach	Seger
Cavicchia	Goldsborough	Lichtenwalner	Selberling
Celler	Goss	Lindsay	Selvig
Chapman	Granfield	Lonergan	Shannon
Chase	Gregory	Loofbourow	Shott
Chavez	Griffin	Lozier	Shreve
Chindblom	Guyer	Luce	Smith, Idaho
Christgau	Hadley	Ludlow	Smith, Va.
Christopherson	Haines	McClintock, Ohio	Snell
Clague	Hall, Ill.	McCormack	Snow
Clancy	Hall, Miss.	McDuffie	Somers, N. Y.
Clark, N. C.	Hall, N. Dak.	McLaughlin	Spence
Clarke, N. Y.	Hancock, N. Y.	McLeod	Stafford
Cochran, Mo.	Hancock, N. C.	McMillan	Stalker
Cochran, Pa.	Hardy	Maas	Steagall
Cole, Iowa	Harlan	Magrady	Stewart
Cole, Md.	Hartley	Major	Stokes
Collier	Haugen	Manlove	Strong, Kans.
Collins	Hawley	Martin, Mass.	Strong, Pa.
Colton	Hess	Martin, Oreg.	Stull
Condon	Hill, Wash.	May	Summers, Wash.
Connery	Hogg, Ind.	Mead	Sutphin
Cooke	Hogg, W. Va.	Michener	Sweeney
Cooper, Ohio	Holaday	Millard	Swick
Cooper, Tenn.	Hollister	Milligan	Swing
Cox	Holmes	Montet	Taylor, Colo.
Coyle	Hooper	Moore, Ky.	Temple
Crosser	Hopkins	Moore, Ohio	Thurston
Crowe	Hornor	Mouser	Tierney
Crowther	Horr	Murphy	Tilson
Crump	Houston, Del.	Nelson, Me.	Timberlake
Culkin	Huddleston	Nelson, Mo.	Tinkham
Cullen	Hull, William E.	Niedringhaus	Treadway
Curry	Jacobsen	Nolan	Underwood
Dallinger	James	O'Connor	Vinson, Ky.
Darrow	Jeffers	Oliver, Ala.	Warren
Davenport	Jenkins	Overton	Wason
Delaney	Johnson, Mo.	Owen	Watson
De Priest	Johnson, S. Dak.	Palmisano	Weaver
DeRouen	Johnson, Wash.	Parker, N. Y.	Welch
Dickinson	Keading	Patterson	West
Dieterich	Kahn	Perkins	Wigglesworth
Doughton	Keller	Person	Williams, Mo.
Douglass, Mass.	Kelly, Ill.	Pettengill	Williamson
Doutrich	Kelly, Pa.	Pittenger	Wilson
Dowell	Kemp	Pou	Withrow
Drewry	Kendall	Prall	Wolcott
Driver	Kerr	Pratt, Harcourt J.	Wolfenden
Eaton, Colo.	Kinzer	Pratt, Ruth	Wolverton
Eaton, N. J.	Kleberg	Purnell	Wood, Ind.
Englebright	Kniffin	Rainey	Woodruff
Erk	Knutson	Ramseyer	Wyant
Estep	Kopp	Ramspeck	Yates
Evans, Calif.	Kunz	Ransley	Yon
Fiesinger	Kurtz	Reed, N. Y.	
Fish	Kvale	Reilly	

NAYS—48

Allen	French	Lankford, Ga.	Rankin
Beedy	Garber	McFadden	Sanders, Tex.
Brand, Ohio	Green	McGugin	Shallenberger
Browning	Griswold	McSwain	Simmons
Bulwinkle	Hare	Mapes	Stevenson
Cartwright	Hart	Mobley	Sumners, Tex.
Cross	Hoch	Morehead	Swanson
Dies	Hope	Norton, Nebr.	Taber
Disney	Howard	Parker, Ga.	Tarver
Dominick	Johnson, Okla.	Parsons	White
Doxey	Johnson, Tex.	Patman	Whittington
Ellzey	Jones	Polk	Wood, Ga.

NOT VOTING—96

Abernethy	Dyer	Kennedy	Rogers, N. H.
Arentz	Evans, Mont.	Ketcham	Romjue
Bankhead	Fernandez	Lanham	Sabath
Beck	Finley	Larsen	Sandlin
Blanton	Frear	Lewis	Sinclair
Bohn	Free	Linthicum	Sirovich
Boland	Freeman	Lovette	Smith, W. Va.
Boylan	Fulbright	McClintic, Okla.	Sparks
Brand, Ga.	Fuller	McKeown	Sullivan, N. Y.
Buchanan	Fulmer	McReynolds	Sullivan, Pa.
Burdick	Gasque	Maloney	Swank
Busby	Gifford	Mansfield	Taylor, Tenn.
Cable	Gilbert	Miller	Thatcher
Canfield	Gillen	Mitchell	Thomason
Cary	Glover	Montague	Tucker
Chiperfield	Golder	Nelson, Wis.	Turpin
Connolly	Goodwin	Norton, N. J.	Underhill
Corning	Greenwood	Oliver, N. Y.	Vinson, Ga.
Crail	Hastings	Parks	Weeks
Crisp	Hill, Ala.	Partridge	Whitley
Davis	Hull, Morton D.	Peavey	Williams, Tex.
Dickstein	Igoe	Ragon	Wingo
Douglas, Ariz.	Johnson, Ill.	Rayburn	Woodrum
Drane	Karch	Reid, Ill.	Wright

So the conference report was agreed to.

The Clerk announced the following additional general pairs:

Mr. Sullivan of New York with Mr. Connolly.
Mrs. Norton with Mr. Sinclair.
Mr. Lewis with Mr. Crail.
Mr. Douglas of Arizona with Mr. Dyer.
Mr. Kennedy with Mr. Whitley.
Mr. McReynolds with Mr. Goodwin.
Mr. Fulmer with Mr. Morton D. Hull.

Mr. STEWART. Mr. Speaker, my colleague [Mrs. NORTON] is absent on account of illness. If present, she would vote "aye."

Mr. BLAND. Mr. Speaker, my colleague the gentleman from Virginia [Mr. MONTAGUE] is absent on official business. If present, he would vote "aye."

Mr. CRAIL. Mr. Speaker, I came in the door as the vote was being taken, and before I could find out what the question before the House was my name had been passed. If I had been permitted to vote, I would have voted "aye."

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

INFORMATION RESPECTING INCOME-TAX RETURNS

Mr. RAINEY. Mr. Speaker, I ask unanimous consent for the present consideration of a resolution (S. J. Res. 206) making available to the Banking and Currency Committee of the Senate certain information in the possession of the Treasury Department and the Bureau of Internal Revenue.

The Clerk read the Senate joint resolution, as follows:

Senate Joint Resolution 206

Resolved, etc., That the Secretary of the Treasury is authorized and directed to make available and to furnish to the Committee on Banking and Currency of the Senate such information in the possession of the Treasury Department and the Bureau of Internal Revenue with respect to income-tax returns as may be called for and deemed necessary by such committee, or any duly authorized subcommittee thereof, or their duly authorized agents, pursuant to the investigation being conducted under Senate Resolution 84 as continued by Senate Resolution 239.

SEC. 2. For the purposes of this joint resolution, such Committee on Banking and Currency shall have all the rights and privileges of a select committee of the Senate within the meaning of section 257 (b) (1) of the revenue act of 1926.

Mr. SNELL. Mr. Speaker, reserving the right to object, I would like to know what that is. I did not understand it from the reading.

Mr. RAINEY. It gives to the Committee on Banking and Currency authority to apply to the Bureau of Internal Revenue and to the Treasury Department for information they may need in conducting an investigation they have been authorized to conduct into income-tax matters and other matters.

Mr. SNELL. They have been given authority to make an investigation. Why do they need our added authority to do that? What is the reason for it?

Mr. RAINEY. A joint resolution is necessary for that purpose. Under the law as it now stands, they would not be entitled to it unless we passed the resolution. They could not go on, on their own initiative, as I understand it.

Mr. SNELL. I do not understand the object of it. What are they investigating?

Mr. RAINEY. The Senate has authorized an investigation of that kind into income-tax returns and corporation-tax returns, and that is all there is to it.

Mr. SNELL. If the Senate has authorized it, very well; but the House has not authorized any such investigation.

Mr. RAINEY. But the authorization by the Senate, as I am advised, does not carry with it the right to obtain information from the Income Tax Bureau or the Treasury Department, unless we pass a joint resolution.

Mr. SNELL. Will the gentleman allow that to go over until to-morrow until we may know a little more about it? I do not know that I want to object to it, but I would like to consider it.

Mr. RAINEY. I will withdraw it for the present and will call it up to-morrow.

ORDER OF BUSINESS

The SPEAKER. Permit the Chair to make a statement to the House.

The Chair understands that there is a disposition in the Senate, in fact, a resolution is being prepared at the present time, for the Congress to adjourn to-morrow at 2.30 or 3 o'clock. That resolution must be adopted in order to permit suspension of the rules to-morrow. It has occurred to the Chair that he has on his list but one bill at the present time for which he expects to recognize a Member to suspend the rules, and that is the bill of the gentleman from New Jersey [Mr. BACHARACH]. It is known as the soldier bill, which fixes the rate of interest and allows 200,000 men to borrow money on their certificates who can not borrow at the present time. There is not very much more to do here, and it occurred to the Chair when he consulted the Minority Leader, that we might take a recess until such time as the Chair might call the House together, giving 10 minutes' notice, with the sole purpose when we are called together again, of agreeing to the adjournment resolution. I do not know whether the House wishes to do that or not.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LAGUARDIA. We all know the bill which the Speaker has in mind. The Speaker has described it. Could not that bill be called up under unanimous consent, coupled with the request that it would be called up and only one amendment considered, in order that we might dispose of it? I am sure no one will object under the circumstances.

The SPEAKER. Certainly that bill could be considered under those conditions.

If the gentleman from New Jersey desires to ask unanimous consent to call up this bill under the condition that only one amendment can be offered and that one by himself, and that no amendment to the amendment can be offered, I am sure we could accomplish the same result that we could under a suspension of the rules.

Mr. SNELL. I do not see the gentleman from New Jersey in the Chamber. He expected it to be called up to-morrow.

The SPEAKER. The Chair had an understanding with the gentleman from New Jersey that he would be recognized to call it up to-morrow.

Mr. SCHAFER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SCHAFER. Are we then to understand that under suspension of the rules no Member will be recognized so the House may consider the repeal of the eighteenth amendment and the modification of the Volstead Act?

The SPEAKER. The Chair lays before the House the following report from the Committee on Enrolled Bills.

Mr. SCHAFER. Mr. Speaker, in all sincerity, so I may be guided when the request for adjournment is made, I would like an answer to my inquiry.

The SPEAKER. The Chair lays before the House the following report from the Committee on Enrolled Bills.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. J. Res. 473. Joint resolution to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932;

H. J. Res. 474. Joint resolution making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof; and

H. J. Res. 475. Joint resolution making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 25, 1932.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 4522. An act to authorize the conveyance to the State of Tennessee of certain land deeded to the United States for the Great Smoky Mountains National Park and not needed therefor;

S. 4574. An act to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes.

S. 4661. An act to repeal an act entitled "An act to legalize the incorporation of national trade-unions," approved June 29, 1886.

S. 4747. An act to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea; and

S. 4780. An act to provide that advances under the Reconstruction Finance Corporation act may be made to producers of livestock, including poultry, and to dairy farmers, and may be made for crop planting or crop cultivation, including summer fallowing, during the year 1932.

ORDER OF BUSINESS

Mr. STAFFORD. Mr. Speaker, is the request that the House take a recess going to be made by the majority leader?

The SPEAKER. The Chair does not know whether the gentleman from Illinois desires to make it or not.

Is there objection to standing in recess subject to the call of the Chair with the understanding that the bells will be rung 10 minutes before the assembling of the House, the object being solely for the purpose of agreeing to an adjournment resolution sent over to the House? Permit the Chair to say that that is a privileged matter.

Mr. SIMMONS. Mr. Speaker, would it be possible to ask unanimous consent to consider the Bacharach resolution to which the Chair has just referred under the same conditions as we would under suspension of the rules to-morrow, which would mean to bring it up without any opportunity of amendment?

The SPEAKER. The gentleman from New Jersey is not in the hall at the moment.

Mr. SIMMONS. There are a number of us, Mr. Speaker, who are vitally interested in the bill, and several of us would like to ask unanimous consent that it may be disposed of to-night.

The SPEAKER. The Chair feels some responsibility for the absence of the gentleman from New Jersey. The gentleman from New Jersey has taken very great interest in the matter. The gentleman brought it out of the Ways and Means Committee with some opposition. The Chair feels, having told him he would recognize him to call it up to-morrow after the resolution of adjournment was agreed to, that it would not be quite fair to do otherwise.

Mr. SNELL. There is very little to be taken up to-morrow.

The SPEAKER. It may be taken up to-morrow by unanimous consent or under suspension of the rules.

Mr. SIMMONS. The only purpose any of us have is to make certain of its consideration.

The SPEAKER. The Chair is in sympathy with that.

Mr. SIMMONS. I have no desire to take any credit from the gentleman from New Jersey.

The SPEAKER. The Chair would be willing to recognize anybody who can get the bill through, and when the gentleman from New Jersey [Mr. BACHARACH] returns to the House, after an adjournment resolution comes over, we can pass the bill to-night.

Mr. RAMSEYER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RAMSEYER. Do I understand it is the position of the Speaker that in order to have suspension of the rules to-morrow it will be necessary to pass the adjournment resolution to-day? Could we not have suspension of the rules by passing the adjournment resolution the first thing to-morrow afternoon?

The SPEAKER. As soon as we agree to the adjournment resolution we could suspend the rules. Responsible leaders of the Senate have suggested to the Chair that we adjourn at 2 o'clock to-morrow. The Chair told them it could not be before 2.30 because the Parliamentarian advised the Chair

it would take that length of time to clear up matters now on the Speaker's table and to enroll the bills we have passed.

Mr. BLACK. Mr. Speaker, can we not clear up some of the matters on the Speaker's table now?

Mr. SNELL. There is an appropriation bill to carry out the purposes of the home loan bank bill that will have to be taken up to-morrow. This will take a little time.

Mr. MAPES. Mr. Speaker, why could not this soldiers' proposition be taken care of by the majority leader obtaining unanimous consent that the gentleman from New Jersey [Mr. BACHARACH] be recognized by the Speaker immediately after the reading of the Journal to-morrow to move to suspend the rules and pass that bill with an amendment.

Mr. SNELL. Mr. Speaker, let me suggest that we meet at 11 o'clock to-morrow.

The SPEAKER. The Parliamentarian suggests to the Chair that unless we can get this bill through quickly its engrossment and return to the Senate may endanger its final enactment. If the Members will give the Chair their confidence he will call the House to order when the Senate sends over an adjournment resolution, ringing the bells 10 minutes before the House will be called to order. The House will be called to order for the sole purpose of adopting that resolution. The Parliamentarian suggests that if this is done it could be done with the distinct understanding that we transact no other business except that of agreeing to the adjournment resolution sent over by the Senate and disposing of the motion of the gentleman from New Jersey [Mr. BACHARACH] to suspend the rules.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LAGUARDIA. The Speaker's statement assumes that there is unanimity of agreement as to adjournment. Some of us in the House feel that under the present conditions of the country the Congress should not entirely relinquish its control of the situation, that we should recess rather than adjourn, and I am sure we will have an opportunity of expressing ourselves, particularly the progressive group of this House, when the resolution is presented.

The SPEAKER. Let the Chair state to the gentleman from New York that with this full attendance of the membership and with the understanding that the bells will be rung 10 minutes prior to our meeting, the Members will be present and there may then be a contest as to whether you want to adjourn.

Mr. RANKIN. Mr. Speaker, on this veterans' proposition I understand the movement now is to change the rate of interest and we are up against this parliamentary situation that is likely to result in the destruction of that bill. I understand it is now agreed that the rate of interest shall be changed from 3 per cent to 3½ per cent. I have just had a conversation with one of the leaders at the other end of the Capitol, and he said that if that is done the chances are it will result in a tie-up in the Senate. This bill ought to be passed before the adjournment resolution; and if the Senate does tie it up, I am going to oppose the passage of any adjournment until that bill becomes a law. I wanted to make this statement to the House, because that information is first-hand. I just received it from one of the Senate leaders.

JAMES W. BOYER, JR.

Mr. WARREN. Mr. Speaker, I present a privileged resolution from the Committee on Accounts.

The Clerk read the resolution, as follows:

House Resolution 289

Resolved, That there be paid out of the contingent fund of the House $250 to James W. Boyer, jr., for extra and expert services as expert legal examiner to the Committee on World War Veterans' Legislation from February 13, 1932, to July 13, 1932, first session of Seventy-second Congress.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Certainly.

Mr. STAFFORD. My impression is that in connection with an omnibus authorization bill providing help to the various committees the gentleman stated that would be the last instance where we would have occasion to vote additional salaries. Am I in error?

Mr. WARREN. The gentleman is in error. I stated to the House that the only exception would be in the case of Major Boyer.

Mr. STAFFORD. And he is covered in this resolution?

Mr. WARREN. Yes. This is the customary resolution. I wish to state further that when Congress adjourns Major Boyer retires from this position, and this is to give notice that any successor who may come after him will not be accorded this extra compensation in the future, and no one else will, so far as the present Committee on Accounts is concerned.

Before moving the previous question, I feel I express the sentiment of the entire House in appreciation of the valuable services which Major Boyer has rendered the membership. [Applause.]

Mr. SCHAFER. Will the gentleman yield?

Mr. WARREN. Yes.

Mr. SCHAFER. There are many hundreds of employees in the Veterans' Bureau who work harder and render more valuable services to the veterans than Major Boyer. Just because he is on the hill where he has a chance to meet the Members is no reason why he should be singled out from among the rest of the thousands of employees and given this additional amount, particularly in these days when Federal employees' salaries are being reduced in the name of economy.

Mr. WARREN. This is the usual resolution.

Mr. CONNERY. Will the gentleman yield?

Mr. WARREN. Yes.

Mr. CONNERY. In reply to the gentleman from Wisconsin I wish to say that Major Boyer served 19 months in France with the Twenty-sixth Division. The gentleman from Wisconsin is wrong when he says there is any employee who knows as much about veterans' disabilities as Major Boyer.

Mr. SCHAFER. I know there are many who know much more than he knows, because I have taken up thousands of cases with the Veterans' Bureau.

Mr. TABER. Will the gentleman yield?

Mr. WARREN. Yes.

Mr. TABER. Major Boyer was on the pay roll of the Veterans' Bureau during all of this time. That being so, why should we pay him out of the House contingent fund for services rendered here as contact officer?

Mr. WARREN. I will say to the gentleman from New York that this is the usual resolution introduced ever since he has been there and it is the last resolution of this nature that will be brought up at any time by the present Committee on Accounts.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. WARREN. Yes.

Mr. COCHRAN of Missouri. Is it not a fact that Major Boyer has worked hours and hours of overtime for the convenience of the Members here who come to him after the House has adjourned, whereas if he were in the Veterans' Bureau he would be off at half past 4 o'clock?

Mr. WARREN. That is absolutely correct.

Mr. JOHNSON of South Dakota. Will the gentleman yield?

Mr. WARREN. Yes.

Mr. JOHNSON of South Dakota. Is it not true that this is the customary resolution and that the reason for its adoption is that the employee of the Veterans' Bureau who is assigned to the Capitol works long hours because he is compelled many times to work long after the customary quitting time of Government employees?

Mr. WARREN. That is correct.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

SUSPENSION OF THE RULES

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that it shall be in order for the Speaker to recognize Members now for suspension of the rules.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from New Jersey [Mr. BACHARACH].

VETERANS' ADJUSTED-SERVICE CERTIFICATES

Mr. BACHARACH. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 4569) relating to loans to veterans on their adjusted-service certificates, with an amendment striking out all after the enacting clause and inserting the matter which I send to the desk.

The SPEAKER. The Clerk will report the bill as proposed to be amended.

The Clerk read as follows:

Be it enacted, etc., That the first sentence of subdivision (b) of section 502 of the World War adjusted compensation act, as amended (U. S. C., title 38, sec. 642 (b)), is hereby amended to read as follows:

"(b) Any national bank, or any bank or trust company incorporated under the laws of any State, Territory, possession, or the District of Columbia (hereinafter in this section called 'bank'), is authorized to loan to any veteran upon his promissory note secured by his adjusted-service certificate (with or without the consent of the beneficiary thereof) any amount not in excess of the loan basis (as defined in subdivision (g) of this section) of the certificate."

SEC. 2. (a) Subdivisions (c) and (d) of section 502 of such act, as amended (U. S. C., title 38, secs. 642 (c) and 642 (d)), are hereby amended by striking out "6 per cent" wherever occurring in such subdivisions and inserting in lieu thereof "3½ per cent."

(b) Subdivision (l) of section 502 of such act, as amended (U. S. C., Sup. V, title 38, sec. 642 (l)), is amended by striking out "4½ per cent" and inserting in lieu thereof "3½ per cent."

(c) The amendments made by subsections (a) and (b) of this section shall not apply with respect to interest accrued prior to the date of the enactment of this act.

SEC. 3. Subdivision (m) of section 502 of such act, as amended (U. S. C., Sup. V, title 38, sec. 642 (m)), is hereby amended to read as follows:

"(m) Loans made by the Administrator of Veterans' Affairs under this section may, at his option, be made out of the United States Government life-insurance fund, or out of the adjusted-service certificate fund created under section 505. In case of loans made out of the United States Government life-insurance fund, the fund shall be entitled to receive interest at the rate of 4½ per cent per annum, compounded annually, but, in respect of interest on any such loan accruing after this subdivision as amended takes effect, the amount by which interest at such rate exceeds 3½ per cent per annum, compounded annually, shall be paid to the United States Government life-insurance fund out of the adjusted-service certificate fund."

The SPEAKER. Is a second demanded?

Mr. PATMAN. Mr. Speaker, I am not opposed to the bill; but in order that we may have a hearing, I demand a second.

The SPEAKER. Is any Member opposed to the bill? [After a pause.] If not, the Chair recognizes the gentleman from Texas to demand a second.

Mr. BACHARACH. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from New Jersey is recognized for 20 minutes and the gentleman from Texas for 20 minutes.

Mr. BACHARACH. Mr. Speaker, there are two features to this bill; the first and principal feature is that it eliminates the 2-year provision of the World War adjusted compensation act of May 19, 1924, section 502 (b), thereby making the loan privileges on adjusted-service certificates available immediately after issuance.

The second feature of the bill reduces the rate of interest charged on loans made on adjusted-service certificates from 4½ per cent compounded annually, to 3½ per cent compounded annually.

When the bill was originally considered by the Ways and Means Committee the rate of interest was reduced to 4 per cent, but this morning the committee met and decided to make the rate 3½ per cent.

The harshness of the 2-year prohibition covering loan privileges was not fully appreciated until following the enactment of the law of February 27, 1931, which permitted a loan of 50 per cent of the face value of the certificate. For good and sufficient reasons that act did not amend the loan prohibition in any manner, so that a great number of veterans who had previously deferred making application for certificates were not, upon the issuance of their certificates, extended the enlarged borrowing privileges of the act of February 27, 1931.

These veterans were as hard hit by the depression as those who had already had their adjusted-service certificates in their possession. Apparently they had not theretofore felt the need of applying to their Government for aid, and had it not been for the depression many of them probably would never have applied for their certificates.

It hardly seems fair or just, therefore, that under their changed circumstances and when adversity overtakes them these veterans should be discriminated against or penalized for their patriotic motives by depriving them of the immediate benefits of the act of February 27, 1931, and forcing them to wait for two years thereafter before they could borrow on their certificates.

According to the Veterans' Administration this bill will make immediately available the 50 per cent loan privilege to about 200,000 veterans, who otherwise would have to wait until the 2-year period from the date of their certificates had lapsed; more than 100,000 veterans would have to wait until the year 1933 before they would be able to borrow on their certificates.

The question has been raised as to how much it will cost the Government to make these loans immediately available. It is estimated that the bill will affect approximately 200,000 veterans holding certificates, with an average loan value of $500, which would make a total of $100,000,000.

Mr. HOLMES. Will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. HOLMES. In other words, this waives the 2-year period?

Mr. BACHARACH. It eliminates the 2-year period and reduces the rate of interest on loans.

Mr. BRIGGS. And they have the same privilege now that any man would have had who waited two years.

Mr. BACHARACH. Yes.

Mr. JOHNSON of Texas. In other words, the bill changes existing law so that these certificates are eligible for a loan without waiting the 2-year period.

Mr. BACHARACH. Yes; immediately on the passage of the bill. The gentleman is correct.

Mr. WHITTINGTON. Is it the gentleman's purpose to substitute this bill for the bill that passed the Senate?

Mr. BACHARACH. I was coming to that point, and I will make the explanation now.

A bill similar to the original Bacharach bill was introduced in the Senate by Senator COPELAND. Senator NORRIS had previously introduced a bill for the purpose of reducing the rate on loans to 3 per cent. There was no provision in his bill for eliminating the 2-year provision. When the Norris bill was reached on the calendar in the Senate Senator COPELAND moved to substitute his bill for the Norris bill; Senator NORRIS agreed to this, with the provision that his bill should be added as an amendment; this changed the rate of interest in the Copeland bill to 3 per cent, and the additional language of the Norris bill was simply a duplication of what was provided for in the Copeland bill. It was the opinion of the bureau officials that the Bacharach bill was in better form than the bill as passed by the Senate, and for that reason the House committee struck out all after the enacting clause of the Senate bill and substituted the so-called Bacharach bill; so it is the Bacharach bill which we are now considering, with the interest rate made 3½ per cent instead of 4 per cent.

Mr. MOUSER. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. MOUSER. Why is it we can not reduce this interest to 3 per cent, in accordance with the Senate bill?

Mr. BACHARACH. There are a number of reasons offered by the Veterans' Bureau why the interest should not be made less than 4 per cent. However, I am particularly interested

in getting the first part of the bill enacted into law, and I think we are stretching it as far as we can in reducing it to 3½ per cent, with any assurance that the bill will have approval.

Mr. MOUSER. I want to compliment the gentleman on his effort.

Mr. CELLER. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. CELLER. Does this provision as to the interest apply to the past or to the future?

Mr. BACHARACH. It is not retroactive.

Mr. KVALE. Will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. KVALE. Does the gentleman have any information as to the statement that was made on the floor a little while ago, that if the interest was put at 3½ per cent there would be a disagreement with the Senate?

Mr. BACHARACH. The Senate passed the bill with interest at the rate of 3 per cent, without a dissenting vote, but I am hopeful that because of the other feature of the bill the Senate will accept the 3½ per cent rate and pass the House bill.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. VINSON of Kentucky. When the gentleman referred to the cost being $100,000,000——

Mr. BACHARACH. $140,000,000.

Mr. VINSON of Kentucky. $140,000,000. Is that to be spread over the 13 years?

Mr. BACHARACH. Yes.

Mr. RANKIN. Where in the bill do you eliminate the 2-year provision? That was put in by construction.

Mr. BACHARACH. The bill in amending section 502 (b) simply leaves out the provision in the present law reading "after the expiration of two years after the date of the certificate."

Mr. LANKFORD of Virginia. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. LANKFORD of Virginia. In the last six months the veteran who borrowed from the bank had to pay 6 per cent. Does this correct that?

Mr. BACHARACH. It does.

Mr. LAGUARDIA. Is this reduction of interest retroactive?

Mr. BACHARACH. No. It takes effect on the approval of the bill. Mr. Speaker, I reserve the balance of my time.

Mr. PATMAN. Mr. Speaker, the reduction of interest, provided in this bill, does not amount to very much. It should be eliminated entirely if the certificates are not paid in full now.

I am interested in the provision that veterans who are holders of adjusted-service certificates, acquired within the last two years, may borrow 50 per cent of their face value now; and in the future the holder of a certificate will be permitted to borrow on it immediately after it is obtained. This provision affects 215,000 veterans. The reduction of interest will only apply to future loans and will not apply to the loans now in existence unless these loans are paid and a new loan is negotiated; such instances will be rare.

SITUATION CONFRONTING COUNTRY

Very few people realize the grave situation confronting our country. I shudder to think of the consequences if something is not done to alleviate the situation at a very early date. Precedents and politics must be forgotten and measures agreed upon that will save our country. No citizen of Germany, France, England, or Italy is allowed to go without food or sufficient clothing. Here, to-day, men are starving on our Capitol Grounds. Many of these men bear the scars of battle; they bared their breasts to enemies' bullets and offered to shed their last drop of blood for the cause of their country when their country needed them only a few years ago. We have given billions of dollars to foreign countries, which they are using to provide for their people while our own needy people receive little consideration. It is not the duty of a State to relieve unemployment and distress caused by a policy adopted by the national administration. It is the duty of the National Government.

Mr. JOHNSON of South Dakota. Mr. Speaker, I make the point of order that the gentleman is not talking to the legislation at all. He is talking about unemployment.

The SPEAKER pro tempore. The gentleman from Texas will proceed in order.

Mr. JOHNSON of South Dakota. Mr. Speaker, I would like a ruling upon my point of order.

Mr. RANKIN. Mr. Speaker, this is to benefit the unemployed veterans. The gentleman is in order.

The SPEAKER pro tempore. The Chair overrules the point of order.

Mr. BACHARACH. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. BACHARACH. I think the gentleman stated that it did not apply to old policies.

Mr. PATMAN. Unless they are renewed.

Mr. BACHARACH. Oh, no. It applies to all policies, reducing them to 3½ per cent.

Mr. PATMAN. I understand the present loans would not be retroactive. The amendment is new and I have not had time to read it carefully.

Mr. BACHARACH. No.

Mr. PATMAN. But they will get the benefit of it.

Mr. BACHARACH. Yes.

Mr. PATMAN. I am glad to get that information. That being true, the veterans who have borrowed will be required to pay the 4½ or 6 per cent interest until this bill becomes a law, but from that date on the rate will be 3½ per cent compounded annually. This bill is before the House under suspension of the rules; no one can offer an amendment.

RELIEF FOR OTHERS AS WELL AS VETERANS

It is not relief for veterans alone that we should contend for but it is relief for all our people who are needy. Money and credit intended for their benefit, furnished by the Government, will not reach them if sent by the way of the big interests and greedy international bankers who have made the greatest contribution to our present plight. Our needy people, victims of a false governmental philosophy, should not be required to look to corporations for sympathetic care and attention when they need their country. It seems that our Government is favoring artificial persons. So far this is a big-business Congress; the needy people have not received sympathetic consideration by those who can cause the passage or defeat of legislation. We need legislation that will help people get out of debt, not the kind that will get them further into debt. This Congress must not adjourn until relief legislation is passed.

ADJUSTED-SERVICE CERTIFICATES

We had a bill to pay the adjusted-service certificates. If passed, the new money would have gone into all the banks of the Nation and saved them; credit would have been expanded ten times for the benefit of all the people; purchasing power would have been placed in the hands of consumers and would have immediately gone into the channels of trade. The bill was killed. Why? The charge of fiat or printing-press money was urged against it. But a way was devised whereby the national banks could take Government obligations drawing 3⅜ per cent interest and get a similar kind of money issued and that bill receives serious consideration from the opponents of fiat money. The veterans were asking that their Government obligations be converted into circulating obligations of the Government. They were refused. The national banks asked for the same thing. The request of the banks is granted. It is said that the adjusted-service certificates are not due now; that they are due in 1945. If the veterans are paid the amounts confessed by the Government as of the time the services were rendered and the same governmental policy in regard to interest payments is adopted for their benefit as was adopted for the war profiteers and others the full amount was due October 1, 1931.

The amount they have borrowed, 50 per cent, represents what is due for accumulated interest and is no part of the

principal. However, they are paying interest on this interest they are borrowing, which will consume the principal by 1945.

PAY THE NEEDY ONES

I have introduced a bill providing for the payment of the face value of the adjusted-service certificates to needy veterans. This bill was introduced after conferring with Congressmen RANKIN, CONNERY, and other Members of the House interested in this legislation. We are opposed to the policy but willing to adopt and recommend it as an expedient for this session only. If passed, it will require about $1,000,000,000 to pay the needy ones. The money is to be raised in the same way provided in the bill that passed the House. The money will have the same backing and the same principle will be invoked for its issuance as the money proposed to be issued to national banks. The banks will get a subsidy of $32,500,000 a year to use a billion dollars, under the Glass plan, whereas the veterans will accept the billion in payment of a debt and the Government will not pay the annual subsidy of $32,500,000.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. VINSON of Kentucky. The Glass plan, to which the gentleman refers, is the Glass bill in the Senate that was tacked onto the home loan bank bill as a rider.

Mr. PATMAN. The gentleman is correct. I ask the membership of this House to seriously consider this proposition. The same body that defeated the bill to pay the veterans, on the theory that flat money was proposed to be issued in payment of those certificates, turned and indorsed the proposition of letting the national banks take a billion dollars of Government bonds, put them up to the Treasury, and let the Treasury Department call up the Bureau of Engraving and Printing and have a billion dollars of new crisp greenbacks printed for those banks and sent to them, less the cost of printing, which is insignificant.

Not only will they get the use of the money but they will get interest upon the bonds put up as collateral or on deposit to secure that money. Why should we pay those banks a subsidy equal to a net profit of $32,500,000 a year to take a billion dollars when we can pay the veterans a debt, not a dole, that is due, that is past due, if you pay like you have to everybody else? That money will go into every nook and corner of the country; it will go into the banks, and these banks will stop breaking, because they will have plenty of money to do business with. It will not only help the veterans, but everybody. It will promote the general welfare. Every dollar of that new money will be a basis for $10 of additional credit.

WILL BONUS MARCHERS BE ORDERED AWAY?

I understand it is rumored that the President, as soon as this Congress adjourns, is going to order these veterans, who are here, out of the city. I hope that rumor is not true. I did not cause them to come here. I have discouraged everyone who asked me about it, either by letter or by wire, but that is not the question involved in this case. I hope those veterans who are interested in this legislation, when Congress adjourns, can see their way clear and it is convenient for them to return to their homes. Let them as citizens take interest in good government. I believe they can promote the interest of the people better in that way; but there are men here who do not have a home, who settled on Government property. It is the only home that they have on earth There is no reason why they should be denied that home, and I do not believe that anyone would encourage them to leave it if they have no other home.

I hope that extreme means will not be used or pressure used to put them off Government property, if the property is not needed for any governmental purpose. If it is needed, of course, there is no excuse for occupying the property. I say that these men have conducted themselves in a commendable way. I hope they keep their poise as they have in the past. If they do, they will have the sympathy of the American people; but if they lose that poise and lose their heads and get mad at everyone who opposes them, they are not going to have the sympathy of the American people. I feel they have the right side, the side of justice and logic and reason. Therefore, there is no reason for them to get angry with anyone, but they should in the right manner try to persuade people who are against them to come to their side. I reserve the remainder of my time.

Mr. BACHARACH. Mr. Speaker, I yield two minutes to the gentleman from South Dakota [Mr. JOHNSON].

Mr. JOHNSON of South Dakota. Mr. Speaker, my only object in discussing this bill is to call attention to the fact that the gentleman from Texas [Mr. PATMAN], who has just been discussing it, has been advocating full payment and several things that will never be adopted.

This bill is practically the same bill introduced by the gentleman from Nebraska [Mr. SIMMONS] and myself in the first days of the session, and one that has been indorsed, I believe, by practically all of the veterans' organizations who know more about the welfare of these service men than individuals.

I am heartily in favor of its enactment. [Applause.]

Mr. PATMAN. Mr. Speaker, I yield five minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, of course I shall vote for this bill to permit these veterans to borrow on their adjusted-service certificates without having to wait two years, and to reduce the interest rate to 3½ per cent. [Applause.]

I for one shall oppose any adjournment of Congress until this measure becomes law. I will go farther than that. I will oppose any adjournment resolution until the bill referred to by the gentleman from Texas [Mr. PATMAN] becomes law; until we give some real relief. If you adjourn to-day, you will leave this country in a terrible condition. Did you know that wheat went lower on yesterday than it had been in 400 years? You have intensified this panic with your Finance Corporation and other deflationary measures. I say you have made this panic worse, and you are getting ready to adjourn without giving the American people any relief.

Mr. Speaker, I rise at this time to protest also against the adjournment of this Congress until the Senate of the United States votes on the widows and orphans' bill that was passed by this House by more than 10 to 1. Did you know that there are widows and orphans of World War veterans who had service-connected disabilities—tuberculosis, cancer, paralysis, and other diseases contracted in the trenches of France—who are denied one penny? You passed the bill almost unanimously, but unfortunately it has never been passed at the other end of the Capitol. I shall oppose any adjournment resolution until that bill is passed by the Senate, or at least until a vote is taken by the Senate and an opportunity is given to take care of the widows and orphans of those men who went down to their deaths, many of them as a result of their service in France.

I just want to serve notice on the House that I, for one, am going to oppose an adjournment resolution to-morrow unless we pass a bill that will take care of these veterans who are unemployed, and to whom the Government owes this debt, and at the same time relieve suffering throughout the United States. If that bill is passed, it will start wheat and corn and cotton and other commodities on the rise. It will at least be a beginning.

Mr. JOHNSON of South Dakota. Will the gentleman yield?

Mr. RANKIN. I yield for a question.

Mr. JOHNSON of South Dakota. Is it not true that the Democratic platform in Chicago killed the widows and orphans bill and killed the bonus?

Mr. RANKIN. No; it did not. It never mentioned it, and the gentleman from South Dakota knows it.

We passed that bill, and I do not think there was a Democratic vote against it. It has gone over to the other end of the Capitol, and through propaganda spread by certain influences in this country they have managed to prevent its passage up to the present moment. By stopping the passage of this bill they have denied one dollar to the widows and orphans of those men who gave their lives for their country

in time of war, and many of whom are in your districts begging for bread from door to door. No! I will not vote for any adjournment resolution until you do something for these widows and orphans as well as for all the American people to offset what you have done to them. [Applause.]

Mr. BACHARACH. Mr. Speaker, I yield two minutes to the gentleman from Nebraska [Mr. SIMMONS].

Mr. SIMMONS. Mr. Speaker, just one answer to the gentleman from Mississippi [Mr. RANKIN]. No one knows better than he that the widows and orphans of the men who gave their lives to their country in battle or who died from service-connected disabilities as a result of their service during the World War are now being compensated by the Government. [Applause.] We should keep our facts straight. The bill to which the gentleman from Mississippi refers, and I voted for it, would pay a pension to widows and orphans of men whose death was not the result of their service. The service-connected cases are being cared for, and the gentleman from Mississippi knows it.

Mr. PATMAN. Will the gentleman yield for a question?

Mr. SIMMONS. I regret that I can not. I do not consider this bill as does the gentleman from Texas [Mr. PATMAN] as a relief bill or as a measure to aid unemployment among veterans. It is a bill solely upon the basis of justice to the veteran. The obligation of the Government to the service men to adjust their compensation accrued when the act was passed by Congress and not when the men received their certificates. They should have a right to borrow upon those certificates whenever they are issued, for the Government obligation to make payment, to issue certificates, accrues when the Congress passed that act over the presidential veto some years ago. The law as it now stands makes the date of the issuance the controlling factor and requires that the certificates be outstanding two years before loans can be made upon them. The date of the passage of the act should control. This act corrects that situation.

So it is a measure not of relief to veterans. It is not an unemployment measure. It is a measure of simple justice to the men who hold these certificates as a result of their World War service. Early this session the gentleman from South Dakota [Mr. JOHNSON] and I introduced companion bills that would have accomplished the same purpose this bill does. The authorship of the bill is immaterial. The important and material fact is that the ends to be accomplished by this bill be authorized by law.

Mr. Speaker, I yield back the balance of my time.

Mr. BACHARACH. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, this bill merely seeks to do justice to those veterans of the World War who have borrowed up to 50 per cent of their adjusted-service certificates and have been and are still paying 4½ per cent interest, which means that the balance of the certificate will be eaten up by interest by 1945. A year ago the Treasury Department could have issued bonds at 3⅛ per cent. It was never the purpose of the Congress when it passed the adjusted-service certificates act to make money at the expense of the veterans.

This bill should have been enacted into law a year ago and if it had there probably would never have been a bonus march on Washington.

I want to tell you Members of Congress that the veterans back home, not those who have been here marching around Washington, have a justifiable grievance, and they know it, and they know that Congress has been making a profit at their expense upon these certificates.

I am glad this House has finally agreed on a bill to reduce the rate of interest to 3½ per cent so that we can go back home and face the veterans and tell them that it is not the purpose of Congress to make any profit at their expense on the money they have borrowed on the adjusted-service certificates given them by the Government in good faith. We have reduced the rate of interest on all war debts and in some instances down to 1 per cent. I introduced a bill six months ago to reduce the rate of interest on loans made by veterans on their adjusted-service certificates to 3 per cent and likewise a bill to permit veterans to borrow on their certificates within the 2-year period required by law. The Bacharach bill accomplishes both purposes and will provide substantial justice to the veterans and should be adopted by a unanimous vote.

Mr. BACHARACH. Mr. Speaker, I yield one minute to the gentleman from New Jersey [Mr. SEGER].

Mr. SEGER. Mr. Speaker, I am in favor of this bill, and I feel that although we were not in agreement on the bill for full payment we can support this measure as just and fair. When we first met in December I introduced a bill removing the 2-year prohibition covering loan privileges, reducing the interest rate to 3 per cent, and providing for full payment to permanently disabled men unable to pursue a substantially gainful occupation. While this bill before us does not go so far, it does give some relief, and it appears to be the only bill we can enact at this time.

Many of our veterans have been hard hit by the depression—including those who for various reasons did not apply at an early date for their adjusted-compensation certificates—and we do not wish to see them discriminated against or penalized in obtaining loans, similar to those obtained by their comrades, just because their certificates are not two years old. And surely it is not the desire of our Government to be unfair in interest charges. When these distressed veterans come to our offices we are prone to advise them to go home, and they should be at home, but how about those who have no homes? I have in mind the case of a man and his wife, here with the army of veterans encamped about Washington, who have been dispossessed. And yet the husband possesses a certificate which, were it not for the 2-year requirement, would permit him to obtain approximately $800, enough to start him definitely on the way to rehabilitation. I am advised that passage of the measure will permit hundreds of these men to go home and try to get somewhere in their home communities. It should prevail.

The SPEAKER. The question is on the motion to suspend the rules and pass the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

Mr. JOHNSON of Texas. Mr. Speaker, a parliamentary inquiry. When may I be recognized to call up my motion of yesterday to reconsider the action of the House in recommitting the Senate joint resolution which was then under consideration?

The SPEAKER. The Chair would prefer to transact some other business that it is necessary to consider before recognizing the gentleman for that purpose.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 4780) entitled "An act to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation, including summer-fallowing, during the year 1932."

The message also announced that the Senate disagrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) entitled "An act to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes"; that the Senate further insists on its amendments to said bill, asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. NORBECK, Mr. WATSON, and Mr. FLETCHER to be the conferees on the part of the Senate.

HOME LOAN BANK BILL

Mr. STEAGALL. Mr. Speaker, I move that the House further insist on its disagreement to the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks and provide for the supervision thereof and for other purposes and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The motion was agreed to.

The Chair appointed the following conferees:

Messrs. STEAGALL, STEVENSON, GOLDSBOROUGH, MCFADDEN, and LUCE.

PERMISSION TO FILE CONFERENCE REPORT

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the conferees may have until midnight to-night to file the conference report on the home loan bank bill.

The SPEAKER. Is there objection?

There was no objection.

POST-OFFICE GARAGE IN BOSTON, MASS.

Mr. MEAD. Mr. Speaker, I call up the bill (S. 88) to authorize the Postmaster General to investigate the conditions of the lease of the post-office garage in Boston, Mass., and to readjust the terms thereof, which the House Post Office Committee reported yesterday, and I ask unanimous consent for its present consideration.

The SPEAKER. The gentleman from New York calls up Senate bill 88 and asks unanimous consent for its present consideration. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General is hereby directed, because of the conditions encountered in the performance of the contract for the construction and lease of the post-office garage in Boston, Mass., and the modifications made in said building from the original specifications, during the course of construction, to meet the aforesaid conditions, and to provide a larger and better building than was required under the original contract and specifications; to readjust the rental and purchase options in the existing lease by increasing the annual rental from the date of the lease $7,500, and by increasing the purchase options $75,000.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, the mere reading of the bill and the fact that the House committee only reported yesterday shows that the matter should go over until to-morrow, and for the time being I object.

MAY WEAVER

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7215) for the relief of May Weaver, and agree to the Senate amendment.

The SPEAKER. The gentleman from New York asks unanimous consent to take from the Speaker's table House bill 7215 and agree to the Senate amendment. The Clerk will report the bill by title and the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out "$5,000" and insert "$50 per month, for a period not exceeding 100 months, in full settlement of all claims against the Government."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was agreed to.

FRANK MARTIN

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7199) for the relief of Frank Martin, and agree to the Senate amendments.

The SPEAKER. The gentleman from New York asks unanimous consent to take from the Speaker's table H. R. 7199 and agree to the Senate amendments. The Clerk will report the bill by title and the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 9, strike out "10" and insert "5."
Page 2, line 5, strike out "10" and insert "5."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendments were agreed to.

GEORGE M. PEED

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2927) for the relief of George M. Peed, and agree to the Senate amendments.

The SPEAKER. The gentleman from New York asks unanimous consent to take from the Speaker's table H. R. 2927 and agree to the Senate amendments. The Clerk will report the bill by title and the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 4, after "of," insert "Eva May Peed, widow of."
Page 1, line 5, after "Peed," insert "deceased."
Amend the title.

The SPEAKER. Is there objection?

There was no objection.

The Senate amendments were agreed to.

ELSIE M. SEARS

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2189) for the relief of Elsie M. Sears, and agree to the Senate amendment.

The SPEAKER. The gentleman from New York asks unanimous consent to take from the Speaker's table H. R. 2189 and agree to the Senate amendment. The Clerk will report the bill by title and the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out "$50" and insert "$25."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was agreed to.

WILLIAM DALTON

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1289) for the relief of William Dalton, and agree to the Senate amendment.

The SPEAKER. The gentleman from New York asks unanimous consent to take from the Speaker's table the bill H. R. 1289, and agree to the Senate amendment. The Clerk will report the bill by title and the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, lines 6 and 7, strike out "to compensate him for first degree" and insert "in full and final settlement of all claims against the Government for."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was agreed to.

CLAUDE E. DOVE

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1834) for the relief of Claude E. Dove, and agree to the Senate amendments.

The SPEAKER. The gentleman from New York asks unanimous consent to take from the Speaker's table the bill H. R. 1834 and agree to the Senate amendments. The Clerk will report the bill by title and the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 1, line 6, strike out "$5,000" and insert "$4,000, and to his two minor children the sum of $1,000 (said sum to be paid to said Claude E. Dove as guardian)."
Page 1, line 8, strike out "by him."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendments were agreed to.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. KLEBERG, for Saturday, July 16, on account of important business.

HOUR OF MEETING

Mr. RAINEY. Mr. Speaker, I move that when the House adjourns to-day it adjourn to meet at 10 o'clock a. m. to-morrow.

The motion was agreed to.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on July 14, 1932, present to

the President, for his approval, bills of the House of the following titles:

H. R. 11732. An act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes; and

H. R. 11897. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

EXTENSION OF REMARKS

MEMORANDUM IN SUPPORT OF TWO PROPOSITIONS

Mr. MAAS. Mr. Speaker, while the eighteenth amendment is anomalous in form, the Supreme Court has held it to be a proper constitutional amendment. It must be construed, therefore, as such and not as some other anomalous form of compact, legislation, or declaration of public policy. Construing it as a constitutional amendment, the first question is, Why a constitutional amendment was necessary to confer on the Federal Government power to prohibit the manufacture, transportation, and sale of intoxicating liquors; second, against whom such prohibition was intended to run, in view (a) of the powers conferred on the Federal Government, (b) of the wording of the amendment itself, and (c) of the circumstances under which the amendment was enacted?

This memorandum, therefore, will first set out the points in support of proposition 1; second, the points in support of proposition 2; third, the results of such a construction of the eighteenth amendment; fourth, the authorities supporting propositions 1 and 2.

POINTS IN SUPPORT OF PROPOSITION 1

(a) Since the Federal Government has no police powers except those specifically conferred by the Constitution, the eighteenth amendment was necessary to confer upon the Federal Government police powers to prohibit the manufacture, transportation, and sale of liquor within the several States, as distinguished from the manufacture, transportation, and sale of liquor in interstate commerce. As to interstate commerce, the Federal Government already had full powers in this respect under the commerce clause of the Constitution, and had exercised them in the Webb-Kenyon law.

While this memorandum is not concerned primarily with the powers, if any, conferred by the eighteenth amendment on the States, it is to be noted that the Supreme Court itself has construed the eighteenth amendment so far as the States are concerned, as a reservation rather than a grant of power. As a grant of power it holds it at most to free the States from certain limitations of the commerce clause, presumably those limiting the power of the States to restrict importation of interstate or foreign liquor. In the case of the United States *v.* Lanza (260 U. S. 377, 67 L. Ed. 314), the court says:

> To regard the amendment as the source of power of the States to adopt and enforce prohibition measures, is to take a partial and erroneous view of the matter. Save for some restrictions arising out of the Federal Constitution, chiefly the commerce clause, each State possessed that power in full measure prior to the amendment, and the probable purpose of declaring a concurrent power to be in the States, was to negative any possible inference that, investing the National Government with the power of country-wide prohibition, State powers should be excluded.

(b) The very fact that the powers conferred on the Federal Government by the eighteenth amendment were police powers necessarily excludes any implication that any power was conferred against the States themselves, since police powers are those exercised by a sovereign against its subjects or citizens, and since the police powers in question were those theretofore exclusively exercised by the several States against their respective citizens. The eighteenth amendment, therefore, merely conferred on the Federal Government concurrent power with the several States to prohibit as against the citizens thereof the manufacture, transportation, and sale of intoxicating liquor within those States without conferring on the Federal Government any such powers against the States themselves.

(c) This is corroborated by section 2 of the amendment, providing:

> The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation.

It would be meaningless and absurd to construe section 2 as conferring concurrent power on a State to enforce the prohibitions of the eighteenth amendment against itself.

(d) While the eighteenth amendment not only confers power but in itself enacts a prohibition, the enactment must be within the limits of the power conferred. Since the powers conferred were police powers, the enactment, in spite of its broad terms, must be construed as an enactment against those subject to police powers, i. e., the citizens of the several States, and not against those wielding such powers, the States themselves.

Moreover, it is an established canon of statutory construction that legislation does not apply to a sovereign unless the sovereign be named; and the prohibitions of the eighteenth amendment do not expressly name the States. Neither can it be contended that the Congress in proposing the eighteenth amendment, or the States in ratifying it, had in mind the manufacture, transportation, or sale of intoxicating liquors by a State itself, since no State ever had been, or was then engaged in such manufacture, transportation, and sale. The eighteenth amendment in this respect must be construed in the light of the existing evils which it was designed to correct, and which were the evils peculiar to the private manufacture, transportation, and sale of intoxicating liquors.

(e) The eighteenth amendment can not be construed as a compact between the United States and the several States against the manufacture, transportation, and sale of intoxicating liquors. Waiving the question whether there is constitutional provision for such a compact, the eighteenth amendment lacks the essential element of any compact; that is, consent of all the parties to be affected thereby.

(f) The fact that the eighteenth amendment not only confers power but enacts a prohibition constitutes it a limited rather than a full conference of police powers on the Federal Government, the powers conferred being limited to those incident to prohibition. To have conferred full police powers on the Federal Government the amendment should have conferred power on it to regulate or prohibit the manufacture, transportation, and sale of intoxicating liquors. This point is particularly mentioned because of the tendency to consider the fact that the eighteenth amendment not only confers power but enacts a prohibition as in some way enlarging rather than restricting the powers of the Federal Government under it.

POINTS IN SUPPORT OF PROPOSITION 2

(a) The Supreme Court has held that the States, in granting concurrent police powers to the Federal Government, have not surrendered their own police powers. United States *v.* Lanza, supra.

(b) The Supreme Court has also held that a State can not by contract surrender its own police powers. Boston Beer Co. *v.* Massachusetts (97 U. S. 33, 24 L. Ed. 939). It is doubtful whether such powers could be surrendered even by an express constitutional amendment. See brief, Elihu Root, National Prohibition Cases (253 U. S. 350, 64 L. Ed. 946). In any event the eighteenth amendment does not purport to surrender them but merely grants concurrent powers to the Federal Government.

(c) Under its reserved powers a State, irrespective of its power to enter into business generally, would have power in the interests of public health and morals itself to undertake the manufacture, transportation, and sale of intoxicating liquors, since as shown under proposition 1, the States have conferred on the Federal Government concurrent power only as against the citizens of the several States to prohibit such manufacture, transportation, and sale within those States and have conferred no such powers against the States themselves.

(d) A State in undertaking such manufacture, transportation, and sale might, of course, in any of these respects,

act through bona fide agents. It must be conceded that in view of the eighteenth amendment, a State, even under its reserved police powers, would not have power to confer on a citizen or corporation the right to engage in private manufacture, transportation, or sale, or otherwise than as a bona fide agent of the State.

(e) It would seem advisable that should any State undertake itself to manufacture, transport, and sell intoxicating liquors, it should, in enacting appropriate legislation, recite that it acts in the exercise of its reserved police powers in the interests of the health and morals of its citizens, and to eliminate the public corruption and dangers inherent in Federal prohibition.

RESULTS OF CONSTRUCTION CONTENDED FOR

The advantages of the manufacture, transportation, and sale of intoxicating liquors by the several States within their own borders, should be obvious whether or not the eighteenth amendment is repealed. It will confine such manufacture, transportation, and sale within the State lines of those States desiring it. If the amendment be not repealed the Federal Government would have full authority under it to prevent the transportation of liquor manufactured by one State into any other State. Even were the amendment repealed it would still be within the power of Congress under the commerce clause to prevent the interstate transportation of such liquor if Congress determined this to be desirable. Indeed, if the eighteenth amendment is repealed, proponents of repeal propose to give Congress express powers in this respect, if it does not already possess them.

Moreover, it should be possible in the manufacture, transportation, and sale of intoxicating liquors by a State, to avoid the evils heretofore incident to private manufacture, transportation, and sale, and it should eliminate the public corruption inherent in any attempt at total prohibition through the Federal Government. While probably there would be some attempt at illicit importation from a State engaged in such manufacture into a State forbidding it, such illicit importation would be comparatively easy to control by the cooperation of the two States concerned and the Federal Government. In short, it would restore to the several States the right to regulate their purely internal affairs in this respect, leaving those States desiring such manufacture, transportation, and sale, the right to engage in it, while still affording Federal protection to those States opposed to it.

Perhaps one of the strongest arguments in favor of this construction is that such manufacture, transportation, and sale by a State within a State would not be subject to Federal taxation but would constitute an important source of State revenue.

Finally, should one or more States act upon this construction of the eighteenth amendment and engage in such manufacture, transportation, and sale, it would seem, in view of the present state of public opinion, that the probability of a serious attempt at Federal interference should be remote. Even were it attempted it is not clear now it could practicably be undertaken. Neither is it unreasonable to hope that since the Supreme Court has never passed on this question it would not be unaffected by the change in public psychology, and under the construction contended for might well restrain such Federal interference.

NOTES ON COURT DECISIONS

The powers conferred by the Federal Government by the eighteenth amendment are police powers. (United States *v.* Cohen (D. C. Missouri, 1920), 268 F. 420; Ex parte Crookshank (D. C. Calif., 1921), 269 F. 980. Appeal dismissed, 267 U. S. 664, 66 L. Ed. 424.)

Curiously enough the Supreme Court in construing the eighteenth amendment has not, so far as determinable, exactly defined the nature of the powers conferred by the amendment on the Federal Government. In the National Prohibition Cases (253 U. S. 350, 64 L. Ed. 946), Vigilotti *v.* Pennsylvania (258 U. S. 403, 66 L. Ed. 686), United States *v.* Lanza (260 U. S. 377, 67 L. Ed. 314), the court was chiefly concerned with the construction of the second section of the eighteenth amendment conferring concurrent powers on the United States and the several States. In all these decisions, particularly the Lanza and Vigilotti cases, the court expressly recognized that the prohibition powers of the States were police powers. It follows, although the court did not so expressly hold, that the concurrent powers conferred on the United States must be police powers.

The statement in the Lanza case at page 381 that—

> the first section of the amendment took from the States all power to authorize acts falling within its prohibition—

and general statements to the same effect in the other cases, do not militate against the construction contended for, since the Supreme Court has not defined what are "acts falling within its prohibition." As has already been noted, the prohibitions of the eighteenth amendment can not go beyond the powers conferred on the Federal Government, and those powers being police powers, are powers inherently exercisable against citizens of States, and not against the States themselves.

In the preparation of this memorandum counsel has not attempted to examine all of the innumerable cases in which the Supreme Court has passed on the Volstead Act as distinguished from the eighteenth amendment. Whether in any of those cases the Supreme Court has more closely defined the nature of the powers conferred on the Federal Government by the eighteenth amendment, is, therefore, impossible to say. An examination of the more important of these cases discloses no such definition. Furthermore, it is confidently believed that the Supreme Court could not define the powers conferred on the Federal Government as other than police powers, and that the Supreme Court at least has never undertaken to say that such powers are exercisable against a State, as distinguished from citizens of a State.

INTEREST ON SOLDIERS' LOANS

Mr. WHITE. Mr. Speaker, it has been my observation that the Treasury recently has borrowed money at 3 per cent in amounts which should be sufficient for the payment of current loans on the adjusted-service certificates of World War veterans. I do not believe, even in times like these, that we should ask those men to pay a rate of interest higher than that paid by the Government for which they fought in 1917 and 1918. For this reason I favor and am supporting the Senate bill which reduces the interest on these loans to 3 per cent, rather than the House bill which reduces the interest rate to 3½ per cent.

LEST WE FORGET

Mr. LOZIER. Mr. Speaker, the plan of President Hoover and the Republican leaders is to shift attention from the tragic failures of the present national administration, and to this end, aided by the great metropolitan newspapers, they launched a nation-wide campaign to discredit Congress. But the RECORD speaks clearly and convincingly proves that—

First. Congress is the most economical branch of our Government and that the greatest waste and extravagance is in the executive departments and in the boards, bureaus, and commissions, over all of which President Hoover presides, but whose wasteful expenditures of public funds the President has made no effort to restrain.

Second. The present Congress cut appropriations for next year $690,379,933 below the appropriations for the preceding year, and then by the economy bill reduced salaries $150,000,000, making a total saving of $840,379,933 as compared with the expense for last year.

Third. The present Congress not only cut appropriations more than $840,000,000 below the appropriations for last year, but this Congress reduced the ordinary expenses of the Government $36,524,021 below the expenses for 1927. To this sum should be added the $150,000,000 saved by the economy bill, which makes the Government expenses for next year $186,524,021 less than the Government expenses for last year.

Fourth. The present Congress reduced the appropriations for the coming year $174,000,000 below the recommendations

of President Hoover and the estimates of his Director of the Budget.

Fifth. In its efforts to reduce expenses, Congress did not have the wholehearted cooperation of President Hoover and his Cabinet heads. The Cabinet officers vigorously opposed the efforts of Congress to reduce appropriations for their respective departments. If President Hoover had been very much interested in reducing Government expenses he would have prevented his Cabinet officers from going before the Appropriations Committee and fighting these reductions. Moreover, when Congress endeavored to consolidate the War and Navy Departments, which would have meant a saving from fifty to one hundred million dollars annually, President Hoover not only vigorously opposed such consolidation, but sent his private secretary on the floor of the House to lobby with Republican Members and defeat the proposal for such consolidation.

Sixth. Under the Harding-Coolidge-Hoover administrations the number of Federal employees has been increased over 200,000, and during all these years neither of these Presidents made any worth-while effort to prevent this enormous increase in public expenditures, and President Hoover was as "still as a mouse" about economy until the Democratic House and a rapidly growing public demand forced him to recommend a "milk-and-water" economy program. The Government expenses for the ensuing year will be nearly $1,000,000,000 less than last year, and the credit for this saving is primarily due to the Democratic House that initiated and put over this economy program.

GETTING ACQUAINTED WITH THE FEDERAL GOVERNMENT

Mr. SUMMERS of Washington. Mr. Speaker, there is much misunderstanding among our good citizens concerning certain subjects. I want to repeat and answer some questions that are most often asked.

Question. Do any of the taxes paid to county or city treasurers go to the support of the National Government?

Answer. No. All taxes on lands, houses, business property, personal property, or for schools, roads, and so forth, that are paid to county and city treasurers are levied, collected, and expended within the State. Such taxes are not and under the Constitution can not be controlled in any way by Congress and not one penny of such taxes goes to the support of the National Government.

Question. Do National Government officials and employees pay an income tax?

Answer. Yes. Senators, Congressmen, and all employees of the National Government pay exactly the same Federal income tax as a private citizen with the same income. In order that there might be no question about this, the Congress several years ago passed a law stating specifically that salaries of United States Senators and Congressmen should be taxed.

Question. Did Congressmen reduce their own salaries this year?

Answer. Yes. Congressmen and Senators cut their own salaries 10 per cent and their travel and stationery allowance 25 per cent.

Question. Does the Government do free printing for Congressmen?

Answer. No. The Government Printing Office collects the full cost of every line printed for each and every Congressman.

Question. What about the franking privilege?

Answer. In the transaction of official business Congressmen receive and answer anywhere from 40 to 400 letters daily. This correspondence covers a wide variety of subjects such as pending legislation, public and private, relating to veterans' cases of all kinds, to immigration cases, to pensions, to public works, such as rivers and harbors, public buildings, and the like, in short, to every subject which contacts our people with the National Government. Constituents expect and have a right to inquire into and be given information upon these subjects. There is also a demand for Government publications.

This demand covers a wide range, from copies of bills pending in Congress to copies of bulletins issued upon many subjects, copies of committee hearings, Government reports on rivers and harbors, railroads, national forests, national parks, public lands, legal opinions, reports of departments and of commissions, agricultural Year Books, claims, foreign and domestic, and, in short, publications covering the entire ramifications of the National Government that can only be procured at the source of publication in Washington. The franking privilege is primarily for the benefit of our citizens. It would be very annoying for constituents to inclose return postage, and nothing would be saved in the long run. One hundred and twenty-five million citizens are served in this way by 531 Senators and Representatives at an average cost to the Post Office Department of less than a thousand dollars per year per Member. The congressional franking privilege for all these purposes amounts to one fifteen-hundredth of postal expenditures.

FOREIGN-DEBT CANCELLATION

Mr. ANDRESEN. Mr. Speaker, the clever scheme which has just been agreed to by European diplomats at the Lausanne Conference to cancel reparations and the cost of the World War might look very good to the international bankers and others who are more interested in their own financial matters than in the welfare of the American taxpayer. In my opinion, this united proposal on the part of debtor nations is simply a scheme hatched up by cunning foreign statesmen and international bankers to unload the cost of the war on the American people.

Underneath the surface of the Lausanne agreement appears a secret gentlemen's agreement amongst the European diplomats that their official compact to cancel reparations is contingent upon action by the United States Government to cancel the nearly $12,000,000,000 of foreign debts held by our country. Virtually all of this huge amount was loaned by the Wilson administration after the signing of the armistice and represents money honestly raised from the American people through the sale of Liberty bonds.

I opposed the cancellation of nearly $10,000,000,000 of foreign debts in 1926, and I am unalterably opposed to cancellation at this or any future time. The debtor nations have nearly 60 years in which to pay their obligations to this country, which is a sufficient time in which to take care of these honest debts to the American people. Our Government has already canceled 50 per cent of the obligations due us as a result of loans made during and after the war.

While it is doubtful if we could ever collect any of the outstanding debts, I would, nevertheless, oppose cancellation because of the trickery and subterfuge resorted to by the European diplomats and international bankers to fleece the American people.

Most of our difficulties of to-day are traced to the World War. If the people of this country stand blindly aside and permit unscrupulous international politicians to unload the cost of the war on the people of this country, it will be the most exasperating outrage perpetrated upon the people of any country.

I am also opposed to any scheme which calls for a cancellation of the foreign debt under the guise of a reduction of foreign armies and navies. Why should the American taxpayer be called upon to pay for foreign favor along this line when we, as a Nation, have always led the world in movements for peace, and when we know that any agreement to limit armament by foreign powers will be tied up by secret gentlemen's agreements at the expense of this country? We had one experience about 10 years ago when this country scrapped hundreds of millions of dollars' worth of battleships and the foreign powers simply destroyed blue prints.

The experience of the people of the United States in dealing with foreign countries has been very disastrous. International bankers have unloaded nearly $30,000,000,000 worth of foreign bonds upon our citizens, most of which are now worthless. The responsibility for this gigantic steal lies with the international bankers, and I feel that the time has now come when they should be eliminated from the picture. They are parasites on society, seeking only gain for

themselves and their clients. They have left the American people holding the bag and have taken the profits for themselves and their foreign conspirators.

In the future it would be well for Americans to remember the disastrous times from 1917 to 1932 and to learn to say "no" when it comes to any dealing with international bankers and foreign entanglements.

ARCHIBALD ROOSEVELT SHOULD GIVE THE FACTS

Mr. PATMAN. Mr. Speaker, some time ago I inserted a statement in the CONGRESSIONAL RECORD in answer to the petition of Archibald Roosevelt's so-called economy committee. In the statement I showed that Archie was in no position to complain about the Government being liberal with the veterans; that he was the part owner and an officer of the Roosevelt Steamship Co.; that this company received a contract from the Government to carry ocean mail; that the first few months of this contract this company received a subsidy from the Government amounting to $779,004; the statement also showed how Archie was successfully used by Harry Sinclair in the Teapot Dome negotiations; that he was given a big salary and raised several times, although Sinclair later testified that he was not worth 15 cents at any kind of work. Archie has issued a statement denying that he was a part owner of the Roosevelt Steamship Co., but admits that he once acted as temporary director of the company, but never received any profits.

DIRECTOR OF COMPANY LAST 12 YEARS

I have examined the Directory of Directors for the years 1921 to 1931, inclusive. The following information is given for that period of time:

ARCHIBALD ROOSEVELT

1921–22: Vice president, secretary, and director of Roosevelt Steamship Co., page 705.
1923–24: Vice president and director of Roosevelt Steamship Co., page 787.
1925–26: Same as above, page 776.
1927–28: Director of Roosevelt Steamship Co., page 808.
1929–30: Same as above, page 808.
1930–31: Director, Chicago, Rock Island & Pacific Railway Co.; director, Roosevelt Steamship Co., page 837.

SUMMARY (ARCHIBALD ROOSEVELT)

Director, Roosevelt Steamship Co., 1921–22 to date.
Director, Chicago, Rock Island & Pacific Railway Co., 1930–31 only.

WAS HE DUMMY DIRECTOR?

The records disclose that Archie was a director of the Roosevelt Steamship Co. for many years and until the present time or the last report. He says that he was only a "temporary" director and received none of the profits of the company. He was a director when the Postmaster General was persuaded to give his company a subsidy for 10 years.

WALL STREET INTERESTS

International and Wall Street bankers needed some one to fight the veterans for them; they selected Archie. No doubt they considered the use of the Roosevelt name would be valuable to them. If they were familiar with Harry Sinclair's testimony before the Teapot Dome investigating committee in regard to the value of Archie's services, they doubtless considered his name—Roosevelt—his only asset to the cause they were promoting.

ATTITUDE OF CONGRESS TOWARD BUSINESS CONDITIONS IN THE UNITED STATES

Mr. STULL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by me at a meeting of the Rotary Club of Johnstown, Pa., June 29, 1932:

Approximately eight weeks have passed since I assumed my duties as your Representative in Congress from the Cambria County district. It is but natural for you, on an occasion of this kind, to want to know something of my labors in your behalf while serving as your Representative; but if I were to make candid reply to that inquiry, it might be concluded with the frank statement that most of my time has been consumed in endeavoring to find out just how and why the wheels of the National Legislature go around. So, instead of attempting to justify my incumbency, it might be more to the point if I were to discuss some of the outstanding phases of the problem which confronts practically every individual of the Nation to-day, the solution of which is most eagerly and earnestly sought. It would be superfluous for me to even mention the name of this problem, for we all have become so obsessed with it that to apply the most descriptive term is taboo. Therefore, I will merely refer in this short talk to the matter of business conditions in the United States and what action has been taken by Congress with reference thereto.

In approaching any problem, as in the treatment of a disease, it is always advisable to determine, if possible, the causes of the trouble; yet in an endeavor to locate the cause of the present difficulties one is confronted with a variety of opinion and with little agreement thereon. In reading a little pamphlet a few days ago, I ran across this story, which is a recital of a lady who wrote to a town editor: "Why do we have hard times?" The editor answered, "Lady, hard times is a period when people quit feeding the cow and wonder why she gives less milk."

The primary or underlying cause of present conditions is quite likely the same as those of former depressions. We recall that since the Civil War we have had a number of major business depessions, the most outstanding of which were those of 1873, 1893, 1907, and 1921. It might also be mentioned that in 1913 we had conditions that presaged a very serious stringency, but by reason of the great industrial expansion following the outbreak of the war in Europe, grave results were averted.

Of the panics mentioned, those of 1873 and 1893, each continuing for a period of four years, are the only ones comparable to the present stagnation. The panic of 1873 was brought to a close largely by reason of three successive large crops in the United States at a time when all other grain-producing countries of the world had small crops. The panic of 1893 was aided in coming to a close by reason of our entrance into war with Spain. No specific act of the Government, however, was resorted to to bring the country out of the depression in any of these cases. It remained for the present emergency for the country to call loudly upon its legislative and executive branches of the Government to perform the herculean task of bringing back prosperity after business had fallen into the doldrums. It might be questioned, of course, whether or not such procedure is a proper function of the Federal Government.

But in these later years it has become so much the custom for the people to look to their Government for relief in every time of stress that it is impossible for the chosen agents of the people to escape the responsibility thus thrust upon them.

The people, including high financiers, bankers, business men, and captains of industry, having woefully failed to keep the machine functioning and having, as a last resort, put the whole thing up to Congress, now complain bitterly because that body, after laboring since the beginning of December, has failed to apply the magic touch. Even now, while severely criticizing the ineptitude of the Congress, the country is demanding that Congress throw up the sponge and adjourn. Despite the unjust criticism of their individual and joint efforts, the Members of Congress, of both branches, are nevertheless devoting their best talents to the job in hand and it is confidently asserted that in the main these Members are doing a yeoman service and are patriotically giving their best to the country.

Many measures have been introduced in Congress having for their purpose the revival of business as well the correction of the unemployment situation. Quite naturally some of these have little merit, while others have received the most careful consideraton of Congress and a few of them have been enacted into law. Still others are in the course of legislative action and, it is hoped, will be passed before the adjournment of the present session.

Adverting for a moment to the most apparent outstanding causes of our present situation, I think it can well be conceded that as a Nation we did not fully appreciate the gravity of the debt incurred by reason of our participation in the World War. In 1916, the year before our entry into the war, the Nation's gross bonded debt was less than a billion and a quarter dollars and in the year succeeding the cessation of hostilities, 1919, it had reached nearly twenty-five and one-half billion dollars. During the succeeding years it has been reduced to approximately $18,000,000,000.

Despite this enormous burden of debt upon the National Government, with its accompanying heavy burden of interest, the reconstruction period after the war was so hectic and productive of such enormous profits everyone seemed to think that a new era had been reached and that no depressions would ever recur. As a nation we entered into a orgy of luxurious and expensive living, and with the surpluses acquired from time to time we began pyramiding in security investments. Everyone got into the stock market for easy money. Not only that, we were not satisfied with spending the money as we got it, but, following the lead of the National Government adopted under the stress of war financing and with the success of the flotation of huge bond issues still fresh in our minds, individuals, business concerns, and financial institutions began pledging future earnings to build still greater fortunes and establishments. Indeed, we appeared to have embarked upon a steadily ascending spiral, and there was little or no thought of a return trip. We had forgotten that old axiom of our boyhood days, that "whatever goes up is bound to come down."

Concomitant with the expansion of business, we had an enormous increase in the wealth of the country; that is to say, we appeared to have more money, but, strangely enough, in the period from 1917 to the present time the amount of money in circulation has not varied greatly. In none of those years has the circulation of currency ever fallen below $4,000,000,000, nor has it exceeded about five and one-half billion dollars. In fact,

it has averaged about $5,000,000,000 during each of the years of that period.

The stock of money in the United States, counting Treasury reserves and money of all kinds, during a similar period ranged from five and one-half billion dollars to eight and one-half billion dollars; that is, speaking in terms of actual cash. But we did not depend alone upon this cash money to do business; we had another kind which passed as money but which, in reality, was only credit. This credit money was in the form of bank deposits. Prior to the crash in 1929 physical money—that is, actual cash—added to these credits or bank deposits amounted to $60,000,000,000. To-day it does not exceed $45,000,000,000. So that by reason of the contraction of business credits we have lost $15,000,000,000, which is absolutely gone.

We might ask how money actually disappears in this fashion. If I owe you a debt and pay that debt in cash, the money still exists and there is no change in the total amount of cash; or if I have the cash in the bank and give you a check to pay my debt, my credit is merely transferred to your deposit credit and my balance is reduced by the amount that yours is increased. Here, again, there is no change in the amount of cash. But if I borrow money from the bank and give the bank my note, the amount of my note or loan is entered to my credit in my account. Now, when I draw a check to pay the bank, the amount of that check goes out of existence. That money disappears. The only existence it ever had was in my deposit book and on the books of the bank. This procedure also explains the enormous gains in bank deposits. Thus, during the past three years, more than $15,000,000,000 has been wiped out in that way. People have been paying their debts and contracting the currency and our deposit currency has been reduced to $45,000,000,000.

Another element that goes to the stagnation of trade is the reduced velocity of the currency. During the boom years our deposits—that is to say, the $60,000,000,000—were turned over at the rate of about twenty-five times per year. That has now been cut in half, and the turnover is only about thirteen times per year. To get a better picture of that situation we have only to compare the total volume of trade during the two periods. When we had $60,000,000,000 turning twenty-five times a year it represented an annual turnover of $1,500,000,000,000, whereas $45,000,000,000 turning thirteen times represents a total turnover of only $585,000,000,000, a loss of 41 per cent. The sad part about it is, or has been, that the contraction has been steadily going on.

With the depletion of our finances and our lessening ability to pay we are now astounded to find what is on the debit side of our ledger. We find that the total indebtedness of individuals, business concerns, municipalities, States, and Nation aggregate more than $200,000,000,000. Prior to 1929 the physical capital of the United States was only $360,000,000,000 at its highest peak, and by reason of the depletion of values that has now been reduced to about not much more than $180,000,000,000. That presents a rather serious-looking balance sheet. The truth of the matter is that as a people we are barely solvent. On this debt we had an annual interest bill of about $7,000,000,000 and an annual tax bill of about $13,000,000,000. The stock-market crash has resulted in a loss to the American people of about $70,000,000,000 of pyramided securities, paid for largely with borrowed money. So, that was the picture. After the individuals and the banks and the captains of industry had failed they turned to Congress with this order: Reimburse us for our $70,000,000,000 losses, reduce the annual tax burden of $13,000,000,000, and immediately give jobs to the eight or nine million men whose jobs were lost through the crash. That was certainly some order to give to the legislative branch of the Government.

As stated before, many expedients have been suggested, among others the proposed increase in the amount of currency of nearly two and one-half billion dollars with which to pay the adjusted-service certificates of the soldiers of the late war. The measures proposing this increase in the currency for the purpose indicated experienced a stormy career in Congress. The Patman bill, providing for the payment of these certificates in full, was the first bill introduced in the House during the present session and was designated as H. R. 1. This bill, together with 19 others of similar character, was referred to the Committee on Ways and Means, which conducted hearings from April 11 to April 29 and on May 2 and 3 and submitted an adverse report to the House on the 7th of May. The report of the hearings of this committee covered 841 pages of testimony. Although this report put an end to the measure for the time being, its proponent succeeded, by means of petition, in securing favorable action to bring the bill before the House for consideration. Probably no measure brought before the present session has brought forth so much discussion and the debate was cut short by the untimely and tragic death of the Hon. Edward E. Eslick, who was stricken on the floor while making a speech in favor of the bill. The termination of the debate, however, did not prevent Members from expressing their views on the measure. Many pages of the RECORD are covered with the extension of remarks on this particular legislation.

It is not my purpose to discuss the merits of this measure other than to deal with the amendment to the original bill—that to pay the certificates with new currency—also the last-minute amendment submitted but a short time before the bill was put up for passage, providing for the issuance of bonds in an amount similar to the proposed issue of currency; that is, bonds to be placed in the hands of the Federal reserve bank and to be issued by it when and as, in the judgment of the board, it became necessary to stabilize the currency.

Along this line it might be well to quote the concluding paragraphs of the majority report of the Ways and Means Committee having the bill in charge. The committee says: "There is absolutely no shortage of currency; there is in existence all the currency we need."

"What we need is a restoration of confidence in order to get back to normal in the United States. First of all, we must balance our Budget by reducing the expense of the Government and by levying new taxes. We must restore the confidence of the people of the United States in our own Government first of all, and the printing of $2,400,000 of fiat money and its distribution will not inspire confidence in the stability of our currency or in the stability of our Government."

It is upon these considerations that the measure was lost, both in the House and in the Senate. It was not so much a question of whether the soldiers were entitled to the payment of their certificates at this time as it was that the country was in no position to make the payment without catastrophe.

It has already been pointed out that the bulk of our trading need is not actual cash but credit. In fact, the actual cash in circulation is nearly a billion dollars more now than it was in 1929. It was increased by the amount of $900,000,000 in 1931, for the purpose of paying the 50 per cent loan on soldiers' certificates; and though at that time heralded as a cure for the depression, the increased circulation caused scarcely a ripple on the financial sea. In my opinion, merely adding to the volume of the currency would not cure the trouble, but, on the contrary, would aggravate it. An inflation of currency at this time could not do otherwise than cheapen our money.

Well, you will say, what has Congress done on that job? I think one of the most outstanding accomplishments was the creation of the Reconstruction Finance Corporation. Congress appropriated $500,000,000 toward the capital stock of the Reconstruction Finance Corporation and gave authority to that corporation to borrow on bond issues an additional billion and a half dollars. The money advanced by the Government is to be repaid, and it is calculated that the corporation, briefly referred to as the Reconstruction Finance Corporation, will be self-supporting, if not profitable. I think it can be generally conceded that the support given to the banks by the Reconstruction Finance Corporation definitely checked the wave of failures that has started among those institutions. In fact, it saved the banking system of the country.

As to the work of the Reconstruction Finance Corporation, no better authority can be found than its former president, Gen. Charles G. Dawes, who was called as a witness in the hearings on the Patman bill. At the time of the giving of his testimony on April 21 the corporation had been functioning about 11 weeks, and during that period it had authorized loans to 1,520 banks and trust companies in the amount of more than $243,000,000, of which amount ten million had already been repaid. These figures did not include loans of approximately $6,000,000 authorized in connection with the reorganization or liquidation of closed banks. The success of the work of the corporation was indicated in the fact that in the 71 days which preceded its institution 756 banks suspended in the United States, while in the 71 days succeeding the opening of business by the corporation only 182 banks suspended, involving deposits of only one-sixth as much as in the preceding 71 days. And, in addition to this, 79 failed banks, with thirty-six and one-half million dollars deposits, have reopened. Furthermore, the withdrawal of deposits had been stopped, and hoarded money to the extent of $250,000,000 has been returned to the banks.

Touching the criticism that only the large banks had been favored, General Dawes points out that 69.2 per cent of the banks which have borrowed money from the corporation are located in towns of less than 5,000 population, and 84.6 per cent of the borrowing banks are located in towns of 25,000 population or less. Only 5.3 per cent of the money loaned was to banks located in cities of 1,000,000 population or over.

During this period of time loans were authorized to 20 railroad companies aggregating seventy-seven and one-half million dollars. At the close of business April 19 the corporation had approved advances to 98 building and loan associations in the total amount of $17,326,748, also nearly twelve million to 28 insurance companies located throughout the country. In his testimony General Dawes points out that "the reason why Congress authorized loans by the Reconstruction Finance Corporation to railroads, as disclosed by the discussions in Congress, was not only for the protection of railroad corporations as the backbone of our transportation system and as employers of hundreds of thousands of men but for the protection as well of the trustee institutions of this country, including insurance companies and savings banks, owning the securities of railroads, in which institutions and their normal functioning the great public has a direct interest."

In addition to the foregoing, the corporation has authorized loans to joint-stock land banks, livestock-credit corporations, agricultural-credit corporations, and mortgage-loan companies in the aggregate number of 24 and in the aggregate amount of $14,400,000.

Summarizing, General Dawes says: "The corporation has authorized, in the brief period from February 2 to April 19, loans to 1,757 institutions aggregating $370,437,802, of which $285,456,521 has been disbursed to the borrowing institutions. Repayments during this period aggregated $11,384,263. The corporation has 33 loan agencies distributed over the country for the purpose of receiving applications for loans and making recommendations to

the board at Washington, and every section of the United States was represented in the loans that have been made."

The set-up of the corporation is such that it is found adaptable to many other reconstructive plans, and its duties are being expanded continually to meet new needs of financing.

In addition to the foregoing, Congress has greatly reduced the appropriation bills for the operation of the Government departments, and is now endeavoring to expedite the passage of a relief bill for the unemployed by means of loans to the several States and to business institutions for the promotion of self-liquidating works and projects. A bill has also passed the House providing for large loans through the Reconstruction Finance Corporation to building and loan associations. This measure is known as the home loan bank bill, and it is hoped will become a law.

Notwithstanding the passage in the House of the Garner "pork-barrel" bill for the construction of large numbers of post offices throughout the country and other public works, there appears little sympathy in Congress for such a project. It is expected that some compromise measure may be made up by a combination of the Garner bill and the Wagner bill which, in all probability, will carry provisions for unemployment relief.

In its efforts to balance the Budget, Congress passed a billion-dollar tax bill. Judging by press comments and the expressions of people on the street, this tax bill is not at all popular; but judging from the number of requests to have a copy of the act supplied to them, one might conclude that its circulation would rank with one of the best sellers. The tax bill will be found increasingly unpopular, and, in my opinion, most of those persons who severely criticized and strenuously opposed the passage of a sales tax will eventually come to admit that such a tax is preferable to the one that Congress finally adopted.

That, in brief, is what Congress has attempted to do to relieve the situation; and while people, as indicated at the outset of this talk, are prone to look to the Government for relief, the end of our decline is not in sight unless the people themselves earnestly tackle the job and we have no reason to despair. There are more than 120,000,000 of us and we have often boasted, in season and out, that we are the greatest people on earth and that there is no job too big for us to do. There is much justification for this boast, for though notwithstanding the fact that we represent only 6 per cent of the population of the world, we do things on a larger and greater scale than do our neighbors of other countries.

Senator CAPPER, in a recent radio address, pointed out what this 6 per cent of the world's population was doing the year before the panic of 1929 started. It consumed 15 per cent of the wheat consumed in the entire world; 23 per cent of all the sugar; 51 per cent, more than half, of the coffee drunk in the world; used 26 per cent of the cotton; 72 per cent of the silk; 17 per cent of the wool; 66 per cent of the rubber; 43 per cent of the pig iron; 36 per cent of the lead; 35 per cent of the zinc; 46 per cent of the tin; 39 per cent of the coal; 61 per cent of the petroleum; 35 per cent of the water power; and 40 per cent of the electrical energy.

This 6 per cent of the population of the world owned three-fourths of the autos in the world; used 60 per cent of all the telephones; sent 25 per cent of all the telegrams; mailed 35 per cent of all the mail delivered all over the world; and delivered 38 per cent of the freight tonnages. To-day, there are enough foodstuffs in the United States in storage to last us a year, enough clothing to last us a year, and apparently inexhaustible sources of heat and light power. So much for what we have done and can do again.

I have thus briefly, in the short time allotted me, endeavored to throw some light on the situation. Some of you, possibly many of you, will not agree with what I have said; but I think if you will take the time to seriously reflect upon how we, as individuals, as business concerns, as municipalities and as States, and finally as a nation, have proceeded recklessly to go into debt without any concern for the future or of our own ability to pay, I think you will agree that the punishment we are now taking is not wholly undeserved; and, too, it might be added that it is incumbent upon us to get our house in order and not to hand down to our children a defunct Government and a worthless currency. It may also teach us that wars are much too costly and not to be entered into without great provocation. And, finally, we may have come to recognize the truth of the lesson which the pioneers of the country and our fathers so painstakingly tried to teach us—that the things which endure are those that come as the fruit of earnest toil and that unrestrained speculation can only bring distress.

In true American spirit we are going to throw off the fetters that bind us and again dig in and by sheer force of our individual and combined effort again attain to the heights we have lost the while.

AN ANALYSIS OF THE STATEMENT RELEASED FROM THE WHITE HOUSE BY THE PRESIDENT AS TO THE EFFECT OF THE RELIEF BILL

Mr. RAINEY. Mr. Speaker, the statement issued by the President as to the effect of the relief bill is a remarkable document indeed; it bristles with errors.

THE PORK-BARREL INFECTION

The President insists that what he calls the "pork-barrel" features of the bill are eliminated. As a matter of fact, the "pork-barrel" features are there. The bill as it stands is a real "pork-barrel" bill. It provides for public works to the amount of over $320,000,000. Money can be expended on river and harbor projects, flood-control projects, and public buildings, but it can only be expended on such projects as may be designated by the President's subordinates, and, of course, that means the President, and it can only be expended in the event that the Secretary of the Treasury certifies that there is that much money in the Treasury available or that it can be obtained on reasonable terms. In other words, a national campaign is opening and it is conceivable that part of this money, or all of it, can be released for these purposes in such localities and at such times as may help the Republican national candidates. Of course, the money can be obtained on reasonable terms. The Treasury is now borrowing money at less than 1 per cent per annum.

In his speeches prior to his election and during his campaign, the President declared himself to be in favor of public works for the relief of unemployment and insisted that a billion dollars could be expended for that purpose. Nothing like this sum has been expended in the three years of President Hoover's term of office. Not over one-half of that amount has been appropriated for public-works purposes. We carried in the Garner plan bill, which I introduced, provisions for a public-works program in entire harmony with the President's recent utterances, and nothing has been done to change conditions except that 8,000,000 more men are out of employment.

HIGHWAY APPROPRIATION

The bill carries an appropriation of $120,000,000, which provides for advances to the States for highways. When we passed this bill through the House not long ago the President denounced it as an indefensible "pork-barrel'" measure. He now has signed the bill containing the expenditure of this money for this purpose. This appropriation it not subject to a veto by the President and Secretary of the Treasury. It remains in the bill as a measure of relief for unemployment for the reason alone that it would have been impossible to get the President's relief bill through the House without it.

THE PUBLICITY CLAUSE

The President insists that "the possible destructive effect" upon credit institutions by the so-called publicity clause has been neutralized by the declaration of the Senate leaders "that this provision can not be made public by the clerks of the Senate and the House of Representatives until ordered by the Congress in session."

Not long ago in a statement issued by the President he agreed to this provision and said that the Democratic House must take the responsibility. I at once issued a statement, which was confirmed by the Speaker of the House, that we would take the responsibility. He now insists that this information is to remain confidential until the convening of the next Congress. In other words, while the reports are to be made every month, people are not to know during the progress of the campaign what has been done with the enormous amount of money contributed in the first instance by pledging the credit of the Government, and for which every taxpayer in the United States is liable.

The act which has passed carries no such possibilities. These reports, when they are filed, are public documents; any citizen has the right to inspect them and any newspaper has the right to publish them. Not long ago we passed an act requiring reports as to campaign expenditures and campaign contributions. The same argument might be made that these reports can not be made public except on the express authority of Congress. I undertake to say that if the Clerk of the House and the Secretary of the Senate refuse to permit an inspection during the vacation of Congress of these reports they will be guilty of a serious malfeasance and may be held to account for it when Congress convenes again in December. People have a right to know whether this money is going to be used in such a way as to influence the election.

There is, of course, no reason whatever in requiring these reports to be made monthly unless they are to be made public. They might as well be made upon the convening of

each session of Congress if the construction placed upon the law by the Senate and by some of the Senators is correct. They are in no sense of a confidential nature.

SELF-LIQUIDATING PROJECTS

The bill carries just as much money as the Garner plan bill, except that at the instance of the President a large amount of it is to be expended on what he calls "self-liquidating projects." As the administration of this act proceeds, I am anxious to see how many self-liquidating projects will be developed in the United States. When self-liquidating projects are referred to, attention is always called to the Holland Tunnel, connecting New Jersey with New York City. This self-liquidating project has paid, but there are five crossings from New Jersey to New York City. Four of them are bridges intended to be self-liquidating. The four bridges have failed absolutely and they are now being carried by the Holland Tunnel. It is proposed to construct another subway under the river in addition to the Holland Tunnel, and because the Holland Tunnel is a success it is contended that this additional tunnel will be a success.

I undertake to say that no more people will cross from New Jersey into New York City or from New York City into New Jersey than now even if another subway under the river is constructed. Another subway under the river would be simply an additional charge on the Holland Tunnel and the chances are that neither the Holland Tunnel nor the four bridges and one additional tunnel would be self-liquidating if the additional tunnel is built.

It is insisted that irrigation projects can be developed which will be self-liquidating. I never heard of an irrigation project that was self-liquidating to any degree. The Government has 37 of them now on its hands and they have paid back none of the appropriations made for them. We do not need additional irrigation projects to bring more marginal lands under cultivation. We have too much land under cultivation now, and if any more of these projects are financed by the Government farmers of the country have the right to know it, and this is one reason for the publicity of these reports.

A GIGANTIC CENTRALIZED BANKING BUSINESS

The President states that the provision for the establishment of a gigantic centralized banking business has been eliminated. As a matter of fact, on his initiative the greatest bank in the history of nations has been established with a capitalization of $2,000,000,000 originally, to which we have added on his initiative $1,500,000,000 more, but under the restrictions placed by him and as a result of his veto of the bill which contained the Garner plan method, this gigantic banking institution is to operate only for the benefit of railroads, banks, and insurance companies. We tried to make it operate in favor of municipalities and corporations and individuals, but the President has succeeded in defeating this feature. At the present time banks will not loan to individuals and corporations or municipalities who can furnish ample security, for the reason that they must keep their funds liquid during the present Republican depression, in order that depositors who have no confidence in this administration can get their money if they want it at any time. They keep their funds liquid in order to avoid runs. There can be no runs on the Reconstruction Finance Corporation. There are no depositors there who can take out their money; therefore the provision in the Garner plan bill. The Garner plan bill contemplated a restoration of prosperity by beginning at the bottom and restoring the buying power of individuals and corporations, and this is where we must begin if prosperity is ever restored. This hope, however, has been killed by the President.

The President, however, by advocating and agreeing to the so-called Glass amendment, has made it apparently possible for individuals and corporations to borrow directly from the Federal reserve system. If this operates, I would like to know whether or not this does not constitute a gigantic centralized banking business. Of course, the President now can prevent these loans—through the Secretary of the Treasury and the Governor of the Federal Reserve Bank he can make these loans to selected individuals.

In other words, they can be made during the coming campaign for political purposes, and this is another reason for publicity of the reports made by the Reconstruction Finance Corporation. The bill as it stands is a gigantic "port-barrel" bill which may be administered during the coming campaign in such a way as to help out the Republican national ticket, and this kind of assistance can extend to Republican candidates for Congress as well.

LOANS TO ASSIST AGRICULTURE

The President calls attention to the broadening of the powers of the corporation in the loans it can make to assist agriculture. He states that this should materially improve the condition of the farmers. These provisions for the exportation of agriculture surpluses were contained in the original Garner plan bill which I introduced. The only material modification made consists of the fact that we were compelled to eliminate from the bill the provisions which would have disposed of the one year's surplus of cotton we have on hand. This was eliminated at the demand of Senators and Representatives of the cotton States, but it was really eliminated on account of the false impressions created by the cotton mills and cotton exchanges. The cotton mills, of course, want cotton as cheap as they can get it, and the cotton exchanges want to continue collecting their commissions. They do not want the Reconstruction Finance Corporation to dispose of surplus cotton in such a way as to deprive them of their commissions. I am sorry it was necessary to eliminate cotton from the bill. We have a year's supply of cotton on hand and another crop coming on, and at the expiration of the present crop year we will have another year's supply on hand. As to the other agricultural products, it will work, if the President wants it to work, and I infer from his press releases that he does, but for this feature in the bill the President can not claim credit.

INFLATION AND PRICE FIXING

Mr. WHITE. Mr. Speaker, in connection with the Glass-Borah amendment and the proposed Goldsborough-Steagall amendment to the home loan bank bill, it is my purpose to give to the House some facts which have not been brought out and which I believe will reveal the possibilities, if not the certainties, which would follow upon the adoption of these plans.

The Glass-Borah amendment proposes that all United States bonds of a rate of interest of 3⅜ per cent or less be made eligible as the basis for the issuance of currency by the national banks on the same basis that they now issue currency against 2 per cent consols. This leaves the first limitation upon the issuance of such currency at the total of such bonds outstanding.

The House has been given the impression that approximately $1,000,000,000 worth of currency could be issued on the basis of this bill. The membership doubtless will be surprised to know that in addition to the three-quarters of a billion dollars' worth of 2 per cent consols there are outstanding $3,173,000,000 worth of additional bonds against which this amendment would permit the issuance of national-bank note currency.

However, there is a second limitation upon the issuance of such currency. This is the amount of capital stock of the national banks. Upon the basis of this limitation the banks could now issue approximately three-quarter billions of dollars in such notes. It is by this limitation that those who have informed the House reach the conclusion that only a billion dollars of additional currency could be issued under the provision of the Glass-Borah amendment.

While it is improbable that there would be such abuses, it is possible to see how the national banks by increase of capital stock and by obtaining the funds for such an increase through the issuance of such currency could greatly expand the currency through this bill. This is not a probable abuse, although possible. What I wish to point out to you in connection with these figures is that with $3,171,000,000 worth of bonds of a higher rate of interest than the 2 per cent consols being made eligible for the issuance of currency how improbable it would be that currency would be left based

upon 2 per cent bonds. When a bank could obtain 3 per cent, 3⅛ per cent, and 3⅜ per cent interest upon the bonds against which it based currency, why would it retain 2 per cent bonds for such purposes?

The inevitable result would be immediate depreciation of the 2 per cent consols which now sell at a premium, because they have the currency emission right, thus providing to the United States Government a special benefit in low interest rates as a direct profit from the issuance of national-bank currency.

Under such a plan, it is almost a certainty that these bonds would depreciate to 65 cents on the dollar or less. What effect this would have upon the Government bond market, as well as the other bond markets, one can not immediately say. Only experience could show us the full measure of that effect, but most certainly the destruction of the value of these bonds by taking away from them by indirection one of their values would be a measure of bad faith upon the part of the Government of the United States. In my opinion, the Government would be under obligation to refund as quickly as the law would permit, at 3⅜ per cent, these 2 per cent bonds. This would entail a loss to the taxpayers by additional interest requirement of more than $10,000,000 per year when the operation has been completed.

As to what effect this change of policy upon the currency question would have upon domestic holders of currency and claims upon the Government relative to the gold reserve, one can only speculate. It is not probable that this effect would be seriously shocking. The probability of such an effect upon foreign investors and holders of American claims would be much greater. They might immediately make a run upon the American gold reserve and weaken our monetary position.

Whether or not this measure would actually inflate the currency by another billion dollars is a very speculative question. In the first place, currency is the small-change buying medium of the country. The real medium of exchange of American business are bank deposits and bank credits. The bank deposits alone stand to-day at approximately $50,000,000,000. The bank credits probably can be assumed to add an additional amount to our real medium of exchange. All free gold in America is basically a part of the medium of exchange. All currency now held against various types of deposits and other immobile securities must be added, of course, to this total of medium of exchange. From these figures, it is perfectly clear that the medium of exchange of this Nation has a volume of not less than $60,000,000,000.

Any proposal to materially increase any prices by an inflation of the medium that is not relatively as great in proportion to this amount as the desired increase in commodity prices would, therefore, appear to me to ignore the theory of price relative to volume of exchange. Let us acknowledge, too, that any manipulation of this medium of exchange as long as it is upon the gold basis and as long as there is a free movement of gold between the nations of the world to lift or depress prices must assume the power to elevate or depress the value of the entire free-gold supply of the world as well as exchange media—bank credits, too—remaining upon a gold standard. If this is true, the inflation would be of an amount still scores of billions higher. This is one element in which there can be no national segregation as long as the gold standard survives internationally. Allowance must be made also for those currencies and media remaining on a partial or special gold relationship.

If the advocates of inflation wish to debase by abandoning the gold standard the value of currency or the medium of exchange, they doubtless can attain their end of a manipulation of commodity prices upward without abandoning the gold standard. It seems obvious to me that their project of inflation by expanding either the Federal reserve currency or national-bank currency is a futile gesture.

If debasement is to be resorted to, it means substitution of a speculative dollar for a relatively certain dollar.

The suspended gold standard such as several nations of the world have at this time, the outstanding of which is Great Britain, adds to the gold-base dollar the single element of uncertainty and gambling. No basic producer, no working man, no sound productive business in the history of any nation ever profited in the long run from such a condition. The money manipulators would be the greatest profiters from the manipulations of a period of unstable money.

It seems obvious to me that these economic and historical facts answer completely those who have proposed by various methods of currency inflation to relieve present economic distress. The truth is that we are in a period of downward readjustment of prices. Some injustices have always accompanied such a procedure. Some inequalities have always resulted. The world has not yet found a method of escaping these defects of the system of private property. We are in the moment when the disadvantages of this system are greatest and most glaring.

It was stated earlier that currency is the small change of business. Currency is the medium of exchange which we carry in our pockets and which we hold for that type of payment in our banks. By what line of reasoning are we to assume that the demands for pocket currency are so much greater at the present time, as the currency inflationists indicate? Pocket money takes itself out of circulation, and there is no more demand for it in a time like the present; in fact, not nearly as much as in normal times. The creation of a great amount of small change would be in no sense even a palliative for our present economic distress.

Before I close I wish to point out another possible result from the adoption of the Glass-Borah amendment. If in this lack of demand for pocket currency, instead of replacing national-bank currency this change in policy should result in the displacement of Federal reserve currency to the extent of a billion dollars, the Federal reserve system might conceivably be brought face to face with a very grave situation. This would mean the reduction of Federal reserve currency and Federal reserve credit to the extent of the displacement, which has been assumed to be probably a billion dollars. This would approximate a 60 per cent reduction in Federal reserve credit.

In the face of this suggestion let the Members of the House be reminded or informed, as the case may be, that the Federal reserve bank lost $15,230,000 in its operation in 1931. This loss followed a loss from the surplus of the system amounting to $2,250,000 in 1930. Does the House consider it advisable to adopt this speculative gambling policy with our money when it appears almost certain that any benefits attained as the result of it will be many times overbalanced by the disturbance and destruction of confidence it unquestionably would occasion in the economic world?

The Glass-Borah amendment is probably not a very serious matter but possibly a most expensive one. It positively will cause a loss of several million dollars to taxpayers or holders of the 2 per cent bonds upon which money is issued at this time. Further than this, its effect is speculative and possibly unimportant but probably serious.

The Goldsborough-Steagall amendment is one of the most unsound, most dangerous adventures into the unknown ever suggested to this Government.

If the theory advanced above, that the circulating element sought to be expanded by the inflationists is as much as the minimum figures suggested and the inflationists hope to attain a proportional expansion by Federal reserve bond purchases, it would require it to buy every oustanding bond of the Government of the United States, no matter where it may be located or now held, to bring about a 30 per cent increase in the medium of exchange. To return the commodity prices of the country to the level proposed in the Goldsborough-Steagall amendment would require at least a 30 per cent elevation. Therefore there are not in existence sufficient bonds for the Federal reserve bank to buy in the market for the purpose of issuing currency to bring about the demanded inflation of commodity prices. In other words, the Goldsborough-Steagall amendment proposes an impossible achievement, and does not even lay down the pro-

cedure by which it is to be attained. We know, however, that it is meant to be attained by the process of buying United States Government bonds. The whole procedure is futile, but an effort to achieve it would bring about such disturbance in the business world that they probably would destroy our entire economic fabric.

WHAT THE FARM BOARD HAS DONE TO AID AGRICULTURE

Mr. COLTON. Mr. Speaker, the inequality between business and agriculture, growing up over a long period of years and accentuated by readjustments at home and abroad following the war, brought about the passage of the agricultural marketing act and the creation of the Federal Farm Board. The avowed purpose of this legislation, enacted by Congress after eight years of agitation and discussion, was to restore to agriculture the equality of economic opportunity with other industries which it had lost largely because of the rugged individualism of the farmer and the aggressiveness of highly organized business interests.

Confronted with as difficult a job as ever given a Government agency, a job which was made doubly hard almost at the outset by the world-wide economic depression, here is what the Farm Board has been doing since the summer of 1929 to help agriculture:

First. Extend loans to organized farmers that have meant more than a billion dollars to the credit structure of the country and have saved cooperatives, with few exceptions, from the financial disaster that has befallen thousands of other business institutions.

Second. Assisted farmers in perfecting and strengthening cooperative associations to the end that producers will have a measure of control in the sale of their products.

Third. Authorized and directed stabilization operations in wheat and cotton that have meant hundreds of millions of dollars in the pockets of farmers and have benefited the country as a whole.

FARM BOARD CREDIT TO COOPERATIVES MOBILIZED TO MEET EMERGENCY

Scarcely had the Farm Board been organized when it became evident that the world-wide economic situation threatened disaster to agricultural prices. The market for farm products was totally undermined by the greatest economic crisis of the generation.

The board recognized the fact that agriculture can not create its own market and that neither organization of farmers nor production readjustments could prevent the drastic decline in farm prices resulting from the falling off in demand. But it also realized that farmers organized in sound cooperative marketing associations occupied a much stronger position in the decline than unorganized producers and that courageous extension of credit to strengthen overdeflated prices and to prevent the failure of sound institutions was the only means of meeting the agricultural emergency.

Its resources were used by the board to develop and keep intact farmer-owned and farmer-controlled marketing organizations in a period marked by ever-increasing failures among business institutions. As a result, no major failure of a farmers' cooperative association has occurred during the past three years. Moreover, disorderly liquidation of farm commodities which would have accelerated bank failures and financial panic in rural areas has been prevented to a large degree.

The operations of the Farm Board have furnished emergency support to agriculture in much the same way as the Reconstruction Finance Corporation has recently begun to support other business units. While most lending institutions were sharply reducing credit, the Farm Board notably expanded the volume of credit in use.

By the end of May, 1932, the board had made net loan commitments from the revolving fund of $1,016,006,161.55. Loans outstanding on that date totaled $469,225,738.58. On the average, banks and other private investors have supplied $2 of credit to cooperatives as primary loans for every dollar of credit that the Farm Board has supplied as secondary loans. Loans actually made from the revolving fund up to May 31 had totaled $985,300,000. Interest collections on these loans amounted to $9,100,000.

Approximately 3,700 cooperative marketing associations with more than one and one-quarter million farmer members have benefited from loans amounting to $351,749,392.74, which were made either directly to the association or to the central cooperative marketing agency with which the association is affiliated. Of the money borrowed, the cooperatives had repaid $185,576,904.25, leaving balances outstanding of $166,172,488.49. Direct loan commitments were made by the Farm Board to 152 national, regional, and local cooperatives.

For stabilization purposes the Farm Board had made loans totaling $633,546,034.50, of which $330,492,784.41 had been repaid, leaving balances outstanding of $303,053,250.09. Of the balances outstanding, the Cotton Stabilization Corporation had $98,477,531.33 and the Grain Stabilization Corporation had $204,575,718.76.

Since the Farm Board was created Congress has appropriated $5,527,000 for its use in meeting administrative expenses. Of this sum the board has spent only $3,543,000 and returned to the Federal Treasury $1,977,000. Thus the total administrative cost of the board, it will be noted, has been slightly less than 40 per cent of the $9,100,000 in interest collected by the board on loans made from the revolving fund.

ASSISTANCE IN DEVELOPMENT OF COOPERATIVE ASSOCIATIONS

The board's assistance in the development of cooperative marketing has included (1) aid in the organization of cooperatives, (2) improvement in marketing methods and business practices, (3) coordination of marketing through assistance in the federation of local and regional units to form national cooperative agencies, (4) loans from the revolving fund.

About one-third of the farmers in this country are now active members of cooperative organizations. The board has record of about 12,000 cooperative associations, with a total volume of business of $2,400,000,000 in 1930–31—a substantial proportion of the total farm income in the United States. For this season indications are that the business of cooperative organizations will maintain or increase the relationship to farm income which obtained during the previous year.

Business of cooperative associations has increased substantially since the board was organized. Cooperative marketing of all products increased on the average 41 per cent between 1927–28 and 1930–31. In terms of individual commodities, cotton increased 137 per cent, dairy products 28 per cent, poultry products 195 per cent, fruits and vegetables 28 per cent, grain 43 per cent, livestock 20 per cent, wool and mohair 614 per cent, while the cooperative marketing of tobacco declined 35 per cent.

To carry out the policy of the agricultural marketing act, "encouraging the organization of producers into effective associations or corporations under their own control for greater unity of effort in marketing and by promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled cooperative associations and other agencies," the Farm Board adopted a definite policy of aiding in the coordination of cooperative marketing associations on a national scale for the major commodities, and has given what advisory and financial assistance it could in their organization and operation.

The board was convinced that such organizations offered promise of eliminating competition between cooperatives; of attaining the savings realizable from large-scale operations; of developing a method of marketing which would make cooperative facilities available to all producers; of bringing together quantities large enough to secure the maximum advantages from classification by grades and qualities to meet the specialized demands of individual purchasers; of providing at all times an open market with sufficient competition to insure the producer getting all that his product is worth; and of unifying under one control selling efforts by diverse cooperative units, thus increasing producers' bar-

gaining power in the markets, thereby enabling them to obtain better net returns for their commodities.

The board assisted in the establishment of national or regional cooperative organizations to handle practically all of the major agricultural products, including cotton, grain, livestock, wool, and mohair, dairy products, fruits, vegetables, nuts, poultry, and poultry products. Many of these organizations now handle a substantial proportion of the total production of their respective commodities. Some of the organizations, such as the American Cotton Cooperative Association and the Farmers' National Grain Corporation, provide a complete marketing service for their members, which reaches every important market in the United States and abroad.

At the present time more than a million and a quarter farmers are members of cooperatives participating in the various centralized sales agencies. In the past few months there has been marked growth in some of these groups; for instance, the member associations of the American Cotton Cooperative Association, which at the beginning of the present crop year had only about 155,000 members, now have about 208,000, or a growth of upwards of 50,000 farmers. The American Cotton Cooperative Association the past two seasons has handled more than twice as much cotton as its member associations had handled together before the central was set up.

The National Livestock Marketing Association had 297,000 members last summer and now has more than 350,000. It was organized in the summer of 1930 with 14 member cooperative associations and since then 9 State and regional associations have become affiliated. It is building a nation-wide livestock credit structure that has already loaned more than $15,000,000 to livestock producers in 28 States.

Before the organization of the Farmers National Grain Corporation, central sales agency for the grain cooperatives, the most grain handled cooperatively in terminal markets in any one year was 66,000,000 bushels, whereas the Farmers National and its member cooperatives have handled approximately 200,000,000 bushels each of the past two years.

Before the National Wool Marketing Corporation was organized only between 20,000,000 and 30,000,000 pounds of wool and mohair was handled cooperatively. In the past two years the National has averaged about 120,000,000 pounds.

BENEFITS OF STABILIZATION OPERATIONS

The agricultural marketing act authorized the use of stabilization corporations to purchase, store, and handle agricultural commodities for the purpose of controlling surpluses and preventing sudden drastic declines in prices. World supplies of wheat and cotton were already burdensome when the board was created; prices of these products were among the first to give way. Early in the course of the depression Congress, cooperatives, and other groups called upon the board to use its powers to protect farmers from disorganized markets for their products. The board acted accordingly, first by assisting cooperatives to make loans to producers to help them to avoid dumping commodities on already weakened markets and later by recognizing the cotton and wheat stabilization corporations and lending them funds to purchase and hold stocks of the commodities off the markets. Available resources were not great enough to extend such activities to all commodities or to stop completely the decline in wheat and cotton prices. Stabilization did succeed, however, in moderating the decline in prices and in shielding farmers from the full effect of price demoralization until they had had time to begin to adjust their operations to the new conditions.

Not until the commodities are finally sold, of course, can the final cost of the operations be definitely determined. It is clear, however, that stabilization activities protected the position of farmers both directly and indirectly. Directly, they moderated the price decline and deferred the full shock of the depression for from one to two years. This added to farmers' incomes $150,000,000 from wheat, probably better than $200,000,000 from cotton, and about $35,000,000 from wool and mohair, above what they would otherwise have received. In addition to these direct cash benefits to farmers, amounting to $400,000,000 or more, farmers were benefited indirectly by the help received by cooperative marketing associations, local banks, and other financial institutions.

The net indirect benefits to farmers from the support of the agricultural finance and marketing structure of the country are difficult to estimate quantitatively, but undoubtedly equaled or exceeded the direct benefits just enumerated. The gains to farmers from board stabilization activities thus total several times any losses the revolving fund would suffer, even if all the operations were closed out at the excessively low levels prevailing to-day. In addition, the support given wheat and cotton prices by the stabilization operations were of untold benefit to the country as a whole in helping to preserve the business structure of agricultural sections.

ATTACKS FROM ORGANIZED TRADE INDICATE PROGRESS MADE

Expert testimony of the progress being made by the cooperative-marketing movement may be found in the vicious attacks against the organized marketing of farm products under the guise of attacks on the Farm Board. These attacks emanate from the private trades because the development of farmer-owned and farmer-controlled marketing organizations threatens their profits.

In this connection comparison of the earnings of companies listed on the New York Stock Exchange processing and distributing agricultural products with corresponding earnings of companies representing other industrial groups and with the earnings of agricultural producers may be enlightening. For instance, the earnings available for dividends to common stockholders of concerns handling dairy products were 42 per cent greater in 1931 than in 1928; whereas in that period the gross income of agriculture dropped 41 per cent, resulting in farmers suffering a deficit of upward of $1,000,000,000 last year. Comparable earnings of automobile and truck manufacturers decreased 75 per cent, and the steel industry was reduced to a deficit basis. Earnings of baking and flour-milling concerns were off only 2 per cent, and tobacco companies increased their earnings 41 per cent, notwithstanding the fact that farmers were paid record low prices for such tobacco as they were able to sell.

These figures indicate graphically why there is so much opposition to farmer owned and operated marketing associations. It is clearly a case of highly organized business against unorganized agriculture.

In a message to Illinois farmers a few days ago Chairman Stone of the Farm Board sounded a warning against the propaganda attacks being made by handlers of farm products over the radio, in public speeches, and in private conversation against the agricultural marketing act and the work of the Farm Board in helping farmers.

"What have they done in the past to help you better your condition?" Mr. Stone asked farmers of the country.

They have always been and are now against your organizing your own business, so you can control in a measure the sale of your products. What constructive suggestions have they made to better your present condition, except advising you to abandon your efforts to intelligently organize and to place the handling of your business back in their hands?

The agricultural marketing act was passed by Congress to help you. Its principal objective is to help you to organize your business. It is doing that. Do you want it stopped? The law is not perfect. It was not designed to make you rich overnight. It was passed for the purpose of aiding you, through organization, to concentrate your selling power so you can intelligently meet the already concentrated buying power of those who buy your products.

My suggestion to you is to defend your law and do your part toward making it more effective.

REFUNDS OF FEDERAL TAXES

Mr. WHITE. Mr. Speaker, there has been much discussion in the House since the close of the national political conventions and since the campaign can be considered as under way upon the subject of refunds of Federal taxes. Much of the discussion has been what seems to me to be of an irresponsible nature at its best interpretation. Charges

have been made apparently without investigation. It has always seemed to me a tragedy of American politics that it was found advisable for political opponents to destroy each other in character and reputation in order to acquire public office.

However, the records indicate an effort upon this subject to convince the country that direct theft has been resorted to in connection with administration of the Bureau of Internal Revenue. It is intimated, almost said in so many words, that billions of dollars have been refunded to taxpayers in the last few years by this bureau, not as an end to justice but as a method to steal these funds from the Government; and it is intimated that the operations by which these refunds are made are entirely a 1-way procedure and that they do not bring into the Government any money whatsoever.

It was stated by one Member of the House that in the last 10 years, $4,000,000,000 have been refunded to large taxpayers. The source of such information appears concealed. This statement on my part is a defense of no person, and no political party but is intended to bring to the attention of the public facts from the records to be interpreted as the public's wisdom may interpret them.

The tax rebates to all taxpayers for the 10 years ending with 1931 amounted to $1,267,868,645.67. This amount includes all rebates with interest paid to the taxpayers of the Federal Government. The annual payments were:

1922	$48,134,127.83
1923	123,992,820.94
1924	137,006,225.65
1925	151,885,415.60
1926	174,120,177.74
1927	103,858,687.78
1928	142,393,567.17
1929	190,164,359.48
1930	126,836,333.22
1931	69,476,930.26

The tax refunds during this 10-year period, minus interest, amounted to $1,037,056,178.75. For the 7-year period beginning with 1925, the collections through the processes of investigation of tax returns and payments as brought into the Treasury Department amounted to $2,395,223,335. Records for such collections on review of prior years are not available for the years earlier than 1925. For these seven years the refunds amounted to $958,735,467.

From these figures it will be seen that the procedure of reviewing tax returns results in the collection of approximately two and one-half times as much as returned to the taxpayers through all the processes, including court decisions.

The question of refunds on decisions as to depreciation of business establishments has been raised. It is particularly interesting to note that the courts and the Board of Tax Appeals in virtually every big tax case have been more generous with the taxpayers than has the Bureau of Internal Revenue. A list of such cases is given here with the percentage allowed by the bureau and that substituted on appeal:

	Per cent allowed by bureau	Per cent allowed by court or B. T. A.
Hyatt Roller Bearing Co	8	15
Roanoke Mills Co	4	7
J. C. Eves	10	20
Yost & Herrell	10	20
Roshek Realty Co	3	8
Sicilian Asphalt Paving Co	4	10
Port Orange Paper Co	2	6
Gardner Governor Co	2	5
Atlas Plywood Corporation	3	10
Standard Brewery Co. (Inc.)	2½	8
Buffalo Union Furnace Co	5	10
Minnesota Cement Construction Co	2	10
Moberly Oil Co	4	8
Nicholas Contracting Co	15	50
Hughes Coal Co	12½	20
Harvey Coal Corporation	5	10

It is gratifying to know that from 1923 to 1931, with the exception of one year in which changes in compensation of employees were required by law, expenditures for administering the internal revenue laws have shown marked declines from the 1923 operation costs. The cost of collecting each $100 showed a similar decline for those years until 1931, when the cost of collection increased in proportion to decreases in the incomes of the taxpayers. A table showing cost of collecting each $100 and expenditures for administering internal revenue laws from 1923 to 1931 follows:

Fiscal year	Cost of collecting each $100	Expenditures for administering internal revenue laws
1923	$1.39	$36,501,062.94
1924	1.24	34,676,688.11
1925	1.44	[1] 37,266,573.16
1926	1.23	34,948,483.37
1927	1.15	32,967,764.17
1928	1.17	32,599,845.35
1929	1.17	[1] 34,377,082.59
1930	1.13	34,352,063.41
1931	1.40	33,997,785.84

[1] Increases due to changes in compensation of employees required by law.

It has been the experience of the Bureau of Internal Revenue that in its policies the courts have greatly relaxed the rulings relied upon by the bureau in its interpretations of the law.

It is also interesting to note that in every case in which there is a refund of $75,000 or more, the case is reported with the facts to a joint committee of the Senate and House of Representatives, and if the Congress is to be critical of the decisions in these larger cases it seems that this committee of its own membership has been delinquent in not making proper observations when these reports have been made.

It is further interesting to note that the refunds under discussion here are made in large part through contests before the courts of equity and the Board of Tax Appeals, and the awards have been made by these tribunals and drawn upon the Treasury Department without the necessity of the consent of any officer or employee of that department.

NOMINEES AND PLATFORM OF THE REPUBLICAN PARTY

Mr. TILSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address delivered by me before the Union League of Philadelphia, on June 21, 1932, on the occasion of the ratification of the candidates nominated and platform adopted at the Republican National Convention:

Mr. President, members of the Union League Club, and guests, I deem it a very great honor to address this historic club—a club that has a record of achievements behind it—a record requiring much to live up to in the future. I deem it a special pleasure—and it is such for me—to come here during the second reign of my good friend "Hampy" Moore. [Applause.]

He and I were "buddies" together on the hill at Washington, and especially so on that great Committee on Ways and Means, whose activities are of such great interest not only to Pennsylvania and Connecticut but to all the other States of the Union. I am glad to return to Philadelphia during this his second administration and join with you in wishing him great success in steering the course of this great city during these troublous times.

I am surprised at the crowd that I find here to-day. I had anticipated a small club luncheon and had intended to simply talk to you as man to man, as Republican to Republican; and even though the audience is many times what I had anticipated, I shall still follow that plan. I am not an orator or an entertainer. I never attempt to indulge in flights of oratory, and, at any rate, I do not regard this as the proper time for such a performance if I were able to carry it out. I did not come with any intention of stirring up an unbounded enthusiasm. It is a little early in the campaign to begin pumping up enthusiasm, because it is a long run between now and November.

Rather, my purpose is that I may stimulate and help you in your thinking. I regard the members of this club as men who do their own thinking; and this is a time for serious thought.

In conversation with your distinguished President at the table it came from him as a suggestion that this is not a gala day. It is rather a serious one in our governmental history. It is not only the longest day of the year but I am afraid it will be one of the saddest, because on this 21st day of June one of the most burdensome tax bills ever passed by an American Congress becomes effective. This additional load comes down upon your shoulders to-day, and its burden will surely be felt.

Reference to the increased tax burden is in line with some of the reasons that I shall attempt to give you why we should whole-

heartedly and enthusiastically join in the ratification of the ticket nominated and the platform adopted at Chicago last week. I shall divide these reasons into two major classes: The first reason why we should ratify this ticket and support it upon the platform adopted is a positive one. First and foremost, the man whom we have nominated—yes, renominated—to head our ticket, is a man whose record of achievement alone clearly entitles him not only to this renomination but to the support of his party and of the entire country. [Applause.]

The first portion of Herbert Hoover's record, which was generally known to the public, was but the preliminary stage of preparation for the much greater task upon which he is now engaged. When he first emerged into the public eye it was as an executive handling great problems in a time of great world stress. He was feeding the millions of those who were suffering in foreign lands during the period of the Great War. His service in this connection, the acquaintances he formed, the experiences he had, the statesmen he met and dealt with, the world conditions with which he became familiar—all gave to Herbert Hoover first-hand knowledge of many of the things necessary to be handled when he assumed the great office of President. His acquaintance with world figures, his knowledge of world affairs, were unique in human history. Then he came home after the war was over and took up one of the comparatively minor departments of our Government and, as you know, made it great. His work in that department was of such a character as to bring universal recognition of its excellence.

Then he was made President of the United States. All seemed fair sailing at that time. We were out upon the open seas, the sun was shining, and everything was lovely. But he had not been in that great office long before the clouds began to gather over every land and sea. Then it began to sprinkle, and soon to pour. The fiercest of storms broke and is still raging. Almost from the time he entered upon the duties of this office we have been going through a period of stress and strain such as this country never before experienced, not even in the days of the Civil War or the great World War; because on those occasions there was always present an additional impulse of patriotism, under the influence of which men and women will do willingly what you can not expect them to do in a time when these emotions are not present.

And thus through the most troublesome period of all our history this man has been guiding the ship of state. It would now seem that no new unfavorable thing could happen to us. It is like the dramatic picture so vividly presented in the prologue of the Book of Job, where one messenger after another arrives bringing evil tidings. So has it been for nearly three years, in which one calamity has followed hard upon another, coming from all directions; and yet our President, ever at his task, has never faltered. He has always been ready to present something instanter that will either stay or mitigate the threatened danger or possibly avert it altogether.

True, not everything that has been tried has been completely successful. All of the problems tackled have not been immediately solved, and as we look back upon them we realize that many of these problems were in fact insoluble.

Critics our President has had all the way along, hostile critics, malevolently hostile critics, ready to minimize every success and to magnify every failure. We all know that when men are feeling uncomfortable, when something has happened that has caused them to feel poor, it is only old human nature that they are inclined to place the blame upon the head of some one else, and the head that happens to stick up the highest above the crowd is the one most apt to be selected as the target for the blame. So it has been with the President and those engaged in faultfinding and captious criticism, most of which can be in no wise justified by facts or reason.

Meanwhile our President has toiled on, sticking manfully to his task. If he had gained experience before he came into office that has been useful to him and the Nation, what must we say of the experience he has gained since he has been there? [Applause.]

What a misfortune to this country it would be to lose now the benefit of such experience as he has had. The other day a Democratic friend given to wise cracks came up to me and said: "We think we now have a slogan that will knock out that time-honored argument of Abraham Lincoln, which you Republicans are always using, that we should not swap horses while crossing a stream." I said, "What is it? Spring it." "Well," he said, "it is that you should not attempt to change barrels while going over Niagara Falls." He advanced this as a complete answer, but I told him that it only confirmed and emphasized the forceful argument of Lincoln, because what he describes as going over Niagara is something like the condition in which we now find ourselves. We are going over the falls, but I reminded my friend that we are in a barrel that has thus far proved to be a good one—the best that could possibly be obtained. I added that I thought it would be a somewhat risky performance to try to change barrels, and especially so if we happened to change over into a leaky one while we were in the operation of going over Niagara Falls. I ventured to suggest that we should not only not attempt to change before reaching the bottom of the falls, but that it would be wiser to wait until we had passed out through the rapids and down into the placid waters of Lake Ontario. [Applause.]

So much for our candidate.

Now for the second reason. The second positive reason that we should ratify and confirm at election time this ticket is because of the platform upon which our party has elected to stand. I have heard that at first there was some little dissatisfaction among those who held extreme views as to one plank of the platform. This was made evident yesterday in the Senate of the United States, when one of their distinguished orators addressed himself to the particular plank of the platform to which I have referred and to which I shall further refer in only a word. Speaking as a man from Connecticut, it is not out of place for me to remind you that Connecticut was one of the two States that had the good sense never to ratify the eighteenth amendment. [Applause.]

Speaking from the Connecticut viewpoint of course, I should say that if I had been writing from our point of view I should have probably worded the platform somewhat differently. However, when I came home and finished reading it all I became convinced that those who hold the same views that Connecticut has held on the subject had made in this platform very, very great progress in the right direction. Therefore, I say without the slightest hesitation that the platform, in this regard as in others, is something that all good Republicans can afford to stand upon.

I now wish to call your attention to the trend and purport of the platform and not to the details, because that would take entirely too long. In fact, it requires more than an hour to read it. I wish we might raise up a crop of platform makers who would produce short, snappy planks to go into our party platforms. However, we must take platforms and platform makers as we find them, and I venture to say that when you have the time to read this platform and carefully study it you will find it a platform that should satisfy every proper demand that real Republicans could make upon it.

In the first place, the platform is a conservative one, and I mean that in no reactionary sense. I mean one of those platforms which is safe to stand upon, not a shaky one. In this platform for the first time we have emphasized the side of safety. In platforms generally we find all sorts of promises to spend money for this, spend money for that, we propose to be liberal toward this enterprise and toward that, toward waterways, reclamation, flood control, public buildings—all the different activities of the Government in which a respectable minority of the people may chance to be interested.

While times were good and money was easy taxes came light. Taxpayers paid little attention to the mounting expenditures; but they have gone on mounting, until to-day, this 21st of June, 1932, we are confronted with a tax law under which must be collected considerably more than a billion dollars additional annually from the taxpayers of the United States. This added burden will surely be felt under existing conditions. Our platform gives hope and courage to those men who are determined, like your mayor, to balance the Budget of the Government and to keep it balanced.

The platform comes out soundly for protection, for which we have always stood. The platform goes straight to the point in regard to the gold standard. There is no uncertainty about it; it negatives all such ideas as the tremendous bond issues that have been proposed as it does the issuance of billions of dollars of flat money. All of these dangerous proposals are negatived by our platform, making it clear that we are going to stand firmly for sound money, as the Republican Party has always done. [Applause.]

Then there is another feature of the platform, if you will study it. In every department of government, so far as it is possible, if our platform is any guide, expenditures must be reduced to the lowest point practicable without seriously crippling necessary services of the Government. Retrenchment under the platform goes to the extent of suggesting that even in the relief of veterans the expense might to a certain extent be lessened, and lessened without touching in any way any man or the dependents of any man who actually suffered by reason of his participation in the military service of the United States in time of war.

There is a third reason, and I think it the strongest of all. It is the negative side of the case. If not the Republican Party with Hoover, then what?

The necessary alternative presented is to-day the strongest point in the minds of the thoughtful people of this country. If not the Republican Party, of course the Democratic Party—then what may we expect? We may judge the future only by the experiences of the past. There is little in the record of that great party to give encouragement. We all know of the large graveyard of Democratic fallacies that are dead and buried. They are often referred to, but we need not revert to them now. We have to-day an example of what we may expect with Democracy supreme in this Government, and we need only go back over the last six months to review the unhappy history of Capitol Hill in Washington.

The things that have been done there, and even more the things that have been proposed there, are not at all encouraging to the country. As you know, for the most part the good things that have been done have been done as nearly as possible in line with the program made by the President himself. In addition to the program that the President proposed, and which to some extent our Democratic brethren have joined us in carrying out, they have insisted upon doing a number of other things that ought not to have been done. They have been proposing a number of things even worse than anything thus far actually accomplished, and in the few minutes remaining to me I shall call your attention to some of these.

The most important by far of all the problems confronting the present Congress was that of balancing the Budget. All other aims and purposes should have been secondary. The national credit, the restoration of confidence, and the return of normal conditions all depended upon it. It should have been the one thing uppermost. Thoughtful men everywhere know that it must be done if we would protect—yes, save—the national credit. It was the prime object of the session and many Democrats have

joined in the effort to effect it, but not all. In fact, since joining in the effort to pass the tax bill, most of our Democratic friends in the House of Representatives have so far fallen from grace that they have joined in passing through the House a proposition that would not only unbalance the Budget for the present, but would mortgage our future by making it well nigh impossible to balance our Budget for years to come. I need only refer you to the so-called Garner bill, of "pork-barrel" fame, and remind you that if this bill as it passed the House should become a law it would undo all that has been done in the way of balancing the Budget. Then, I need not remind you of the proposition to issue to even such worthy persons as our veterans the sum of nearly two and a half billions of dollars of fiat money. I have only to call your attention to the fact that this proposition was instigated by Democrats; was forced for consideration upon the floor of the House by Democrats; and was passed through the House largely by Democratic votes. If this bill should become a law in the form in which it actually passed the House two billions four hundred millions of fiat money would be issued at once without gold or other security back of it, which would probably take us off the gold standard with all the attendant dislocation of our fiscal system, and I do not know, perhaps no one knows, what other ills would flow from such a startling proposition were it carried into effect.

There are other proposals almost as startling—the Goldsborough bill, for instance, and the proposal guaranteeing bank deposits. Earlier in the session a hundred thirty-two millions was voted through for roads—a hundred thirty-two millions out of the Federal Treasury for roads when the Treasury is empty. Other bills have been proposed by Democrats but not acted upon. They indicate, however, what the country may expect, if in a careless or reckless moment the people of the United States should turn and place the control of this Government in the hands of the Democratic Party.

It is something for serious-minded men to think seriously upon, as to what they might expect. The same men in charge of the House of Representatives to-day will be the men in charge of that House should it continue Democratic in the next Congress, and they will be the principal advisers to the Democratic President, should there be a Democratic President. What may we expect? I say it is time for serious-minded men to be thoughtful and try to visualize what is going to happen should Democrats triumph. We can not judge of the future in any other way than from the facts already before us, and the bills to which I have referred are the proposals that have been made in the present session of Congress by those men who will control Congress and the next administration, should Democracy win in the next election.

I do not believe the people will readily accept such an alternative. There are, of course, some thoughtless, reckless ones who will say, "Things can not be worse; we should have a change." I tell you things can be very much worse. They are worse in other countries than here, and they can be very much worse here. If we may judge by what has already occurred in the present Congress, it would be the first step toward making things very much worse to now place the control of this Government in the hands of a party with the record the Democratic Party has already made in the present Congress.

I hesitate to use a sacred story to illustrate even a serious point, but I do it with all reverence, I assure you. I refer to that little episode that happened on the slopes of the hills surrounding the Sea of Galilee 1,900 years ago. You will recall that the Master had been feeding the multitudes with loaves and fishes and many people were following Him. Finally, when the proper occasion came to give them some good and wholesome advice, He began to teach them some of the wonderful truths of His gospel.

Men do not always like to hear the truth, especially if it happens to hit them on an unpleasantly sore spot personally, which must have been the case in this instance, because it is recorded in Holy Writ that from that time many of His disciples went back and walked no more with Him. When the loaves and fishes were exhausted and the worth-while things of eternal life were being revealed to them, their enthusiasm began to wane. After the multitude had departed and only the twelve were left, the Master turned to them and said, "Will ye also go away?" Simon Peter, that impulsive disciple, sized up the situation at once and answered the question completely, in what we should now call true yankee fashion, by asking Him a question, "Master, to whom shall we go?"

I believe that the people of America will ask themselves the same question when they come to decide between what they now have and may continue to have with Herbert Hoover and the Republican Party on the one hand and what they may expect from any other alternative. When they look on the other side of the picture, and see what they may expect, if they do "go away," we may confidently expect a wholehearted turning in our direction. We have every reason, as Republicans, as Americans, as patriots, here in this historic city of Philadelphia, to ratify this ticket on this platform and to go forward in all our might and with all the means at our command to confirm and establish the ticket and the platform at the November election. If we do this we may look forward to another four years at least with a feeling of safety that all that can be done of all that human minds can conceive and human hands execute, will be done, as it has been done during the last three years, during which time the most hostile critics, with all the tremendous advantage of hindsight over foresight, have not been able to point out where the President, throughout this greatest of emergencies has done any of those things that he ought not to have done, or has left undone any of those things that he should have done. [Applause.]

We can go forward, and I believe that we shall go forward, with the assurance that however unfavorable may be the present economic situation, we confidently believe in greater and better things for our country, and that the best way to bring these greater and better things to pass is to hold on to the good, the trusted and tried, and to embark upon no dangerous experiments in this critical time of stress and strain. [Prolonged applause.]

CAPE COD CANAL

Mr. McCORMACK. Mr. Speaker, there is pending before the Committee on Rivers and Harbors a bill providing for the dredging and widening of the Cape Cod Canal. The Cape Cod Canal and its maintenance in the best condition possible is of extreme importance to shipments by water along the Atlantic coast, and of equal importance to our national defense. The committee has conducted hearings on this bill, and favorable action has been taken thereon. It is quite probable that the authorization essential to appropriate the money necessary to the carrying out of this work will be contained in the next rivers and harbor bill. The necessity of having the canal improved as contemplated in the pending bill as soon as possible is clearly evidenced by the collisions and groundings which have occurred since 1925, which are as follows:

1925

Fishing schooner *Aeolus*, collided with Sagamore Bridge.

Motor boat *K–14883* struck on bank of canal or a semifloating obstruction.

1926

Fishing schooner *Dorcas* was slightly damaged by collision with another vessel inside the easterly entrance, an accident which probably could have been avoided.

1927

Steamer *Eastern Tempest*, while passing through the canal in tow of tugs, struck the bank several times and sustained considerable damage. The *Eastern Tempest* was a large vessel without cargo and was not using her own power. This accident may be attributed to restricted width of channel and strong current.

Steamer *Boston*, carrying passengers and general cargo, was slightly damaged by striking on bank. Accident caused by restricted width of channel and strong current.

Fishing vessel *Orion* was somewhat damaged by collision with a dredge scow.

Motor barge *Colonial Beacon*, loaded with petroleum products, grounded on canal bank, due to narrow channel and strong current.

Steamer *Boston*, carrying passengers and general cargo, grounded on the canal bank account fog.

1928

Motor barge *Providence Socony*, loaded with petroleum products, was considerably damaged by striking canal banks. Cause, restricted width and strong current.

Tug *Elmer A. Keeler* was considerably damaged by striking canal banks. Cause, restricted width and strong current.

Barges *Tipton* and *Marion*, loaded with coal, while moored at dolphins, were damaged by wash and suction from passing vessel. Cause, restricted width of channel.

Steamer *New York*, carrying passengers and general cargo, grounded and swung across canal account narrow channel, strong current, and high winds.

Barges *Orleans* and *Chatham*, without cargo, collided with bridge and ferry structures and were considerably damaged. This accident is attributed to narrow channel and strong tidal current.

Sloop yacht *Taurus* and fishing vessel *Joppiate*, collision.

Fishing schooner *Wesley W. Sinnett* ran ashore on canal bank. It is believed that this accident should have been avoided.

Motor ship *Pinthis*, while attempting to tie up at mooring dolphins, grounded and was somewhat damaged. Attributable to strong current.

1929

U. S. S. *Paulding* grounded, breaking propeller and doing other damage. Cause, restricted width of channel.

Steamer *F. H. Dimock* ran ashore on canal bank account fog. Believed undamaged.

Fishing vessel *Pathfinder* collided with the railroad bridge. Sustained considerable damage, and one man was drowned. The accident was caused by strong current.

1930

Barges *Reliance* and *Chapman*, without cargo, collided with bridge fender.

Steamer *Robert E. Lee* stuck on canal bank. Cause, narrow channel and strong current.

Barge *Gotham 84* collided with fenders on both highway bridges.

Fishing vessel *Alice and Mildred* ran ashore account fog.

U. S. S. *James K. Paulding* struck canal bank. Cause, narrow channel and swift current.

Motor-barge *T. J. Conway* struck on canal bank account derangement of steering gear. Two weeks later the barge T. J.

Conway ran ashore on the canal bank; also lost anchor. Cause, steering-gear trouble.

Steamer *New York*, carrying passengers and freight, ran ashore account narrow channel and strong current.

Motor-barge *No Nox*, loaded with gasoline, struck on canal bank and sustained considerable damage. Cause, narrow channel and swift current.

Motor-barge *Irene W. Allen*, loaded with gasoline, ran ashore and was seriously damaged. Cause, narrow channel and swift current.

1931

Steamer *Hartwelson*, without cargo, struck canal banks and sustained damage. Cause, narrow channel and swift current.

Motor-barge *Justine C. Allen*, loaded with 1,500 tons of gasoline, struck canal bank and was considerably damaged. Cause, narrow channel and swift current.

Fishing vessel *Colonel Lindbergh* ran ashore at west end of the canal account mistaking lights.

Steamer *Ontario*, carrying general cargo, Boston to Philadelphia, grounded on south side of canal channel account heavy winds and snowstorm. Little, if any, damage.

Motor-barge *No Nox* with a cargo of gasoline ran ashore and was considerably damaged account narrow channel and swift current.

Steamer *Juniata*, with passengers and general cargo, Baltimore to Boston, ran ashore account narrow channel and swift current. The steamer was only slightly damaged.

Fishing vessel, *Elizabeth and James*, ran ashore and filled with water. Cargo of fish was removed. The vessel subsequently floated with little damage. Cause of accident, unknown.

United States submarine *R–10* ran ashore account steering gear trouble. It is believed that no damage resulted.

Tug *Margaret Howard*, towing barge *Eagle Hill*, loaded with stone, ran ashore account steering gear derangement. Both tug and barge were somewhat damaged.

Barge *Druid Hill*, coal laden, in tow of tug *T. J. Hooper*, ran ashore on canal bank, and after being floated, was beached to prevent sinking in deep water. The accident was caused by narrow channel and swift current.

U. S. S. *Herndon* ran ashore account high wind and narrow channel. The *Herndon* was apparently uninjured.

Motor barge *Supreme*, with a cargo of petroleum, ran ashore and was considerably damaged. Cause, restricted width of channel and strong tidal currents.

Motor barge *New England*, with a cargo of 18,000 gallons of petroleum, ran ashore and was obliged to jettison cargo. The vessel was considerably damaged. Accident is attributable to fog.

Fishing vessel *Mildred Agnes* sunk by collision with barge *Tipton*. Accident was caused by narrow channel and swift current.

The above information was transmitted to me by the Maritime Association of the Boston Chamber of Commerce, based upon a letter received by Frank S. Davis, manager of the Maritime Association, from the War Department, dated July 1, 1932.

In addition to the above official information as to accidents and groundings recorded since 1925, I have been reliably informed by the Maritime Association that there have been a number of minor accidents and groundings which have not been recorded, including the touching of bottom by vessels by the Eastern Steamship Line (Inc.), the vessels involved continuing on their way, but which has resulted in the Eastern Steamship Line (Inc.) spending a substantial sum of money each year to repair the damages caused by the groundings.

IMPORTANT PROPOSALS

Mr. LANKFORD of Georgia. Mr. Speaker, to my mind everything I or anyone else has ever done or tried to do for the farmer in Congress sinks into insignificance and naught when compared with my desire to solve the farm problem and my hope that the contract plan evolved by me is a proper solution of this great question. So in the very beginning of this statement let me explain again the details of this plan.

My plan is to offer the farmers the very best possible governmental assistance, provided the farmers themselves will effectively organize and by voluntary contract control production and marketing, thus eliminating the overproduction evil. I would offer them help so wonderful as to cause them to easily see that they would not at all be entitled to the relief without effective organization on their part, thus causing them to organize gladly. I would help them organize so as to become recipients of the great benefits offered them and thus bring about mutual arrangements under which the Government would be doing only that which the farmer can not now do for himself and the farmer be doing all that he can do without governmental aid, a program which when fully installed will make the farmers of the Nation independent and able to manage their own affairs without further or future aid from their Government. In its last analysis my plan seeks to effect a voluntary organization of the farmers so thorough and efficient as to make the farmers masters of their own fortune and not in any sense longer dependent upon governmental assistance. Now, for the details or mechanics of my plan.

The bill is patterned after the War Finance Corporation act, the first sections being identical with that act, except that the bill proposes to create the farmers' finance corporation rather than the War Finance Corporation. This corporation is to be authorized to make loans through the banks of the Nation, much the same as the War Finance Corporation, directly to the producers of basic agricultural commodities. The loans are to bear 4 per cent interest or less, be made for the full amount of the average price of the commodity for the last 10 years, with the commodity as the sole and only collateral, with maturity postponed until the sale of the commodity, and without any right on the part of the farmers' corporation to collect any part of the loan not repaid by the sale of the commodity. Thus the farmer will in effect be receiving as a part of the sale price of his commodity an amount equal to the average price for which he usually sells the commodity, thereby establishing the average price of the commodity as the minimum price of the same.

It takes two to make a contract, and no one could expect a Government-owned corporation to be required by Congress to render so great a benefit to the farmers without their agreeing to do something on their part to make the corporation secure in the loans made. There should be and must be a mutuality of contract, with a good and sufficient consideration flowing, and to flow between the farmers, the bank through which they are to get their loans, and the farmers' finance corporation.

Therefore, the bill provides that before any of the loans mentioned are made farmers planting 75 per cent of the acreage of cotton, for instance, grown in the United States shall have signed and abided by contracts with each other, with their banks, and with the corporation, agreeing and obligating themselves that the cotton advisory council be authorized to control, within reasonable limits, the acreage planted, so as to hold production within reasonable bounds, and that the farmer will not sell any of the particular basic commodity without express authority from the advisory council. Briefly stated, by my plan Congress would simply propose to the farmers that if they would by mutual contracts control their production and marketing, then the farmers' finance corporation would by loans enable the farmers to name within reason the selling price of the products of their own toil.

The farmer would be required to hold his product off the market until it could be sold for enough to repay the loan, all charges, such as storage, insurance, interest, and so forth, and such an additional amount to the farmers as would remain from the sale of the commodity at a fair price. The farmer would be able to hold his products, for he could borrow at a very low rate of interest the reasonable value of his product.

The farmer would contract to curtail his production, provided his friends would contract to curtail their production, on condition that all farmers make a similar reduction, and provided he received more for the lesser amount produced than he would if he produced without limit. My bill provides simply that the Government make an offer to the farmers to help them solve their great farm problem, provided the farmers contract to control the great overproduction and surplus menace.

All other farm relief bills are either silent as to the all-important factor of production control or seek through penalties or other equally vicious methods to control production. This plan seeks to control production and marketing by the voluntary act of the farmers entered into as a part and parcel of the farm-relief scheme itself. All other bills dodge to a great extent this vital feature of the surplus-

production control. My bill recognizes this as the heart of the farm-relief plan, and deals with it in a way that must be effective if operation is secured under the scheme. There can be no effective farm relief without effective production and marketing control.

Just as surely as we elevate prices without some sort of control of production, just so surely will the farmers themselves plant more corn and more cotton and more wheat and produce more, and bring about the greater production. In other words, any bill which fails to have within it a proper control of production has failure written on its pages.

It will be observed that my bill provides a most excellent referendum and recall. Unless 75 per cent of the acreage of the commodity is under contracts signed by the farmers themselves, the law will not become operative as to the particular commodity. Then, again, the contracts are made for only one year, and if the plan proves unsatisfactory to the farmers they can refuse to renew and thus cause the plan to become inoperative as to the particular commodity.

After the bill is passed the cotton producers may cause it to become operative as to cotton and the producers of other commodities may refuse, and vice versa.

My bill is not contrary to any other farm-relief plan, such as the McNary-Haugen plan or the debenture plan, and may be passed along with any other bill or bills and leave the farmers to determine whether they will operate under my plan or under some other.

I have endeavored to make definite the duties of the officials in charge of the farmers' finance corporation so as to eliminate red tape and uncertainties.

I have provided a plan for the selection of the members of the various commodity councils which I believe is constitutional, and which authorizes the governors of the commodity-producing States to make the appointments of the members of the council.

In conclusion let me say that in my humble judgment my bill would put the control of the farmer's great problem in the hands of his friends, not his enemies; would help the farmer directly and not indirectly; would provide a complete solution of the overproduction problem; would enable the farmer, within reasonable bounds, to name the price of his own commodity; and for the first time would put him on a parity with other enterprises and industries.

Now let me say I am very much disappointed that so little has been done for the common people at this session of Congress. As usual, the wealthier class has received the most attention. All the great battles for the common people have been in vain. Take for instance the various bills to pay the veterans of the World War the balance due them as adjusted compensation. I voted and did all I could for this payment because I believed it is an honest debt due men who need their money, and because I firmly believe this additional money put into circulation at this time would do much to relieve the present awful suffering of our people.

Approximately the amount that would be paid in cash to veterans in my district, by counties, is as follows:

Appling	$161,099.40
Atkinson	83,417.40
Bacon	85,365.50
Berrien	177,216.60
Brantley	83,426.50
Brooks	258,093.00
Camden	76,689.80
Charlton	53,010.10
Clinch	84,881.50
Coffee	238,841.90
Cook	136,863.10
Echols	32,202.40
Glynn	234,740.00
Irwin	147,607.90
Jeff Davis	98,227.80
Lanier	62,799.00
Lowndes	362,927.40
Pierce	151,516.20
Telfair	181,463.70
Ware	321,351.80
Wayne	153,028.70
Total	3,184,769.70

I list both Brooks and Telfair Counties. I do this since I now represent Brooks, but my district under the new apportionment will lose Brooks and gain Telfair.

The veterans are entitled to this money; but even if the veterans were left clear out of the picture, this amount of money turned loose in these counties would be of untold value to all the people.

In a previous discussion I showed how this money could be raised without taxing it out of our people. Over my bitter protest by bond issues we are raising more than this amount for donations, in effect, to the great corporations. Why not use this money to pay a just debt to these veterans?

A mighty drive has been made to inflate the currency. I favor this, provided a reasonable portion of the currency gets into the hands of the common average citizen.

The trouble with practically all the inflation proposals, is that the big banks are to get practically all the benefit of the inflation. This would not be the case if the money raised in connection with the inflation was paid to the veterans of the World War.

Another most important subject on which I have taken a decided stand is the railroad question. Many say put busses and trucks under the Interstate Commerce Commission and leave them there, and all will be well. I have heretofore urged that this without more would be one of the most dangerous things ever done. There is most serious danger of the railroads going into the bus business and purposely wrecking the small lines of the country. I understand that even now the Pennsylvania Railroad owns the Greyhound Bus Line, which is destroying and wrecking the railroads of my State. Just think what is happening. Millions and billions of dollars are being squeezed out of the poor to be loaned to big railroads like this, to be used in squeezing the life out of such roads as the Atlanta, Birmingham & Atlantic, the Georgia, Southern & Florida, the Southern, the Atlantic Coast Line, the Seaboard, and so on. Congress, instead of trying to stop this kind of thing, is aiding and abetting the outrage in every way possible. Unless something is done soon many of the small towns of the country up to a population of ten and fifteen thousand people will find themselves without a railroad; most of our counties will have no railroads; our public schools and other State institutions will be closed the entire year for lack of funds, and there will be left no such thing as a free, independent American citizen.

Our railroads, except a few long-distance through lines, will be a thing of the past. The roads the people built will be in complete control of great transportation monopolies, charging just such fares as they wish. There will be no competition. The people will be paying taxes to keep the roads up, and the great bus lines will be paying practically nothing in the way of taxes. The independent bus line will have long since been choked to death, and under the law no new ones can begin. This is not a new idea of mine. I have repeatedly on the floor of the House urged that legislation be passed to keep this awful condition from coming to pass.

On March 21, 1930, when a bill was pending to put the busses under the Interstate Commerce Commission, I made these very contentions on the floor of the House and offered several amendments to that bill, all of which were defeated. The friends of the big transportation lines would not let a single amendment get by that would at all prevent the awful thing I have just pictured. See pages 5884, 5885, Seventy-first Congress, second session, March 21, 1930.

One of my amendments which was voted down would have prevented the capitalization for rate-making purposes of either "good will, value as going concern, easement, right, or privilege of using any highway, street, or other public thoroughfare." Another of my amendments which was voted down and which is self-explanatory is as follows:

(g) There shall at all times remain in either the respective States or the United States of America, or both, for the use of the public the fee simple title, full ownership, and every easement, right, and privilege of using any and all public roads, streets, highways, and other thoroughfares over which any bus line may be permitted to operate in any way or by any device; and in any

proceeding to determine the justness or reasonableness of any rate, fare, or charge of any such carrier there shall be taken into consideration and fullest weight shall be given in behalf of the public (a) to said title, ownership, and rights; (b) to public expenditure for maintenance, repair, and original cost; (c) to the probable damage to said public thoroughfare by the operation of said bus lines; and (d) to the incident traffic congestion and burden occasioned thereby.

Another amendment which I sponsored and which went down before an avalanche of noes is as follows:

(h) No bus line or lines, or part thereof, when owned by any railroad, electric, or water transportation line, either as result of consolidation, purchase, original certificate, a charter right, or otherwise, shall be permitted or required to produce an income on any property except that used specifically for the operation of said bus line or for proper housing and convenience of the public in connection with said transportation, and no such bus line shall in any way be burdened with making or producing an income on any value or assets of any railroad, electric line, water-transportation line, air-transportation line, or other transportation line with which, by which, or as a part of which it may be operated; neither shall any bus line become a part and parcel of any other public-utility corporation so as to be permitted or required to produce an income on any property not owned as aforesaid and subject to the limitations herein set forth.

Thus it will be seen the great danger that awaits us if we put the busses under the Interstate Commerce Commission without some legislation for protection of the public. If there is no danger of a tremendous transportation monopoly doing the very things I anticipate and so much fear, why should there be any objection to my amendments to prevent these things? The answer is self-evident.

Mr. Speaker, during the present depression there are two conflicting lines of legislative thought. The advocates of one say let us make some great worth-while improvements while the cost is low and there is so much need for more employment. Others say let us leave off everything possible for the present.

As usual, there is much of merit in each. A sane, reasonable program is best. Among the worth-while big things to be accomplished I had hoped to secure the construction of a canal across south Georgia and north Florida in the immediate future. But even if actual construction is to be temporarily postponed, it is essential that in the meantime ample surveys be made and the proper route selected.

Under authorizations contained in the last river and harbor act preliminary surveys of the entire field have been made. The engineers have done careful work and, I am advised, have studied every route that has been suggested and in which there appears any real merit. Most careful consideration has been given by the engineers to every route suggested by me.

Two actual physical surveys of this canal route have now been authorized—one for a ship canal along the most practical route for that purpose, with a barge survey along same route, and also a barge route entirely independent, separate, and apart from the ship-canal route.

SHIP-CANAL ROUTE

It has been determined that this survey for a ship canal will be either along the St. Marys-St. Marks route or south thereof.

BARGE-CANAL ROUTE

I am thoroughly convinced that the barge-canal route will be either along the St. Marys-St. Marks route or north thereof.

ST. MARYS HAS TWO CHANCES

Thus it will be seen St. Marys has two chances at the canal. Either the ship-canal route or the barge-canal route may be located along the St. Marys-St. Marks route or St. Marys River may be the eastern terminus with the canal proceeding north of St. Marks on its way to the Gulf.

THREE BARGE ROUTES

To my mind the detail survey for barge purposes will be along either the St. Marys-St. Marks route or the Altamaha-Ocmulgee-Flint Rivers route or what I am pleased to call the Willacoochee route. The first two routes just mentioned have been discussed so fully until I will not deal further with them now. The Willacoochee route being more or less a new proposal, I shall discuss it rather fully.

WILLACOOCHEE ROUTE

Since the city of Willacoochee, Ga., on this route is located on top of the divide between the Gulf of Mexico and the Atlantic Ocean, I have termed it the Willacoochee route. This route has certain features of considerable merit not possessed by the others.

This route uses Brunswick Harbor as the Atlantic terminus, following Turtle River as far westward as practicable; thence along a proposed canal—new excavation; thence westward to Satilla River, a little east of the confluence of Satilla and Little Satilla Rivers; thence westward along the Satilla River to where Pudding Creek flows into the Satilla River in Atkinson County, Ga.; thence westward along Pudding Creek to the headwaters thereof near Willacoochee; thence by way of the proposed new canal construction for 3 or 4 miles through sand-bed divide between Atlantic and Gulf on and near eastern bank of Alapaha River to the Alapaha River on Gulf side of the divide; thence northeastward along Alapaha River to most practical point; thence along proposed new construction along most practical route to Flint River; thence by way of Flint and Apalachicola Rivers to Gulf of Mexico at St. Georges Sound.

The Willacoochee route is along easily controlled streams with abundant water supply for a greater distance than any route yet suggested. It seems to me there are greater water-power possibilities on this route than on any other.

Dams just below the confluence of (a) the Little Satilla and Satilla Rivers, (b) Satilla River and Pudding Creek, and (c) Alapaha River and Willacoochee Creek, would probably develop considerable power, would furnish ample water for entire canal, and, with little cost, make practically the entire canal navigable from the Atlantic to many miles beyond the divide on the gulf side. A few other dams might be necessary.

The proposed dam below the confluence of Willacoochee Creek and Alapaha River would provide an ample reservoir of water for the canal located at the highest point on the route. Then again, as a matter of power development, flood control, and navigation, it occurs to me that a dam could be constructed on the Ocmulgee River near the headwaters of Willacoochee Creek which, with a small canal, would divert any additional amount of water that may be desired from the Ocmulgee River, to be brought along Willacoochee Creek to proposed reservoir at crest or peak of canal near Willacoochee, Ga. It will be observed that the Ocmulgee River flows practically due south all the way from near Atlanta, Ga., to near the headwaters of Willacoochee Creek, but then is deflected by a narrow escarpment of highland (the divide between the Gulf and Atlantic), turns, and swings northeastward. If the Ocmulgee had flowed only a few miles farther on its due south course, it would have joined the channel of the Willacoochee Creek, flowed through to the Alapaha River, and would have entered the Gulf of Mexico instead of the Atlantic Ocean. However, if the waters of the Ocmulgee had gone a little farther eastward and broken through the escarpment into the headwaters of the Satilla, it would have flowed through the channel of that river and enterd the Atlantic Ocean.

The channel of Willacoochee Creek and of the Satilla River are only a few miles apart and parallel to each other, practically all the way from the Ocmulgee to the proposed Willacoochee canal route. The divide between the Gulf of Mexico and the Atlantic Ocean is between these two streams. This fact, together with the fact that so much of the Alapaha and Satilla Rivers and Pudding Creek extends practically east and west in the proper direction for the proposed canal, led me to request a preliminary survey of this route.

The portion of the proposed canal from the Alapaha River to the Flint River is to be located wherever it is most practicable from an engineering standpoint. I am not as familiar with this territory as I am with the portion of the

route farther east, but am quite sure that a stream flowing into the Alapaha very probably can be easily connected with a stream flowing into the Flint and thus make necessary the excavation of only a very few miles between. At any rate, the new construction on the proposed Willacoochee route will probably be much less than along any other route yet suggested.

There can be impounded at or near Willacoochee ample water to make the Alapaha navigable as far as it is followed to the west and then, I am sure, there will be an abundant quantity of water to supply the newly constructed canal all the way to the Flint River.

Then again a large amount of water can be impounded where the canal reaches the Flint River. Still an additional supply of water can be impounded along the new cut where many small rivers or creeks are intersected. If the Alapaha is followed northwest to the southwest corner of Irwin County, and thence along a small creek, shown on the map, to a point near where the Southern Railroad crosses the line between Tift and Turner Counties, just north of the station at Chula, it will be necessary to excavate only 10 or 15 miles, crossing several small streams, before a stream will be reached flowing into the Flint River.

If the course just mentioned should be followed, there would be only 25 or 30 miles, or probably less, of new excavation away from streams on the entire route between the Atlantic Ocean and the Gulf of Mexico. Of course, a study of the field might develop the best portion of the route from the Alapaha to the Flint River to be farther south. For instance, another route would be to leave the Alapaha River a little west of the confluence of that river with Willacoochee Creek and pass between the cities of Alapaha and Nashville, going across the northern end of Cook County and reaching the Flint River near Baconton.

Taking everything into consideration, this is one of the best routes, if not the best, yet suggested.

TASK FOR ENGINEERS

At last, the location of the canal is the task of the Army Engineers.

TAXATION

In every discussion of the awful depression in which we find ourselves there arises the question of taxation. I have stated my position on this subject so often until I will now only repeat briefly that the heaviest tax burden on my people is that of State, county, and city taxes. In fact, the State of Georgia and many other States get more money out of the Federal Government than the Government taxes out of them.

Listen at this statement from the Treasury Department as to the amount Georgia paid to the Federal Government and received from Federal Government last fiscal year. This statement is as follows:

Government contributions to Georgia

Navy Department	$67,588.00
Post Office Department	13,796,611.98
Commerce Department	443,488.00
Department of Justice	547,152.42
Public Buildings	1,391,669.01
Rivers and Harbors	1,685,530.63
Veterans' Bureau	11,597,000.00
War Department	17,039,739.00
Department of Agriculture	11,807,576.00
Total	58,376,355.04

Georgia contributions to Government

Estate tax	$118,756.42
Alcoholic beverages	225.00
Tobacco	50,429.00
Oleomargarine	23,714.42
Documentary stamps	40,505.00
Narcotics	8,787.00
Theaters	76,702.00
Income taxes	2,174,464.82
Corporation taxes	2,754,590.00
Stamps, money-orders, etc	8,835,203.66
Total	14,083,377.32

Thus it will be seen Georgia, during the last fiscal year, received $44,292,977.72 more from the Federal Government than was paid out by the people of Georgia in Federal taxes. This happens because, by far the largest part of Federal income, inheritance and estate taxes come from the very wealthy in the big money centers.

I am most anxious to relieve my people of a large part of the local-tax burden. For this reason I am fighting for a Federal constitutional amendment to give every head of a family a reasonable amount of land and personalty, for home purposes, free of all taxes.

For this same reason, I bitterly opposed the Federal Government's going into the States and levying a general sales tax or other vicious excise taxes. I am very much opposed to the Federal electrical energy tax, the gasoline tax and all the provisions of the recent tax bill. I made my position clear on this some time ago. I am so anxious to help bring real relief to our people who are suffering so much. I do not see how anyone can be happy while the farmers are losing their homes by foreclosure. This must be stopped. I pledge all that I am and ever hope to be to these principles and hope yet to be able to help bring them to a successful fruition.

THE REPUBLICAN CAMPAIGN IS FINANCED OUT OF THE TREASURY OF THE UNITED STATES

Mr. O'CONNOR. Mr. Speaker, supplementing my remarks on the floor of the House on July 12, 1932, concerning the proposed investigation of the Treasury Department, I desire to lay the following information before this House and the country.

During the fiscal years 1923 to 1931, inclusive, the Treasury Department paid out in tax refunds in cash the sum of $1,219,486,515. During the same years it allowed tax credits and abatements in the sum of $2,323,688,107. This makes a total in cash refunds, credits, and abatements allowed during the nine fiscal years to which I have referred of $3,543,174,622. Final figures for 1932 are not yet available, but I learn from the highest authority that cash refunds for 1932 were approximately $80,000,000, which was about $11,000,000 more than the cash refunds during the fiscal year 1931. In all probability the credits and abatements for the fiscal year 1932 will be proportionately larger than during 1931, so that it may be said that during the last 10 years tax cash refunds, credits, and abatements amounting to almost $4,000,000,000 have been given back by the Treasury to taxpayers, most of them in the ultrarich class or large corporations. This is a larger sum than the accumulated Hoover administration Federal deficit for the fiscal years 1931 and 1932 and is enough money to pay the operating expenses of the Government for an entire year.

I mention a few of the corporations which have profited from this extremely generous tax-refund policy of the Republican administrations. In 1930 a list of corporations which had received some of the large refunds was published. Some of them have received additional refunds since that time. Among them was the United States Steel Corporation, which alone has received refunds and credits amounting to approximately $100,000,000. The Steel Corporation, incidentally, has also been one of the greatest beneficiaries of the tariff policy of the Coolidge and Hoover administrations. The Middle States Oil Co. of New York received refunds amounting to $4,400,000. The Baldwin Locomotive Works, of Pennsylvania, got back $3,700,000 of its tax money. The Eastman Kodak Co., of Rochester, received refunds totaling more than $2,500,000. The American Window Glass Co., a Pittsburgh corporation, got refunds of $2,100,000. Another famous corporation, the Aluminum Corporation of America, owned principally by the family of that greatest Secretary of the Treasury since Hamilton, Andrew W. Mellon, received refunds of more than $1,250,000.

Among the refunds allowed as late as last January was one of $608,274 to the Sinclair Oil companies, whose head is Harry Sinclair, who will be remembered as having turned over $100,000 of the bonds of his company to Will Hays when he was chairman of the Republican National Committee with which to help pay off the Republican Party's campaign debt of a few years ago.

Jurisdiction of their refunds is wholly in the Treasury Department and nobody outside of the department is in possession of the facts. However, it is very strange that giant corporations such as I have mentioned, which retain the very best legal talent obtainable and the most expert tax accountants, would make such large tax payments if they did not actually owe the money to the Government and then take a chance on getting their money back.

It is of interest to note that up to 1928, of all the tax refunds allowed, 83 per cent involved claims on taxes paid to the Treasury during the years 1917 to 1921, under the war revenue act of the Woodrow Wilson administration. In other words, the Wilson administration collected this money through a war excess-profits tax with which to pay the cost of winning the war and succeeding Republican administrations gave it back to wealthy individuals and large corporations very many of whom were large contributors to Republican campaign funds.

It is also extremely significant that most of these large sums of money were returned after a Republican Congress, with the approval of Secretary Mellon, changed the law so as to permit refunds of taxes voluntarily paid. Prior to 1924 refunds could be allowed only on such taxes as were paid under protest. Mr. Mellon and the Republican Congress of that year changed the law so as to allow a claim to be filed on any tax payment, regardless of whether or not it was paid under protest. This opened the vaults of the Treasury, with the result that during the last 10 years nearly $4,000,000,000 of the public money has been given back to wealthy individuals and giant corporations, and a very great deal of it has been paid to men who have been the most lavish contributors to the campaign funds used to elect President Coolidge and President Hoover.

Something more than a year ago the present Speaker of the House, then minority leader, Mr. GARNER, made a public statement in which he showed that there was a close bond of sympathy between Republican campaign contributions and Treasury tax refunds. Mr. GARNER showed that of a list of 17 individuals making $10,000 contributions to the Republican war chest, all of them had benefited very greatly under the extremely liberal tax-refund policy of the Treasury Department. Mr. GARNER also called attention to the fact that after Senator FESS was appointed chairman of the Republican National Committee, he named Robert H. Lucas as executive officer of that committee, a position which I believe he still holds. Prior to such appointment Mr. Lucas was Commissioner of the Bureau of Internal Revenue by appointment of President Hoover. This is the bureau in which tax-refund cases are handled.

About the same time, Senator DILL, of Washington, made a public statement on his responsibility as a Senator, a statement which has never been challenged, in which he showed that 24 men who contributed a total of $477,000 to the 1928 campaign fund of the Hoover-Curtis ticket had received in tax refunds the sum of $114,655,279. These included, Senator DILL showed, contributions from copper, steel, oil, banking, and other interests so dominant in the economic life of the Nation. Senator DILL made public the list of these men, together with their contributions to the Hoover-Curtis war chest of 1928, and also the refunds, credits, and so forth, received from the Treasury Department, either by themselves as individuals, or by corporations in which they are dominant figures. They include:

Harry Guggenheim, campaign contribution, $25,000; tax refunds, $210,555.

Jeremiah Milbank, campaign contribution, $25,000; tax refund, $891,443.

John N. Willys, campaign contribution, $25,000; tax refund, $677,567. In addition, Mr. Willys was honored with the ambassadorship to Poland, as Mr. Guggenheim had been to Cuba.

W. R. and H. M. Timken, campaign contributions, $10,000; tax refunds, $370,031.

O. P. and M. J. Van Sweringen, campaign contributions, $32,500 each; tax refunds, $353,364.

John D. Rockefeller and John D. Rockefeller, jr., campaign contributions, $25,000; tax refunds, $8,545,309.

Herbert N. Straus, campaign contribution, $25,000; tax refunds, $86,736.

William Nelson Cromwell, campaign contribution, $25,000; tax refunds, $222,652.

J. R. Nutt, treasurer Republican National Committee, campaign contribution, $25,000; tax refunds, $83,669.

Harvey S. Firestone, campaign contribution, $25,000; tax refunds, $2,960,000.

Charles Hayden, campaign contribution, $25,000; tax refunds, $1,876,000.

The late George F. Baker, campaign contribution, $20,000; the United States Steel and other corporations in which Mr. Baker was a director, having received tax refunds approximating $100,000,000.

Why, Mr. Speaker, almost simultaneously with my talk on the floor last Tuesday, the Treasury Department was granting a refund of $135,672 on taxes of 1918 to the Ohio Steel Foundry Co. of Lima, Ohio, whose president, Mr. John E. Galvin, is one of the largest contributors in Ohio to the Republican campaign fund. Incidentally Mr. Galvin is also a member of the Federal Reserve Board of the Cleveland district. Just prior to the announcement of this refund, Mr. Galvin "conferred" in Washington with Ohio's senior Senator, the recent chairman of the Republican National Committee, and with the Republican Representative from the fourth Ohio district.

I am reliably informed that other refunds for taxes going back as far as the year 1917 are in the process of being granted, and the red tape is being unwound so that they may be available before the first Tuesday after the first Monday in November.

Because the list of refunds of over $20,000 run into the thousands it is impossible to set them all forth. The following lists, however, give refunds of over $500,000 from 1927 to date.

Refunds of over $500,000 made during fiscal year 1927

Name and State:	Amount
Moore Shipbuilding Co., California	$537,338.51
Southern California Edison Co., California	575,173.33
Colorado Fuel & Iron Co., Colorado	669,130.04
Standard Oil Co. of Indiana, Illinois	5,062,893.82
William Whitman Co., Massachusetts	696,274.34
Czarnikow Rionda Co., New York	588,908.19
William L. Harkness estate, New York	1,113,692.03
R. H. Macy & Co., New York	570,737.18
United States Retail Stores Corporation, care Weller H. Robinson, Washington, D. C	688,541.07
J. H. Hillman & Sons Co., Pennsylvania	899,906.19
Texas Pacific Coal & Oil Co., Texas	857,374.29

Certain large overassessments allowed during fiscal year 1928

Name and State:	Amount
Aluminum Co. of America, Pennsylvania	$1,287,426.64
American Telephone & Telegraph Co., New York	669,942.50
W. R. Grace & Co., New York	2,608,280.07
New York Life Insurance Co., New York	1,425,191.06
United States Industrial Alcohol Co., New York	549,943.20
Kelly-Springfield Tire Co., New York	599,888.54
Standard Oil Co. of Kentucky, Kentucky	1,842,055.42
Westinghouse Electric & Manufacturing Co., Pennsylvania	1,165,340.25
American Woolen Co., Massachusetts	1,214,580.62
Diamond Match Co., New York	522,866.41
Louis J. Kolb et al., Pennsylvania	1,580,573.50
Mutual Benefit Life Insurance Co., New Jersey	651,439.63
Northwestern Mutual Life Insurance Co., Wisconsin	2,309,182.79
Standard Oil Co. of New York, New York	3,068,692.36
Timken Detroit Axle Co., Michigan	783,288.65
Crane Co, Illinois	590,038.18
Marine Securities Co., Illinois	757,977.13
New York Life Insurance Co., New York	3,958,987.02
Central Leather Co., New York	743,890.02
International Mercantile Marine Co, New York	1,229,315.91
Alien Property Custodian (for Schmidtasche Heissdampf Gesellschaft), District of Columbia	712,212.52
William P. Clyde estate, New York	1,297,307.42
Norton Co., Massachusetts	997,597.62
Ohio Oil Co., Ohio	1,858,138.06
United States Steel Corporation, New York	15,756,595.72

Overassessments in excess of $500,000 made public by presidential order of March 14, 1929, covering the period from March 14, 1929, to date

Name of taxpayer and address:	Overassessment refunded, credited, or abated
Estate of William Waldorf Astor, New York, N. Y.	$4,635,530.49
Estate of John J. Emery, Philadelphia, Pa	1,180,666.54
John Hancock Mutual Life Insurance Co., Boston, Mass	692,947.86
American Ship Building Co., Cleveland, Ohio	2,616,243.44
Union Oil Co. of California, Los Angeles, Calif	1,280,514.35
The Prudential Insurance Co. of America, Newark, N. J	1,471,143.54
Botany Worsted Mills, Passaic, N. J	645,914.52
Mutual Life Insurance Co. of New York, New York, N. Y	1,046,369.42
Alien Property Custodian, Trust No. 6781 (Carl Duisberg), Washington, D. C	1,087,422.97
Alien Property Custodian, Trust No. 6781 (Christian Hess), Washington, D. C	1,087,422.97
Alien Property Custodian, Trust No. 6781 (Rudolph Mann), Washington, D. C	1,087,422.97
Crimmins & Peirce Co., Boston, Mass	522,990.95
The Mutual Life Insurance Co. of New York, New York, N. Y	1,821,364.02
Frank S. Love, Pittsburgh, Pa	514,623.94
E. M. Love, Pittsburgh, Pa	536,058.17
Baldwin Locomotive Works (Inc.) and Standard Steel Works Co., Philadelphia, Pa	3,765,593.18
General Electric Co., Schenectady, N. Y	530,818.41
Lackawanna Steel Co., Lackawanna, N. Y	551,416.69
Estate of Catherine A. Jamison, Pittsburgh, Pa	566,935.61
Consolidated Coal Co. of St. Louis, St. Louis, Mo	938,265.47
Chicago, Burlington & Quincy Railroad Co., Chicago, Ill	1,639,549.04
Pittsburgh Steel Co. and subsidiaries, Pittsburgh, Pa	523,450.68
Southern Pacific Co., New York, N. Y	687,820.95
Middle States Oil Co., Imperial Oil Co., and subsidiaries, New York, N. Y	4,320,768.64
The Philadelphia Electric Co., Philadelphia, Pa	775,023.36
Metropolitan Life Insurance Co., New York, N. Y	771,848.64
The Pullman Co., Chicago, Ill	642,792.84
Estate of Paul Brown, St. Louis, Mo	1,333,408.84
Philadelphia Company and subsidiaries, Pittsburgh, Pa	2,562,798.20
Estate of John T. Pratt, New York, N. Y	939,932.08
Manchester Liners (Ltd.), Manchester, England	561,764.14
Public Service Corporation of New Jersey, Newark, N. J	1,994,269.55
Archie Daniels Linseed Co., Minneapolis, Minn	804,856.81
Mizner Development Corporation, Boca Raton, Fla	513,719.49
United States Steel Corporation, New York, N. Y	21,096,879.11
The Willys-Overland Co. and subsidiaries, Toledo, Ohio	677,567.43
United Fuel Gas Co. (Inc.), Charleston, W. Va	781,973.93
Eighth and Ninth Avenue Railway Co., New York, N. Y	7,991,781.43
Estate of Ann Maria Wheatland, Boston, Mass	591,719.90
Swift & Co., Chicago, Ill	6,924,601.69
Plankinton Packing Co., Milwaukee, Wis	1,543,797.71
Omaha Packing Co., Chicago, Ill	836,609.39
Aragon Mills, Aragon, Ga	629,969.67
Estate of Charles S. Bird, Boston, Mass	1,024,396.29
Honolulu Consolidated Oil Co., San Francisco, Calif	871,264.96
United Verde Copper Co., New York, N. Y	608,285.61
Estate of John D. Spreckels, San Francisco, Calif	1,504,490.63
Brompton Pulp & Paper Co. (Ltd.), East Angus, Quebec, Canada	641,440.08
Wilmington Leather Co., Wilmington, Del	614,199.59
Estate of Charles Albert Coffin, New York, N. Y	599,605.45
United Verde Copper Co., New York, N. Y	615,335.68
St. Joseph Lead Co., New York, N. Y	748,197.58
Delaware, Lackawanna & Western Railroad Co., New York, N. Y	2,373,330.93
Philadelphia Rapid Transit Co., Philadelphia, Pa	1,721,134.40
Estate of Edward J. Dunn, Elmira, N. Y	783,501.62
Gem Cutlery Co., New York, N. Y	982,358.28
Philadelphia Rapid Transit Co., Philadelphia, Pa	686,621.00
Estate of Hamilton Stewart, Pittsburgh, Pa	584,295.06
Estate of James B. Ford, Forest Hills, N. Y	2,096,870.85
Estate of Marshall Field, Chicago, Ill	600,574.78
Metropolitan Life Insurance Co., New York, N. Y	687,701.95
F. W. Woolworth Co., New York, N. Y	1,182,528.11
F. W. Woolworth Co., New York, N. Y	1,385,573.88
Illinois Central Railroad Co., Chicago, Ill	950,721.35
Woodward Iron Co., Woodward, Ala	879,494.36
Union Traction Co., Philadelphia, Pa	883,037.88
Estate of Mary R. Goelet, New York, N. Y	990,227.00
Estate of Payne Whitney, New York, N. Y	16,966,258.61
Lake & Export Coal Corporation, Huntington, W. Va	$514,663.78
San Francisco Iron & Metal Co., San Francisco, Calif	644,223.94
Raymond Patenotre, New York, N. Y	1,794,708.49
Estate of Sarah E. Good, Amherst, N. Y	640,982.50
Estate of Charles Deering, Jericho, N. Y	575,059.90
Estate of Berthold Hochschild, New York, N. Y	620,393.86
Estate of Charles Deering, Chicago, Ill	1,175,087.74
C. Bahnsen & Co. (Inc.), New York, N. Y	529,359.59
Newport News Shipbuilding & Dry Dock Co., Newport News, Va	858,723.89
Estate of James Cox Brady, New York, N. Y	1,727,611.52
Tidal Osage Oil Co., Tulsa, Okla	1,027,531.43
Estate of John G. Shedd, Chicago, Ill	1,624,581.19
Prairie Pipe Line Co., Independence, Kans	2,291,489.66
Estate of John E. Berwind, New York, N. Y	1,014,195.25
Estate of Clara Baldwin Stocker, Los Angeles, Calif	1,992,388.47
American-Hawaiian Steamship Co., New York, N. Y	569,553.52
McKinnon Chain Co., Buffalo, N. Y	573,437.73
Estate of Louise Constable, Mamaroneck, N. Y	500,901.89
The Singer Manufacturing Co. and subsidiaries, Elizabeth, N. J	506,676.01
The Fair Stock Trust, Chicago, Ill	615,052.20
Zellerbach Paper Co., San Francisco, Calif	624,020.90
Estate of Chandler Robbins, New York, N. Y	844,685.53
Estate of Augusta N. Rosenwald, Chicago, Ill	2,479,042.90
Estate of James A. Rankin, New York, N. Y	532,409.01
Estate of Rodman Wanamaker, Philadelphia, Pa	7,279,496.44
Antone Parmagini, Los Angeles, Calif	611,682.57
Jones & Laughlin Steel Co., Pittsburgh, Pa	976,812.31
Estate of George H. Flinn, Pittsburgh, Pa	676,717.12
Pittsburgh Plate Glass Co., Pittsburgh, Pa	693,134.09
Patton Paint Co., Pittsburgh, Pa	690,160.71
Estate of Chauncey M. Depew, New York, N. Y	1,840,868.46
United Fruit Co., Boston, Mass	2,261,428.40
Estate of Frank D. Stout, Chicago, Ill	645,812.70
Timken Roller Bearing Co., Canton, Ohio	638,940.36
Estate of Alexander T. Brown, Syracuse, N. Y	644,968.83
Mexican Petroleum Co., New York, N. Y	1,034,325.77
Estate of Lilly Busch, St. Louis, Mo	1,149,402.83
Estate of John William Clark, Somerset County, N. J	1,281,221.49
Estate of Theodore F. Merseles, Bronxville, N. Y	640,238.60
Humble Oil & Refining Co., Houston, Tex	602,019.23
Estate of John K. Mullen, Denver, Colo	501,414.63
Estate of Caroline Louise Russell Coffin, New York, N. Y	544,966.56
International Agricultural Corporation and subsidiaries, New York, N. Y	792,423.14
Mary Orsatti, Los Angeles, Calif	611,682.57
Alfred P. Orsatti, Los Angeles, Calif	611,682.57
Victor Orsatti, Los Angeles, Calif	611,682.57
Carmelita Orsatti, Los Angeles, Calif	611,682.57
Estella Orsatti, Los Angeles, Calif	611,682.57
Orsatti & Co., Los Angeles, Calif	611,682.57
Estate of Philip F. du Pont, Philadelphia, Pa	3,034,492.55
Kimberly-Clark Co., Neenah, Wis	652,389.49
Estate of William Manger, New York, N. Y	611,138.17
Corn Products Refining Co., New York, N. Y	2,303,447.04
Estate of G. Harton Singer, Pittsburgh, Pa	828,371.14
Meyer Levine, New Bedford, Mass	945,850.26
Estate of Daniel B. Cummins Catherwood, Philadelphia, Pa	1,923,171.58
Estate of Mary C. Sears, Boston, Mass	500,693.25
Estate of Frederick C. Denkmann, Rock Island, Ill	639,657.32
W. G. Strange Oil & Refining Co., Shreveport, La	644,257.29
United States Steel Corporation, New York, N. Y	947,308.66
Estate of Joseph B. Kaufman, New York, N. Y	528,299.94
J. B. de Mesquita, New York, N. Y	734,283.28
National Aniline & Chemical Co. (Inc.), New York, N. Y	1,130,088.74
National Petroleum Co., Denver, Colo	1,056,992.96
Estate of Samuel Borchard, New York, N. Y	752,735.34
Razor Securities Corporation, Brooklyn, N. Y	684,014.35
Estate of Edwin R. Campbell, New York, N. Y	1,105,722.70
Estate of Washington Becker, Milwaukee, Wis	753,134.96
Estate of George H. Earle, jr., Philadelphia, Pa	1,438,601.81
Estate of Charles H. Ludington, Philadelphia, Pa	786,547.58
Estate of J. Horace Harding, New York, N. Y	772,029.22
Estate of Charles Phelps Taft, Cincinnati, Ohio	539,768.27
Estate of George F. Schrafft, Boston, Mass	1,024,260.92
Louis Berman, Los Angeles, Calif	1,463,834.88
Bertha Berman, Los Angeles, Calif	1,463,834.88
Estate of Baron W. Gage, New York, N. Y	840,972.77
United States Cartridge Co., New York N. Y	836,980.37
Estate of J. Elizabeth Buhl, Detroit, Mich	3,663,865.39
General Petroleum Corporation, San Francisco, Calif	1,529,140.08
Estate of Alfred C. Harrison, Philadelphia, Pa	525,510.79

Name of taxpayer and address—Con.	Overassessment refunded, credited, or abated
Morris Drusin, New York, N. Y.	$1,463,834.88
United States Rubber Co., New York, N. Y.	2,421,873.52
Lehigh & Wilkes-Barre Coal Co. (Pennsylvania), Wilkes-Barre, Pa.	1,165,295.26
Hill Oil & Gas Co., Tulsa, Okla.	679,326.24

DEMOCRATIC HOUSE MAJORITY FACES INDICTMENT

Mr. SNELL. Mr. Speaker, a recapitulation of the record made by the Democratic House of Representatives at this session is an indictment of the fidelity of that party to the national welfare. I do not charge individual Democrats with deliberate intent to endanger the Government or wrong the people. I do, however, charge that the collective incapacity of that party in the House has resulted in blunders whose consequence are equivalent to crimes against the Government and the people. As a party all Democrats must face the indictment. The people as a national jury will try the Democratic Party on this indictment.

TEMPORARY COOPERATION WITH REPUBLICANS

When this session began the Democratic leaders in Congress seemed to feel the sense of responsibility which should accompany possession of power. Solemn assurances were given that there would be faithful cooperation in dealing with measures calculated to relieve the depression. Republicans in the House cheerfully accepted these assurances and refrained from any act that could be construed as obstructing the majority in perfecting its organization. There was to be a cessation of partisanship for the sake of the common welfare. Democrats and Republicans labored faithfully in the committees and brought out measures calculated to expedite the balancing of the Budget, the trimming down of appropriations, the avoidance of new expenditures and the imposition of taxes.

PRESIDENT HOOVER'S THE ONLY CONSTRUCTIVE PROGRAM

Contrary to expectation and promise, the Democratic Party did not present any program for the relief of national distress. The only program presented was that offered by President Hoover. Democratic leaders pretended to accept this program, and for a while they gave their cooperation in transforming the program into law. But their cooperation was never whole-hearted, and soon they resorted to partisan efforts to disrupt the program.

To the extent that the Democratic Party did cooperate in relief legislation they are entitled to full credit. No one has ever denied them this credit. President Hoover scrupulously avoided partisanship throughout the session, and always accorded to the Democratic Party full credit whenever it avoided partisanship in order to expedite relief legislation.

President Hoover's program of relief legislation was comprehensive and constructive. His recommendations, as he stated in his special message to Congress in January, were largely developed in consultation with leading men of both parties, of agriculture, of labor, of banking, and of industry. They had no partisan character.

Of the eight points embraced in President Hoover's plan six have been enacted into law, not in each instance as he desired, the notable exception being the tax bill and the economy bill, both of which he approved in principle but not in all their details.

The other points in the President's plan which Congress enacted into law were—

The creation of the Reconstruction Finance Corporation for the period of the emergency to furnish credit otherwise unobtainable under existing circumstances and so give confidence to agriculture, to industry, and to labor against further paralyzing influences and shocks, but especially by the reopening of credit channels to insure maintenance and normal working of the commercial fabric.

The strengthening of the Federal land bank in the interest of the farmer; and

For the enlargement, under full safeguards, of the discount facilities of the Federal reserve banks in the interest of a more adequate credit system.

And doubtless before Congress adjourns the bill which has passed the House to provide assistance to home owners through the creation of a system of home-loan discount banks, which was also a part of the President's plan, will become a law.

Already these measures have produced beneficial results, and when Congress adjourns and their provisions are more fully understood and applied I predict they will restore confidence in the country to the extent that it is possible for legislation to do so.

No more constructive program was ever devised than the one wrought out by President Hoover.

DEMOCRATIC BREAKDOWN ON TAX BILL—MILLIONS OF REVENUE LOST

The first breakdown of leadership and party discipline in the House resulted in long delay in the balancing of the Budget. If the tax bill had been pushed through when it was unanimously reported by the Ways and Means Committee, the Treasury would have received millions of dollars in tax revenue. It was within the power of the Democratic Party to pass this bill. It failed miserably, both in leadership and in discipline. The Government and the people were the victims of this incapacity. The breakdown was equivalent to the taking of millions of dollars from the Treasury.

DEMOCRATIC HOUSE PREACHED ECONOMY—PRACTICED EXTRAVAGANCE

Coincident with the necessity for raising revenue was the necessity for economizing. Again, the Democratic House of Representatives committed a blunder as damaging as a crime. It preached economy but practiced extravagance. It brought forth a bill purporting to effect economies to the extent of $200,000,000. Then an obstinate House struck out one item after another until the alleged economy total was only about $45,000,000. As finally passed, after radical revision by the Senate, the bill represented, on the whole, an unscientific method of dealing with the delicate mechanism of the Government's vast business.

It would have been much more businesslike and effective, in my judgment, if the Democratic House, in the first place, had accepted President Hoover's urgent recommendations, repeatedly made, to reorganize the departments scientifically and thus effect economies. The President was willing to be responsible for this task, subject to the approval of Congress. But the Democratic House of Representatives, in a spirit of partisanship, denied the President's request and, instead, set up a partisan committee to bring in a plan. This plan became a political football, caused needless delay, and to a great extent was abortive.

In the midst of pretended efforts to economize, the Democratic House passed a bill virtually making a gift of $132,000,000 to the States for highway construction, and tried to distribute this largess to Democratic States and districts. The bill was so extravagant and unjust that it was never considered in another body, and it was well known that if enacted it would have been vetoed.

By Democratic votes a grossly improper pension bill was passed, which granted annuities to individuals who had been deserters, or who had never been in the military service. President Hoover vetoed the bill, and Democrats did not attempt to pass it over his veto.

Extravagant claims will be made, in fact, already have been made, of vast savings by pruning the appropriation bills below the Budget estimates. True it is that those bills were slashed and cut in a most ruthless and unscientific manner, and without regard to the actual needs of the service in the fiscal year 1933, just to make an artificial and unreal showing of economy before the election. But mark my word, the actual reductions representing real savings will be found to be negligible, and I predict that the alleged savings will be carried in deficiency bills at the next session after the November election. These alleged economies were mere postponements of obligations which will have to be met with deficiency appropriations. The Democratic claim to be the party of economy is entirely a fiction. What Bagehot said of the English Parliament has been peculiarly true of this Democratic House of Representatives:

> If you want to raise a certain cheer in the House of Commons, make a general panegyric on economy. If you want to invite sure defeat, propose a particular saving.

If I were faithfully to describe this Democratic House on the subject of economy I would give it the appellation of the "bung and spigot" House, wasteful at the bung and saving at the spigot.

APPROPRIATIONS DELAYED—A DEMOCRATIC HABIT

Delay in the passage of the annual appropriation bills is a Democratic habit whenever that party is in control of the House. The present session is no exception. Democratic history is repeating itself. A new fiscal year has begun and yet not all of the appropriation bills have been passed.

When the Democratic Party was in control of Congress during the two Wilson administrations and at other times the passage of the necessary appropriation bills was delayed beyond July 1 and resolutions of extension were required. Such delay occasions great inconvenience and expense to all the departments, hinders making plans in advance, complicates accounts, and prevents allotting of funds equitably. The earlier these bills are passed the more advantageous can the departments expend their appropriations.

Failure promptly to pass these supply bills is a mark of dilatoriness and incapacity, and is an admission of incompetency; but it is a regular habit of Democratic administrations.

On the other hand, during Republican control of the House the annual appropriation bills were prepared with diligence and were invariably enacted into law before the beginning of each fiscal year. Every branch of the Government knew in advance just what measure of expenditure was allotted to it for the year, thus enabling them to perform their respective functions without intervals of uncertainty, indecision, and waste. How different have been the conditions when the Democratic Party has controlled this House. It seems to be Democratic nature to be inefficient and unbusinesslike. For as soon as the Democratic Party gains power again they repeat their former practice and illustrate again what we have always criticized them for—inefficiency and incapacity for business management.

FANTASTIC DEMOCRATIC PROPOSALS

The Democrats of the House expressed great resentment against Government competition with private enterprise and appointed a committee to investigate the alleged evil. Then these Democrats voted for the Muscle Shoals bill, which would put the Government into competition with private enterprise.

As the session wore on Democrats in the House abandoned all pretense of cooperating for the general welfare. They advocated one fantastic measure after another, and passed some of them. If any one of these measures had become law, it would have demoralized the United States. Among them were the bill to guarantee bank deposits, the bill to compel the Federal Reserve Board to raise the price of commodities, the bill to give foreign governments a voice in the fixing of American tariff duties, and other equally absurd proposals.

BONUS BILL—VETERANS MISLED BY DEMAGOGY

Two crowning acts of folly, however, were reserved for the last. Throughout the session a few Democratic Members had harped upon the necessity of paying veterans $2,400,000,000 under the pretense that the money was due them and that it would contribute to the relief of the depression to distribute it among them. The adjusted-compensation certificates will not become due until 1945, and even if they were due now there is no money in the Treasury with which to pay them. The Democrats who championed this bill were not deterred by these facts. They boldly advocated the creation of fiat or counterfeit money to be distributed to the veterans. By every art of suggestion the demagogues who sponsored this atrocious measure persuaded thousands of veterans to come to Washington. They came, penniless and hungry, and here they are encamped, a menace to the peace and health of themselves and the people of Washington and the Nation.

GARNER "PORK BARREL" BILL

Desperately seeking some method whereby Democrats could wrest from President Hoover the credit for devising an effective emergency relief program, the Speaker of the House personally sponsored a bill which Mr. Hoover rightly described as the "most gigantic pork barrel in the history of the country." By the whip and spur of the caucus, the Democrats of the House were bound to support it, although many of them foresaw that it would contribute to the ruin of their party's claim of capacity to administer the Government.

The sum total of debt and taxation which would be saddled upon the people by the original Garner pork-barrel bill is so staggering that it belongs in the category of grotesque satire instead of legislation actually proposed in Congress. Extravagant sums were proposed for public buildings which are not needed and which the communities supposed to be benefited have declared they do not desire. In order to avoid a bond issue the Garner bill proposed to saddle an extraordinary and additional heavy tax upon gasoline. If this tax were imposed, it would encroach upon the revenue of the States, which maintain their highway systems largely by the tax on gasoline. The Democratic Speaker would force a class composed of motorists to finance the building of unnecessary structures in all parts of the United States.

BLUNDER AFTER BLUNDER

As if pursued by a malignant fate, Democratic leaders of the House became involved in one blunder after another during the session, culminating in the astounding attempt to deceive the people in the matter of unemployment relief. The demagogic appeal of the Speaker of the House, ostensibly in behalf of the "common man" but actually for the purpose of misrepresenting President Hoover's position, by making it appear that he favored the rich few as against the unemployed many, had the reaction that might have been expected. President Hoover's determined resistance to the proposal to set the Government up as a banker and pawnbroker resulted in the defeat of that crazy proposal, with corresponding embarrassment to all who championed it.

GRAVY DRIPPINGS

The distinguished Democrat who presides over this House will be followed through the campaign with the derision of citizens who refused to be deceived by his protestations in behalf of the common man. When the Speaker demanded that some of the "drippings" from the Reconstruction Corporation should seep through to the common people he revealed how his thoughts dwelt continually upon pork and the savory gravy that garnishes political pork. Although he was compelled by public protest to abandon his gigantic public building pork proposal, he clung desperately to the scheme for the distribution of pork in the form of loans to individuals by the Reconstruction Corporation; not loans for relief of unemployment, mind you, but just pure outpourings of gravy from the reservoir of public credit to anybody willing to give a promissory note.

If the interpretation placed upon the language in Title II of the bill by Speaker GARNER to the effect that individuals could borrow from the Federal Treasury is a correct interpretation then it is the most monstrous, uneconomic proposal ever submitted, and carries its own condemnation. But, if Speaker GARNER's interpretation is false then he is guilty of an attempt to deceive the unwary and uninformed, and his proposition is therefore a political gesture and nothing more. It is inconceivable that even political expediency could beget such an indefensible measure.

A MELANCHOLY HISTORY

This brilliant scheme for supporting the people on Government money was riddled by President Hoover and expunged from the unemployment relief bill. But it remains to haunt the Speaker throughout his campaign for Vice Presidency. It has destroyed his prestige as a framer of sound legislation. It stands preeminent as the most unwise and most improvident proposal ever made to Congress, even by a Democrat. The Democratic nominee for President could not stomach the plan of his running mate, although Governor Roosevelt has shown that the mere weakness and fallacy of a nostrum do not prevent him from advocating one if he thinks it will win the votes of guileless citizens.

The record of this session shows that whenever the Democrats of the House departed from President Hoover's program for the relief of the depression they adopted one fantastic scheme after another, only to have them set aside by public opinion.

The Democratic Party has a majority on all committees of this House. That party assumed responsibility to the country for the shaping of legislation here. The melancholy roll of futile bills passed by the majority, or killed off by public opinion, tells the history of the debacle of the House under Democratic rule.

A REPUBLICAN CONTRAST—SANE LEADERSHIP

Under the régime of the late Nicholas Longworth and his Republican predecessors and associates the House of Representatives became a great deliberative body, vigilant, prompt in action, and statesmanlike in its decisions. The people looked to this House as the safe anchor of public stability. Accordingly, when the Democratic majority took control they had the opportunity to maintain the dignity and reputation of the House by merely adopting the model of sane leadership which had made the House great and respected.

But, yielding to the temptation to play politics with public measures, even at the risk of disabling the operations of government, the Democratic leaders and their deluded followers ruined the reputation of the House as a safe deliberative body. It is now scorned and derided by the public, and conscientious Members are unjustly suffering for the sins of the majority.

Instead of accepting the judgments of this House as wise, the people of the United States now look upon its acts with dread and suspicion. The House has never before earned the contempt of the public.

AN ORGY OF DEMOCRATIC DELIRIUM

I shall not go into further details in discussing the reasons why the House under Democratic misrule has sunk to such disrepute. It is enough to point to the inexcusable delay in balancing the Budget; the political jockeying which made a mockery of the so-called economy bill; the insincerity of Democrats who harped upon tariff injustice and then demanded special tariff legislation favorable to products of their States; the attempt to emasculate the law which provides for equitable adjustment of tariff rates, in order to play politics with public revenue; the folly of the attempt to throw open to foreign governments the right to participate in shaping American tariff policy; the effort to defraud the public and the veterans by floating $2,400.-000,000 of adulterated money; the attempt to penalize honest bankers by making them responsible for dishonesty and crookedness in rotten banks; the crazy scheme for compelling the Federal Reserve Board to nullify natural law and boost the prices of commodities; the crafty plan to distribute $132,000,000 of public money to favored States for road purposes at the expense of other States; the gigantic Garner pork-barrel scheme, unequaled in history for its size and folly, except for the still more monstrous plan which Speaker GARNER would have foisted upon the country, whereby the people's money would have been handed out to all individuals who cared to borrow.

Thus, from bad to worse, the Democratic House staggered like a drunken man through the months of this session, winding up with the orgy of delirium which has just astounded and disgusted the country.

THE SPEAKER'S OVERWEENING AMBITION

The allegation is freely made that these wild departures from sane legislation were inspired by the ambition of the distinguished Speaker to attain the Presidency. It is contended that this ambition could not hope to reach the goal so long as the Speaker cooperated with the Republican President in an unselfish effort to devise legislation without political taint. Therefore, yielding to ambition, the Speaker is said to have made up his mind to oppose and obstruct the President, even if it were necessary to espouse foolish or ruinously costly legislation to do it. Since the President had worked out with his advisers—some of them unselfish and patriotic Democrats—the only legislation practically adaptable to the national emergency, it was necessary for the Speaker to adopt unwise and impracticable schemes.

The Democratic National Convention came on. The ambition of the distinguished Speaker was not gratified by nomination for the Presidency, but he was duly rewarded for stepping aside by being nominated for Vice President. There was nothing else to do but to accept, in view of the fact that the Speaker had lost control of the House and could not hope to repair his damaged prestige in this body.

We can find no fault in ambition which seeks just rewards for exceptional public services; but what shall we say of ambition which demands a reward for failure? What is a suitable reward for frantic efforts to fasten bad legislation upon the Nation? Is not defeat the best and most effective reward?

As surely as the people will reward with preferment a legislator who perfects sound legislation so surely will they rebuke one who insists upon unsound legislation as a means of promoting his political ambition.

DEMOCRATIC PLATFORM REPUDIATES DEMOCRATIC RECORD IN THE HOUSE

The platform adopted by the Democratic National Convention at Chicago and the record of the Democratic Party during the session now coming to a close afford an excellent opportunity for the American people to compare words with acts. The platform is full of flattering promises. The actual record of Democratic control of the House is full of broken promises and failures.

If the Democratic Party is proud of the record that has been made, why is the platform silent? If that party is ashamed of the record it has made in the House, why does it not acknowledge that it can not perform what it promises?

It is no small matter when a political party is given control of a branch of Congress. The people risk their lives, property, and happiness when they commit to any party the power over the purse and the sword. They have a right to demand an accounting. The Democratic National Convention was guilty of cowardly evasion when it failed to render an accounting of the acts of the Democratic Party in the House.

The sins of the Democratic leaders and followers of this House follow the Democratic Party into the campaign. The Democratic National Convention did not dare to refer to the folly of the party's representatives here. The convention directly and indirectly repudiated the record of the party in its control of a coordinate branch of Congress. It directly repudiated the bonus bill, and it refused to indorse other Democratic measures.

The Democratic Party says in effect to the people of the United States:

We denounce the Republican President for legislation which we helped him to pass; therefore we ask your support.

We tried to enact unwise legislation inspired by politicians who thought they could make political capital by opposing nonpartisan measures; therefore we ask you to elect them.

We made a botch of governing the House of Representatives; therefore we ask you to give us control of the entire Government.

We offer for Vice President the Speaker who failed to control the House; therefore we ask you to put him in control of the Senate.

We supported emergency legislation proposed by President Hoover because the public demanded it; therefore we ask you to give us power to repeal this legislation.

We have no program for dealing with the depression, but our nominee for President advocates bold experiments; therefore we ask permission to experiment on you.

We admit that President Hoover offered a program and that we supported it; therefore we ask you to defeat him before the program can be completed.

Although the Democratic platform, by its silence, repudiated the Democratic record in the House of Representatives, the Republican platform justly condemned that record in no uncertain tones under the dismal but absolutely true caption of—

DEMOCRATIC FAILURE

The vagaries of the present Democratic House of Representatives offer characteristic and appalling proof of the existing incapacity of that party for leadership in a national crisis. Individualism running amuck has displaced party discipline and has trampled under foot party leadership. A bewildered electorate has viewed the spectacle with profound dismay and deep misgivings. Goaded

to desperation by their confessed failure, the party leaders have resorted to "pork-barrel" legislation to obtain a unity of action which could not otherwise be achieved. A Republican President stands resolutely between the helpless citizen and the disasters threatened by such measures; and the people, regardless of party, will demand his continued service. Many times during his useful life has Herbert Hoover responded to such a call, and his response has never disappointed. He will not disappoint us now.

WHERE DO WE GO FROM HERE?

Mr. RAINEY. Mr. Speaker, a little over a decade ago the Republican Party assumed control in all departments of the Government. The backwash of the war accomplished this result. At that time, and as a result of eight years of Democratic control, our factories were running in two shifts, day and night; our farmers were receiving the largest prices for their products they ever received; our mines were all operating, and there was no unemployment. There had been practically no bank failures.

CONDITIONS NOW

Ten million men walk the streets of our cities unemployed. Half of our factories are idle. Half of our coal mines have shut down. Yesterday wheat reached a low "all time" record. It takes two wagonloads of farm products to buy what one wagonload would buy in 1920.

From every hand comes the crash of failing banks. Our national income from all sources has been cut practically 50 per cent. The expenses of our Federal Government have almost doubled since the Wilson administration. Eight thousand banks have failed and more will fail in the immediate future.

Armies of unemployed are converging on the National Capital.

During the fiscal year which has just closed, in order to keep the Federal Government going, under the Hoover administration, we were compelled to spend almost $3,000,000,000 more than our revenues amounted to, and this enormous sum has been added to the national debt. To propose to collect it by taxes would be impossible. We have handed it on to the future years, and, perhaps, for another generation to pay. This is the largest deficit in the history of nations.

We have more unemployed than there is in all of Europe outside of Russia, and there are no unemployed in Russia. We are threatened with bread riots of the unemployed in our great cities.

Conditions have never been as bad as they are now. Yet they comfort us with the assurance that they might be worse. They might be worse, and they will be worse if the Republicans are again restored to power.

OUR PRESENT ECONOMIC CONDITION

Statistics are now available which show an unfavorable balance of trade—a balance against us—for the month of June of $6,000,000. Our exports for the month of June were lower than they have been for any month since 1914. Our exports dropped for June to a total of only $115,000,000 after France made wider use of her quota system.

Last week 35 banks closed with estimated deposits of $22,000,000, an increase of eight over the preceding week, according to the American Banker.

The National Capital had its first banking casualties. On Thursday of last week three banks in Washington failed.

Nine hundred and eight banks have closed this year, a record for all time. For the same period in 1931, 740 banks failed. The deposit liabilities of banks so far closed this year are estimated at nearly $506,000,000.

So far this year only 151 banks have reopened. For the corresponding period of last year 188 banks reopened.

All this indicates that our financial condition is growing worse.

While all this has been happening our money circulation increased during the month of June $216,000,000. During the present calendar year our money circulation has increased $874,000,000. The total volume in money in circulation on June 30 of this year was nearly $6,000,000,000, a record for all time.

Practically all dividends of our great corporations have been cut, most of them 50 per cent, and many of them have been suspended entirely. Stocks listed on the New York Stock Exchange and all other exchanges every day reach new record lows.

The decrease in individual account debits, as shown in the last Federal weekly bank report covering the period of this calendar year up to July 15, shows a reduction of from approximately $10,000,000,000 to approximately $6,000,000,000, a decrease of $4,000,000,000 under the same period in 1931.

WHAT WE ARE DOING TO REMEDY THE SITUATION

We have just passed the home loan bank bill with the Glass amendment, evidently put on the bill in the first instance for the purpose of killing it. The President agreed to it. This means a still further expansion which may possibly reach a total of $1,000,000,000.

Under it national banks have the right to deposit Federal bonds drawing 3⅜ per cent interest and less, and on this deposit they can issue the face of their bonds in circulating notes while they still continue to draw interest on their bonds; and the only charge for this privilege is a very slight charge against them for expenses, such as the charge for printing the notes in the Bureau of Engraving and Printing.

At the present time the only bonds which have the circulating privilege are Federal bonds drawing 2 per cent, and banks have taken up $700,000,000 worth of these 2 per cent bonds for this purpose. The effect in the near future will be that the $700,000,000 worth of 2 per cent bonds held by the national banks will depreciate in value, and it is not an extravagant assumption that these bonds may depreciate 40 per cent, with a consequent direct loss to national banks of nearly $300,000,000. If this happens, it will result in a still greater number of failures among national banks. Many of them can not stand this loss.

Those banks which now hold bonds drawing 3⅜ per cent and over 2 per cent can use those bonds as a basis for their circulation and still draw a higher rate of interest than they now draw. It is conceivable that many banks will avail themselves of this privilege. There are $3,000,000,000 of this class of bonds now outstanding. Many national banks, probably the majority of them, now owe money. Many of them are in danger of runs. In fact, all of them are. The temptation to deposit their bonds for the circulation privilege in order to use the money they can circulate against them to pay their own debts or to insure themselves against runs will be irresistible, and it can readily be seen that an additional expansion in our circulating medium to a total of $7,000,000,000 is in sight.

There are those who believe that this is desirable, but the fact remains that an increase in our circulating medium of nearly this much for the present calendar year up until the present time has resulted in no price gain to farmers, and has not started a single factory. Money is evidently being hoarded. It does not circulate and it requires a restoration of confidence before it will circulate.

Our national debt has been enormously increased under the Hoover administration and it is still increasing.

We have created the Reconstruction Finance Corporation, with $2,000,000,000 capital, to which the Treasury subscribed $500,000,000, and we made an appropriation of that amount when we did not have that much money in the Treasury. It was authorized to issue debentures to the amount of $1,500,000,000, and we have just doubled that authorization. Already this corporation has loaned over $1,000,000,000 to banks and railroads and insurance companies. It can not sell its debentures on the market and the Treasury takes them at 3½ per cent, and all the money we have so far contributed to the Reconstruction Finance Corporation we get by borrowings of the Treasury Department.

The Treasury Department is able to sell its 1-year notes at an interest charge of considerably less than 1 per cent per annum, but every time the Treasury sells $100,000,000 or $200,000,000 worth of these short-term notes that much money is taken out of the taxable funds and reduces the incomes of States, counties, and municipalities of the Federal Government. These notes are tax free, and the incomes of the Federal Government, the States, the counties, and

municipalities are continually growing less. This makes an additional charge upon them. I wonder how long this can last.

TAXES AND THE BUDGET

In order to effect economies in the administration of the Federal Government, we have reduced the Budget for the fiscal year 1933, $1,100,000,000 under the Budget for 1932. The Democratic Congress is responsible for initiating all of the bills which made this enormous reduction possible.

Notwithstanding this reduction, we have been compelled to add to our taxes $1,200,000,000 for the present fiscal year, and a large part of this consists of irritating taxes worse than any imposed in war times. We were not compelled even in the period of the World War to require stamps on checks. We are now compelled to resort to that exceedingly objectionable method of taxation; but notwithstanding all these additional taxes and all cuts in expenses of the Federal Government, we now have another deficit facing us, and we have just entered upon the present fiscal year. It is admitted that we have a deficit of $150,000,000, and to this must be added $269,000,000 which the allied nations will owe us this year and for which they were kindly given a moratorium last year by the President of the United States. In other words, there is a deficit in sight now for this year of $419,000,000, and this will increase with each passing day.

At the close of the last fiscal year we were operating this Government and spending $7,000,000 every day more than we collected from our various revenue resources.

Farms can not be sold at all at the present time. Recently one-fourth of one of our great States was sold for taxes. Mortgages are being foreclosed every day.

I am wondering what the people are going to do about it in the approaching elections. It is perfectly evident what they ought to do about it. No party in the country has ever made a worse record than the Republican Party has made under the last three administrations, and especially under the administration of President Hoover and under his vacillating, indecisive leadership.

DOLES

The remedy for it all, in the opinion of Mr. Hoover, and Republican Party leaders follow him blindly, is doles, and we have carried out this policy during the present Congress. Mr. Hoover has given doles to big banks, doles to railroads, doles to insurance companies, doles to Federal farm-loan banks, but the Federal farm-loan banks are still required for the loans they make to charge crushing rates of interest to farmers, and this is all we have done so far under President Hoover's leadership. Not one bill has been passed which tends in any sufficient measure to remedy conditions for which he and his advisers and the two preceding Republican administrations are directly responsible.

Mr. Hoover and Secretary Mellon and Assistant Secretary Mills, now Secretary of the Treasury, and the other leaders of high finance who advise the President were unable, any of them, to see the aproaching depression. May I quote from some of them in order to show the failure of leadership which has resulted in the present depression?

In his final message to Congress on December 4, 1928, President Coolidge said:

> No Congress of the United States ever assembled, on surveying the state of the Union, has met with a more pleasing prospect than that which appears at the present time.

On October 24, 1928, at Paterson, N. J., Hon. JAMES J. DAVIS, at that time Secretary of Labor, now a Senator from Pennsylvania and one of Mr. Hoover's advisers, stated:

> The single issue in the presidential campaign is, How can we best maintain and increase prosperity in America, and who is the man to do it?

On the same day at Rochester, N. Y., Charles Curtis, then and now a vice presidential candidate, said:

> The only issue in this campaign is the continued prosperity of the American people.

On October 24, 1928, at Chicago, Ill., Charles Evans Hughes, in his speech, said:

> I believe that it is very important in maintaining the confidence that underlies our prosperity that we should retain a Republican administration.

On October 5, 1928, Charles Curtis, then and now a vice presidential candidate, at Gary, Ind., said:

> Stick to the full dinner pail. You have been enjoying Republican prosperity. If you want to continue the prosperity of the administration of Calvin Coolidge, vote for Hoover.

On September 17, 1928, Roger W. Babson, a supposed economist, said:

> The election of Hoover and a Republican Congress should result in continued prosperity for 1929.

On August 11, 1928, in his speech of acceptance of the Republican nomination in California, Herbert Hoover said:

> Unemployment in the sense of distress is widely disappearing. * * * We in America to-day are nearer to the final triumph over poverty than ever before in the history of any land.

A heading in the New York Times of October 12, 1928, reads, "Mellon appeals for Hoover victory as prosperity aid."

In Mr. Hoover's speech at San Francisco on July 27, 1928, he said:

> The outlook for the world to-day is for the greatest era of commercial expansion in history. The rest of the world will become better customers.

On October 25, 1929, in his press release President Hoover said:

> The fundamental business of the country, that is, production and distribution of commodities, is on a sound and prosperous basis.

I read from the New York Herald Tribune of October 24, 1929, the following heading: "Stocks off five billion in severest break of Wall Street history."

I read a heading in the New York World of November 13, 1929, "Stocks crumble to lowest levels."

In November, 1929, William Randolph Hearst said in his newspapers:

> Some reassuring utterance by the President of the United States * * * would do much to restore the confidence of the public.

And President Hoover responded with the following statement:

> Any lack of confidence in the economic future or the basic strength of business in the United States is foolish.

In his message to Congress of December, 1930, President Hoover said:

> Economic depression can not be cured by legislative action or Executive pronouncement.

I read from a New York Herald Tribune heading of January 24, 1930, "Trade recovery now complete, President told."

On March 8, 1930, a Washington dispatch quotes President Hoover as predicting—

> That the worst effect of the crash upon unemployment will have been passed during the next 60 days.

I read from a Washington dispatch of October 20, 1930:

> President Hoover to-day designated Robert W. Lamont, Secretary of Commerce, as chairman of the President's special committee on unemployment.

A Washington dispatch of October 21, 1930, states:

> President Hoover has summoned Col. Arthur Woods to help place 2,500,000 persons back to work this winter.

Some sound common stocks

	Oct. 30, 1929, close	1931 low	As of July 19, 1932, close
Anaconda Copper	95	12⅝	4
Chrysler	35	11¾	6½
Du Pont de Nemours	129	53¾	22⅛
New York Central	199½	49⅝	12⅜
Sears Roebuck	105	31	12½

In September, 1928, Secretary Mellon said:

There is no cause for worry. The high tide of prosperity will continue.

On December 5, 1929, Andrew W. Mellon stated:

The Government's business is in sound condition.

On October 1, 1931, Mr. Mellon's Aluminum Co. of America and subsidiaries—controlled by the Mellon family—reduced wages of all employees 10 per cent, effective October 1, 1931.

I quote from a heading in the New York Times of June 13, 1931, "Lamont plans cuts in his department. He urges division heads to reduce personnel in economy campaign."

On September 23, 1931, in a heading in the New York Times it was stated, "United States Steel and Bethlehem to cut wages 10 per cent October 1."

This headline appeared in all papers.

On January 14, 1931, the New York Times heading read, "Thirty-six million dollars bonuses by Bethlehem Steel are attacked in suit."

On January 30, 1931, a New York Herald Tribune heading read, Bethlehem net in 1930 drops to $5.25 a share. Leaves deficit of $2,356,594 after dividend payments."

I might continue indefinitely these quotations. They show an absolute failure of leadership in Mr. Hoover and his advisers. They did not know the crash was coming. They denied it. They boosted stocks at every opportunity, and the lows of 1929 have gone still lower. There has been an absolute failure of leadership.

It seems an impossible assumption that the people of the United States can be longer deceived as to the effect of the Republican policies. The time has come for a return to the constructive methods of the Wilson administration.

CAUSES OF THE PRESENT DEPRESSION

The reasons for our present depression are not far to seek. The unconscionable revisions upward in the Republican Fordney-McCumber tariff bill and the still higher rates of the Hawley-Smoot bill are responsible. These unconscionable rates provoked the retaliatory tariffs of foreign nations and international trade has stagnated. Our ships are rusting in our harbors.

The flight of American capital has commenced, and 2,200 branch factories, back of tariff walls of foreign countries, American branch plants, are operating with American capital and American superintendents; but they are employing 400,000 foreign laborers, and the flight of American capital has just commenced. The progress it is making is alarming. Mass production for foreign demand can no longer be carried on in our home factories. Retaliatory tariff walls can not be crossed. Conditions are growing worse.

The President recently vetoed our Democratic tariff bill, which provided for our participation in international economic conferences in order to reduce world tariff walls and make it possible to restore world prosperity, and especially the prosperity of American factories and American farmers. The President's answer and the answer of his advisers to the tariff conditions which have wrecked us and which have almost wrecked the world is "higher tariffs."

On account of our high tariffs the crash of 1929 came and in one week of time stock depreciated in value $80,000,000,000 on the New York Stock Exchange alone. They have decreased more than that since that time. The stock-market debacle of 1929, which still continues, carried this country down and we carried with us the rest of the world.

"A CHICKEN FOR EVERY POT"

In every newspaper throughout the land in the campaign of four years ago a full-page advertisement was carried with the heading "A Chicken for Every Pot." May I quote just a part of it?—

The Republican Party isn't a poor man's party. Republican prosperity has erased that degrading phrase from our political vocabulary. * * * Republican prosperity is written on fuller wage envelopes, written in factory chimney smoke. * * * Republican prosperity has reduced hours and increased earning capacity, silenced discontent, put the proverbial "chicken in every pot, and a car in every back yard to boot." * * * Republican administration has restored to railroads solvency, efficiency, and par securities. * * * The Republican Party rests its case on a record of stewardship and performance. * * * Wages, dividends, progress, and prosperity say "Vote for Hoover."

I could read more from this extravagant, optimistic campaign statement, and all to the same effect. In view of what has happened—and I have called attention to some of it in this speech—I submit these quotations without comment on my part.

WORLD TARIFFS AND DEPRESSION

For a long time—in fact, ever since the Fordney-McCumber Act of 1922—I have been calling attention to the disastrous effect upon us and all the other nations of our high tariff leadership. I have been for a long time "a voice crying in the wilderness." I now can refer to recent statements of the highest authority which indicate that high tariffs are the cause of the present world depression, and until they are lowered there can be no return of prosperity.

The finance committee of the League of Nations in April of this year issued a report, now available, expressing its profound alarm over the condition into which the world is drifting. It called attention to the destructive effects of tariffs, quotas, and other trade restrictions, and declared that—

Unless the creditor States accept the goods in which the major part of the debts can alone be paid, the tendency is simply to still more rigorous methods of control and trade obstruction.

And it proceeds to say that—

This will lead inevitably to further fall of prices and the progressive strangulation of commerce. Not until these fundamental causes of the depression are dealt with can the hoped-for improvement take place.

Again, in May of this year the Bank for International Settlements states in its annual report:

If the relative position of the international balances of payment is continuously to be upset by changes in tariff barriers, with profound effects on the equilibrium of the different countries; if the flow of capital from one nation to another is to be dammed up by obstacles which make the fulfillment of contractual obligations virtually impossible * * * it becomes more and more evident that durable monetary stability can not be expected to exist.

And recently there came the declaration by the gold delegation giving further warning that trade can not be expected to revive while tariff barriers exist. I quote from the statement in part:

If political conditions are such that nations hesitate to commit themselves to too great interdependence one upon the other, but impose these rigid restrictions upon international trade in their effort to attain economic self-sufficiency, there will be little scope for any international monetary mechanism. * * *

I could quote from more of the world's best authorities to the same effect, but I have quoted enough. The high tariffs of the Republican Party, thereby inducing the retaliatory high tariffs for foreign nations, are responsible in the greatest degree for the condition in which the world, including the United States, finds itself at the present time.

Notwithstanding all the facts to which I have above called attention; notwithstanding the absolute failure of Republican leadership, it is insisted at the opening of the present campaign that the remedy for all the ills that be is to continue in control the policies of the party which is responsible for the deplorable condition in which this country and the world finds itself to-day.

REDUCING THE COST OF GOVERNMENT AND BALANCING THE BUDGET

Mr. WOLVERTON. Mr. Speaker, to-day, with the evidences of depression all about us, touching and paralyzing industry, creating uncertainty as to the ability of financial institutions, increasing tremendously the burdens and difficulties of our farmers, and bringing destitution and distress to unemployed workers, it is indeed difficult to believe that any good has or will come from the present depression. And yet, with all the losses and discouragements we have experienced as a people, I am confident that there has come to us a very distinct and worth-while gain, namely, an awakened and intelligent interest upon the part of our people in the cost of government, Federal, State, and local.

With increased interest there has come an insistent demand that the cost of government be reduced. It is regrettable that the propaganda sent throughout the country

has in many instances confused our people and given a wrong impression as to the cost of the Federal Government. This is due to the fact that no distinction was made between Federal, State, and local governmental expenditures. Consequently, when reference has been made to "government expenses," the average individual considered this as meaning "Federal expenses." Therefore, much of the criticism directed to Congress as being responsible for the heavy burden of taxation now resting upon our people should in fact have been directed to State and local authorities.

Permit me to illustrate by referring to a very caustic letter received by me criticizing Congress as being responsible for keeping in office a vast horde of officeholders that represented one to every six or seven people. I realized that this was not true and that the writer was mistaken. However, I looked into the matter to ascertain the exact facts. I found that there are approximately 600,000 civil employees of our Government, or about 1 for every 200 of our population. This was a substantial difference from the statement contained in the letter and is characteristic of many more such statements that have been given wide circulation. The mistake was probably due to a failure to draw any distinctions and charge every officeholder, of every kind and character anywhere and everywhere in the entire country, to the Federal Government. Many more equally extravagant and untrue statements have come to my attention at various times. Of course, it is easy enough to correct these misstatements when addressed to me by letter or otherwise, but I often wonder as to how general such impressions are and no opportunity ever given to correct them.

Thus, because of such propaganda, there is not only a tendency to blame Congress for the burden of taxation but a demand that it provide relief therefrom. Those who criticize and make such demand of Congress overlook the fact that the burden of taxation that weighs so heavily is the result of State, county, and local taxes. The expenditures for which these agencies of government are responsible have increased by leaps and bounds since the World War. Former President Coolidge is quoted as having said that in 16 years the State and municipal expenses jumped from $2,227,000,000 to $9,116,000,000. And the increase in the bonded indebtedness of States and local municipalities has been even greater in proportion. In 1913 the total National, State, and local bonded indebtedness was $4,200,000,000. Of this amount $3,200,000,000 represented State and local bonded indebtedness. The latest figures place the bonded debt of State and local municipalities at $30,000,000,000. This means increased burdens to the local taxpayers; and it is the real-estate owner who bears most of that burden. In considering the cause and remedy for tax burdens we must not overlook the fact that State and local budgets combined account for three-fourths of all taxes collected or money spent for governmental purposes in America. The Federal Government is in no way responsible for this. It receives no part of the money raised by local taxation and is not chargeable with creating the burden.

While State, county, and local indebtedness have increased to fabulous amounts, during the last 12 years the Federal indebtedness has been decreased $9,000,000,000, with a consequent saving of more than $300,000,000 in interest each year. Thus, while local indebtedness has been steadily increasing the Federal indebtedness has decreased by more than one-third. But, notwithstanding the fact, the heavy taxes which our people are called upon to carry are the result of State, county, and local government expenditures over which Congress has no jurisdiction, and overlooking the further fact that only 3 per cent of our people contribute directly to the support of the Federal Government—not including excise and direct taxes recently imposed as a temporary or emergency tax—yet the demand is made that Congress relieve our people of the tax burden under which they are now struggling.

There is no congressional action that can be taken to relieve taxpayers from the burden incident to State and local taxes. It is not within the realm of congressional authority nor one over which it has any jurisdiction or power.

Relief from local tax burdens can only be accomplished when States and local municipalities are willing to cut expenditures in the same drastic manner as the Federal Government, by action of Congress, has already done. What finer example could be given than that shown by Congress in cutting the appropriations of the Federal Government for the coming year $857,353,618.94 below the appropriations of the past year? To this reduction is to be added a further saving of $150,000,000 resulting from the passage of the economy bill, making a total reduction of governmental expenses for the coming year of $1,007,353,618.94. This splendid result is a far greater saving than that suggested by the Bureau of the Budget submitted by the President to Congress in December last. Congress reduced the Budget estimate by $184,294,094.18, and when there is added to this the estimated saving of $150,000,000 by the economy measure, it shows a total saving of $334,294,094.18 effected by Congress beyond that suggested by the Bureau of the Budget, and more than a billion dollars less than the preceding year.

The problems incidental to properly balancing our National Budget have created differences of opinion as to the ways and means to be adopted. No one in public life has presented to the people of the Nation more clearly and forcefully the underlying principles that must govern in this important matter than David Lawrence, editor and owner of the United States Daily, published in Washington, D. C. He has performed a great public service in disseminating the information that has been contained in his weekly radio addresses. The following address, entitled "Analyzing the Federal Budget," delivered by him over the network of the National Broadcasting Co. system on April 24 last is particularly appropriate and worth while. He said:

We hear a great deal of loose talk nowadays about the high cost of government. In the first place, what do we mean by "government"? Shall we visit upon the Federal Government all the sins of the several States and the cities? Combined, all three units spend about thirteen and a half billion dollars a year, of which the Federal Government spends less than one-third. In the last decade the Federal Government has been paying off the public debt at the rate of about $9,000,000,000 and has been yielding surpluses. We heard nothing about the high cost of government until something happened to income. What we are facing to-day is the high shrinkage of income.

This, to be sure, brings us face to face with the necessity of balancing the Budget, for the shrinkage in income has been about 50 per cent. Instead of taking in four billions a year for the Federal Government, we have been collecting about two billions.

The Federal Government's Budget is being cut. Congress is struggling with the problem to-day and so is the Executive. Unfortunately the task is being made more difficult by the vast amount of pressure exerted, on the one hand, by those who insist the Budget can be cut sufficiently to avoid all increased taxes and those who insist it should not be cut so as to affect their particular projects or interests.

Now, let us see just what there is to the theory that the Government has suddenly become an extravagant and wasteful institution, and that all the Budget surgeons have to do is to eliminate the wasteful or extravagant or superfluous bureaus and it will bring about a balanced Budget without increased taxation or increased borrowing.

I have to-night reclassified the official estimates for the new Budget. I am not taking into account anything in the way of economies that have been projected in the last few weeks, for I shall try to explain those to you next Sunday night, but I am dealing now with the recommendations made to Congress last December which furnish a basic outline of what has to be done in order to balance the Budget.

Out of the $4,000,000 Budget the entire expense of all the departments, bureaus, commissions, independent establishments, Congress, and the legislative establishment amounted to about $504,000,000.

Just think of it! If we abolished the entire civil establishment of the Government we would save only a half billion dollars. How, then, can we say that by cutting out "useless bureaus" we can meet a deficit which for the year ending June 30 next amounts to two billions and a half dollars?

Now, just keep in mind this $504,000,000 and we shall build up the items showing how the rest of the Budget is spent, at least how the estimates for the year beginning next July were made up when submitted to the present Congress for further economies and cuts.

The next big item is the Army and Navy. It amounts to $659,000,000. Who says we should abolish our national defense? Is

the world ready yet for complete disarmament? Do the violations of treaties in the Far East recently indicate we have reached the point where we can discard the Army and Navy? Well, you will say they should at least be efficiently administered. Let us grant that and concede there are some economies to be effected, but we certainly will not find we can dispense with the whole $659,000,000 for the Army and Navy.

Thus far, adding the $504,000,000 for the civil establishment and the $659,000,000 for the Army and Navy, we add up to $1,163,000,000.

We come next to the interest on your Liberty bonds and Government securities. We certainly can not repudiate these commitments. Our banks have them in their vaults. They are a part of the capital structure of the Nation. We can not revise that commitment or cut it in any way. The interest amounts to $640,000,000. Think of it—almost as much as the Army and Navy combined.

So adding once more, we have counted up to $1,803,000,000.

We come now to the cost of veterans. This amounts to $1,123,000,000 a year. I talked about this two weeks ago and shall only say in passing that, regardless of what we may think of the item, the Government has taken a commitment to its veterans which, if it decides to repudiate or revise, we might as well say frankly will be met with the opposition of veterans and their friends, and it would be next to impossible to get such repudiation through Congress. Indeed, we shall be lucky if this item is not increased. There are, of course, some economies in administration and certain inequities that can be straightened out; but the most that has been recommended thus far by anybody in a position of responsibility is a cut of only $8,000,000.

But again continuing with the estimates we find the items I have mentioned thus far, namely, $1,803,000,000, when combined with the veterans' item makes a total of $2,926,000,000.

We took in during the current fiscal year less than two billions in income, so if we merely want to meet the obligations I have just enumerated, we would have to borrow money or increase taxes so as to get more revenue.

Now, there are two more items left that I have not dealt with. One is an item of $363,000,000 for improvements. This includes public roads, public buildings, rivers and harbors, and general construction, all urged upon the Government as a means of diminishing the ill-effects of unemployment and helping the producers of raw materials and giving work to skilled as well as unskilled labor. Maybe we don't need all of that $363,000,000 this year for public works, but there, again, the question is whether the commitments and authorizations made in past years can or should be revised.

There is another item of $155,000,000, which is the cost of running the Post Office Department—that is the deficit. It is one of the reasons why there is now planned an increase in postage rates. But that's only another form of taxation, so whoever says we need not increase revenues by taxes or other revenue-raising measures payable by the public isn't again carefully examining our shrunken revenues.

All these items thus far count up to $3,444,000,000, and to this must be added $496,000,000 as the annual installment payment on the public debt. This item is not to be confused with the annual interest. It is known as sinking fund and is designed to diminish the principal every year.

So the total Budget thus adds up to close to about four billions.

Now, let us consider this Budget in another way. We hear much conversation about "less Government in business," much "Government competition with business," and so on.

Let me ask you, what competition with business there is as between the Army and Navy and the business world? Where does the Navy buy its supplies; where does it buy its materials? From private business.

Again what competition is there between the expenses of the Veterans' Bureau and the business world? Don't the veterans spend their money buying things from private business firms, stores, and individuals?

What competition is there between the money spent for interest and sinking fund on the public debt and the business world? The interest goes to the holders of securities—the American people.

What competition is there between the roads and buildings constructed and the business world which indeed profits from their construction? There are no Government contractors or laborers—for virtually all of these public works private builders are engaged.

What competition is there between the Post Office Department and the public? Would the Nation repeal the parcel post act or would it turn over the carrying of the mails to private contract, and could any private concern make money out of it if the Government insisted on regulation which it would of course do lest such a Government-granted monopoly would lead to excessive prices for postage and carrying of packages? And who carries the mails? Why the railroad and steamship companies and now the aviation companies—they receive a large part of the Government's money.

Now let us take all the independent commissions and boards—they cost exactly $53,000,000. If we abolished them all we wouldn't be able to balance the Budget because the $53,000,000 is a little more than 1 per cent of the whole Budget.

We hear much comment about the cost of the various departments. For instance, we look over the departmental appropriations and we discover that the agricultural department spends $197,000,000. We find this to be one of the largest items. But when we examine it what do we learn? Why, that $109,000,000 of the amount is for public roads. And who wants these roads? The automobile industry, which has urged them for a generation. And without those roads we could not have made the automobile as popular a piece of merchandise as it is to the American people. So actually the Agricultural Department spends about $88,000,000 net and not $197,000,000. And would you say $88,000,000 is an excessive amount to spend annually to care for the interests of the American farmer whose total output is on the average worth between nine and ten billion dollars a year and has gone as high as twelve billions? That represents a big purchasing power and we are all dependent on it and want agriculture sustained.

Let us look at the Treasury Department. Here we find in the list that the department cost $293,000,000. But out of this we must take $146,000,000 for public buildings. So the Treasury Department itself spends only $147,000,000, and out of that we find that we could logically subtract $33,000,000, which is the cost of collecting the billions in taxes and revenues, and $20,000,000 for gathering of customs duties. This would make the net cost of the Treasury, if we eliminate the cost of collecting taxes, in the neighborhood of ninety millions, and even this is hardly a fair reflection of what the Department of the Treasury does, for it has the Public Health Service and miscellaneous activities that have been under that department virtually from the beginning of the Republic.

My purpose is merely to show you that the Government departments as a whole, all of them, including the independent offices, do not cost us a half billion out of our four billion, and you can not abolish them all. Even if you cut them 50 per cent, you could save but $250,000,000, a big saving, to be sure, but it would not avoid the need for some new taxation.

But in all this discussion of waste I think we should bear in mind that there are certain offsets which are rarely counted. For instance, the average salary of the higher executives of the Government is about $12,000 a year. How many corporations in America doing a business of $100,000,000 a year pay their presidents only $12,000 a year? How many business men with the responsibility for spending $100,000,000 a year would be content to take a salary of $12,000? Why, we know they run from $50,000 to $100,000 a year, and there are many subexecutives, vice presidents, and so on, who get in excess of $12,000 a year in the larger corporations.

The Government of the United States gets the benefit of the services of its executives at low cost. These men who come here for reasons of patriotism and fidelity to the public interest are many of them able to get many times $12,000 a year in private business. The Government gets the benefits of their ability and talents. It mounts up to a saving of many millions of dollars a year, possibly offsetting to no small extent the inevitable waste or inefficiency that here and there creeps into governmental operation.

But when we come to cutting the Budget so as to avoid new taxes let us not be misled by taking up isolated items of waste and regarding them as characteristic of the whole governmental establishment. I have enumerated the items that involve commitments. They can not be repudiated. A private business may repudiate contracts, break contracts, repudiate commitments. The Government of the United States can not do that. It can not break faith. And that is one of the principal reasons why you can not tear down the Budget structure with a wave of the hand. It can be cut, it is being cut, but we can not cut it deeply enough to avoid increased taxes.

It is indeed gratifying as a Member of Congress to see such worth-while savings effected. To cut the appropriations for the fiscal year 1932–33, commencing July 1, 1932, $1,007,353,618.94 below the appropriations of last year, and $334,294,094.18 below the recommendations of the Bureau of the Budget, is indeed an achievement in which pride may be taken. It is also an evidence of the sincerity with which Congress attacked this important part of the problem of bringing our national finances into balance and thereby maintaining our financial integrity and credit. The willingness of Congress to respond in this substantial manner to the demand of our people that the cost of government be reduced, can not help but bring satisfaction and encouragement.

BROKEN PROMISES

Mr. JONES. Mr. Speaker, the plight of agriculture is too serious for partisan attack. The facts themselves are a terrific indictment of the mistaken policies of the last 12 years.

In the convention of 1928 the Republican Party said in its platform:

> The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other institutions to insure its prosperity and success.

Their candidate, Mr. Hoover, in his first campaign speech delivered at Palo Alto, Calif., on August 11, 1928, made this statement:

> The most urgent economic problem in our Nation to-day is in agriculture. It must be solved if we are to bring prosperity and contentment. * * * We pledge ourselves to find a solution.

On this platform Mr. Hoover was elected.

Were the declarations of the platform and the pledges of the candidate carried out? What are the facts?

According to a statement made by the Department of Agriculture on May 15, 1932, the price level of agricultural commodities is only 56 per cent of what it was during the 1910–1914 period, while the price level of commodities which the farmer must buy are 112 per cent of the same period. In other words, the relative price level of the farmer's money is 50 per cent on the dollar.

Did they bring prosperity to the farmer? Only a few days ago both cotton and wheat were at the lowest price they have reached in 100 years.

These things did not just happen. They are the result of the violation of inexorable economic laws.

Under the Harding-Coolidge-Hoover régime discriminations have been practiced against agriculture in tariffs, in freight rates, and in general policies, both of government and business enterprise. A wild spending orgy was indulged in, both public and private, encouraged under the slogan "the Coolidge and Hoover boom markets" until wreckage has been produced.

The organization of subsidiary corporations was encouraged, holding company was pyramided upon holding company with superorganizations, until the cost of administration reached the point where rates and prices for services were so high as to be prohibitive if returns were to be had on these overorganized institutions. The banks were permitted to sell foreign securities to the people, which turned out to be practically worthless. Much of the hard-earned American money was channeled into foreign lands. The picking seemed so good that these financiers were living in a fool's paradise.

The whole philosophy of this procedure has been wrong. The philosophy of the administration was to permit money to be concentrated and controlled by the privileged few, who in their avarice and greed have enjoyed favoritism in legislation enactment and policies to such an extent that agriculture has been bled white and its purchasing power has been largely destroyed.

This gradual bleeding of the agricultural sections and the concentration of wealth in the hands of the few has caused a paralysis to come upon the agricultural and livestock interests. This naturally tended to destroy the market for even the industrial products, and slow paralysis began to creep up on the rest of the economic body.

The only remedy that has been offered by the administration is to further favor the interests and financiers who have been in control and who have had a strangle hold on the throat of the Nation and who insist on keeping control. They have tried to relieve conditions by forcing relief in from the top, with the age-old, threadbare, and mistaken Republican notion that a little of such relief would trickle to the average American.

Recovery must begin at the grass roots. In the far-away stretches of this country, amid the tillers of the soil, a better price for farm commodities must be realized. If attention were given to this angle of the problem rather than continually trying to relieve the financiers, the country would have a chance to recover.

To the farmer I address the inquiry, "What are you going to do about it?" You have been deceived—you have been bunkoed.

There must be economy in government. Useless bureaus and commissions must be abolished. The prices of farm products must be restored and the farmer given a chance to pay his debts. This is the only way.

Never in the history of this country has there been such a need to apply the principles for which Jefferson wrought, Jackson fought, and for which the Democratic Party through the years has stood.

The effective remedy is to place control again in the hands of the party which has always stood for the rights of the average man, for the rights of every man, for equal opportunity to all.

After your experience will you again place the fate of this Nation in the hands of the group that has brought about the worst panic in modern civilization? Will you again trust the party that has established policies that have caused ruinously low prices, poverty, inability to pay debts, and finally, as a natural result, has caused even the smokestacks of the factories to rust in idleness because there is no market for their products?

Will you vote for the party that has given you the promise of prosperity and of a "chicken in every pot," but which in actuality has left nothing but wrecks by the way and given to the people only the cry of despair?

I do not believe you will.

IS CONGRESS TO BLAME?

Mr. WOLVERTON. Mr. Speaker, in times such as these, when everybody and everything seems "out of joint," it is easy to criticize, find fault, and place the blame upon others than ourselves.

This is particularly true in the tendency to hold Congress responsible for all of our troubles and difficulties and look to it to solve all our problems and afford relief for all our losses, no matter what the cause thereof may have been.

Without regard to the origin, or giving any consideration to the fundamental causes responsible for the present depressed economic condition, there is a general demand that Congress should lift us out of the "slough of despond" and placed us on the high road to prosperity by the enactment of legislation. The answer is obvious to the thoughtful observer. The cause is not legislative but economic in character. It is world-wide in scope. It is not confined to our own country. Other nations have suffered even more severely than our own. If Congress, by the passage of unwise and uneconomic laws, had been responsible for bringing on the present depression, then it would be easy to remedy the situation and give relief by changing the law. However, as the cause is not legislative but economic in character and world-wide in effect, no remedy applied by Congress can prove a "cure-all."

There are some individuals, nevertheless, who seem to think that Congress holds in its hand a "magic wand," and that, by a mere waving thereof, all problems can be satisfactorily solved and an era of prosperity immediately returned to our people. Individuals such as these fall an easy prey to the seductive pleadings of the political demagogue, who claims that his party holds the "magic wand." To have such thoughts indicates a failure to consider or fully appreciate the fundamental causes of the depression. Thoughtful persons will realize that the ills of the world, by which we are affected, can not be cured by congressional enactments alone.

Furthermore, there must also be taken into consideration, in addition to the world economic condition that has had its distressing effect on our land, domestic conditions contributing to our distress that have likewise been neither legislative or, strictly speaking, even economic in character. I refer to the losses sustained by our people in having made investments which under the strain of adverse business conditions have proved unsafe and unsound. The collapse in the value of foreign and domestic securities, bringing a loss of billions of dollars to those who hold such securities, is neither attributable to nor the result of congressional action.

No one can properly hold Congress responsible for the unwise or unfair activity of our great financial interests that arranged and advised loans of great magnitude to foreign governments and private industry throughout the world, nor for the unfortunate willingness of our investors to follow the advice of such bankers.

It is now apparent that in some instances the financial interests or banking houses engaged in floating such foreign

loans were so anxious to obtain the large and attractive commissions offered by the interested parties that they overlooked or closed their eyes entirely to the instability, insecurity, and often actual dishonesty of the foreign government or industry whose security was being offered. Thus, disgraceful though it may be, yet the facts frequently justify the accusation that these so-called "big bankers" were willing, for the individual gain that would be their reward, to recommend to an unsuspecting and confiding public the investment of funds in such securities. Investors were offered the experience, knowledge, and judgment of these financial leaders as a basis for belief in the safety and soundness of the securities and accepted their word. Certainly Congress is not chargeable with the tremendous losses suffered by the individuals and banks throughout the country who followed the unwise and improper advice of such "big bankers."

Nor did Congress instigate the wild orgy of speculation and inflation of securities and real estate that has been rampant throughout the Nation since the World War, resulting in a collapse of the stock market and bringing great distress to many of our people. Unfortunately many of those who suffered loss were humble people, unskilled in financial affairs, and possessing little, if any, knowledge of the precarious and shifting sands of Wall Street, but lured on by an apparent opportunity to gain new wealth quickly and easily.

Nor did Congress advise, pass upon, or grant the extension of credits or loans upon insufficient or improper security or make investments in weak or worthless stocks and bonds, foreign and domestic, which have caused so many banks to close their doors. The resultant losses to stockholders and depositors because of mistaken or poor judgment in these matters by those managing the affairs of such institutions are not in any sense chargeable to Congress; and yet it is expected by some that even this is in some way subject to a legislative remedy.

Another source of loss that has added greatly to the general distress, and likewise in the origin of which there is no responsibility to be placed upon Congress, is that which has been caused by an overexpansion of our industries.

During the World War, and immediately thereafter, the industrial leaders of our country, with the help of financial interests, entered upon extensive programs of business expansion. Additional buildings were constructed by old and new enterprises at high war-level costs, and the latest labor-saving machinery, designed to produce great quantities of manufactured goods quickly and cheaply was installed. Industry advanced by leaps and bounds. The forests, the fields, the mines, and all our natural resources were coordinated with our massive industrial machine, and this increased the productive power of our Nation to limits undreamed of a few years before. Stocks and bonds to finance and make possible this great era of production were issued in fabulous amounts. Industrial leaders inspired the manufacturers of less degree. Financial leaders exerted similar influence upon the conservative local bankers. The final result being that everyone, big and little, became imbued with the fascinating idea that vast production on a great scale was good business, that expansion was necessary, and that the conditions appearing to require such were natural and permanent in character.

Unfortunately, however, the industrial and financial "wizards" who encouraged the expansion of our industries and issued innumerable securities in a variety of forms, to provide the necessary funds, failed to realize that the world-wide demand for American products was due to the fact that workers of Europe were in the trenches engaged in warfare, and with the close of the war would return to their work-benches, and the demand for American goods would cease in proportion as each nation gradually returned to a peace-time basis and thereby become able to supply its own national demands.

The failure to give recognition to the economic conditions that would inevitably follow the World War, particularly from overexpansion of industry and extensive credit obligations unable of fulfillment under changed conditions, and many other contributing causes, could not help but eventually bring about a condition where "we must reap what we have sown."

Every nation of the world is to-day reaping the result of its follies—economic, financial, and otherwise. The war-torn nations of Europe are learning now in the severe school of experience that the effect of war can not be limited to the actual time of combat nor measured alone by the number of dead and wounded, but that there are inexorable economic laws that will not be denied and will demand and receive their toll. Unfortunately, it is all too apparent. Our own Nation is not immune from the effects of European folly, and consequently our Nation and its people are experiencing a large measure of distress that finds its cause elsewhere. To-day, as we are conscious of the fact that "no man liveth unto himself," we are learning by experience that "no nation liveth unto itself," and that America can not escape the workings of economic laws affecting other nations. This truth again makes plain the fact that as Congress did not originate, neither can it, standing alone, remove the cause or supply the remedy.

The different causes already touched upon as having a bearing upon the question of responsibility for our present condition of distress are mentioned, not with any thought that they make a complete list, but merely to illustrate how easy it has been to charge responsibility to Congress not only for the existence but also for the failure to remove the cause, when, as a matter of fact, both the cause and the remedy are totally outside the sphere of congressional action.

Frequently the very "interests" that have been most responsible for the present condition have been the most ready, by unfair and untrue propaganda, to create a feeling of resentment upon the part of our people toward their Government and their representatives. It has, indeed, often seemed that such "interests" in conduct and practice resemble very closely the thief who, after robbing the jewelry store, ran down the street crying aloud, at the top of his voice, "Stop thief! Stop thief!" He was seeking by his cry to divert suspicion from himself. This same logic to-day impels some who are in a measure responsible for present conditions to divert suspicion from themselves.

The need to-day is for the man who honestly, courageously, and without thought of political advantage seeks, by constructive thought and action, to relieve present conditions, and who is not satisfied to spend his energy in useless criticism.

Even though it is true that Congress is not responsible for the cause, nor has in its hands the power to provide a complete remedy, yet there is a duty upon it not only to recognize the need but by appropriate legislation to provide the means to utilize the financial resources of the Nation to combat the disastrous effect of present conditions, and thereby save ourselves in the largest measure possible from the hardships and distress incident to the period of readjustment. Until Congress, as the law-making body of the Nation, has done this thing, it has not done its full duty to our people.

Congress has endeavored to fulfill that duty. The laws already enacted, some but recently, it is hoped will prove beneficial to every class within our borders. Congress has recognized the necessity of maintaining our financial structure, of providing credit that large employers of labor might continue in industry, and other activities related thereto, and that farmers might likewise be helped, of making available funds for home owners to prevent foreclosures, of inaugurating a vast program of public construction of every kind and character, Federal, State, and local, and to assist State and local municipalities not only in providing work itself but more direct relief to the destitute and needy who are unable to procure work. In addition thereto, Congress has reduced the cost of government for Federal activities by $800,000,000 below the appropriations of last year; it has also passed an economy measure that will effect further savings of approximately $150,000,000. This is but a general summary of the numerous acts of Congress passed in an

effort to relieve distress, provide employment, and decrease the cost of government.

There has been an honest and sincere effort upon the part of Congress to fulfill its responsibility to the people. While at times there may have been some differences of policy along party lines, yet, generally speaking, there has been an absence of cheap political partisanship. This spirit of cooperation must continue in the days to come, if anything worth while is to be accomplished for the good of our country in this hour of emergency.

THE SEVENTY-SECOND CONGRESS—ITS FAILURES AND ACHIEVEMENTS

Mr. JOHNSON of Oklahoma. Mr. Speaker, as we come to the closing hours of the first session of the Seventy-second Congress our thoughts naturally turn to the achievements as well as the failures or shortcomings of the session now about to pass into history.

Inasmuch as the House of Representatives was organized last December by the Democrats, elected a Democrat as Speaker, and has maintained a Democratic majority of from two to six throughout the session, I suppose that I shall be expected by some of our Democratic leaders to announce from the housetops that this has been the most progressive and outstanding of any session since the Democrats controlled both Houses of Congress back in the year of 1920. I wish that I might be able to truthfully make such a declaration. I wish I might be able to point with pride to an outstanding record by this Congress for economy and progressive legislation. Honesty and candor forces me to say, however, that the present Congress has been "outstanding" in at least two particulars. First, it has followed the dictates of the White House almost blindly in passing special legislation for big business; and second, it has ignored, failed, and refused to give any measure of relief to the broke and tax-burdened farmers of the country.

OPPOSED MORATORIUM

It will be recalled that during the summer of 1931, while Congress was not in session, President Hoover made his famous surrender to the international bankers and pledged this country, without any authority, to a moratorium of one year on certain foreign war debts. When this session reconvened last December Members of Congress were called on by the big newspapers of the country, as well as the big politicians of their districts, to stand by the President. I am glad I did not make any rash promises. I am glad I refused to vote for the moratorium, in the face of the fact that I had received many letters from constituents urging me to support it and assuring me that this "master stroke" of the White House would accomplish wondrous things in relieving the depression and bring back business prosperity. Not only that, but I also made a speech on the floor of the House vigorously opposing a moratorium on foreign war debts. I predicted then that the so-called moratorium would be an opening to final cancellation. I insisted then that it was not a 1-year holiday that Europe really wanted or would receive if and when the moratorium bill was passed.

MUST NOT CANCEL WAR DEBTS

In opposing the President's moratorium, as shown by the RECORD, I stated on the floor of this House:

I can not in good conscience support the moratorium, because I am fully convinced that it is not a one year's postponement we are voting on here to-day, but full and absolute cancellation. Be not deceived; you are simply lifting these debts from the shoulders of Europe and transferring them to the already weary backs of our American taxpayers of to-day as well as those of generations yet to come.

Again, in a speech on this floor later, discussing the same subject, I said:

Had the White House demanded that the international bankers also declare a moratorium on their private loans to Europe, there might have been some justification for his course, but no such demands were made. The gold that had been shipped to America by Europe and that would have aided much to replenish a depleted Treasury never left Wall Street. It was not shipped back to Europe but remained in the vaults of the international bankers.

WOULD FORESTALL ANOTHER MORATORIUM

In order to forestall another moratorium by the White House I introduced in the House Concurrent Resolution No. 33, which not only expressly declared it to be against the policy of the United States to enter into any agreement with any foreign country indebted to our Government for the postponement of payments on indebtedness due the United States, but declares that—

Congress will not at any time give favorable consideration to any agreement or proposal for any such postponement or payments of indebtedness entered into or proposed by any officer or agent of the United States.

COULD NOT SUPPORT RECONSTRUCTION FINANCE CORPORATION

When the Reconstruction Finance Corporation bill, another pet measure of the administration at Washington, came up for consideration I not only voted against it but repeatedly spoke against it, both before the committees and on the floor of the House. Time and again I have reminded Members of this House that, in my judgment, the bill was conceived in Wall Street, prepared by Wall Street, and rushed through Congress for Wall Street. Among other things I said:

This bill is nothing more or less than a dole to big business. It comes here for the purpose of making good worthless and questionable securities of big international bankers, large trunk-line railroads, and other political favorites. In the face of the fact that we are confronted with the largest deficit in the past quarter of a century, big business proposes to further drain a depleted Federal Treasury. Then hardly will the ink be dried, if and when the President signs the bill, until you same gentlemen will be back here trying to force a general sales tax or a special nuisance tax on the backs of the farmers and small taxpayers of the country. I can not support such a program.

Mr. Speaker, my prediction came true. We witnessed the sorry spectacle of the Reconstruction Finance Corporation lending money like drunken sailors to defunct railroads whose bonds were worth 10 to 12 cents on the dollar. We saw the chairman of that organization arrange for a loan for "only" $80,000,000 to his own bank, then resign on the pretext that "business was on the upgrade." A few days later the "loan" was announced. Is it any wonder that our people have lost faith in "the powers that be" at Washington?

OPPOSED GENERAL SALES TAX

Again, as I predicted, the same leaders who sponsored this and other doles to the international bankers and bondholders, as well as some of the large newspapers, started a nation-wide campaign to force through Congress a general sales tax in order, they said, to balance the Budget. For several weeks the Federal Budget was the subject of the leading editorials of the newspapers owned and controlled by special interests. Not a word was said by any of them in defense of the unbalanced Budget at a time when it was being ransacked by and for big business. They evidently never thought of the Budget until they decided to put over a general sales tax, increase postage rates, and pass other objectionable and unreasonable nuisance taxes, all of which I am glad to say I opposed, but which were made necessary because the Treasury had been so ransacked by big business.

Mr. Speaker, I yield to no one in a desire to keep the Government on an even keel and incidentally to keep the Federal Budget balanced; but I submit that it is a poor way to balance the Budget, or keep it balanced, by fostering a general sales tax on the very necessities of life, and thus pile additional burdens on the backs of the farmers and small business men of the country.

A SCHEME TO HEAP BURDENS ON POOR

When the sales tax was presented to Congress, I was one of the first Members of this body to rebel against that proposed legislation. In that memorable battle, the RECORD shows I began as follows:

Let me say in the outset that I can not in good conscience support this bill that would place a general sales tax on practically all the necessities consumed by the people with only a few exceptions, even though Judge CRISP, ex-Chairman HAWLEY, and other distinguished members of the committee choose to call it a manufacturers' tax. Whatever you may wish to call it, I insist that it is folly to say that this tax will not be handed down to the ultimate consumer. Remember, too, that it adds burdens to the people to the tune of more than $600,000,000, and yet that class owning about 90 per cent of the property of this country, the rich people of America, are only called upon to pay approximately $112,000,000 on increased incomes. I ask you in all sincerity, if such a proposal is honest, fair, or equitable?

MUST SLASH EXPENSES OF GOVERNMENT

After answering many questions from proponents of the bill during the course of the debate, I closed the same speech by stating briefly my ideas about what Congress could and should do in the matter of retrenchment, as well as stating how additional revenues should be secured.

My distinguished and able friend from Georgia, who spoke so eloquently of the inarticulate voice of the people, and yet, who I fear, did not listen to that voice when he brought this bill here, repeatedly asked the question to-day, "If you do not adopt the sales tax, then what are you going to do about it?" That is a fair question, and I propose in the minute or so that is left, to answer it briefly, but I trust in a straightforward manner.

First, I would cut expenses of this Government to the bone before calling on the people for additional taxes. I would abolish countless commissions and overlapping and useless boards and bureaus. I do not hesitate to say that I would cut and slash Federal salaries, especially in the higher brackets. I am not one of those who think that Members of Congress are paid too much; but, personally, I would gladly accept a 10 per cent, yes, a 20 per cent salary cut or more, rather than vote for this outrageous, unfair, undemocratic, unscientific, and indefensible sales tax measure.

WOULD TAX WALL STREET GAMBLERS

Not only did I urge the slashing of governmental expenses, the lopping off of useless departments, and reducing Federal salaries but I have made several suggestions on ways and means to help balance the Federal Budget. In a speech on the floor early in this session I said:

Aside from increasing the surtax, corporation tax, and income tax, I would reenact the excess-profits tax that brought in over $300,000,000 in 1921, but that is left out of this bill.

Again, during the consideration of the revenue bill, I addressed the House urging that sales of Wall Street stock gamblers be taxed at least 1 per cent of the amount of the sales.

These Wall Street gamblers do not confine themselves to intangible stocks, mythical securities, and bogus memorandums, but they gamble to the tune of billions of dollars on commodities they never see, but which are produced by the sweat of the brows of millions of honest, hard-working farmers of America. Instead of prices of farm commodities being based on the law of supply and demand, they are too often controlled by and held at the mercy of Wall Street stock gamblers. [Applause.]

TAX ON STOCK SALES $100,000,000 PER YEAR

The House made a forward step by taxing sales of Wall Street stock exchanges not 1 per cent, as some of us demanded, but it did include in the revenue bill a tax of one-fourth of 1 per cent. This tax, though seemingly insignificant, would bring to a depleted Federal Treasury no less than $100,000,000 per year. That was a step in the right direction.

When the revenue bill went to the Senate the millionaire Secretary of the Treasury, who now spends much of his time scolding the Democratic leadership of this House, rushed over to the Senate after a conference at the White House and demanded that the tax placed on Wall Street stock gamblers by the House of Representatives be eliminated, which was done. Not only did Secretary Mills demand that Congress back up on its determination to tax stock gamblers but he also insisted that income taxes be materially reduced, especially on incomes of millionaires in the higher brackets, and I am ashamed and chagrined to say that the Upper House heeded the demands of the Wall Street spokesman and lowered the income tax considerably from the figures placed in the bill by this House.

FARMERS NEED BUDGETS BALANCED

Inasmuch as so much has been said about balancing the Budget, let me state that I have cooperated in every reasonable way to that end; but I have insisted over and over again, and I repeat as we are now about to depart for our homes, that when the farmers of America get their budgets balanced we shall not have to worry about balancing the Federal Treasury. This Congress coming to a close to-day has dismally failed so far as any farm legislation is concerned. The tax-burdened farmer has been ignored.

EXPAND THE CURRENCY—RAISE COMMODITY PRICES

In my judgment, what the country needs most is lower money and higher commodity prices. There have been several bills to expand the currency introduced in this Congress, among which was one that passed overwhelmingly in the House, known as the Goldsborough bill, which might have given a measure of relief, but Wall Street said it was not "safe," and it was finally defeated in the Senate. The only possible chance for this Congress to pass a bill to expand the currency is to pass the Glass bill that will come before us for final passage to-night. It is that or nothing. Inasmuch as Senator GLASS is one of the country's foremost authorities on questions of finance, I am going to resolve all doubt in favor of this bill, and hope that it will have the effect of raising commodity prices and thus relieving the tense financial situation, a thing the President's entire program has failed to do.

SENATOR NORRIS PLACES RESPONSIBILITY

There have been a number of progressive farm bills introduced seeking to guarantee the cost of production to the farmer, but the Morgan-Mills-Mellon crowd has denounced them all as "unsafe" or unsound. I listened with unusual interest a while ago to a speech made in the Senate by the veteran statesman from Nebraska, the progressive Republican Senator GEORGE W. NORRIS, who gave some cold facts on the farm legislation. He said, in part:

I get just a little bit tired of men and papers continually saying, "What has Congress done for the farmer?" It has been defeated by the White House in every great farm measure we have tried to enact, or through White House influence.

We might just as well face the fact that we can not get any legislation unless we can muster two-thirds in the House and in the Senate, as long as Herbert Hoover is in the White House. We all know that to be true. I am not telling Senators anything they do not all know.

When he ran for President one of the propositions he laid before the American people was that if he were elected he would do something for agriculture, that he would place the farmer on an equality with the manufacturer, that he would give the farmer the benefit of the tariff. Millions of people believed he would and that he could. He was "the miracle man" then. They took him at his word, and by an overwhelming majority he was elected.

He undertook to redeem that promise, and the result was the present act providing for the Federal Farm Board. That is his baby; that is his redemption of a preelection promise. That is the bill that was going to place the farmer on an equality with the manufacturer.

Through his influence, also, in redemption of another promise we passed a tariff act that was going to put the farmer on a basis of equality with others under the protective tariff. The Farm Board bill was passed and the tariff bill was passed, and those were the President's two promises to agriculture, and I think everybody here knows the result.

In a speech on the floor in support of my House Joint Resolution 273 last February I said:

The dire need for clothing and food is rampant in our beloved and once prosperous land. This deplorable condition is not confined to any one section of the country. Conditions are probably worse in the congested city districts than among the rural population; yet the prevailing price of farm products being far below the cost of production, millions of honest, patriotic, and hard-working tillers of the soil have been thrown into bankruptcy. Thousands of Oklahoma farmers have seen their life savings swept from under them within the past two or three years. Farms are being foreclosed daily, and thousands of tenant farmers are in as much destitution as those who live in the towns and cities. I feel that it is inexcusable for this Government to hold millions of dollars' worth of clothing that the War Department admits can not possibly be used, with citizens of this country on the verge of freezing for the lack of sufficient clothing and with dire need widespread all over the land. If that be a dole, then make the most of it.

APPROPRIATIONS REDUCED

Inasmuch as I have freely criticized many acts of Congress, it is only fair to say that it has reduced the appropriations for expenses of operating the departments of the Federal Government more than $700,000,000 below what it took for the same departments to function under two years ago. For example, this Congress has reduced the appropriations for the War Department alone more than $60,000,000. This is $24,000,000 below what the President's

army of experts, known as the Bureau of the Budget, told Congress it was possible for the War Department to operate on. Every department of Government has been cut from 10 to 20 per cent. This has been done over the vigorous protests of heads of every department and over the protests of several members of the President's Cabinet.

When the House was straining every effort to pass the economy bill making these reductions one of the President's several secretaries motored from the White House to the Capitol in one of the nine new Lincolns, or other high-powered cars recently purchased by the White House, to advise Congress not to make these reductions. This secretary, being a former Member of Congress, was permitted to go on the floor of the House, buttonhole Members, and urge the defeat of the House economy bill and was instrumental in eliminating one section of same that was estimated to save $100,000,000 per year.

UNABLE TO FOLLOW PRESIDENT

This Congress has passed a few progressive measures. Aside from the Goldsborough currency measure passed by the House but killed in the Senate, it passed the nonpartisan tariff bill, the latter of which was promptly vetoed by the President. The proviso in the revenue bill placing a small tax of 1 cent per gallon on imported crude oil was progressive and needed legislation. That tax, in my judgment, should have been not less than 2 cents per gallon, and I trust the tax will be doubled by the next Congress. I am glad to say that the entire Oklahoma delegation not only enthusiastically supported a tax on imported crude oil but waged a united fight that resulted in that provision remaining in the revenue bill.

I have been criticized by some of my extremely partisan Republican friends because I have not been able to follow the President. In one of the first speeches I made in this House during the present session I stated I would be glad to follow the President when I believed him to be right, but I would not hesitate to oppose him when I felt in my heart that he was wrong. Inasmuch as the President's program has been the program of big business, the international bankers, great trunk railroads, and huge banking institutions, none of which have anything in common with the people I am trying to represent in Oklahoma, I have been absolutely unable to follow such a program.

Below are excerpts from some other speeches made by me on the floor of this House giving my views briefly on important matters of legislation.

WAR, PEACE, AND PREPAREDNESS

Now, I desire to say a word about war, peace, and preparedness. Our war veterans and veterans' organizations, like the American Legion and auxiliary, are repeatedly charged by their enemies with being militarists. That charge is unfair and unfounded. Men who have faced machine guns, who have suffered the privations and hardships of war, who have stood in the muddy, filthy, cootie-infested trenches of Flanders Field, Chateau-Thierry, and the Argonne Forest, do not desire another war. They abhor the thought of another armed conflict. The sad memories of the last one to thousands are not only a terrible nightmare but a grim reality. They think of war as heartless military murder. They know, too, that war is utterly useless and seldom settles anything. Mothers, wives, and sisters of our war veterans are more bitter against war. Millions of innocent and helpless children cry out against war. Our veterans and veterans' organizations, however, if I know their sentiments generally, feel that one of the surest ways of maintaining peace in America is for us to be reasonably well prepared against war. It is folly to say that for the United States to disarm or materially reduce our Army, Navy, and aircraft, while all Europe arms to the belt, would be any insurance against future wars. To disarm under such conditions would be national suicide.

MUST MAKE WAR PROFITEERING IMPOSSIBLE

For several weeks the black clouds of war have been hanging low over the Far East; the jingoists, professional militarists, and war profiteers are already beginning to demand war against a powerful Government on the other side of the globe. It is high time for Congress to make it plain that before this Government shall ever call on the young men of this Nation to serve in armed forces against a foreign foe that all wealth and materials necessary to conduct a war without profit to anyone shall be placed under military rule. I submit that the resources and wealth of this land are not as dear as the most humble human life. Some of us have been advocating such a law for many years and are convinced that if Congress will take a firm and definite action on this part of the American Legion program, which, by the way, has also the indorsement of every farm organization in America, that it will mean infinitely more to the safety and security of our people than great armies, modern machine guns, death-dealing gases, huge cannon balls, or thirty to forty million dollar battleships.

PEACE CONFERENCES FAIL

If this Congress could be induced to adopt a program that would make future war profits impossible, I submit, Mr. Chairman, that it would be a mighty forward step in the great cause for world-wide peace. It would be more practical and much less expensive than to send a delegation from America to a so-called peace conference in Europe, who will spend some three or four hundred thousand dollars in wining and dining bewhiskered foreigners, none of whom are our friends, but many of whom are eager to get the United States embroiled in the ever-present and the constantly increasing troubles of the Old World. I expressed this same thought some four years ago in addressing the House, when, as I recall, another alleged peace conference was scheduled to be held in Geneva, Switzerland. At that time I closed my remarks as follows:

> If peace is to be maintained in this great land of ours, we must take the profits out of war. We must eliminate the blighting effects of the damnable profiteers who have amassed great fortunes out of war. We must make it plain to our people and the world that property is no more sacred to America than human lives. We must conscript every available resource in this country in case of armed conflict. That will do far more, Mr. Speaker, toward perpetuating the peace of the world than all the peace conferences held in the past decade. Let us eliminate the profits of war, and then, when the other nations follow our example, peace will breathe as fragrantly in the world almost as if the day of redemption had come.

Having myself attended two peace conferences in Europe as one of the representatives of this body since becoming a Member of Congress, I desire to state that I share the same views to-day as I did when I addressed the House on this subject in 1928.

GIVE FARM BOARD WHEAT TO HUNGRY

Mr. Speaker and fellow Members of the House, this bill proposing to turn over to the Red Cross for distribution to the destitute people of America 40,000,000 bushels of wheat now being held in storage by the Federal Farm Board is one that should not, in my opinion, have opposition from any Member on either side of this aisle. The fact is, this bill should have been passed the first week of the present session, and the destitute and hungry people of the land could have been fed by this surplus wheat all winter rather than wait until spring.

I have stated on the floor of this House more than once that I would much prefer to support legislation to provide work for the unemployed and destitute citizens in order that they might be able to feed and clothe themselves, and I still feel that way about it; but this Congress is faced with a terrible and frightful condition of starving and hungry people, and not a mere fanciful theory.

There are some eight or ten millions of American citizens without work; and the army of unemployed, instead of diminishing, has grown every week and month for the past two years and more. A hungry person will not long remain a patriotic citizen. If leaders of Congress will spend less time denouncing the so-called reds and hunger marchers and pass legislation like this to feed their hungry stomachs, that vast army of hungry and discontented will diminish rather than grow with every passing day. [Applause.]

I must confess I do not understand why Members of Congress will quibble over this proposal to distribute this surplus grain to the starving and needy of our own people, especially after you have been so magnanimous to foreign countries. You did not raise any objections when Congress made a direct appropriation to feed the starving in China a few years ago, nor did we hear the cry of "dole" when this Government spent some $20,000,000 to feed the hungry and starving of Russia. Some of you whose statesmanship will not permit you to support this legislation raised no objection when Congress doled out an appropriation to feed the hungry people of Germany not many years ago.

It has only been a few years since the gentleman who occupies the White House and who now warns Congress against making any direct appropriation for relief for the starving people of America did ask Congress for a dole of $100,000,000 to the starving children of Belgium, and the appropriation was made without opposition or question on either side of this aisle. But I submit in all fairness, Mr. Chairman, that the starving women and children and the destitute people of our own beloved America are entitled to as much consideration as are those of Belgium, Russia, China, or other ungrateful nations beyond the seas.

Inasmuch as that word "dole" seems to be about the only obstacle in the way of some to support this bill, I can not resist the temptation to remind Members of this House once more that this Congress gave a dole to foreign governments, big railroad lines, and international bankers. But let us be candid about the matter—just what has this Congress done thus far to relieve the distressed farmer or the unemployed and destitute of the land? If it is statesmanship to give big business a dole, I insist that it is no crime to feed the hungry.

EMERGENCY FEDERAL ROAD FUND

Mr. Speaker, I am somewhat surprised at the opposition that has developed to this bill to create an emergency fund of $120,000,000 to construct highways throughout the length and breadth of the land, with some twelve millions additional for road construction in our public parks and Indian reservations.

I can not say that I am especially surprised at the strenuous opposition of the distinguished Republican leader from Indiana [Mr. WOOD]. But I must confess that I am somewhat surprised at the vociferous opposition of the distinguished gentleman from Chicago [Mr. CHINDBLOM], who is not particularly known as such a consistent advocate of economy. In fact, it has only been a few days ago that the distinguished gentleman from Illinois stood on this floor and begged Congress to appropriate $1,750,000 to finance a show that his friends and constituents are sponsoring in the great city of Chicago; a show that he, several months ago, induced Congress to recognize as the world's fair. As I recall, we were assured by the same gentleman that Congress would not be called upon to make an appropriation for his fair; but the camel got its neck under a tent and Congress has been called upon to pay a lion's share of the bill. Only a few days ago the distinguished gentleman from Illinois, who now pleads with tears in his eyes for economy, was begging Congress to appropriate some million and three-quarters, and actually induced this House to give his fair $1,000,000. Now, the gentleman from the great city, along with other distinguished leaders from some of the other city districts, are vigorously opposing this bill for highway construction that means so much toward the relief of the unemployed throughout the entire country. I do not understand that brand of economy.

The pending road bill should by all means be passed to-day.

WOULD PAY BONUS IN CASH

Permit me to say again, as I have previously stated upon this floor, that I favor payment of the so-called bonus certificates in cash. This is a debt due the veterans by the Government. It is not only a just debt but an acknowledged obligation on the part of the Government to the veterans and should be paid now. I have had considerable to say in the past in criticism of war profiteers and shall discuss that again in a moment. First, however, we ought to at least partially pay those men who actually fought the last one. Let us in this manner take some of the profits out of the last war.

AMERICAN FARM BUREAU FEDERATION INDEPENDENCE DAY ADDRESS

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address by me as a part of the nation-wide program of the American Farm Bureau Federation:

My fellow Americans, and especially those Americans who form the great body of agricultural producers, I want to express my deep appreciation for the opportunity given me, through the courtesy of the American Farm Bureau Federation, to join with you to-day in solemn reconsecration to the welfare of our beloved land.

In spirit I am sitting among you in the thousands of meeting places in which the farmers of America and their precious families are gathered at this hour. In spirit I bring you my humble message of greeting and good cheer, and with us is that great spirit, the spirit of the man whom Americans in loving remembrance will always refer to as the Father of Our Country. And that great spirit of our greatest man belongs especially to you. For he was a farmer—the best farmer of his time. It was as a farmer that he found the few years of peace and tranquillity in a life otherwise crowded with grave national concerns.

I like to give rein to my imagination and visualize George Washington as the farmer of Mount Vernon beside the lovely Potomac. There, amid the calm and quiet surroundings of his homestead, he exemplified the finest qualities of the American farmer. He knew every field, every tree, every animal.

He was not content to follow the agricultural traditions of his time. Always he sought improvement. Always he experimented with crops and soils. Always he sought to raise the standards of his stock. Always he conducted correspondence with farm authorities at home and abroad. And always was his enthusiasm aroused at the sight of good-growing crops, neat fences, well-cared-for trees and shrubs and spreading meadows.

When the sun in the glamorous beauty of a Virginia morning rose over the broad waters of the Potomac, his day began. With the first flashing glory of dawn he was astir, and with him came the awakening of all about him. His was the planning mind and the directing hand. Nothing was so small as to escape his keen eye. While demanding industry of those about him, he was not a hard taskmaster. To those who grew old or otherwise incapacitated in his service he was an indulgent master and provider. Not only did he care for his own family and other dependents but he never turned a deserving man or woman from his door. His charities were unobtrusive but generous. His private life exemplified the religious principles that influenced his great career.

When the shadows lengthened and the quiet hour of relaxation came, George Washington sat with his family and friends and watched the play of fading light upon the quiet river. What must it have been to be numbered among that intimate company! What an experience to feel his presence and hear his voice!

George Washington was not all drama and heroics. He was the ideal host, the generous companion, the friendly and sympathetic neighbor.

And, after all, is there anything greater than the friendship and sympathy of a neighbor? Those who dwell in cities have lost almost entirely that finest element of human relationship. But it still survives, and, thank God, must ever survive in the rural neighborhoods and communities of our great Nation.

You who are gathered together to-day represent that neighborhood spirit, that kindness and sympathetic consideration which comes from dwelling close to nature and in the employment of common interests, the serving of common ends, and the enjoyment of common labor.

This feeling that I have for rural life is genuine, deep, and abiding. You neighboring farmers have a possession far more precious than riches, position, or power. It is the expanding of life, the development of elemental human traits in men and women. It makes for sincere and lasting friendship, and those who are privileged to enjoy neighborhood relationships get something from life which must be prized above all other human gifts.

George Washington was the ideal neighbor. I prefer to think of him in that character, although, of course, his transcendent personality, his great deeds of leadership in war and in peace, his service to his country, which led him far from home, are the things perhaps best remembered about him.

When the United States George Washington Bicentennial Commission was organized, and I was honored by being made its associate director, we had a corps of historians who turned the keen light of research upon every act and every phase of character of this great man.

We have endeavored, with the best authoritative assistance, to rescue the life of George Washington from tradition, from myth, from error, and from persistent falsehood. We want to preserve to the Americans yet to come a truthful account of the life, the character, and the services of George Washington.

In all this mass of material, that which has appealed to me most have been the simpler things, the humbler things in connection with George Washington's personal and private life.

While I stand in awe of George Washington as the military hero, while I bow in humble tribute to his colossal acts of states-

manship, I yet feel closer to the man when in reverie I sit upon the great porch at Mount Vernon on a quiet afternoon and think of him there as the farmer, the husbandman, the neighbor.

How he would delight to be among the farmers of his beloved country to-day. How his great soul would expand with pleasure to feel the warmth of your love and veneration. And what courage, what strength, and what confidence his presence would bring to you in these hours that are clouded with anxieties and confused with difficulties.

George Washington has left us immortal legacies. He has pointed the way for our national security and prosperity. Upon the foundations which he laid our Government has expanded until it is one of the greatest powers of the earth. Yet over and above all is the human George Washington, the neighbor, and the man.

The same sun which rises in its glory above the home of George Washington rises upon you and me. The same winds which sang their pæans of peace over the flowers, the shrubs, and the trees of George Washington's home caress us to-day. The same meadows which spread their fragrant beauty upon the lands of George Washington are the meadows which gladden your eyes about your own homes. The growing things of the earth still grow as they did in George Washington's time.

The fields still yield their abundance as did his fields at Mount Vernon. The shadows of the passing clouds moved in cooling procession upon his farm as they do upon yours. God in His infinite mercy has willed that nature will ever be as it was in the beginning.

Changes come to our cities. Changes affect our Government. Changes have wrought miracles of industrial and commercial development. But still the corn grows, still the wheat ripens, and still the trees spread their restful shadows about us as they did when George Washington looked out upon the beauty of the world from the porch at Mount Vernon.

But the earth renews the abundance and it has not changed. Neither have the hearts of men changed. There is still in the world the same love, the same nobility, the same devotion, and—thank Almighty God—the same loyalty which drew to George Washington the love and devotion of his own countrymen.

And who would say that, after all, merciful Heaven has not preserved to us the best in life? The sunshine, the gentle rain, the unchanging affection, and the loyalty of the human heart, are these not greater than imperial cities? Are they not more important to human happiness than all the miracles of the industrial advancement?

Neighborliness is essentially a product of the open air. It is fostered by those who have room to live and love and labor. It preserves to humanity the sweetest and most enobling qualities of the minds and hearts of our people.

The farmer of Mount Vernon felt this influence more strongly than any other that affected his life. From the turmoil of battle, from the perplexities of the council chamber, he returned to the soil. He looked up into the heaven above him and felt that among the trees and flowers and meadows of his beloved Mount Vernon he would be nearer to God.

Here he found peace and here upon the banks of the lovely Potomac, lulled to sleep by the flower-scented breezes, he lies in everlasting rest, in the bosom of the earth which in life he loved so well. He sleeps but his spirit lives on. His spirit is with us to-day. It brings us the inspiration of hope, of strength, of courage.

In death, as in life, he is still the leader. He is still finding the way, still calling upon us, his fellow Americans, to go forward; and as the flag of our country casts its glorious benediction over the peaceful loveliness of Mount Vernon, so within its protecting folds you and I, my fellow countrymen, carry on under the living symbol of that which George Washington left us.

Look up, my fellow Americans, at the glory which shines about you. Look beyond the ground mists of doubt and the fog of uncertainty into the clean radiance of our own national life and behold the immortal grandeur of our country, our Government, our people. Is it not comforting to realize that, although some functional weaknesses in our Government need attention, the structure itself is sound?

Look up, my fellow Americans, at the flag of our country that waves above you. Its glory is undimmed. Its beauty is untarnished. Its symbolism of a united America is still, as always, strong, courageous, unafraid. Look up at the eternal stars set upon the background of heaven itself and heed not the passing storm.

America, as always, will stand, because it is based upon the immutable foundation of human rights, human freedom, and equal opportunity. The God of Nations, who set that symbol in the sky, will not desert it. The Ruler of all, who gave strength and purpose and inflexible determination to George Washington and led him through the agony of war and the perplexities of nation building, is still watchful, still merciful, still the protecting Father. And in perfect faith we commend ourselves and our country to Him, from whose hands the centuries fall like grains of sand.

WHY I FOUGHT THE SALES TAX

Mr. LaGUARDIA. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following article by myself, published in the Spotlight of August, 1932:

My fight against the sales tax was just part of a legislative day's work. It is not the first, and I hope not the last, time that I shall oppose special legislation secretly inspired for the sole benefit of predatory interests. The opposition to the sales tax was, perhaps, emphasized in that its defeat was so unexpected by the few who would have benefited by it. They believed that the machine had been so well oiled that not only would the sales tax be imposed on the people of the country but that they would also be rid of the income tax. Such a plan was practically announced, though ill-timed for legislative purposes, in a strong signed editorial by William Randolph Hearst, appearing in all of his chain of newspapers, and particularly in the Washington Herald of March 13, 1932, when he stated:

"When the Democratic Party has the sincerity to be democratic, when it has the patriotism to be American, it will substitute excise taxation and sales taxation for undemocratic, un-American discriminatory income taxation with its crooked evasion and equally crooked enforcement."

The plan to substitute the sales tax for the income-tax system was again disclosed in a leading article in the American Bankers' Association Journal of December, 1930; in fact, it is more than a revelation of the plan, it is quite an open threat that unless the politicians did so they would hear from the bankers in the 1932 election. They do not say whether in votes or contributions. This is what the American Bankers' Association Journal said in its December, 1930, issue:

"A deficit [Treasury] • • • would be apparent in 1931 and more apparent in 1932.

"How could it be met? There are two ways: One is to decrease outlays; the other to increase revenues. The former method seems to offer little hope, if any. The latter would involve an increase in the income-tax rates, if we are to adhere strictly to our present form of levying taxes. It seems inconceivable that the political party in power would raise rates either in 1931 or 1932, with a presidential election in the offing.

"Yet the dilemma must be met. How? Advocates of the sales tax assert that their proposal offers a fair and equitable solution."

Substitution of the sales tax for our present income tax has been lingering in the minds of the income-tax payers for many years. Not only that, but these taxpayers enjoying huge incomes running into the millions are even willing to pass their own blunders and the cost of the World War on to the next generation, providing, of course, they personally can be relieved of paying income taxes. There would be no appeal for a "balanced Budget" if income taxes were abated.

The Bache Review, characterized by its publishers as "A summary of the general financial and business situation, published every week by J. S. Bache & Co., members of New York Stock Exchange, Chicago Board of Trade, New York Cotton Exchange, New York Coffee and Sugar Exchange, New York Cocoa and Rubber Exchange, and other leading exchanges," surely must speak for the stock-ticker boys and the pluggers of foreign bonds. In its issue of January 21, 1928, it leads off with an article entitled "Why Not the Sales Tax?" It says:

"Less than 10,000 taxpayers contributed half of the total income tax. Out of a total population of 114,000,000 people, there are only 2,500,000 individuals and about 250,000 corporations with 3,000,000 or more stockholders who pay any income tax at all.

"How different would be the situation if a general sales or turnover tax were adopted. Such a tax would be spread out over so vast a number of people that each would pay only a very little, the amount depending upon the large or small spending of each, and the sum realized would be so vast that practically *no other tax assessment would be needed to run the Government.* Nobody would feel any burden, and, in fact, few would know that it was being paid, *as it would be added to the cost of the thing bought* and the addition would be infinitesimally small." (Italics mine.)

Later on the Bache Review made this contribution to our fiscal system in a subparagraph entitled "Business Benefit *v.* Debt Reduction." It stated:

"The National Industrial Conference Board, which is the speaking organ of thousands of sound business men in every part of the country, definitely urges that Treasury surpluses be applied to tax reduction in preference to rapid debt retirement, arguing that the compulsory sinking-fund appropriations give assurance that the redemption of the debt will progress satisfactorily, even if tax revision should altogether eliminate further surpluses.

"'The country will benefit more,' it says, 'from the encouragement to business which would follow a reduction of the present tax rates and from the removal of incidental abuses in the present tax system than it would through a more rapid reduction of the Federal debt.'"

In other words, no necessity of a balanced Budget; no need of reducing our national debt as long as income taxes are reduced. Reduce the taxes and pass the debts and cost of the war on to the next generation. Balance the Budget only if the consumers and wage earners will pay the taxes. Is it any wonder the House of Representatives overwhelmingly defeated the sales tax?

The expectation in certain quarters for a sales tax was quite reasonable considering the fact that the sales tax was inserted in a bipartisan, harmonious report of the Ways and Means Committee. The defeat of the sales-tax provision under the circumstances is one of the rare exceptions in taxation history of the American Congress. It was not a difficult legislative task to defeat the sales tax. It was decisively killed in both committees of the House and Senate in 1921.

Sales tax had been whispered in dark corners, in high-stake ticker houses, it had been talked about at jockey clubs, it had been

discussed in banking circles, it had been prayed for in conclaves of loan sharks, it might even have been promised by politicians over a friendly highball in discussing campaign contributions, but no one had ever dared, up to a few hours before it was reported by the committee, to discuss it and advocate it openly in either the House or Senate for many years. It was not in the national platform of either Democratic or Republican Party in 1928 or 1924 or 1920. In fact, the Democratic platform of 1924 specifically denounced a sales tax. Neither party would have dared to go before the country in favor of a sales tax, and I venture the guess that neither party will this year advocate a sales tax. The reason for that is simple. The sales tax, now called the manufacturers' tax, is the same vicious, unfair system of taxing the great number unable to pay, while relieving the few of their just taxes. There must be something sinister about this system of taxation when politicians of all parties hesitate to openly advocate it, but some politicians are committed to it by reason of some private or secret party or personal promise.

A conservative estimate of the expected revenue from the sales tax defeated in the House of Representatives on April 1 1932, placed the figure at $660,000,000. Both proponents and opponents of the measure agreed that the figure was very conservative and low. The proponents purposely kept the estimate low to conceal, if possible, the true purpose of this tax. In a leading article in the American Bankers' Association Journal of December, 1930, the figures are very carefully worked out and estimated a sales tax of 2 per cent would yield about $1,000,000,000 annually. Therefore the proposed tax of 2¼ per cent which the House defeated would, according to the figures of the Bankers' Association Journal, and they know, have yielded at least $1,250,000,000. Just think of it, this tax from one source to be paid by the consuming public.

That it would have exempted the necessaries of life is not true, as I will show later. It would have provided the justification for a reduction of other taxes which would have been taken from the higher brackets of incomes. By that I mean instead of increasing, as the House did, the income taxes on net incomes, let me repeat that net incomes of $100,000, $200,000, $300,000, $500,000, $700,000, $1,000,000 and over a year, the plan of the sales taxers was to lower these rates and eventually wipe them out entirely. It is, therefore, not strange that the defeat was taken so hard by taxpayers who stood to save several thousand and several hundred thousand in their taxes annually. In fact, the propaganda started by them is still going on.

The sales tax was sprung on the House suddenly and came as a complete surprise. So struck was the House that it did not catch its breath for 48 hours. This, I believe, was the cause of creating the general belief that the House had accepted the committee's sales-tax recommendation.

That the House was surprised is quite natural. A new revenue bill was necessary. The financial condition of the Treasury made additional taxes to raise the additional revenues imperative. The Ways and Means Committee commenced its labors without delay. It held hearings for 16 days. It sat in executive session for nearly three weeks. I was the third witness to appear before that committee. Secretary Mellon made a brief statement, but long enough to frankly and plainly state that a sales-tax plan had been rejected by the Treasury Department.

Mr. Mellon said: "In the development of our program many possible forms of taxation were considered. We laid aside all thought of a general sales or turnover tax, not only because generally speaking it bears no relation to ability to pay and is regressive in character, but because of the great administrative difficulties involved and the almost inevitable pyramiding of the tax in the course of successive sales. The objections to a general sales tax are not in this respect applicable to a tax on selective articles of the character heretofore employed in this country and now recommended" (p. 4 of the hearings). This statement was made by the then Secretary of the Treasury, Mr. Mellon, who up to that time was hailed by the big-money boys as the greatest Secretary of the Treasury since Alexander Hamilton. Many of the opponents of the sales tax can easily absorb the attempted punishment that is now being handed out and the abuse and misinterpretation and deliberate misstatements that are being made concerning them because of their opposition to the sales tax. But how do the sales taxers account for Mr. Mellon? The then Under Secretary of the Treasury, the Hon. Ogden L. Mills, now the Secretary of the Treasury, made a long, elaborate, detailed statement to the House committee presenting the Treasury program—not a word was said, suggested, or even remotely intimated of a sales tax. How could he? Only just a few weeks prior to this time he emphatically, clearly, and unequivocally expressed his opposition to a sales tax or a manufacturers' tax and frankly admitted that it was not capable of administration in this country. Speaking before the Economic Club of New York on December 14, 1931, Mr. Mills said:

"The attainment of our goals necessitates additional revenue in excess of $900,000,000 in the year 1933. In the development of a program we considered many forms of taxation. We weighed, for instance, the merits of the general sales or turnover tax, but rejected it, not only because it bears no relation to ability to pay and is regressive in character, but because of the enormous administrative difficulties and the almost inevitable pyramiding of the tax in the course of successive sales.

"We studied the limited manufacturers' or producers' sales tax, which is being administered with a fair degree of success in Canada. * * * The tax is unquestionably passed on and adds, therefore, to the cost of living."

"With some 200,000 manufacturing establishments in the United States, our much more extensive and complicated industrial mechanism, our tendency to set out administrative procedure with almost meticulous accuracy in our statutes, and our reluctance to grant administrative discretion or the authority to administrative officers to make final decisions, it is more than doubtful whether the Canadian sales tax would meet with the success in our country that it has across the border. * * *

"In any event, we concluded that, on the whole, it is wiser for us to resort to those forms of taxation with which we have had experience and are thoroughly familiar rather than to embark on new and untried ventures."

It would seem that the entire Treasury Department of the United States has given the sales tax a great deal of study, and all of them seem to have at one time or other expressed themselves against it. I note in Current Problems in Taxation, compiled by Lamar T. Beman, an interesting reference to testimony of Arthur A. Ballantine, the present Under Secretary of the Treasury. On page 189 of this work we find—

"Arthur A. Ballantine, attorney at law, New York City, formerly Solicitor of Internal Revenue, says, page 32, hearings National Industrial Tax Committee:

"'I believe that this idea of a sales tax, a tax collected everywhere, falling on no one, is a will-o'-the-wisp which has floated over this field of taxation and which is in danger of luring business men who approach Congress in an effort to get really beneficial changes into futile action instead of constructive action.

"'I believe that this committee, by the very careful and exhaustive consideration which it has given to the advocates of this plan and its careful thought as to conclusions, has done much to dissipate this myth and to direct the efforts of business men into practical channels instead of down a pathway which leads to futility.'"

When Mr. Mills was asked his views on the sales tax, he frankly stated the department's rejection of such a plan, but added that the department had asked Dr. Thomas S. Adams and Mr. E. C. Alvord, whom he designated as tax experts, to go to Canada, and that if the committee were interested in a sales tax these gentlemen could give the committee a detailed report of their investigation. Now, briefly, let us see what these distinguished experts stated to the committee on the subject of the sales tax.

Doctor Adams testified: "Whether you should have a sales tax or not is a question for you gentlemen, largely a question of policy; but this, I think, is a common-sense conclusion—that it is not worth your while to adopt a Canadian sales tax for a short period of time, because to put it over you ought to have an administrative machine so well built up and so large that you would not be justified in creating it for a temporary tax of two or three years." The above is very interesting, particularly when the outrageous sales tax had been suggested by some only as a temporary measure. In fact, in the bill itself the sales tax was authorized for one year only!

Mr. Alvord stated: "I agree with Doctor Adams that as an emergency measure I think it would be subject to very serious consideration as to whether it would be worth while to interject the entire machinery for a short period of time. If you could hurdle the exemptions, and if you could vest the necessary finality in the administrative officers, then I think the general manufacturers' tax would be practical and capable of sound administration. If you are going to let everybody litigate every possible question, then I think you would be headed toward a very different and impossible situation."

The Hon. CHARLES CRISP, the acting chairman, asked Mr. Alvord this pointed question:

"Mr. CRISP. Mr. Alvord, I would like to ask you one question. I know you to be a high type of American citizen and a taxpayer and thoroughly familiar with the administration of tax laws in the Treasury Department and the difficulties confronting the administration of the law. You are also familiar with the situation so far as Congress is concerned in levying taxes. Under those conditions and the knowledge you have, and as an American citizen, do you favor the levying of a general sales tax?

"Mr. ALVORD. At the present time; no, sir."

Mr. George W. Jones, of the Department of National Revenue of Canada, appeared before the committee and made a statement on the Canadian sales tax. When one turns to the page indexed and indicated, it only shows a statement made by Mr. Jones to an unofficial group of Members of Congress who visited Canada last November. Just what Mr. Jones told the Committee on Ways and Means officially, strange to say, does not appear in the record. In this unofficial group who visited Canada last November as the guests of a prominent American publisher, an enthusiast of the sales-tax system, there were 44 Members of the House, of whom 23 voted against the sales tax, 17 in favor, and 4 did not vote.

The truth is the committee itself never expected to report a sales tax in the revenue bill. Some one put it over. I suspect that some one to be Mr. Bernard Baruch, of New York. He was very active in and around the offices of prominent members of the Ways and Means Committee. He is a very likable chap, well informed and exceptionally able. I must say he knows his subjects and can give a most convincing sales talk on any proposition in which he is interested. He is modest and unassuming, except he has a weakness for mingling and becoming useful and popular in circles not his own. I do know that he depicted a most pathetic picture and pointed to a most dismal future one evening to the tired and overworked members of the committee. I think it was that late evening talk and the fatigue of these gentlemen that got the sales tax over on the Ways and Means Committee. I happen to know the forcefulness of this particular argument, with its final dramatic climax, for Mr. Baruch himself practiced

it on me and my colleague from Minnesota, the young and unusually able statesman, PAUL KVALE, for three hours on the train from New York to Washington that same afternoon, but it did not register.

Whatever happened, out of a clear sky announcement was made that the Ways and Means Committee had completed its bill and had agreed on a sales tax. The rest is now history.

For the past 10 years the big interests have been silently working for the enactment of a sales tax. A real drive was made in 1921. This drive got to the point of having the sales-tax proposition considered by both the House and Senate committees. The desire for lower income taxes and a sales tax at that time was similar to that now before us. In 1920–21 the drive was centered against the excess-profits tax which held over from the war period. The excess-profits tax was repealed under the so-called Mellon plan and a sales tax was not heard of for a few years. Then the movement was commenced for a change in the income-tax system and the sales tax again revived and offered as an entering wedge. When I say the entering wedge it is just that, for again referring to our banker friends in the American Bankers' Association Journal article from which I have quoted, in urging the sales tax it states: "When a change in rate is desirable there will be no need for redrafting a whole law. Only one word need be changed. Instead of saying 1 per cent, we can substitute three-fourths of 1 per cent, and a new rate is enacted. The sales tax is the most effective, the most just, and the most equitable of all taxes. Its adoption is only a question of time." Thus say the bankers. That bears out the desperate efforts made to get a sales tax written into the law. I am violating no secret when I state that when the 2¼ per cent sales tax was beaten in the House a 1 per cent was suggested, a half of 1 per cent was suggested, any percentage as long as Congress would write into the law the principle of a sales tax. The purpose of it is revealed in the bankers' article just quoted and any articles which are of record from the same and similar sources as far back as April, 1920. The sales tax is by no means a new subject. Way back in 1892, 40 years ago, in Public Opinion of April 23, 1892, the distinguished statesman from Massachusetts, the Hon. ROBERT LUCE, now a Member of the House of Representatives, stated:

"It needs no argument to show that the standard of consumption inequitably distributes the burden. The millionaire, with his income of $50,000 a year, can not eat or wear a hundred times as much as the day laborer with his income of $500 a year. Nor in the ordinary course of events does he spend a hundred times as much on travel, horses, furniture, or any of the other luxuries of life. Taking the country through, it is safe to say that expenditure does not increase in proportion to property or income. The conclusion is inevitable that the poorer a man is, the larger his proportionate share of the burden of taxation; whereas, if there were to be any inequality whatever, the richer a man the larger relatively should be his share."

No better or more applicable description has been phrased to show the inequity of a sales tax.

In the Commoner of August, 1921, William Jennings Bryan, the founder of that once famous paper, wrote:

"An effort is being made by those who represent 'big business' to shift the burden of taxes from the profiteers to the masses. First, they demand the repeal of the excess-profits tax and the substitution of other taxes that burden all. The excess-profits tax is the most just tax there is—it is collected from those who collect excess profits—that is, larger profits than they should. It is the only tax that a taxpayer can avoid by his own act—let him stop stealing and he will not have to divide with the Government. And yet this is the one tax that the reactionaries want repealed. The next demand is for the lowering of taxes on big incomes and an increase in the rate on smaller incomes—as bold a piece of piracy as was ever proposed."

In the June, 1921, issue of the American Federationist, the official organ of the American Federation of Labor, the late Samuel Gompers stated his opposition to the sales tax, which was then being talked of preparatory to its presentation to Congress:

"Perhaps the most iniquitous proposal that has been considered by Congressmen in the field of taxation is the sales tax as a substitute for the existing excess-profits tax. It would be difficult to devise a system of taxation more inequitable and more unjust than a sales tax. It would be far better to leave the system of taxation as it is, even with all of the inequalities of the income and excess-profits taxes, than to substitute these with the sales tax."

The viewpoint of organized labor has not changed since that time. When Congress a few weeks ago was again considering the sales tax the present president of the American Federation of Labor, Mr. William Green, ever alert and ready to protect the interests of the workers, addressed Congress in opposition to the sales tax, and said:

"The sales-tax provision of the pending taxation legislation is strongly opposed by the American Federation of Labor. This position of the American Federation of Labor is based upon its traditional opposition to all forms of sales-tax legislation. Whatever argument is offered in support of sales-tax legislation during periods of reasonable prosperity can not apply now. The existing economic situation adds to the strength of argument against the imposition of such a character of taxation. The sales tax would fall more heavily upon the masses of the people who are now suffering from unemployment than upon any other group of our citizenship. To add a sales tax to the reductions of wages which have been imposed upon wage earners during the last year would mean addition to the misery, woe, and want which now prevail throughout the land.

"How can men and women who are unable to buy the bare necessities of life be expected to pay a sales tax upon the limited merchandise which they are able to buy? This proposed manufacturers' sales tax will affect the sale of clothes, shoes, and a large percentage of foodstuffs. To impose this sales tax upon these necessities of life would mean that the masses, who are now purchasing only a limited amount, would be compelled to buy still less. It is a form of taxation which is contrary to the basis upon which we have always built our tax structure, namely, to relieve those who are least able and collect from those who are best able to pay."

Following this, the executives of 21 railroad-employee organizations wrote me on March 16, 1932, opposing the sales tax. Their communication authorizing me to so inform the House of Representatives of their position was as follows:

"The Railway Labor Executives' Association, representing the 21 standard railway-labor organizations in session at Washington, gave serious consideration to the manufacturers' sales tax now before Congress and heartily indorse the statement prepared by President William Green, American Federation of Labor, opposing this bill.

"We feel that any further tax imposed on the now-overburdened working people of America can not be justified under any circumstances."

To return to the sales-tax fight of 1921, we find that it was opposed then, as it is now, by every important national farm organization. In the United Farmers Forum of April, 1921, the article entitled "Dangers and Evils of the Sales Tax" says in part:

"During the war the principle of progressive taxation of income and of excess corporation profits became established. The American people accepted the principle of ability to pay, as well as the principle of payment for service rendered, as a just basis for taxation. Big financial and business interests, and particularly the profiteers who during the war made such enormous profits out of the patriotism of the American people, naturally opposed such a principle of taxation which was utterly repugnant to their conception of patriotism and which also reduced their profits materially."

At that time Mr. William H. Johnston, president of the International Association of Machinists, declared: "The sales or turnover tax would be the worst kind of 'grand larceny' in taxation and would be daily robbery, on a cruel scale, of those who haven't sufficient income to maintain an American standard of living."

Even prior to 1920 and during the Wilson administration the then Secretary of the Treasury also opposed a sales tax, for in the last annual report made by the Secretary of the Treasury, the Hon. David F. Houston, referring to the sales tax, stated:

"In the Treasurer's opinion there are many objections to a sales tax. Further consideration of the subject has convinced me that a general sales or turnover tax is altogether inexpedient. It would apply not only to the necessities of life—the food and clothing of the very poor—but it would similarly raise the prices of the materials and equipment used in agriculture and manufactures. It would confer in effect a substantial bounty upon large corporate combinations and place at corresponding disadvantage the smaller or disassociated industries which carry on separately the business operations that in many combinations and trusts are united under one ownership."

The comparison between proponents in 1920–21 and 1931–32 for a sales tax is most interesting. It was proposed by the very same people who are proposing it now. It was urged for the same selfish reason that it is now. The big taxpayers then were seeking to be relieved of excess-profits taxes and to place them upon the consumers of the country. To-day the income tax is the objective of the drive. The same comparisons were made with the success of the sales tax in other countries as is now being made with Canada. The first example of a successful sales tax was the Philippines. That was not very impressive, so then they went to France, and the French sales tax was hailed as the model and ideal sales tax. That argument also collapsed completely. In the Wall Street Journal of September 20, 1921, there is an article there sent from Paris entitled "Sales Tax in France So Far Not Eucouraging." It states that the experiment in France does not look encouraging when the real figures are shown. In the 11 months' experiment there the sales tax was estimated to bring in 3,528,000,000 francs, but only 1,870,000,000 francs were collected, a difference of almost 50 per cent. So this time Canada has been held up as the model and constant comparisons made to it. Very little was said that the greatest portion of the sales tax received by Canada is from the sale of liquor and alcoholic beverages.

The Senate committee considered the sales tax very thoroughly during its consideration of the revenue bill of 1921 and dropped it like a red-hot coal. Mr. W. M. Clark, representing the four train-service organizations, stated before the committee:

"Mr. Chairman and gentlemen of the committee, in appearing before you to-day we do so as the representatives of the Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, Order of Railway Conductors, and Brotherhood of Railroad Trainmen, whose membership consists of approximately 600,000 citizens of the United States. These members and their families are vitally interested in the question of taxation, or any other question which may have a tendency to increase their existing cost of living.

"The question of the repeal of the excess-profits tax and the substitution therefor of a sales or turnover tax has been called to the attention of the membership of the organizations we repre-

sent and an expression from them asked for, with the result that we find unanimous response from this membership being opposed to the repeal of the excess-profits tax, and likewise unalterably opposed to the enactment of a sales or turnover tax law. No doubt the various Members of the Senate and House of Representatives have received letters and resolutions of protest from the various divisions and lodges of these organizations protesting against this legislation."

A representative of the Farmer-Labor Party stated:

"These 18,000,000 families are now spending their entire incomes to keep alive; and in cases where it is possible, they are drawing upon savings to eke out their incomes. In all cases where these conditions obtain the burden of a sales tax will reduce the family purchasing power * * *."

Mr. A. E. Rhodes, representing the American-La France Fire Engine Co., of Elmira, N. Y., referring to the sales tax, frankly stated:

"It seems to me that if we are to pass a sales tax law we will pass along the tax; and as a business man I think we pass along every tax except the excess-profits tax. We will pass the sales tax along."

There are innumerable frank admissions of business man after business man who frankly admitted that the sales tax would be passed on to the consumers. The Secretary of the Treasury, Mr. Mills, so stated in his speech which I have quoted above. Mr. John Brayshaw, representing the National Association of Retail Grocers, appeared before the Senate committee in opposition to the sales tax and stated:

"The National Association of Retail Grocers has not held a meeting to become thoroughly familiar with this tax. We only know it as a tax on turnover, and we suppose that the tax is 1 per cent. The executive committee of the association is opposed to this thing, because they are opposed to being placed in the position of tax collectors if it can possibly be avoided. We have the record of the unpopularity of tax collectors 2,000 years ago; and while the grocers may be still sinners, we do not care to have them publicans also.

"The tax, it seems to us, would be rather indefinite because of the number of times it might be levied, and the amount of money that it might produce is rather vague; and for that reason we have grave doubts that it would accomplish the purpose for which it is proposed, and whether it would afford the relief that it is hoped by the repeal of other measures of taxation."

This should convince every housekeeper, every mother trying to balance her little family budget on a meager pay envelope that no matter what the bankers may say, or the politicians promise, and whether it is called a manufacturers' tax or sales tax, it is going to percolate right down to the corner grocery store, pyramided and added on every little purchase of groceries and other necessaries of life.

Prof. Fred Rogers Fairchild, of Yale University, also appeared before the Senate committee in 1921. The professor had given years of study to a sales tax and was then a recognized expert on the subject. He stated:

"The sales tax, in my opinion, is, first of all, a tax upon consumption; that is, the tax is bound to be ultimately shifted from the immediate taxpayer to the ultimate consumer of the goods. It is a tax which must rest as a burden on cost, being an addition to the cost of each unit of product; and since business can not normally go on producing at a loss, ultimately the consumers must pay this additional cost."

The line of witnesses, experts on the subject, and expressions could be continued indefinitely. Just one more thought to show the insincerity of some of the statements made in connection with this sales tax. Not once, but repeatedly, has it been stated that an offer was made in the House of Representatives to exempt food, clothing, and medicine, and farming implements. That offer was made. It was made in good faith by Representative CHARLES CRISP, the then acting chairman of the Ways and Means Committee—an able statesman, a thorough gentleman, and as fine and noble a character as ever sat in the House of Representatives. He made that offer in absolute good faith. The proponents of the sales tax outside of Congress heard of this offer with glee, because they believed that it might be accepted on the spur of the moment without careful investigation as to just what it meant. We took it under consideration that night, but it took but a few moments to see that while Mr. CRISP was acting in absolute good faith, it meant nothing to the consumer. Under the bill as it was drawn with its license system it would have been impossible to exempt clothing entirely, food entirely, medicine entirely, or farm implements entirely. This is the way it would have worked out. The law would require every manufacturer to take out a license. A sale to a licensed manufacturer was not taxed; but as soon as a sale was made to an unlicensed wholesaler or retailer or an unlicensed manufacturer, the tax would be applicable. Therefore, while a suit of clothes would have been exempt from the tax, the cloth, the lining, the thread, the buttons, and everything that went into that suit would have been taxed.

A pair of shoes under the offer would not have been taxed, but the leather, the soles, the eyelets, the shoe strings, and everything that went into the shoes would have been taxed. The same with medicine—true the prescription would not have been taxed, but everything that went into that prescription would have been taxed. The same as to foods—the cans, the bottles, the jars, the wrappers, the preparations would all be taxed. The same is true as to farmers' implements. The iron, the screws, the nuts, the wood, the chain, and every little gadget that went into a farmer's plow, harvester, or reaper would have been taxed. No one was more surprised than some of the members of the committee when it was disclosed how far-reaching the sale tax was. Not only did this disclose the impossibility of really and actually exempting the necessaries of life, but also disclosed the intricacies and the complicated system of taxation necessarily involved. That is exactly what the Secretary of the Treasury, Mr. Mills, had in mind when he expressed the difficulty of administration. The sales tax in this country would bring about a wholesale evasion and disregard of law, graft and corruption equal to that of prohibition. Imagine licensed manufacturers being exempt for articles sold to other licensed manufacturers requiring a check-up of the amount manufactured and the final disposition. Just as the manufacturer of perfumery to-day must account for the alcohol which he withdraws on Government permits.

The millions of gallons of illicit liquor manufactured to-day are surreptitiously diverted from legitimate purposes, notwithstanding the hundreds and hundreds of agents constantly supervising permittees drawing such alcohol. Now imagine some 200,000 large manufacturing plants in this country. Some 300,000 more small plants and individuals manufacturing, and one can readily visualize the number of bootleg manufacturers that would spring up overnight just as fake perfumery manufacturers, fake soap manufacturers, fake tonics, and others of the like created after prohibition for the purpose of lawfully withdrawing alcohol and unlawfully diverting it. A bolt of cloth sold to a department store would be taxed and the mill would have to pay the tax, but the same mill selling a bolt of cloth to a clothing manufacturer would not pay the tax but it would be paid by the manufacturer. The temptation to divert in all lines of material and semifinished articles would be so great that it is well that we refused to spread corruption, graft, and evasion of law throughout our entire taxing system.

Thus the sales tax was beaten. The vote of 236 against it, 160 in favor, indicates the sentiment of the House. For the first time in many years sectional lines were entirely broken down. Often party lines are held intact. The vote against the sales tax shows that every section of the country was opposed to it. It was not a one man's fight. First honors go to the Hon. ROBERT DOUGHTON, who, as a member of the Ways and Means Committee, held a strategic position, and his courage in protesting the sales tax from the outset gave great impetus to the movement. Skillful parliamentary attacks were made by the energetic gentleman from Arkansas, HEARTSILL RAGON, also a member of the Ways and Means Committee. RANKIN, of Mississippi; SWING and ENGLEBRIGHT, of California; SINCLAIR, of North Dakota; HOCH, of Kansas; DAVENPORT and FITZPATRICK, of New York; NELSON, of Maine; and RAMSEYER, of Iowa, were all key men from their respective sectors. It was the first time in a revenue bill that the old political game of keeping the sections of the country divided did not work. All of this, however, would not have been possible had it not been for the splendid sense of fair play displayed by the Speaker of the House, the Hon. JOHN N. GARNER, and the equal fairness of HENRY RAINEY, of Illinois, the majority floor leader. Though RAINEY was for the sales tax, he did not take undue advantage of his position as floor leader and the gag rule was not applied. Both Mr. GARNER and Mr. RAINEY, before assuming control of the House, had many times protested the gag rule invoked by the Republicans in the consideration of tariff revenue bills. When it came to their turn they played the game fairly. It is only through gag rule, that is, invoking a special rule preventing full and frank consideration of a bill and limiting, if not prohibiting, the offering of perfecting amendments, which stifles the real expression of the House of Representatives, that it has been possible in the past to enact tariffs and tax bills written especially for favored interests. Therefore, I would say that the country owes a debt of gratitude to Speaker GARNER in carrying out the real principles of representative government.

COST OF VETERANS' LEGISLATION

Mr. JOHNSON of South Dakota. Mr. Speaker, on April 15, 1930, there was taken up in the House of Representatives for discussion and action, as shown by the CONGRESSIONAL RECORD of that date on page 7369, H. R. 10381, to amend the World War veterans' act of 1924. This was the so-called American Legion bill. This bill was later amended in the House of Representatives by the adoption of the so-called Rankin bill, H. R. 7285 of the Seventy-first Congress, and amendments extending the provisions of the American Legion bill to January 1, 1930, and prohibiting the Government from rebutting the testimony of any claimant.

This bill was so repugnant to anyone familiar with veterans' legislation or with any governmental interest whatever that I asked that my name be stricken from it and that it be known as the Rankin bill. It was later sent to the Senate, again amended, and vetoed by the President on June 26, 1930, as shown by veto message of the President, House of Representatives Document No. 495, Seventy-first Congress, second session.

In the debate concerning this bill varying estimates of its cost were made, from one estimate of the Veterans' Administration stating that 77,000 cases would come in under the original Rankin bill and that the cost would be $43,-

000,000 a year, to an estimate which I inserted in the RECORD, based on the experience of the Pension Bureau, that it would be several hundred million dollars per year. As a matter of fact the Veterans' Administration could not make an accurate estimate, as it was speculative as to the number of men that would apply if the bill were enacted into law.

Since that time, however, the act of July 3, 1930, the disability allowance law was enacted and has been in effect two years. Three hundred and ninety-six thousand men have taken advantage of the provisions of that law. Most of them would have come under the provisions of the Rankin bill at a greatly increased compensation rate, and the Veterans' Administration now estimates that the Rankin bill as vetoed by the President, during the fiscal year beginning July 1, 1932, would have cost the Government $167,000,000 annually.

This figure would be for actual money paid for compensation only and does not take into consideration an additional $140,000,000 necessarily expended for hospitals, with an annual maintenance cost of $60,000,000 additional. The bill, therefore, vetoed by the President would have cost the Government during the fiscal year beginning July 1, 1932, $227,000,000, or about $127,000,000 more than the disability allowance act of July 3, 1930, which was adopted.

These figures were prepared at my request by the Administrator of Veterans' Affairs and given me in a letter dated July 22, 1932, which I would have inserted in this RECORD except that permission has not been granted by the House of Representatives to do so.

Now that two years have expired since this debate, which is being used so viciously against President Hoover by his opponents, it can be shown definitely by his veto and the subsequent action of Congress 396,000 men were helped in a small degree because of disabilities not incurred in the military or naval service, while the Government would have been compelled to raise at least $127,000,000 more in its tax bill of 1932 had it not been for his action.

This bill would have compensated men for obesity, gout, and other diseases which they could not have possibly contracted in the service. Under this bill these non-service-connected cases, who were not injured in the service, would have received just as much in compensation as the men actually injured at Chateau-Thierry or in the Argonne.

Had the Rankin bill been enacted into law such a feeling of resentment would have come to the American people because of its provisions as to inculcate a feeling against veterans and their demands, which would have been the worst thing that could happen to them.

President Hoover's vetoes of veterans' legislation have been like the veto of the Rankin bill, which was so manifestly bad that its very provisions were disowned by the Democratic National Convention at Chicago and are disowned by the American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, and every reputable veterans' organization. His veto of the special pension bill which gave to dishonorably discharged soldiers, deserters, and men suffering from diseases due to their own misconduct the same pensions that were given to our finest American citizen soldiers, deserves and is receiving the commendation of the great body of fine American ex-service men, the citizens of the same age who could not see service, and the 30,000,000 boys and girls who have come of age since the World War.

Responsible people everywhere are recognizing the fact that it is not fair that men suffering from chronic alcoholism, diseases due to their own misconduct, gout, obesity, or even suffering from any other disease with which they have been afflicted 13 years after the World War should be given the same compensation as the men and women that were in the service between the dates of April 6, 1917, and Armistice Day, November 11, 1918, when there actually was a war.

Somebody must pay these taxes, and the service men, under the tax bill of 1932, will pay with nearly every purchase they make some part of the bill, and those men, together with the mass of citizens, are demanding fair, equitable compensation and pension measures based on actual disability received in war and actual need where there is no war disability.

Due to the frailty of human nature and to the fact that none of us have had the same experiences in life, it is probable that few of us can entirely agree on measures for governmental, State, or municipal economy.

Yet we all recognize the necessity for it in the Government and in every subdivision of government.

As a rule, however, each individual desires to apply in the rule of economy something that will not affect him or his own interests. Yet there must be further governmental economy or the next session of Congress will be compelled to raise in taxation an additional $500,000,000 annually.

The economy bill enacted by the Congress recently and signed by the President is a distinct forward step. It has given the President some power to consolidate departments; it has reduced salaries on an average of 8⅓ per cent and in some departments has made necessary a further enforced furlough of from 30 to 60 days for Government employees. Its passage has focused attention upon State, county, municipal, township, and school district expenditures, just as the 1932 tax bill has definitely called to the attention of every citizen the fact that he must pay additional taxes. The income tax has been raised and everything from gasoline to electricity carries a specific, definite tax.

It has become increasingly self-evident that some reductions must be made in the compensations and pensions paid to veterans of our wars, because 25 cents of each governmental tax dollar to-day is going to them. It should be said that it is the veterans themselves in great numbers who have been the first to call attention to the necessity for a reduction in expenditures for veterans and to point out the inequalities, discriminations, and preferences in existing statutes. So far as World War veterans are concerned, the laws, with one exception, were enacted in the boom years of the United States when the burden of taxation apparently did not weigh down so heavily on our citizens.

Therefore the responsible veteran has been among the first to recognize that as the cost of living dropped—and it has dropped—the veteran as a good citizen can afford to take an equivalent reduction.

So apparent is this that responsible veterans' organizations, through their authorized agents, are attempting to show that their organizations were not responsible for some of the statutes that have been enacted, although it can not be shown that any veteran organization has opposed the enactment of any one of them, however discriminatory or unjust such measures have been to the public or to the veterans themselves.

Veterans as well as others are becoming tax conscious and realize the fact that 30,000,000 young men and women have become of age since the World War and must pay these taxes, and in their national conventions to be held this summer must courageously face the tax and pension situation which has developed and should themselves advocate the repeal of laws that are manifestly unfair as between groups of veterans and to the public as a whole.

If the Government, States, cities, counties, school districts, and townships are to take a reduction of expenditures, the veteran must do likewise.

It seems to be increasingly apparent that all of us agree compensation should be paid only for war-connected disabilities contracted in time of war, except in case of need and old age, where governmental policy has heretofore been established for some degree of pensions. These, however, can be considered only as gratuities and the men and women receiving them can not expect to be compensated, under any circumstances, as are the individuals wounded in actual combat or zone of advance.

A drastic revision of the laws is necessary. Congress in the economy bill provided for a joint committee of the House and Senate to make the required survey of existing laws and regulations, and that committee is appointed and through its agents is commencing to function. It must, and in my judgment will, proceed in its investigation and recommendations ruthlessly but fairly. It must remove dis-

criminations and preferences which have crept into the law through the years between diseases and injuries equally disabling. At the present time there are rank discriminations and rank preferences. Immense estates aggregating as much as $20,000 have been built up for incompetent ex-service men, with no relatives, who showed no sign of disease or disability until six years after the close of the World War and who never saw service prior to the armistice.

Presumptions of disability have been given by statute to certain specific diseases which are not warranted.

The people and Congress are responsible for the situation, and it is up to them to right that which should be righted.

I have become convinced that an executive department is not the place for final adjudication of veterans' claims. Our Government is a government built upon the theory that every citizen has the right to a judicial determination of his rights. The existing situation can be cured only by the establishment of a court or courts to which the claimant and the Government may appeal doubtful cases and secure a final decision. It may take several of these courts in the beginning, but in a very few years the cases will be finally adjudicated.

There are some cases where allowances have not been made by the Government that might be allowed by court. There are many of them in the different jurisdictions where competent evidence will show that allowances have been made that should not have been made. Whatever may be the case, both the citizen and the Government are entitled to justice and to justice based on our form of Government of judicial determination. Until that is done, neither the service men nor the citizens who did not see service will be satisfied with the situation as it exists nor the tax bills that are paid.

Representative SIMMONS of Nebraska, an ex-service man with a fine record, and myself, have introduced resolutions in the House of Representatives providing for the creation of such tribunals and the elimination of some of the boards now in the Veterans' Administration, so that there would be little if any additional cost of adjudication. These measures will be considered by the committee appointed by Congress to survey the relationship of the veteran to the Government.

Although I have discussed largely in this address veterans' legislation, it is not the most important to the average citizen in the amount of taxation required. The organizations believing in economy should consolidate and see to it that the reduction in Government expenses does not fall entirely on the veteran but falls upon every needless, useless governmental, State, or municipal activity.

Taxpayers' leagues and economy leagues can well sweep their own doorsteps and their own home communities before they finish with the broom they are using on the veteran or governmental affairs.

There is a tax consciousness to-day that we have never had before, but that tax consciousness should be so controlled as to lead only to reductions that are fair and just to the individual and the community.

RELIEF MEASURES

Mr. TILSON. Mr. Speaker, when the so-called relief bill was before the House on a number of occasions toward the end of the session, it was always in connection with some particular amendment or other change in the bill so that there was no appropriate opportunity for a general discussion of the bill itself. For this reason I am taking advantage of the general leave to extend remarks in the RECORD to express some views of my own on the subject of relief legislation as it was considered during the session just closed.

There was no difference of opinion among Members of Congress as to the general disposition to support any measure calculated to afford genuine relief under existing conditions. The real question to be decided was whether a proposed measure would probably bring relief, or whether in the long run it would be more likely to bring grief. From the beginning of the present session of Congress there seemed to be two distinct, divergent views on the subject of relief. One was that regardless of the condition of the Treasury, Congress should make huge appropriations either for direct relief or for public works and other governmental activities that might bring employment to labor.

Large bond issues were proposed by some as a means of securing the funds for these large expenditures, while others boldly proposed to issue fiat money in such quantities as to cheapen the purchasing power of the dollar or, as was sometimes stated, create a mild inflation.

Still others contended that at all hazards the Budget should be balanced, that no fiat money should be issued, and that no additional expenditures should be made for public works or anything else not absolutely necessary that would require immediate or future increase in taxation. My own views coincide more nearly with the last-described class.

So long as values of every kind were increasing, the taxpayer readily paid increasing amounts without breaking under the strain. As soon, however, as values of all kinds began shrinking, the taxpayer found it increasingly difficult to carry the load, and business, already depressed, suffered more and more severely from the burden of taxation.

To my mind, it is evident that no amount of revenues that could be collected by taxation and expended upon public works or other governmental activities could possibly relieve more than a negligible part of the present unemployment. The total amount of funds that could be raised by the sale of bonds at reasonable rates would not be sufficient to make a serious impression upon the unemployment situation. Nothing can fully relieve the unemployment situation but a revival of business activity to something like its normal state, and anything that would prevent the return of business activity is sure to prevent a return of normal employment. Surely no amount of employment that ever could or should be furnished by the Government to be paid for by taxation can do more than serve as a negligible palliative.

Nothing to-day bears so heavily upon business or is doing so much to retard its recovery as oppressive taxation made necessary by past and prospective expenditures. It is my settled conviction that any so-called relief measure that either adds now or in the future more tax burdens is not only not calculated to bring relief but will, on the contrary, bring grief by preventing legitimate business from resuming its proper function of providing work for all who are able and desire to work. Therefore, every proposed relief measure that will necessitate additional taxes now or that will impose additional public debt to be paid with interest in the future should be scrutinized most critically before being adopted.

I am not in favor of any appropriation for so-called public works that are not absolutely necessary, unless already in process of construction so that a failure to continue the work would mean loss.

So far as public buildings are concerned, it is well known that their construction furnishes only a limited amount of employment to labor and, when constructed, not only do not pay for themselves but as a rule become a permanent charge of considerable magnitude upon the Government for their maintenance. It is certain that the average post-office building, in addition to the original outlay, costs very much more for its maintenance than would be required to pay for rent, heat, light, and janitor service in private buildings.

To sum up, it may be said that the greatest handicap to recovery of business to-day is the burden of taxation now being borne in Federal, State, and municipal governments. No tax burden should now be imposed that can possibly be avoided. No public works of any kind should be constructed under present conditions that are not absolutely necessary unless they be of a character that will produce sufficient income to eventually pay for themselves.

The public debt should not be further increased because it materially affects the national credit, thereby increasing the cost of government for years to come.

The people should not be encouraged to look to the Government to furnish employment or other relief except to administer as economically as possible the necessary activities of the Government itself. The people should look to-

ward a revival of business and the encouragement of private enterprise as the only hope of restoring normal employment. And they should realize that every additional burden by taxation or otherwise placed upon legitimate business and private enterprise will to that extent retard the recovery so essential to a restoration of normal employment conditions.

UNDER THE CHERRY TREES

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following radio address delivered by me at Tidal Basin April 13, 1932, after introducing the Japanese Ambassador:

It is rarely the privilege of any American to take part in such an inspiring program as is being presented to-day beneath this glorious canopy of cherry blossoms in the Nation's Capital.

As I stand here in the presence of this distinguished company to express the inspiring thought that come to me, I can, in memory, retrace the years to the fairyland of my childhood. My heart responds to this scene as the most bewitching abode of elfin beauty ever unrolled before human eyes.

Above me, and all about, framing the edges of the lovely tidal basin as far as the eye can see, are the most gorgeous, most colorful, blossom-laden trees in all America.

We are here to celebrate the great national cherry-blossom season that is famed throughout the world. The Nation's Capital has given this event peculiar significance. Every spring as the masses of these famed petals burst into riotous and almost inconceivable splendor the people of Washington and from all other parts of the country revel in God's benediction of flowers, spread so generously for our enjoyment and spiritual refreshment.

In this atmosphere of fragrance and of glowing, vital loveliness, who dare question the beneficence of that Providence that spreads such heavenly reflection all about us? Who would deny the Divinity which holds in the hollow of His hand these bright testimonials of His love and remembrance?

You have heard from His Excellency the Japanese Ambassador the story of the cherry-blossom festival in Japan. He has told us of the significance of this fete and what the blossoms mean to his beauty-loving country. We, in America, have been the beneficiaries of that romantic and poetical nature, and we are fast learning the real meaning of this feast of flowers from those who have adored them for centuries.

We, too, are learning how to understand and appreciate the transcendent influence of this floral baptism that lifts us above the sordid things of life and exalts our souls to God.

Here we have vivid and impressive proof of that immortality of the good and the beautiful which is the guiding light of human life.

Here, in this significant year which marks the two hundredth anniversary of the birth of George Washington, we stand amidst a scene which would have delighted his soul. I believe that if George Washington should revisit in human form this city of his dreams he would pass by every great monument and marble structure and come to the quiet shores of this wonderful basin reflecting all about its borders the blossom-laden trees. Here the deep emotions of the great man would yield in communion with the Giver of all good.

We are in the habit of thinking of George Washington in his more heroic and austere rôles. With his name we hear the clash of war or feel the hush of momentous decisions of statecraft. But George Washington loved beauty. He himself has attested this in his many references to the cultivation of flowers and shrubs and trees upon his beloved estate at Mount Vernon.

There survives to us his own garden of exquisite taste and floral harmony. We know that George Washington spent many hours in that garden, where the calm, peaceful, uplifting beauty quieted his soul.

So here in this magnificent Capital of the great country which he established we have come to witness a scene in which his splendid manhood would have found inspiration and delight.

I know of no more appropriate honor we could offer to George Washington than these exquisite flowers that are blooming here to-day.

It may be that a man's spirit is only that memory of him which lives on as long as there are human hearts to give it a dwelling place. If that is so, then Washington's spirit is certainly here. For on this spot are centered some of those things which we know he prized above all others.

Beyond these trees which surround us like an immortal caress are other trees of similar kind, bordering the beautiful Potomac which Washington loved throughout his lifetime.

It was his river as this is his city. George Washington's own life was one of the most beautiful things that has ever been given to mankind. But one of the elements that made it so was Washington's love of beauty and his lifelong efforts to bring beauty upon the earth about him. He would see that every blossom on these branches is more than a flower. It is a thought born of God. It is a symbol of peace as well as a gesture of international good will from one nation to another.

He wished for the National Capital that it should be magnificent as well as important. But he also wished that it would be beautiful as a habitation for the very soul of his people, and these lovely trees of world-wide fame are helping us to make it so.

We think of these trees as blossoming for a short time like a loving garland about this quiet water. But they are blooming forever in the lives of all who have seen them and remember them. They are beautifying human lives wherever they are known.

George Washington would be the first to realize that it is human thought, even more than the hand of nature, which has spread such loveliness here. He would see the literal flowering of one of his fondest dreams—a world dedicated to the cultivation of peace and harmony and delighting in graceful exchanges.

In these flowers nature has given us her finest language to voice our gladness and our gratitude that George Washington once lived to render all life a nobler thing and to spread good will throughout the world.

That is what I mean in saying that nothing could be more fittingly dedicated to George Washington's memory this year than these ravishing garlands adorning his beloved city in its springtime, and signifying one of his dearest wishes "that mankind be connected like one great family in fraternal ties."

In the name of the United States George Washington Bicentennial Commission, created to lead this country in its honors to George Washington in 1932, I wish to express something that we all know Washington would feel and say on such an occasion—the thanks of his heart to the gracious wife of a later President, and to the representatives of a friendly nation, for the thought that has brought to our Capital these enrichments—beautiful for so many beautiful reasons.

RETIRING FROM CONGRESS

Mr. TILSON. Mr. Speaker, I have decided not only not to be a candidate for reelection to the Seventy-third Congress but as soon as it is practicable, without expense or inconvenience to my constituents, to elect some one to fill my place, it is my purpose to resign my seat in the present Congress. Making this decision at this time does not necessarily mean that I am permanently retiring from the public service. That will depend upon circumstances as they may develop. I would have it understood beyond question that my country is always first and that no sacrifice is too great for me to make at any time in case the importance of the service seems to demand it.

At considerable personal sacrifice, so far as personal fortune is concerned, I have served the people of my district, the State of Connecticut, and the Nation for 11 terms in the Congress of the United States. These 22 years cover a very important period in our history and the work at times has been somewhat strenuous, so that no one may rightfully accuse me of not having done my share of public service or of now shirking a public duty if for a time I ask to be relieved from this particular service so as to engage in other work which for the time at least seems more important.

It is well known that the legitimate necessary expenses of a Member of Congress who tries to fully discharge the duties of his office and fittingly represent a great constituency require his entire salary. A position which requires the holder to make an expensive campaign every two years is quite a different matter from any other position, public or private, that pays nominally the same salary. It is, in fact, impracticable for him to lay by anything for his family or the future. While still blessed with health and vigor it is my hope and purpose to try to make amends to some extent for what I have failed to do in this direction during the last score of years.

When I first came to Congress, in 1909, I left, as many others do who come to Congress, an active, remunerative law practice. My two partners were then at the very top of the Connecticut bar and were two of the finest men it has ever been my good fortune to know. They believed that I had certain qualities fitting me specially for useful public service and therefore did not discourage me from making what was even then a great pecuniary sacrifice. Since that time I have watched those who were then my juniors rise to my place in the firm and to higher places so far as pecuniary reward is concerned, while I have labored here, as everyone must who lives on his salary, for mere living expenses. Not that I would complain, for there have been many rich compensations not of a financial character, and I would not exchange the satisfaction of having done my work here faithfully and well for any amount of money. Furthermore, if the service I might reasonably expect to render here during the next few years appeared to be of an importance

comparable to that I had the privilege of rendering during the last three Congresses under Republican control, I should still deem it my duty to stay here just as long as my own people approve.

Under present conditions, however, I doubt whether the importance of my service here is sufficient to justify me in further sacrificing what may prove to be my last opportunity to provide somewhat more adequately for my family and future, and, therefore, I feel warranted in making this decision at this juncture.

Mingled emotions naturally arise as one contemplates closing a long term of service in the House of Representatives. It is said that it takes all kinds of people to make up a world. The variety is not quite so great in Congress, but it exists even here. I suppose that if all of us were as good as the best of us, none of us would ever quit Congress willingly. While if all of us were as bad as the worst of us, probably there would be little satisfaction in any one of us staying here. It would be delightfully pleasant if we might truthfully say that the entire membership of Congress were high-minded, courageous, fair, considerate of others, generous in thought and deed, but alas, one can not say so as to all and be truthful. Along this line it is perhaps not safe to go further than to say that the average in this regard is high. Many conform to the high standard I have described, and as one thinks of ceasing to serve with colleagues of this type there is sure to be a pang of regret.

The House of Representatives as a whole and in the aggregate is a fine, truly representative body of men and women. Statements so often made by the press and would-be humorists to the contrary are inaccurate and unfair. Theorists and alleged writers on government have argued and attempted to demonstrate, with considerable show of logic, it must be admitted, that universal suffrage must inevitably lead to the rule of the mediocre and the incompetent. Thus far in our history, however, through patriotism, or a proper desire for the honor conferred by election to public office, it has come to pass that a high grade of men and women have continued to be willing to serve, often at a sacrifice, and constituencies continue to elect them. So long as this continues to be true, the country is safe.

Deep as is my regret in contemplating leaving the House, it is still deeper as I think of ceasing to serve the particular people who have trusted me and honored me with high office for more than a quarter of a century. Four years I served in the State legislature, two years as the speaker. Then a larger constituency sent me here, and for almost 22 years I have stood for them in this Chamber until for many in my district I have become more than a mere Representative—I have become an institution. To give up this character of relationship where so many, even without regard to party lines, have come to know me, to believe in me, and to trust me, is indeed a difficult thing to do. All I can say is that having assiduously worked for them and proved myself faithful to them and to their interests, I believe that they will not now begrudge me the privilege for a while of working for myself, or at any rate for my family and their future. I have, therefore, decided to seek activity in other fields where I trust my talents will be equally well employed and where I hope the net financial return for my labors will at least be on the right side of the ledger.

DEMOCRATIC TARIFF HYPOCRISY

Mr. WOOD of Indiana. Mr. Speaker, a political party is entitled to the serious and respectful consideration of its viewpoint on every issue upon which it has a conviction. But in this campaign any Democratic orator who rises to discuss the tariff and to denounce in the old familiar terms the "iniquities" of the Hawley-Smoot Act will make himself ridiculous.

In the last three years the Democratic Party has preached tariff reduction with fanatic zeal, at the same time practicing protective policies for favored interests and resorting to every device known to the hypocrite and the demagogue to fool the people.

This is a harsh indictment. I shall sustain it by the Democratic record, the damning and incontrovertible evidence of which I now introduce:

INITIAL DEMOCRATIC DUPLICITY

When the present tariff law was under consideration in the Senate every Democratic Member of that body cast votes either for increased rates or to prevent the decrease of rates. This was done while their colleagues shouted from the stump of the "iniquities" which were at that moment being clinched into the bill by Democratic votes. On record ballots alone a total of 1,010 votes were cast by Democratic Senators for high duties.

Senate Democrats, with the aid of recalcitrant Republicans, could have passed the kind of a tariff bill they professed to have desired.

That they failed to do so is due not to a desertion on the part of the recalcitrant Republicans but because a majority of the Democrats found their greed for high duties on many commodities more impelling than their sense of loyalty to the unholy alliance into which they had entered solely for political advantage.

Had the Democrats been honest in their often-expressed dissatisfaction with the industrial rate increase in the bill they would have supported a move by one of their number—THOMAS of Oklahoma—to eliminate all advances in duties except those on agricultural products. Just 6 of the 39 Democratic Senators supported that proposition.

THE FINE ART OF EVASION

The Democratic Party delayed passage of the Republican tariff law for more than a year, intimidating business and keeping the country in a state of fear and uncertainty.

For the ensuing year they viciously and consistently hammered this creation in which they had played a vital part. Their attacks were all in generalities. They denounced and deplored, but were too canny to name a single rate they would reduce. Then they were put to the acid test by Republican leaders who publicly challenged Democratic Senators to specify the items they would reduce.

A silence comparable to that of the tomb ensued. Gentlemen of the opposition took to cover and few stood upon the order of their going.

LABORS OF THE MOUNTAIN—THE DEMOCRATIC BILL

Before they took to the refuge of silence Democratic leaders had solemnly promised to lower the "iniquitious" rates, if not to repeal the act altogether. Suddenly and unexpectedly, with the election of a Democratic majority in the House of Representatives, they were faced with the problem of making good. Consequently they brought out and passed what they called a tariff bill. It furnished conclusive evidence of the fraudulent character of the Democratic abuse of the Republican law as it did not propose to change a single rate. It was more than honest supporters of the Democratic Party could stomach. They denounced it as a "subterfuge and a sham."

This Democratic measure contained two vicious proposals. Under one the purely domestic question of tariff duties would be thrown into the maelstrom of world politics. Under the other, proposing reciprocal tariff agreements, the United States would be drawn into all the trade wars of Europe and Asia.

PACKING THE TAX BILL

But the crowning evidence of the duplicity of the Democratic Party is of even more recent date. It was only a few weeks ago that this party made the Budget-balancing tax bill a political picket fence upon which to hang tariff duties ranging from 16 per cent to 61 per cent on products of Democratic States.

There never has been such a shameless exhibition as this willful attempt by Democratic leaders of both Houses of Congress to deceive the American people as to their real views on protection while at the same time seizing every opportunity to snatch political favor by including tariff duties in the tax bill. The gentlemen who had denounced and deplored the "iniquitous" rates of the Hawley-Smoot Act

used every devious method in their highly developed art of logrolling to obtain protection for oil, coal, copper, and lumber.

DEMOCRATIC CRITICISM OF DEMOCRATS

No word of mine can carry the force or so well depict the shame of the Democratic Party as do the remarks of the leaders of Democratic thought throughout the country. I shall not try to add to these statements. I would not attempt to gild the lily. I include unadorned the wisdom of some of the Nation's prominent Democratic spokesmen and writers.

Let me quote the sterling Democrat, Representative CRISP, of Georgia, who stated:

To-day I am seeing my party destroy itself. I am witnessing my party put on higher tariff rates than even the Republicans put on—putting on embargoes and then going out and criticizing the bill.

Add to this indictment the pronouncement of America's leading Democratic newspaper, the Baltimore Sun:

In the House the Democratic members of the Ways and Means Committee committed two outrages: First, they let the oil people write a tariff that they had been unable to get in a fair tariff fight; and second, they let them write it into a tax bill, where it had no more business than in an appropriation bill.

Walter Lippmann, former editor of the arch-Democratic New York World, adds this trenchant comment:

It makes ridiculous their whole case against the Republican tariff policy. * * * Once these tariffs are made law the country will laugh at their protests.

Claude G. Bowers, archangel of Democracy and keynoter at the Democratic National Convention of 1928, speaks as follows:

From a Democratic viewpoint, we have never seen anything quite so degrading and destructive as the exhibition of last Saturday.

JOHN E. RANKIN, Democrat, of Mississippi, sadly remarked:

These Democrats who are straying off and advocating tariffs on various and sundry commodities have been called "tariff hitch-hikers" by a certain gentleman at the other end of the Capitol. He said the hitch-hiker rides with a man without paying any of the expenses, burns up his gasoline, wears out his car, sometimes sandbags the owner and takes it away from him, and if he is injured in the slightest manner invariably sues him for damages.

One more illuminating quotation must be added because it is so completely and beautifully truthful. I quote that able Democrat, Mr. HENRY T. RAINEY, of Illinois:

Lower this tariff drastically? You [Republicans] will not do it, and we [Democrats] do not dare do it with conditions as they are * * *. We do not want the market flooded with the products of cheap labor in other countries.

THE ULTIMATE HYPOCRISY—THE DEMOCRATIC PLATFORM

Nothing could be added to the foregoing record of the Democratic Party on the tariff more eminently fitting than the 1932 Democratic platform which, as an insult to the intelligence of the voter is peerless, and as a piece of arrant demagoguery is magnificant in its effrontery. It solemnly denounces the Hawley-Smoot Act, declares against high tariffs and specifically proposes a "competitive tariff for revenue."

The Falstaffian humor of this plank written by the disciples of Janus is apparent, but the United States is to-day in no mood for either low comedy or shameless deception.

SOLDIERS OF AMERICA

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address delivered by me at York, Pa., April 6, 1932, before Veterans of Foreign Wars:

It is my privilege this year to turn the thoughts of the American people toward George Washington on every available occasion.

Outwardly the reason for this is that we may pay to George Washington the endless honors that are due him and that have a special timeliness this year, because 1932 is the two hundredth anniversary of his birth.

But beneath this year of celebration there is an inward and far deeper meaning. George Washington himself would spurn these honors we pay him as empty and worthless, without this deeper meaning of the words we utter in his praise.

The one way in which we can truly honor George Washington at all is to revive again those principles on which he founded our Government and our country and apply ourselves to a new effort in living up to them.

So it is that every other passing anniversary this year is a fit occasion for refreshing ourselves at the fount of Washington's patriotism. Every other memorable moment in our history has its attachment to him. For we would have had no such glorious history if we had not had Washington in the beginning.

This occasion to-day, April 6, is the anniversary of that day when our Nation was drawn into the recent World War.

It was the day when you who now look upward toward me turned your faces to America's enemies and prepared to save your country.

Could there be a closer link between this year and this day and that former day when George Washington made the same appeal for men to stand with him, facing an enemy of America and willing to suffer and die for the safety of their country?

If George Washington could stand here in my place, I believe the tears would well in his eyes, as they did sometimes when the loyalty of his brave men especially touched him.

The only difference he would see would be the difference between olive drab and the ancient buff and blue. Under the different uniforms he would see the same type of American, the same loyal patriot, the same lover of his country as the men who stayed with him from Boston to Yorktown and the victorious entry into New York on the heels of the British invaders.

If there is one thing about you that would touch George Washington more than the sameness of you veterans and his devoted Continentals, it would be your vast numbers.

When Washington lived and carried this Nation to victory on his own courage and character, nothing tried his courage and his patience more than the problem of raising enough men to fight to victory with him.

He never could collect from the little country that America then was, enough men to make his victories quick and decisive.

He was forced to drag along through eight years of struggle and toil and blood and discouragement. He had to lose bitter battles on Long Island, at the Brandywine, and Germantown. He and his nearly naked army had to suffer all the horrors of Valley Forge, and be content with little successes snatched here and there before there came at last that stirring situation at Yorktown that crowned with God's own gift of success the great Commander-in-Chief and his little army in which every man was a hero.

What a leap his heart would have given, to see millions of American patriots rush to arms a few years ago, where in his day he sighed in relief when he gained a few thousand more recruits to his ranks!

In 1776, America had a few thousand defenders. In 1917, she had millions to rise and dare a thousand deaths for her safety.

In 1776 war was fought with clumsy weapons. In 1917 the man who came to the defense of his country faced a war made tenfold more horrible by every device that science could invent for the maiming of human bodies and the taking of human lives. Yet millions were ready to meet these dangers. How Washington's heart would go out to you who formed that and other great American armies.

I am sure he would heartily agree with what I say here now—that American patriotism is not dead but lives as strong as of old.

All honor to the heroes who fought by Washington's side and marched with their bleeding feet through the snow wherever he ordered them to go. But I contend that love of country did not die and disappear with Washington's men in buff and blue. It lived and flamed again when America once more called to you, her sons of this later day, and placed her destiny in your keeping.

She clad you in different colors, but the hearts that beat beneath your uniforms ran with the same red blood of courage, willing to be shed, if need be, for the Nation that George Washington gave us to preserve forever.

You who fought these later battles in the cause of America's safety and in the name of liberty were really fighting for George Washington just as much as if he were to rally and command you.

So we are gathered here in singleness of spirit with the Father of the Land on soil made sacred by his very presence and rendered still more holy by our country's history.

About us as we meet here is a city that has grown with America's growth from struggling colonial days.

But it was here when our history was young and when George Washington himself was alive and already thinking of America's future.

Into this city a little more than a century and a half ago Washington rode on one of his constant travels about the country. He had taken his stepson, Jackie Custis, to New York to place him in King's College, now Columbia University.

After this happy and peaceful errand, and when he had turned back toward his beloved Mount Vernon, Washington came through Pennsylvania and stopped at York Town, as it then was called. That was in 1773, while America still was at peace, and nothing distracted Washington from his favorite pursuit of observing the quality of the land and dreaming of the prosperous future he foresaw for his fortunate countrymen.

Then came the struggle for independence, with its eight long years of doubt and toil and discouragement and suspense. The most powerful nation then on earth had sent its trained and disciplined armies here to keep us enslaved to their King.

During the darkest period in all that anxious time this city was for nearly a year the capital of the United States. I have said

that history has made this sacred soil. Let me tell you why it is made so sacred.

It was here that the Continental Congress sat while George Washington and his army were going through the horrors of Valley Forge.

The powerful foe had driven the Commander in Chief to hide his little starving and freezing band in the hills and hollows of that camp which has been forever hallowed by their sufferings.

Before the same all-conquering foe, Congress had been forced to flee from Philadelphia and hold its sessions here.

Had Congress remained in Philadelphia every Member would have been made a prisoner and might have been hanged as a traitor to the British King. Over the head of George Washington himself hung the same possible fate. He, too, would have been hanged if any one of the many efforts to capture him had been successful.

We know what happened instead. Washington lived to triumph over his enemy and establish our land, while a patriot Congress held the struggling country together behind him.

But that glorious end of the struggle was far from visible in that winter of 1777 and 1778. On the contrary, it looked almost impossible for this impoverished people to conquer the powerful forces arrayed against them.

Here in this city, then a pioneer village, they thought and fought it out—George Washington watching his starving men at Valley Forge, and Congress sitting here and striving to raise the men and the money so sorely needed to win the war.

Into this town Washington sent his despairing and pleading letters from his camp of starvation and distress. Here he told Congress it must somehow feed and clothe and pay his suffering men. Here the heart and the soul of the infant Nation was tested as it never has been in all its history. And here American courage won.

So when I compare you patriot Americans of to-day with the heroes gathered about George Washington, I pay you the greatest compliment that human lips could frame. Now, let me add to the compliment by telling you how true it is, and how well deserved.

To you also came the call of service to country in the face of death and danger. To you it meant the same sacrifice that was paid by the patriots of 1777.

Let us never forget what it cost the men of Washington's army to fight at his side. They left their families in danger of want, sometimes in danger of hostile savages. They left their farms to suffer neglect and ruin.

Many of Washington's officers had been well-to-do men and lost their all in order to serve him. Love of country could rise to no greater heights than that.

But you, too, when you heard the call of your country, laid aside your occupations, your comfortable homes, and the loving embrace of your children, your wives, your loved ones.

You, too, had a menacing enemy to face. When America entered this recent war that struggle was at the stage of its Valley Forge. The foe appeared to be victorious, with a helpless world at its feet. The heart of humanity was stilled with fear. The fate of the world lay in America's hands, and America was unready and far away.

The only difference between that dark time and the anxious months that Washington had to endure in 1777 was that the danger in 1917 was more fearful, and the cost and the effort needed to meet it were greater still.

Not only that, Washington's men were stimulated to desperate courage from seeing the enemy before their very homes, on their own soil. This later call to American patriotism was to take millions of men thousands of miles to foreign soils, across seas as dangerous as the fields of battle.

This is the very day, 15 years ago, when many of you heard the call and prepared to answer it without a murmur.

First came the months of dreary training and drilling the army that had sprung to arms overnight. Washington had to wait three years to obtain a mere handful of recruits. Then a united Nation cheered you on, while you sailed the seas to prove that Americans fight for their high ideals no matter where the threat may rise against them.

The hottest fires of war ever kindled waited to test American courage, American spirit, American endurance, and the will to win.

In hardly more than a year from the moment you Americans planted your feet on soil reddened and torn by three years of fire and slaughter, the waves of destruction had been beaten back, the thunder of thousands of mighty guns had been stilled, and once again American might and courage had rendered safe the cause of liberty and the rights of mankind.

That glorious rounded record you bring here to-day, on the anniversary of the day when most of you began that record. Here you lay it at the feet of George Washington on the very ground he once trod, on the very spot where his impassioned appeals for help were heard.

You have only his memory to salute to-day. The hand of death and a century and a half of change have placed an impenetrable curtain over the great events that occurred when he was passing this way. Not all the passionate love we bear him can reach his ears.

But I believe—I know—his spirit is with us here. You who have met here can only mutely lay before him this record of yours for his equally mute approval. But if some miracle would let us break the grand and solemn silence that reigns where George Washington sleeps—if we could hear his beloved voice once more—I believe we would hear him say:

"Well done, my patriot Americans. The fire that stirred your fathers to high deeds for a high cause lives on in you. In you the same soul that made this country flames on to keep it safe. Raise your sons to receive my blessing, even as I give it in pride to you."

Yes; I believe the great American we honor this year would have more than approval of your deeds, your sacrifices, the risks you ran, and the losses you have taken. He would feel every pride in you.

In all the years since Valley Forge not one thing has lessened the courage of this country or the constancy of its people. On America's roll of honor, which began early and will never end, you, too, have placed your names in letters that will blaze with the brightest that are there.

But just as George Washington fought and won a war only to issue from it a friend and counsellor of peace, so I believe that you also, who know battle from having faced its perils, are with him in a hatred of its waste and sacrifice of lives.

Washington himself proved what a sublime thing it is to offer one's very life for country; but what a still greater thing it is to live for country. Nobler even than dying for country, is achieving for one's country and adding to its progress.

In that George Washington shone most sublimely of all. And it is along the paths of peace that we need most of all to follow him now.

It may be that not even yet has Almighty God, in His wisdom, lifted the curse of war from the souls of men. It may be that not yet may we hope to have seen the last of carnage and bloodshed. But we do know that mankind has lived up to one of Washington's principles of honor—that only injustice, only the invasion of fundamental human rights, can justify the argument of battle. No longer will the opinion of humanity permit nations to wage wars for mere love of conquest. And George Washington looked forward to a day when enlightened mankind shall have found a way to rule out even the justifiable causes of war.

George Washington not only foresaw that day, he labored to bring it about. As a soldier he fought to win. As President of the United States he strove for peace.

During his administration this country was under a thousand temptations to enter into the raging disputes of other nations. George Washington underwent some of the bitterest abuse ever heaped on a public officer of this country in his steadfast and resolute efforts to keep us neutral and aloof. When passions had cooled, when reason returned to men's minds it was seen that in his labors for peace George Washington had but added to his greatness.

To-day the world is slowly striving toward a goal that appeared before the vision of George Washington even before the Constitution of the United States was framed and signed. He then expressed a belief in a permanent future world peace, and he stated this belief in a letter to a great French warrior—Lafayette—who had fought with him throughout the Revolution and who knew war as it was known to Washington himself.

In that expression he looked forward to a time when "mankind may be connected like one great family in fraternal ties." He told Lafayette that even then the world was growing less barbarous. The nations were becoming more humanized. The causes for hostility were daily diminishing. And he believed the period was not remote when a free and liberal commerce would take the place of the horrors and devastations of war.

The same man who stated these beliefs could still insist that the best way to avoid war was to be amply prepared for war. The same man who hoped for a future world peace could still insist that the only satisfactory peace was "peace with justice and honor." But he nevertheless hoped and believed that humanity was moving upward toward those principles of international honor and harmony which would one day make war impossible.

Toward that goal George Washington himself strove with all his counsels and teachings, and by his own great example.

So, if it is noble to live for one's country and to strive for our Nation's progress, it is noblest and best to follow George Washington's guidance in this exalted purpose.

We could not better honor George Washington, not only this year but in all years to come, than by living for our country in the George Washington way—by living up to his precepts—by "cultivating peace with harmony"; by "observing good faith and justice toward all nations," just as he has urged us in that greatest state paper ever composed by the hand of man, the Farewell Address.

Let us honor George Washington this year by dedicating ourselves to these counsels as he has left. We could not begin this rededication at a better time than during this year we have set aside to commemorate the two hundredth anniversary of his birth. We could not select a more appropriate day than this fifteenth anniversary of the entrance of our country into the Great War for the preservation of world liberty.

In that spirit and with that high purpose I invite you who have been warriors in the George Washington spirit to join with our country this year in its tribute to this great preacher of peace with honor.

You will be like Washington's own veterans, saluting your old commander. You will be taking a solemn vow for the continued safety of your country—by war only in the last resort, and all the rest of the time through the channels of peace. And so you will be adding a deep and solemn note to the reverence and the affection we pour forth this year to one so well described as "First in war, first in peace, and first in the hearts of his countrymen."

AN APPRECIATION

Mr. BLOOM. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following radio address delivered by me February 23, 1932:

The great celebration of the bicentennial of the birth of George Washington has been formally opened, and from now on interest in the observance of this historic event will gather momentum until its climax and the end of the celebration, on Thanksgiving Day of this year.

Yesterday witnessed the opening of these nation-wide—I should say world-wide—plans which have been maturing for the past two years. We of the United States George Washington Bicentennial Commission, of which I have the honor to be associate director, are proud of the overwhelming response of the people of the United States to the work which we have been doing. We are gratified beyond all measure of expression at the cooperation, the sympathetic helpfulness, and the deep patriotic feeling that have been exemplified in every part of our beloved land.

I speak from the heart when I say that all of us who have been concerned in this momentous work are deeply touched at the appreciation which has been given to our humble efforts, and we are inspired by the obvious fact that the people of the United States everywhere have rallied to the spirit and purpose of this occasion beyond anything that could have been anticipated.

The events of the past two years have occupied our minds, our hearts, and our hands beyond any similar work that was ever undertaken. The beginning of this celebration yesterday was marked by observance in thousands of towns and cities throughout the Nation and in millions of homes and schools and churches. From one end of the country to the other, in our insular possessions, in foreign lands, wherever Americans reside there has been exhibited an interest and a whole-hearted sentiment of the true American spirit which should hearten every real American living under the protection of our flag.

The nations of the world joined with us yesterday in paying homage to our great Washington. In practically all foreign countries radio broadcasts were made by heads of government, statesmen, and patriots, so that the name of Washington resounded throughout the earth.

The celebration in the National Capital naturally was the center of immediate interest, because here the Government itself in the most formal, dignified, and magnificent way paid the tribute to Washington with solemn and beautiful ceremony.

The address of the President of the United States and the singing of America by a grand chorus of the entire Nation were carried by the miracle of radio to every part of the world. Yesterday the man who still is and ever will be to us the Father of Our Country reached the hearts of his people as never before. Today the press of the world tells us how the hearts of humanity responded.

To-day it is my proud privilege, through the courtesy of this great broadcasting system, to thank the 120,000,000 Americans who responded so magnificently to this call of a great man to a great occasion.

On behalf of the United States George Washington Bicentennial Commission I tender the thanks of this Government to our people everywhere and to those across the seas for their interest and their help in this fitting testimonial to the memory of our greatest American.

I can hardly realize what has come to pass. The celebration has begun in a manner that overwhelms me. It is not only the greatest event of its kind ever held in the history of the world, but it is impossible now to conceive how anything could have been added to this mighty tribute of the people of all countries. The words I speak are hopelessly inadequate to express what I, an American citizen, and lover of George Washington, would like to convey to my fellow Americans.

No precedent guided us, for no such celebration was ever attempted by any nation at any time. We set to work with energy and enthusiasm which have not abated during all these months and years of effort.

We were sustained by an unfaltering confidence that Americans were eager to participate in this form of tribute. That confidence grew with the passing of time and with the thousands upon thousands of letters that came to the commission from all over the world and especially all over our own country. We were inspired with new confidence, new faith, and new energy. I may say truthfully that I do not believe any organization of the Government, in time of war or peace, has ever given such unstinted service, loyalty, and talent as have those who have aided me in the conduct of this mighty enterprise. On behalf of Americans everywhere I want to express my appreciation of this service which is as truly a tribute to Washington as any ceremony or any material monument.

What we witnessed here in the National Capital yesterday was an awakening that gives encouragement to all of patriotic hearts and minds.

When the President of the United States stood in the National Capitol and delivered his wonderful tribute to the memory of George Washington, I felt a thrill I can not describe. It was what we had worked for, planned for, hoped for, all these years. It was the greatest historical celebration in the life of our country and not at least for another hundred years will there be anything like it. Our dream was realized, our hopes fulfilled, and I know that George Washington received the tribute that he would have liked to receive, because it was not in the form of a new monument or material evidence of our growth, but was an expression from the hearts and minds of his people—the people of the United States.

I say this with the pride of an American. I say it with a heart full of gratitude to those who have joined with us in the planning of this great celebration. We Americans have always loved George Washington, but to-day we love him with a new revelation of understanding. We love him because we know more about him, and knowing more about him we realize the mighty stature of the man.

What the United States George Washington Bicentennial Commission needed to do was to awaken the love of our people to this new understanding of Washington. It was a mighty task and we are proud to feel that with the support of the people themselves the task has been well done.

Eight years ago far-sighted men in Congress had a vision of just what we witnessed yesterday and took steps to prepare for it.

The program which was launched was broad and comprehensive. It ramified to every corner of the earth and reached every stratum of humanity. When we began our work George Washington was something of a myth—to many a cold, impersonal figure of history, remote and almost unknown. To-day there is hardly a man, woman, or child in this land of ours but knows a great deal about George Washington. They know something of his mighty character, they know of his services, his sacrifices, his victories, and his triumphs of statesmanship. But more than that, they know of George Washington as the man. They feel a different sentiment toward him, a nearness, an understanding, a personal love.

From the least known of Americans, George Washington has become one of the best known. We have succeeded in large measure at least, in making him familiar to Americans for what he really was—a simple farmer, like millions of other American farmers—a business man, like many other American business men—a friend worshiped by troops of friends, a father to all the children he knew, a devoted husband, a mighty conqueror without the glamor of ambition, a statesman without selfishness—the ideal American.

I believe that if this celebration had served no other purpose than in making George Washington understood and loved it would have been worth all the planning and all the effort.

So I have reason not only to thank the American people for their cooperation but to congratulate them from the depths of my heart for the long, earnest, self-giving efforts they themselves have put forth to make this memorial to George Washington what it should be.

During these two years of active preparation 60,000,000 people—half the population of the United States—with half a million committees to lead them, have found the time, the willingness, and the initiative to plan the great tribute which opened in the National Capital yesterday and in cities, towns, and hamlets all over our beloved land.

But it is the 35,000,000 young Americans in our schools and colleges who have touched my heart most profoundly. It was the patriotism of these future generations of American citizens that we wished to awaken first of all to a response in love of country that has stirred me deeply.

The United States George Washington Bicentennial Commission has found it almost impossible to meet the demands for school studies of Washington. We have, however, placed his picture in every one of the 850,000 schoolrooms of the country. We have supplied these schools with literature of all kinds, touching every phase of the life of George Washington. These young people have enrolled themselves with the same enthusiasm in the contests we have arranged through the year for excellence in essay, declamation, and oratory on the subject of George Washington and the Americanism he lived and taught.

Nothing could have pleased and touched George Washington himself so much as this overwhelming tribute of affection from these young Americans of to-day. Childless himself, he loved all the children that he could draw near him. Yesterday the children of a later America paid him the same homage of love in song, in parades, in every form of exercise.

This tribute from those who will love Washington all their lives and strive to be like him was one of the finest touches to the whole celebration, and I am proud to have had a hand in bringing about a stirring of hearts so deep, so fine, and so patriotic.

No greater distinction or self-satisfaction could come to any man, woman, or child than to have had a part in this inspiring work.

Throughout the months to come there will be thousands upon thousands of celebrations of all kinds throughout our country. For the most part these will be simple, inexpensive forms of tribute—the kind George Washington himself would most like. I ask the people everywhere, and especially the boys and girls, to become active in these celebrations, for everyone will have his opportunity.

Let us upon all appropriate occasions find ways of joining in these manifestations of honor to the great American, for in honoring George Washington we honor ourselves; in teaching George Washington we are doing the most important work in the preservation of our common country.

COLONIAL GARDENS

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following radio address delivered by me March 17, 1932:

I am asked, as associate director of the United States George Washington Bicentennial Commission, to launch on this occasion a campaign which is one of the most beautiful and touching honors we can render to George Washington during this year, when the Nation and the world commemorate the two hundredth anniversary of his birth.

I am asking all those who hear me to plant flowers to the memory of George Washington.

And so that this loving tribute, this burst of color from the very earth, shall not be for this year only, I am asking that you plant those perennial flowers that bud and bloom year after year for as long as they live.

Nothing could be more appropriate than such a tribute. George Washington himself loved scenes of beauty. Time and again in his letters and in his diaries he tells of pausing, even in the midst of his gravest military anxieties, to admire the beauty of some view or some locality.

Washington was a gardener himself—a landscape gardener of the first rank in his day. If he was not the first man to beautify his home and the grounds about it, he was a leader in such pleasing work in a State that was famous even in his day for the splendor of its great and beautiful estates.

If you have visited Mount Vernon, or if you plan and hope to visit Mount Vernon, you will have seen there in every tree and shrub and plant the magic touch of his hand, creating its serene and peaceful beauty.

Many of the trees that he planted with his own hand are still there, each placed where he knew it would add its cool green color and graceful form to the loveliness of the rest.

You will see at Mount Vernon the garden designed and laid out by Washington. There is the mystic maze it amused him to plan; the walks lined with their boxwood; the ivy draping fences and walls in a curtain of velvet green.

You will see there some of the very flowers he loved to grow—the old and simple blossoms that were as honest and true and unpretentious as he was himself.

Mount Vernon was beautiful because the soul of George Washington was beautiful. It is beautiful to-day because he coaxed from the arms of nature, the sweetness and charm to match the sweetness and charm of his own soul.

We do not all possess broad lawns and rolling acres, and the room for rows of blushing flowers. But every patriotic American can plant some floral tribute to George Washington this year, if it is only a geranium pot that he places in the sunshine at his window.

It will be an offering of beauty to a lover of beauty, in a language that speaks across all boundaries of time and beyond the grave itself. It will be the spirit of America to-day, exchanging greetings with the spirit of Washington himself, as if differences in time had disappeared and the two spirits were face to face.

The planting of flowers in Washington's name this year will be like covering the fair face of our land with visible symbols of the beauty of Washington's own character and life.

In this growing of lovely things, this covering of the land with many colors, I see one more instance proving that Washington's hand is still lifted in blessing over the hearts of our people and the welfare of our country.

In this age of universal mechanism, and in the rush of our material pursuits, we need, as never before, to restore beauty to our lives. We have covered our land with factories and have covered the sky with the smoke of industry. We live in a day of tremendous accomplishment. In all this there is a beauty of achievement and enrichment of human life. George Washington would approve all this. Indeed, he largely foresaw it and planned it.

But always he loved to retire to his beloved and lovely Mount Vernon—to the shade of its trees, to the peace of its rolling fields, to strolls through its flowery gardens. And he bids us do the same to-day.

This broad continent has room for flowers, as it has for factories. Our lives have room for roses and violets as well as for material desires and business aims. We need to give our busy land its needed decoration, with the gifts that nature has placed at our hands, if only we use them.

In so doing we are only turning back to the ways of George Washington, who made himself one of the most prosperous men in America and still found time to make his home a place to gladden his eye and to rest his soul.

So I hope that every patriotic American who hears me will cooperate in this movement to plant flowers in honor of George Washington, and will plant as many beautiful things as he possibly can this bicentennial year. Plant a garden, if you can; if not, only a circle of posies in your dooryard will be a fine tribute to pay to Washington. It will be doing something fine for your country, and it will be doing something fine for yourself.

We of the United States George Washington Bicentennial Commission want America to be one great garden this year and for all years to come. We want to see unlovely yards and lots veiled in the petals of buds and flowers. We want all America to be more like George Washington's Mount Vernon.

But to attain this fine spiritual end practical means are necessary. So I am glad to say to all good Americans who are stirred to go forth with spade and trowel that we of the United States George Washington Bicentennial Commission are working to help you with practical advice and suggestion.

We have working with us the United States Department of Agriculture, American Society of Landscape Architects, the garden clubs of America, the agricultural colleges, and many other floral organizations. The bicentennial committees and commissions of all the States stand ready to do everything possible in promoting this planting of flowers in Washington's honor.

Experts will tell you of all the varieties of plants and flowers that were loved by Washington or were familiar in his time. They will tell you how to utilize plots of land, how to prepare the soil, how to watch the growth of what you plant, and how to make it a lasting and endless growth; a permanent addition to the loveliness of our land.

Amateur gardeners have only to apply to the United States George Washington Bicentennial Commission, or to the Department of Agriculture, and success is assured them. And I can assure them of something else.

I can assure them of a satisfaction in knowing that they are doing something for George Washington in making their America a happier and more beautiful place in which to live.

THE DEMANDS FOR PLEDGES FROM CANDIDATES FOR CONGRESS FROM MILITARY AND NAVAL ORGANIZATIONS

Mr. COCHRAN of Missouri. Mr. Speaker, the War Department appropriation bill has just been signed by the President. It carries an appropriation of $289,500,024 for strictly military activities. This is a decrease of $49,448,593.32 in comparison with the same appropriation for the previous year. This decrease in no way affected the strength of the Army, the enlisted and commissioned personnel remaining the same. It affects supplies, and so forth. An effort was made to reduce the number of officers. The House bill provided for 10,000 officers rather than 12,000, but the Senate restored the present number and insisted for weeks upon its amendment, the House finally being required to recede.

Organized military groups throughout the country brought pressure to bear upon Members of Congress to retain the 12,000 officers. The Senate would not even agree to 11,000, but insisted upon the present quota.

The Reserve Officers' Association, the National Guard Association, and organizations representing the civilian military training camps and other military units, including colleges and universities, made themselves heard while the bill was under consideration. The Congress in the end bowed to their demands.

I have had considerable correspondence with these organizations. Outstanding among the organizations that I have heard from is the Reserve Officers' Association of the United States and the Naval Reserves. Recently the Army reserve organization wrote me a letter, signed by the president of the St. Louis chapter, an excellent gentleman, Capt. William R. Gentry, jr. The letter clearly indicates to me that the organization will at least present to its members the result of a questionnaire showing the views of candidates for Congress on our national defense. Its purpose no doubt will be to defeat those who are not willing to go on record to support the present activities and personnel of the Army. As I said, Captain Gentry is an outstanding gentleman; he understands my position, knows that I will vote as I feel the best interests of the country demand; but when the questionnaire goes out, and I am listed as refusing to pledge my vote prior to election, I will not fare so well at the hands of other members of the organization. The correspondence is clear and speaks for itself.

I was told in the letter that the St. Louis chapter of the Reserve Officers' Association would shortly circularize the 3,500 reserve officers in Missouri and the 4,500 members of the Missouri National Guard and let these 8,000 civilian soldiers know how the 97 candidates for Congress in Missouri and the Senate candidates stand on matters of national defense. This, of course, will be done without any cost whatever to any of the candidates, they stated.

I was advised the Regular Army at the present time consists of 12,000 officers and 118,000 enlisted men; our second line of defense, the National Guard, is composed of 190,000 citizens who drill one night a week at Government expense and go to summer camps for two weeks, also at Government expense; that the Officers' Reserve Corps is maintained to furnish officers for the draft, should a situation

arise which could not be handled by the Regular Army and the National Guard; that at the present time the Officers' Reserve contains 110,000 officers, and some 25,000 go to camp at Government expense for two weeks each year; that the Government also maintains military units at various State colleges and universities for the military training of students, and in this way gets some 7,500 new reserve officers each year. In addition, the letter stated some 37,000 young men receive a month's military instruction each year at the civilian military training camps.

Then they advanced the information that the total cost of the military activities of the Army is somewhat under $280,000,000 a year, and of that money, some $31,000,000 goes to the National Guard, approximately $6,500,000 to the Officers' Reserve Corps, about $4,000,000 to the military units at the schools and colleges, and about $2,500,000 for the civilian military training camps. Captain Gentry then said it is needless for him to point out to me that substantial reductions can be made in the operating cost of the Army by the elimination of a large number of military posts which were once valuable in the Indian fighting days, but no longer have any value from a strategic standpoint; that at the present time there are over 200 posts and stations inside the United States; that a large number of the interior posts could be completely dismantled and abandoned, and the forces now garrisoning these posts could be advantageously moved to our borders and coast lines, where they could be trained much more efficiently and at the same time substantial economies could be effected without reduction in personnel.

He told me they believe that they should hold on to our present system of national defense until such time as other nations make substantial reductions in their own armaments and come down to a basis more nearly equal with ours. Then he said their bulletin, which will go out about the middle of July, will be based on nonpartisan lines, and will put the 97 candidates in three classifications as follows: First, those who are opposed to any further reductions at the present time; second, those who do not care to commit themselves; and, third, those who favor further reduction. He then said he would be glad if I will let him know at my convenience in what classification I desired my name to be placed. He also said if I had military experience he would be glad to make a note of it in the bulletin. To that letter I replied as follows:

DEAR CAPTAIN GENTRY: Your letter received. Speaking frankly, I doubt very much the wisdom of the Reserve Officers' Association seeking expressions from candidates for Congress on the eve of a primary for the purpose of circularizing your membership and advising them of the stand of the candidates on matters of national defense.

While I have no objection to my views being known on any important question, still a yes or no answer to your questions without some explanation would be unfair to those who understand the situation.

The weak-kneed candidates will answer your questions in the affirmative. This is always the policy of men of that class. As your poll is solely for political purposes—I do not say partisan political purposes—the answer of the candidate will be based upon his desire for votes. There is a danger in electing men to office who will answer a questionnaire as the writer of the questionnaire would like to have the candidate answer.

You enumerate the activities of the Army, especially as to training of civilians, members of the Organized Reserves, National Guard, and citizens military training camps, and make mention of the Government maintaining units at various State colleges and universities. Concluding, you express your opinion that our present system should be maintained until such time as other nations make substantial reductions in their own armaments.

No patriotic American is in favor of reducing our Army or its activities to the point where it will weaken our national defense. You say we are spending $280,000,000 a year on our military activities. I insist that for a much less sum we can maintain our present standard of efficiency if not improve it 25 per cent by proper administration. I strongly favor a department of national defense headed by 1 Cabinet officer with 3 assistant secretaries, 1 for the Army, 1 for the Navy, and 1 for a united Air Corps. The enactment of such legislation with the proper official at its head would save this country within a few years at least $100,000,000 per year, and the country would have a better and more efficient Army and Navy.

Scores of similar activities in the Army and Navy could be grouped. As a crude example, let us start at the bottom. Go to the old customhouse in St. Louis and you will find a recruiting station for the Army, one for the Navy, and one for the Marine Corps. Can any sane individual say if we had one recruiting station for the three branches of our national defense that it would interfere with its efficiency? I could go right along until I reach the office of the Secretaries and show a duplication of work by the Army and Navy that could be properly coordinated at a great saving.

Major generals and admirals down to the second lieutenants and ensigns are assigned to duty in Washington by the hundreds, doing nothing but clerical work, when they should be on active duty with the troops or on ships and at shore stations. True, it is absolutely necessary to have some of the officers in Washington, but not in the number they are now assigned. Properly trained civilians could do the work now performed by the great majority of the officers and at salaries one-third of that being paid the commissioned personnel.

If you could take a trip through the offices of the Army and Navy with me and see the nature of the work that many of the officers perform, you would agree with my view.

The committee of which I am chairman held hearings for weeks on the Army and Navy consolidation bill, and on the final vote on reporting the bill it was defeated by a very small majority. Had the vote been taken before the hearings it would have been reported by no less than 6 majority out of 21 votes, but during the hearings the powerful Army and Navy lobby, with its allied military and naval civilian organizations, brought such pressure to bear that man after man fearing political reprisal changed his attitude.

The bill was then included in the economy bill by the Economy Committee, of which I was a member. On a record vote it was defeated by 19 votes. A change of 10 votes will pass that bill in the next Congress whether I am a Member or not. The President openly opposed the bill, and that is all that prevented its passage.

I firmly believe that it will be to the best interests of the country, to the Officers' Reserve Corps, National Guard, Naval Reserves, etc., to consolidate the Army and Navy, for I am confident with the right man at the head of a department of national defense it will make for a much better Army and Navy as well as result in a great savings to the taxpayers of this country.

Concluding let me say even if it would mean my renomination and election I would refuse to pledge myself now to vote in the next session of Congress (the appropriation bills for 1934 will be passed in December next by the present Members of Congress and not those to be elected in November) for the activities you enumerate in your communication. I will meet that situation when it confronts me, and at that time will consider the condition of the Treasury, as well as the welfare of our country, for which I have as much love as any member of the Army and Navy.

In reply to your postscript, in which you say you will be pleased to mention in your bulletin any military experience I might have had, let me respond by saying I regret I am unable to show that I ever served in the military or naval forces of the United States.

Sincerely yours,

JOHN J. COCHRAN.

Captain Gentry immediately replied to my letter. He informed me he was sorry I did not approve of the circular which the reserve officers over the State and the National Guard will shortly receive. He informed me they were driven to it by the indefinite and evasive letters which they had received from so many of the Missouri delegation prior to the time the Army appropriation bill was voted upon, and they concluded that henceforth their only hope was to receive definite assurances prior to election.

He said I would recall that on previous occasions he had told me that his own mind was open on the question of consolidation of all branches of our national defense, and he felt that the Members of Congress were in a better position to judge on that point than persons on the outside; that if Congress believes that economies could be effected, it seems to him that the proposition should be given a fair trial, and if it failed to work, then we could doubtless go back to the present system.

He then added they are quite anxious that no further reduction in personnel should be made, because the Regular Army is now far smaller in proportion to population than is that of any other nation, including Germany. Further, that they are also anxious to see that the National Guard and the Organized Reserves are permitted to function on their present basis of training, because any further reductions would so seriously reduce their efficiency that their value in time of emergency would be problematical.

Regardless of the proposed consolidation, he said if I was of the opinion that our personnel should not be reduced, then they shall be glad to place my name with those who are opposed to any further reductions until such time as other nations make substantial reductions in their own armaments. He does not see any harm committing myself to this extent.

In conclusion he said he always had been an admirer of the frank and fearless way in which I had conducted myself in Congress, and that he shall vote for me in the primary, confident that what I did was actuated by the very best of motives.

As Captain Gentry desired an answer, I replied as follows:

Capt. WILLIAM R. GENTRY, Jr.,
718 Louderman Building, St. Louis, Mo.

MY DEAR CAPTAIN GENTRY: I am in receipt of your letter of July 7 in reply to my communication.

I want to thank you for your kind comments and your willingness to support me for renomination and election.

In reference to the fourth paragraph of your letter, in which you say that if I am of the opinion that the personnel of the Army should not be reduced you will be glad to place my name with those who are opposed to any further reductions. I can not voice such an opinion at this time. The Army bill is in conference. The conferees are deadlocked. This is due to the fact that Senator REED, of Pennsylvania, has refused to compromise on the proposed reduction of officers. The House bill reduced the officers' personnel 2,000 and the Senate amended this by restoring the present quota. The House conferees, both Democrats and Republicans, have agreed to compromise on 11,000, but Senator REED will not even listen to the suggestion. If the bill is returned to the House for a vote I feel that our national defense will be in no way crippled if 11,000 rather than 12,000 officers are carried for the next fiscal year, and I will, therefore, vote to instruct the House conferees to stand out for 11,000 officers.

When men like Mr. BARBOUR, of California, who for many years has looked after the interests of the Army in the House as chairman of the subcommittee on War Department appropriations are willing to compromise on 11,000 officers I think I am justified in the position I take. The adoption of such a provision is certainly needed, because it will enable the officers in the lower grades to receive promotions to which they are entitled, but for which they have been unable to be considered. Of course you are going to use your own judgment as to how you are going to class me in the circular you are going to send to the members of your organization. If the circular fails to properly present my position, I will feel compelled to protect myself and state my views fully to the public.

Sincerely yours,

JOHN J. COCHRAN.

Captain Gentry then wrote me that he noted I was in favor of reducing the Regular Establishment to the extent of 1,000 officers. He had hoped that members of the Missouri delegation would agree to the Senate's demand for 12,000 officers. He then told me that when the bulletin went out to the 3,500 reserve officers and the 4,500 members of the National Guard in the State he would place my name on the list as being opposed to further reductions, with a note to the effect that I was of the opinion that the Regular Establishment should be reduced by 1,000 officers.

I do not propose to make any promises to the reserve officers or the membership, or the membership of the National Guard, citizens' military training camp, or any other organization regarding my future attitude when it comes to supporting the appropriations for the Army and Navy. I have been in Congress six years; my record is open for inspection. The welfare of the Government means as much to me as it does to the officers and civilians in military activities; but one thing is certain, the members of the Army and Navy who have been in control of military and naval appropriations will never control my vote. I will support their recommendations when I feel they are sound and I will oppose them when I am of the opinion they are not for the best interests of the country. I owe something to the taxpayers of the country. If the organizations can not support me without requiring that I sell myself in advance of a primary or an election, I will lose their votes, for I will not make such a pledge as they demand.

NAVAL RESERVE

The Naval Reserve Officers' Association also petitioned me for information. They received the same answer. I was told by that organization that the Naval Reserve has about 150 officers and 1,000 enlisted men residing in Missouri. Further, that the officers and men, with their relatives and friends, are naturally interested in the welfare of the Naval Reserve. The questionnaire stated that the interest referred to was manifested by the inquiries that had reached them in which the writer asked information regarding the various senatorial and congressional candidates with respect to national defense, particularly the Naval Reserve. After requesting information relative to my attitude toward maintenance of national defense forces, I was requested to define my attitude toward the maintenance and training of the Naval Reserve.

I was then told the officers and men of the Naval Reserve with their relatives and friends make up a considerable number of voters. Those voters, I was informed, wanted to know my position on these questions. A postscript told me the association was a part of the Council for National Defense, composed of various patriotic organizations, such as the National Guard, Army Reserve, citizens military training advocates, and many other similar organizations.

What conclusion can one reach as to the purpose of such letters? I do not blame the organization or the membership for being patriotic, for desiring a suitable national defense. I want a proper national defense myself; but it seems to me the organizations go a long way when they infer by their questionnaire submitted to the candidates that their support or opposition and that of their friends will depend upon the candidate's answer.

Anyone who has ever written me knows that I never hesitate to express my opinion upon national questions, but I have always refused and will continue to refuse to pledge my vote in advance of a primary or an election for votes. I say " no " more often than I say " yes."

The wording of the letters from the reserve officers and from the Naval Reserve is objectionable, to say the least. One must come to the conclusion that their support depends entirely upon the answer of the candidate. Therefore it is a bid for votes from the candidate's standpoint; and as I told Captain Gentry, the weak candidate who will answer in the affirmative to all questionnaires would be a most dangerous public official. When the National and State legislative halls are made up of such men no one will regret it more than the reserve officers of the Army and Navy.

GEORGE WASHINGTON AND NATIONAL SECURITY

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following radio address, delivered by me before the National Security League, April 9, 1932:

If there is one thought uppermost in the mind of every American to-day, it is the thought of security—the security of our Nation and the security of every person in it.

It is a time when every one of us is thinking of the welfare of our country as it relates to us in our daily problems.

Many of us are so disturbed over present conditions that we think no other period in history can compare with this one, in the grave uncertainties presented to us on every hand.

So I am going to draw a comparison between this vast country of ours to-day and the very small and struggling country that it was 143 years ago.

The little country I speak of also experienced difficult times. In fact, its troubles were so overwhelming that the great men it contained—and they were some of the greatest men that ever lived—were afraid they never could get it going.

That little country had never known anything but pinch and struggle, warfare and discontent.

It had a population of less than 4,000,000, and most of these people were comparatively poor.

It had no general system of taxation, hence it had no national income. It had no credit and it was loaded down with debt.

It owed its own soldiers for back pay.

It had no such thing as a national commerce. The trade it once enjoyed had been ruined by a long and wasting war. Its currency had been so debased that it took a wagonload of money to buy a wagonload of food.

One section of the country was the rival of all the other sections, and it seemed impossible to get them together into a national plan of action.

In a word, these 4,000,000 people were not a nation, and many people despaired of them ever being one. They were just so many confused individuals wondering, as many of us are wondering to-day, what was coming next.

We think there is a good deal of confusion and chaos to-day. But we have all the accumulated wealth and experience of the world to draw on, where that little country of the past had none of these things. It had nothing but a passion for security, and I am going to tell you how it got it.

The little struggling country was the United States of America, in 1789, when Gen. George Washington was about to be inaugurated as its first President.

Washington's record up to that time had stamped him as the bravest man in the country. Yet is it strange that when he took the oath of office as President of this untried experiment in government his hand trembled and his voice shook?

No one realized better than he the terrible task before him—the task of bringing security to a new nation. None saw more clearly than he the possibilities of failure.

It lived down or wiped out every political and economic menace to its safety, and it will do so again, if we follow in the footsteps of the great men and the great leader who brought this Nation into being.

You may say that it was easy for the American people of that day to accomplish what they did because they had George Washington to lead them.

He is as much our leader to-day.

He left his teachings to us as an immortal possession. And they apply to our present problems as they applied to the problems they solved in those early years of our life.

I am not going to trace George Washington's course and methods step by step as he brought the new Nation into security. The historians have told that story in eloquent words. George Washington himself has told it best of all in his own writings.

I am safe in saying that the United States of America owes its existence to two traits in George Washington.

They were: The possession of courage and faith and a passion for thinking of country first.

George Washington had faith in America and its Americans.

The whole story of his life consists of his acts and thoughts in placing that faith in the service of his country. And one word sums up what he achieved—security. Security for the Nation and for everyone in it.

The whole struggle for independence was fought and won on George Washington's physical and moral courage, backed by his faith in his countrymen.

The Constitution of this country was written under his watchful eye and under the inspiration of his courage and his passion for its security.

He was the center of all the great legislation which was passed during his Presidency, which started this Nation in motion on its true and straight course. Every bit of it had for its purpose national security.

To understand what Washington achieved for national security it must be remembered that he had everything to do for the first time. And no one knew better than he that the whole future of the United States depended on how wisely he made these beginnings.

Presidents who came after Washington have had to appoint one or two justices to the Supreme Court. Washington had to fill that court for the first time—and it was the first tribunal in history with power to pass on the constitutionality of legislative acts.

Washington had to establish our foreign policy for the first time. And he had to do this in a world filled with wars and revolutions.

Through all the eight years during which the American people were privileged to have George Washington for their President his every act was for their perpetual security—their safety as a nation and the safety of every individual in his rights and possessions.

"Let us have a government," he said, "by which our lives, liberties, and properties will be secured."

And again, he said: "Although we can not by the best concerted plans absolutely command success, although the race is not always to the swift nor the battle to the strong, yet without presumptuously waiting for miracles to be wrought in our favor, it is our indispensable duty, with the deepest gratitude to Heaven for the past and humble confidence in its smiles on our future operations, to make use of all means in our power for our defense and security."

Washington scarcely opened his lips or touched pen to paper without pouring forth this passion within him for our national security.

But the greatest gift he left his beloved country is that immortal document, the Farewell Address, in which he sums up all the accumulated wisdom and counsel he has to impart on national security and how to preserve it.

There he tells us in words that will live forever what it is that national security must rest upon. And as always with this simple man, you find these fundamentals simple.

"Observe good faith and justice toward all nations. Cultivate peace and harmony with all."

But this man, who could put things so simply, could think of many things, all necessary to our safety.

He could counsel against "those overgrown military establishments, which under any form of government are inauspicious to liberty, and which are to be regarded as particularly hostile to republican liberty."

And he could add:

"Against the insidious wiles of foreign influence, the jealousy of a free people ought to be constantly awake. * * * The great rule of conduct for us in regard to foreign nations is, in extending our commercial relations, to have with them as little political connection as possible. * * * I hold the maxim no less applicable to public than private affairs, that honesty is always the best policy. * * * Harmony and a liberal intercourse with all nations are recommended by policy, humanity, and interest."

But the same man, who so strove to avoid offense to other people and to other nations, was as quick to resent offense to him or to his country. The same man who hoped for permanent world peace, and who said "Cultivate peace and harmony," could also say "To be prepared for war is one of the most effectual means of preserving peace."

What we need is to put those words into action. We need to emulate his courage in facing discouragement. We need to emulate George Washington's unshaken faith in his country. We need to copy his trust in an all-wise providence.

George Washington believed this country was safe so long as the character of its people was sound and upright.

If we would honor George Washington this year, if we would have our country safe and secure, let us dedicate ourselves again to the simple honesty and patriotism with which he made this Nation safe.

SOMERVILLE, MASS., CELEBRATES

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following radio address delivered by me January 1, 1932:

I congratulate the mayor of Somerville, its George Washington Bicentennial committee, and all its people for the enthusiasm, the patriotism, and the unselfish endeavor they have thrown into their preparations for joining the whole United States in this year when America and the world celebrates the two hundredth anniversary of the birth of George Washington.

As you know, Congress created the United States George Washington Bicentennial Commission, of which I am the associate director, for the express purpose of linking together such activities as yours with those of every other city and town in our great country, so that all Americans may honor George Washington this year in one great chorus of reverence and gratitude.

So it has been my pleasure to watch the growth of your plans from the beginning, and I want to say to you now that the people of Somerville, of Boston, and of all Massachusetts and through the East have set an example to the entire country.

Your section of the United States was honored by the very presence of George Washington at some of the most critical moments in our history. Now you have risen to return this honor by commemorating those historic occasions in ways that are beautiful in their appropriateness.

The whole of the United States may well pause at this instant and listen to what you people of Somerville do and say to-day. For on the sacred soil which it is your privilege to occupy occurred one of the most momentous, the most significant, and the most beautiful events in our national existence.

That moment came when George Washington raised on Prospect Hill in Somerville the first flag representing the American people.

It might be said that with that act George Washington first made us a nation, in giving his patriot countrymen their first rallying point as a united people.

The flag he raised was soon to be made still more faithfully representative of American ideals and American unity. But the banner that Washington first flung forth in the siege of Boston was the first emblem that informed England and the world that here was a people with determination to be free.

You do well to commemorate a moment that lives in our history surrounded with a meaning so profound for us all. I hope the whole Nation draws from your example the lesson we all must learn this year—the lesson of new thought for country; a new devotion to the great man who gave of himself so generously to build and make it secure.

I congratulate you all for still another reason. It is because your patriotism has been so eager and so prompt. You have not waited for this anniversary year to grow old before launching these honors to Washington. You have chosen the very first day of 1932.

I see in that the sign of an enthusiasm that I believe fills the entire land.

Throughout the two years that we of the United States George Washington Bicentennial Commission have been planning and preparing this celebration, I have seen the great heart of America slowly swelling with this new love of our greatest and noblest man. And that love has shown itself in the most far-off places. For wherever there are Americans there also is love for George Washington, and this year it is going to come forth and express itself as never before.

I predict to you, my good friends in Somerville, that all over the United States there is going to be found a new Americanism in 1932 that will rise to match your own.

When schoolboys ask to be allowed to "appropriate" funds to our commission, when bedridden preachers offer us all they have—their prayers, when lonely men in the Arctic Circle hang up George Washington's picture as all they can contribute to this celebration, you and I know that a tribute is coming from the rest of America.

As if in answer to the common instinct, our people have realized that this year of 1932 is a mighty milestone in their history. We see in this year more than an anniversary measuring 200 years since George Washington's birth. We see in this year a measurement of our own progress, and a test of our character as a people.

We can not think of George Washington without thinking whether we have been true to George Washington. We can not think of what he did for us without asking ourselves how worthy we have been to receive it.

We can not think of his labors to found this Nation without asking ourselves whether we have kept that Nation safe.

We can not remember the great precepts and teachings he left us without asking how far we have carried them out.

We can not admire the great example of his character without questioning how much we have been impressed by it.

So this year we are going back to the feet of George Washington and ask him to teach us again. We are going to ask him to lead us once more in spirit, as he led his fellow countrymen in the flesh.

This two hundredth year since Washington's birth is more than an anniversary; it is going to be a rallying point for these United States to unite in a new dedication to that giving of self to country which first made this Nation, and is the one spirit which can keep it eternally secure.

I believe it is a feeling that this is the most important thing in life at this moment that moves these Americans everywhere to unite in this patriotic demonstration. I believe it is this feeling that has stirred the people in your community to be the first to open this year of celebration. I believe the feeling possesses all America, and will lift it into the greatest tribute ever offered any mortal in history—the gratitude of an entire people reverently offered to the man to whom they owe their all.

And now I want to leave one last word of congratulation with the good citizens of Somerville and New England. It is because you have not allowed the passing cares and perplexities of these times to deter you from this celebration of George Washington.

Nothing could be more appropriate, in fact, than that we should turn to George Washington in times like these. Who could better cheer us in present anxieties than the man who endured the winter of Valley Forge, who kept waiting during the long years of the Revolution for the victory at Yorktown that crowned all his efforts and justified all his courage?

The historic truth is that our country was born amid trial and doubt and suffering. It is also historic truth that almost the one thing that brought the young Nation through these trials triumphant was the will, the invincible determination, of George Washington and his utter refusal to think of defeat.

Now these again are "the times that try men's souls," and it is one more reason for turning back, that we may learn again from George Washington the lesson of his courage and his faith.

Let us make this year we now enter a year-long resolve not merely to honor George Washington but to be like him. If we succeed in that, then our country is safe.

VIEWS ON PUBLIC QUESTIONS

Mr. LUDLOW. Mr. Speaker, for the convenience of my constituents who may be interested in my views on public questions, and with unanimous consent of the House, I submit herewith for publication in the RECORD extracts from speeches I have made on various occasions, as follows:

THE COMMON PEOPLE

No saying of Abraham Lincoln more clearly reveals the height and breadth and depth of his great soul than his remark: "God must love the common people, for he made so many of them." Since the Sermon on the Mount literature records no utterance more pregnant with humanitarianism than this simple tribute to those who comprise the rank and file of the human race. It is to me a source of great pride that I belong to the common people; that I sprang from their loins, and that my birth and upbringing have united me to them in a bond of true sympathy that will last until I go to join the pioneer father and mother who brought me into the world, and who, from my recollections of them (for they are long since dead), most certainly take a place among those loved of God, as described by Lincoln. I would not for anything I can imagine give up the experience that has been mine of having been born in an Indiana log cabin, of having spent my youth among exactly the same sort of honest, sincere folk that surrounded Lincoln when he was a boy—men and women who were good neighbors, who sought to do right, who were a credit to the State of Indiana and to their Creator, though the record of their lives is not inscribed on towering monuments or emblazoned in history, but is written in "the short and simple annals of the poor." Nor would I for anything I can imagine give up the experience of the hard, grueling years when I struggled to carve for myself an honorable and respectable career as a newspaper man, for out of the hardships of those times blossomed a harvest of friendships that are strong and vital to-day and bind me to Indianapolis as with hoops of steel. Sharing the fate of those who have to struggle for a living has not been a hardship but a blessing to me, for it has given me an insight into the problems of those who toil and has enabled me to serve with sympathetic interest and understanding the people who elected me to the office of Representative in Congress. No one needs a letter of introduction to see me. The latchstring of my office is always hanging out. To everyone who has come to me for help in any worthy cause, whether he be the most important man in the State or the most lowly and forsaken, I have given the very best I have of energy and of effort, and as long as I am a Member of Congress I shall strive loyally to live up to that ideal of service.

BALANCING THE BUDGET

There are two ways to balance a budget. One way is to raise more revenue. The other way is to cease spending. Application of this principle to national finances suggests that one way to balance the Budget of the United States is for us to wrack our brains in devising new and ingenious methods of taxation to squeeze a few more drops of blood out of taxpayers who already are bled white. The other way is to use the pruning knife on every nonessential bureaucratic activity—to cut, cut, and then cut more. I am unalterably committed to the latter method.

REDUCTION OF APPROPRIATIONS

These are serious times and the thinking people of the United States are in a serious mood. They do not want nor expect any opéra bouffe performance on these appropriations, a love tap here and there and let it go at that. They want and expect us to make real cuts. They want major operations. They want every useless bureau and commission, every useless agency of whatever kind and description, and every useless individual officeholder that is doing nothing but eat taxes, cut out of the structure of government.

The human anatomy has one feature that has baffled physicians, physiologists, and scientists of all of the ages who have never been able to find the slightest use for it. That is the appendix. Its very name indicates that it is superfluous—excess baggage, as it were. It does no good and is capable of doing a vast amount of harm. When it becomes sore and inflamed the patient gets a fever and unless relief comes through an operation he is likely to die.

The Government of the United States has become ramified throughout with bureaucratic appendixes that are ripe for the surgeon's knife. Applying the analogy to the public temperament of the times I will say that the people who think deeply on the trend toward paternalism and bureaucracy, especially business men who find enterprise halted and hog tied by the mounting cost of government, are becoming exceedingly appendix conscious. They are becoming sore and inflamed over having to maintain so many useless bureaus and support so many officeholders who do nothing but draw their salaries. They do not intend to die, but they do propose to see that the surgeon's knife is used to cut out these cancerous excrescences of Government, these tax-consuming appendixes which suck the lifeblood that should vitalize industry; and unless we who are Members of the Seventy-second Congress do the job of excision or unless we at least get the patient on the operating table, dust off the chloroform bottle, sharpen the cutting tools, and show that we mean business about it, they will elect a Congress that will apply the knife.

EXCESSIVE SALARIES PAID TO OFFICIALS

I arise to call the attention of the House and the country to the outrageous salaries paid to executives of affiliates of the Federal Farm Board and to urge favorable consideration of legislation I have proposed to place a proper limitation on those salaries.

This particular group of executives comprises the millionaires' club of officialdom, as far as salaries are concerned.

It will surprise, if it does not shock, Members of this House to learn that 10 officials of the group referred to draw salaries amounting to $340,000 per annum, or an average of $34,000 per official per year. While these are the topnotchers on these salary rolls, there is an amazing list of subordinates who also receive overstuffed salaries, running up into the millions.

Unless some curb is placed on these 10 officials, they will draw in less than three years more than $1,000,000 in salaries. Think of it!

This is certainly astonishing, and I can not conceive that in these times of great distress, with unemployment on every hand, with millions out of work and hungry, the Congress of the United States would permit these salary grabs to continue with its consent.

This millionaire's club ought to be disbanded by act of Congress.

In fixing salaries the rule of reason should prevail. None of us should object to reasonable salaries, but all of us should feel a burning indignation when we think of the extortion that is now practiced on the farmers of America. Such extortion, wherever it may be found, is indefensible, and if it exists in other activities that are financed by the Government, it should be stricken down there also. In the name of the plain, honest farmers of Indiana, from whom I sprang, who strive "to live and let live," and who ask nothing more than that others will do unto them as they do unto others, I protest against these salaries which, regardless of who may defend them or of what may be said in their defense, are grossly unfair and unjust.

FARMING THE FARMER

I arise to challenge and repel the iniquitous error, the monstrous falsehood which we so often hear expressed these days, both on this floor and elsewhere, that all farming is flat. The sun shines benignantly on that part of the industry which is devoted to farming the farmers.

BEST WAY TO HELP THE FARMER

I am like all other dirt farmers I know. We are all troubled by an overdose of active deficit, and we would be supremely happy if we would just be guaranteed some income above outgo—as much, for instance, as a $35,000 a year farm cooperative executive pays for gas. We are all suffering from a disease called taxitis, an appropriate spelling of which is tax-eat-us.

The best way to help the farmer is to cut the cost of government and relieve him of some of his burden.

PICTURE OF GOVERNMENTAL BUREAUCRACY

Service on the Appropriations Committee affords one a vantage point from which he can see the whole picture of governmental bureaucracy. He soon learns how the cost of government is causing the deficit we all abhor. He sees the most shocking evidences of unbusinesslike methods and unbelievable extravagances. He sees a thousand rat holes through which the taxpayers' money flows out of the Treasury to support activities that were wrong in their inception and that fasten varied forms of blighting paternalism on the country. He learns of as much as $5,000 of the

money raised by taxation being spent to transplant and reset a single tree to conform to somebody's idea of landscape beauty. He learns of orchid plants being purchased at the cost of hundreds of dollars per plant to make a botanical display in Washington that will be attractive for tourists to look at, although times are so bad and people are so hard up that tourists have almost ceased to go to the Capital City.

As a member of the Appropriations Committee, I had the pleasure of helping to knock out a proposal to spend $25,000 for orchids and other beautiful and attractive plants during the next fiscal year. When I thought of 8,000,000 Americans out of work, tramping the streets with their hearts filled with despair, and 25,000,000 of our fellow citizens—men, women, and children—without means of support, it really was not hard for me to decide against orchids. That decision did not wrench my soul one bit. Nor was it a bit painful to me to vote to abolish the abuse that has grown up of officials being furnished Government automobiles for the personal and social activities of themselves and their families.

When we learned of an assistant to the head of one of the departments rolling down to his office every day in a high-powered automobile, with a Government chauffeur at the wheel, and passing Justices of the United States Supreme Court going to work on foot we decided there was something wrong with that picture, also; and we wrote into every appropriation bill a provision which restricts the furnishing of automobiles to a comparatively few heads of essential activities and limits them strictly to official use.

OUR BEWILDERING MAZE OF LAWS

Paternalism has fastened upon our people an amazing multiplicity of laws. Bureaucracy, reaching for more and more power, never satiated but always looking for new fields to invade, goes to the fountainhead of authority, and asks for laws which legislators too often grant for the asking. The American citizen is hedged about with a bewildering maze of "thou shalts" and "thou shalt nots."

After working many years a committee of Congress has completed a codification of the United States statutes. The result is a volume of 2,465 pages. There are 5,212,416 words in the volume and 14,808,000 ems in the composition. To put it in another way, there are written in statutes for the regulation of the American people by this single body of lawmakers 5,212,416 words, and the whole of the law and the gospel was put in the Ten Commandments of Moses, and those commandments could be printed on a single page! I sincerely believe that if the usual order could be reversed and an entire Congress could be devoted not to enacting laws but to repealing archaic, harmful, bureaucratic statutes, that Congress would go down in history with a halo that will never attach to any other Congress.

ABOLISHMENT OF USELESS OFFICES

We carried in the Treasury and Post Office appropriation bill a clause abolishing 22 useless offices, 15 appraisers of customs, and 7 surveyors of customs, with salaries ranging from $3,800 to $9,000 a year, totaling $111,000 per annum. I feel a little pride about that because it was my questioning of Capt. F. X. A. Eble, Commissioner of Customs, before our subcommittee that developed the opening for this economy move. Captain Eble was one of the frankest and fairest witnesses who came before us, and when I asked him if surveyors of customs could not be dispensed with I drew from him the candid admission that they are "excess baggage." Later, in a letter to me, Secretary of Treasury Ogden L. Mills confirmed the uselessness of appraisers and surveyors of customs, and they will now go to join the dinosaurs and other relics of a bygone age. They were excess a long time ago and, as the Irishman says, "They should have died a-bornin'."

WASTE IN PRINTING

Sheer waste in printing costs the taxpayers $200,000 a year, and there are now a million books and printed documents stacked in mountainous heaps in the basement of the Capitol and House Office Building in their original wrappers ready to be junked because they are useless. During the last 36 years $7,200,000 has been wasted on printing, and that happens to be exactly the price the United States paid for Alaska. I have introduced a bill to abolish this tremendous waste.

BUREAUCRATIC WASTE

Plain as a flag on a pikestaff is the warning that bureaucratic waste must stop and old-fashioned economy must be reestablished in governmental operations before social and industrial health and happiness can be restored throughout this Nation.

PROPOSED CATECHISM FOR CANDIDATES

I would like to propose a catechism to be addressed by the people of every congressional district in America to the candidates who are asking their support for Congress this year. There would be four questions in my catechism, as follows:

1. If elected, will you hew to the line of strict economy and oppose every appropriation except for the bare necessities of government?

2. Will you help to decentralize the Federal Government by abolishing useless departments, bureaus, and commissions and consolidating others that overlap?

3. Will you vote to take the special privilege out of government?

4. Will you help to remove the paternalistic restrictions and meddling supervision that fetter every man and every business in the country?

If I could have my way, no candidate for Representative or Senator in Congress, regardless of the ticket on which he may run, should escape these questions, and those who do not give satisfying answers would be left at home.

A few campaigns pitched by the people on the economy issue and backed by a spirit of determination that will tolerate no evasion will accomplish wonders in redirecting the course of government into safer channels.

THE VISION OF JEFFERSON

It is well for us to turn backward in solemn contemplation to the basic philosophy on which this Nation was founded. That credo is expressed in the briefest possible compass in Jefferson's words in the preamble of the Declaration of Independence:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness."

This is the very essence of the franchise of freedom.

Let us try to grasp the vision that was before Jefferson when he wrote the immortal Declaration. It was a vision of God the Architect, the loving Father of us all, creating a cosmic commonwealth of infinite beauty and making it ready for His children—vast, fertile plains to yield the things that sustain life, great rivers that flow in majesty to the seas, cascades that dance and sparkle in the sunlight, mountain slopes that rise in towering grandeur to the very feet of the Creator, vineyards and orange groves, and the sunshine and the shadow chasing each other over waving fields of wheat and corn. In the depths of the earth God deposited untold billions of tons of coal to warm the human family; in the waterfalls He placed power without limit to drive the wheels of commerce. All things that make for prosperity, welfare, and happiness of the human race are embraced in God's gift to man on the morning of creation.

It would be presumptuous to try to fathom the purposes of the Infinite; but right-thinking minds always have agreed, and always will agree, that God intended this gift as a great universal commonwealth to be shared by all of His children; and arguing from that premise, who can doubt that Jefferson spoke with divine authority when he declared that "All men are created equal" and when he enunciated his immortal doctrine of "Equal rights to all; special privileges to none"? His was the voice of the seer who lives close to the eternal verities and draws his inspiration from the fountain of life.

He saw things as the Creator intended them to be. When I think of America I like to think of it as a great big family of 120,000,000 souls, a circle of equality, at whose table is always spread a feast of love, and whosoever will may come. The beauty of this philosophy is that it fosters comradeship. It makes brothers of you and me and all of us. That was the ideal of Jefferson. That is the vision of government that was caught and put on canvas in the Declaration of Independence and the Constitution of the United States.

Government of to-day is a monstrous libel on the plan of government that was conceived by Jefferson. Government of to-day is characterized by a million departures from the Jeffersonian philosophy of equal rights and no special privileges. The seekers of special favors have all but shot to death the Jeffersonian idea of equal rights, while they have fastened unbelievable charges on the taxpayers and have brought the country almost to the brink of ruin.

CONGRESS TRUSTEE OF THE AMERICAN PEOPLE

As trustees of the American people let us face courageously the horrifying picture of present conditions, investigate causes, and, in so far as constructive achievement is yet possible to men and women of honest purpose, let us seek to chart the way to brighter and happier days. These are appalling times. The office of every Member of this body is a cross section of the distress of his community. Every day we hear stories of suffering that touch the heartstrings and defy the descriptive powers of a Dickens or a Victor Hugo. To us are extended a thousand hands for help.

Into our ears are poured the woes of numberless people who are on the jagged edge of desperation, of upright and willing men who have hopelessly tramped the streets until life seems too bitter to endure; men who are cruelly denied what should be every American's fundamental right—the right to earn a living for himself and his loved ones by honest toil. We hear the plaintive pleas of women whose hands have never been soiled by toil but who in their extremity would gladly add to the vanishing family income by doing the chores of a charwoman, if even that humble work could be secured. We hear time after time of good people losing their homes, their most precious possession, and the phrase "God bless our home," once so sacred to father and mother and little tots, has been changed to "God bless the home that once was ours." We know that in this land six or seven million men can not get any kind of employment, try as hard as they will, which means that 25,000,000 people, or one-fifth of our entire population, are without the income to sustain life. We know that countless thousands of our boys and girls are without clothing to enable them to make a respectable appearance at school. We know that millions of our citizens are hungry and millions more are undernourished; that untold numbers are without fuel, and we shudder when we think of the suffering they would have to endure if it were not for the goodness of the infinite God in tempering the weather to the shorn lamb.

These conditions ought not to be. If men had always been wise, clear visioned, unselfish, and guided by the spirit of Christianity,

these conditions would not be. In this vaunted land of opportunity, blessed with nature's gifts in greatest redundancy, a veritable land of milk and honey, there is no real reason why anybody should go hungry. There is no real reason why anyone should feel the grinding heel of poverty. The fact that people are hungry, that they are poverty stricken, is symptomatic of something wrong in government. It is evidence that our statesmanship is not functioning as it should.

As trustees of the American people we would serve humanity well in our day and generation if we would lay the foundations to bring our country into closer harmony with divine law and with the precepts of the founding fathers of this Nation.

STABILIZATION OF INDUSTRY AND EMPLOYMENT

The measure I have introduced is predicated on the idea that there is no reason or excuse for such cycles of depression and unemployment as the one through which we are now passing, and that there ought to be enough constructive ability in Congress to set up regulatory machinery that will prevent such national misfortunes in the future. Just as the Interstate Commerce Commission stabilizes railroad activities and investments in railroad securities and as the Federal reserve system to a marvelous degree stabilizes the monetary and financial conditions in this country, it is hoped that the Federal industrial commission provided in this bill will be effective in keeping industry on an even keel and preventing the recurrent cycles of industrial depression and unemployment.

The bill I have introduced by request has been worked out with the greatest thought and care. It has back of it the 650,000 members of the Fraternal Order of Eagles and the 100,000 members of the Eagles' auxiliary. It was first proposed in substance in the Indiana State Aerie last June by Frank E. Hering, of South Bend, Ind., past grand worthy president of the order.

In this bill the Fraternal Order of Eagles is seeking to bring before Congress and to the attention of the President and his advisers a vision of what may be accomplished if our statesmanship arises to the occasion and provides stabilizing machinery to carry out the principle that men have a right to work, not spasmodically but continuously, at a wage which permits them to live decently and save something for old age. The order dismisses as sheer nonsense the statement so often heard in this country of incomparable wealth and resources that "we must have business depressions." It believes that Congress and the President have the brains to work out a stabilizing plan that will diminish unemployment and finally reduce it to the minimum. There is nothing radical about the proposal, which promises to be beneficial alike to both capital and labor. It has a very significant and important aim, which is worthy of the best traditions of the great humanitarian order that offers it for the consideration of Congress. While I had no part in drafting the bill, I appreciate the honor of having been chosen to introduce in the House a measure which I believe to be wise and timely and characterized by sound common sense.

BOOKS FOR THE BLIND

Mr. Chairman, this bill appeals to our very best humanitarian instincts. It makes a little financial substance go a long way in the production of happiness. What a boon this legislation will be to many souls that are shut in, and that will stay shut in until they put on the robes of immortality!

We can not make the blind see, but we can take a lot of the sadness and sorrow out of their lives by giving them embossed books to read. Next to restoring their vision, which no earthly agency can do, our best gift to them is something that will enable them to forget themselves; something to break down the barriers that imprison them in such dreaded isolation; something that will give them contact with the living, moving world. That something is books.

This bill is admirably conceived to accomplish that purpose.

CHRISTIAN SERVICE

In all of our lives of service, until the end comes and we fall asleep, we would do well to keep in the foreground of our minds the sweetest and most majestic character of all the ages, whose life from the manger to the cross is a rainbow of hope for all of the human race. We need to think of Him to enrich our spirituality and to lead the way to the only life of real happiness, which is a life of service to others. There is in the city of Indianapolis, where I live, a wonderful painting of the Savior by Titian, owned by an Indianapolis man, which portrays with touching pathos the agony of the cross. In that picture the genius of the great artist has epitomized with a mastery that goes straight as an arrow to the human heart the sacrifices of the Son of man for the remission of sins. I wish that every day of our lives all of us could see that picture for the memories it recalls, for the sense of duty it inspires. We need to be sobered and seasoned in ways of right living by a comprehension of the Savior's unfathomable love for us and the suffering endured by that great human God in order that you and I, and whosoever will, may find the way through service to eternal life.

HELP FOR SOLDIERS

As a Member of Congress I have devoted all of the patience, all of the persistency, and all of the fighting qualities I possess to the sacred duty of trying to improve the situation in life of the soldiers of all wars, their widows and dependents. I helped to the extent of my ability to pass the legislation liberalizing the pensions of the thin, vanishing ranks of Civil War soldiers. I fought every inch of the way for the Spanish War veterans and assisted in passing pension legislation for their relief over the presidential veto.

To the veterans of the World War I have shown equal devotion, and to those of that war who are sick and disabled I now dedicate all of my ability, such as it is, and all of my energy in establishing their claims under the new act. I have been fortunately in a position as a member of the World War Veterans' Legislation Committee to be of service in assisting to bring relief to the homes of many thousands of veterans of the World War who served the Nation bravely and well in its time of peril and whose lives are now darkened by the specter of illness and destitution. I did all I could toward securing the establishment of a World War veterans' hospital in Indianapolis, where the sick and disabled survivors of the titanic struggles of 1917–18 may gather from all points in Indiana to receive the treatment and care that are so justly due them. The successful consummation of this project, I rejoice to say, is bound to lift the worries from many Indiana veterans and to add to their peace and contentment of mind.

MOTHER LOVE

Mother love has no yesterday and no to-morrow but reigns eternal. There is no limit to its bounds. There is no plummet than can sound its depths. It reaches all the way from earth to heaven. With ineffable tenderness it leads the tottering infant past the dangers and pitfalls of life and guides him through the struggling years of childhood and maturity so that when the miracle we call death ends his earthly journey he is fit to take his place among the stars by the side of his Creator.

No tongue can explain mother love or trace its origin. The least we can say of it is that it is one of the mysteries that spring from God. We know that it is something real because there is no sacrifice too great for it to make.

From the time of Eve, who laid her very own on the altar of grief, down through the ages to Mary, who witnessed the unspeakable tragedy of the cross, and on and on, century after century, the word "mother" has always been the symbol of devotion, every age presenting in myriad repetitions and varying forms the solicitudes and sacrifices of mother love.

ECONOMY IN GOVERNMENT AND REDUCTION OF TAXES

I call to the attention of all Members on both sides of the aisle that the platforms of both political parties have repeatedly declared for economy in Government and reduction of taxes and that here is a fine opportunity to show that a platform that is good enough to run on during a campaign is good enough to stand on after election.

NATIONAL GRANGE ADDRESS

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following radio address delivered by me August 15, 1931, on National Grange program.

I deeply appreciate the courtesy of this opportunity to bring to your attention a typical American farmer. He is one you all know and should know well. The man I have in mind might not be called a great farmer in these days of big-scale production. He was, however, the leading farmer of his time, and a farmer that every other American farmer can understand.

The farmer I have in mind—and among my southern friends I should, of course, refer to him as a planter—was George Washington, who became one of the great soldiers of history, who won our American independence, who directed the writing of the Constitution, who became the first President of the United States and put our Government in motion.

Beyond all question, he accomplished more great historic achievements than any other American. Yet above and beyond all this, that which he loved best of all, and upon which doubtless he would wish to base the remembrance of his fellow Americans, was that he loved the soil and that he was never happier than in pursuing the activities of his farms.

He went through all the typical problems of other American farmers. Twice droughts ruined his crops and hurt him financially. He had all the disappointments that come at times to every farmer. But like the true American farmer that he was, this man forever tried to improve his farm and his crops, and to find new and profitable methods of making agriculture pay. He tried new kinds of grains, fruits, and vegetables and found new ways of tilling the soil. He even invented a combined plow and drill for his own use. He was not only a farmer, but he was an independent, progressive farmer.

He died long ago. But if he could live again he would still be a farmer because he loved farming above everything else—and he did a great number of other things and did them heroically.

But to his dying day he loved his beautiful estate of Mount Vernon on the Potomac River a few miles south of the city of Washington, beyond any other spot on earth.

Even during his military campaigns, even when he was President, in all the arduous public duties that came to him, and amid all of the tremendous responsibilities from which he never retreated, his mind forever turned back to his beloved farm at Mount Vernon.

Whenever public duty allowed him he went back to Mount Vernon. Through all his public career he found time to send weekly letters to his manager at Mount Vernon, directing the affairs of his fields and of his livestock. Mount Vernon was a magnet to which his heart turned. There he lies buried in the heart of the beautiful farm he loved so well.

It is most appropriate that when the Congress of the United States decided to organize a nation-wide celebration in honor of

the memory of George Washington, that his farming activities should form an important part of that celebration.

For we can not think of George Washington without remembering that he was a product of the soil. He came from a family of farmers. He was born upon a farm. He knew from the labor of his own hands what farming meant.

Throughout the length and breadth of the Nation, beginning February 22 next year and continuing until Thanksgiving Day, thousands of celebrations will be held among the American people in every hamlet, every farming community, and every home in the United States, so that men and women, boys and girls everywhere, will have an opportunity to pay their tribute to George Washington where he would wish it to be—in the hearts of his own people.

I have been asked to give you an outline of this coming celebration as organized by the United States George Washington Bicentennial Commission, of which the President of the United States is chairman, and which I have the honor to serve as associate director.

During the year and more that this commission has been at work our plans have become widely known. We are not giving an exposition or a show in any one place. We are not asking the people to come to Washington or to any other place to take part in any ceremony. We are taking the celebration to the people themselves, so that the celebration of the two hundredth anniversary of the birth of George Washington next year will be truly a national tribute among all Americans living under our flag to that man who did more than anyone else to make our flag a reality and our Nation great upon earth.

In organizing this nation-wide celebration, we have naturally solicited the active cooperation of all patriotic bodies of citizens. We realized that without such cooperation there could be no successful celebration. We have, therefore, joined with patriotic societies, schools, libraries, churches, clubs, and all similar bodies of people so that organization assistance could be given us throughout the Nation.

We have felt the need of means by which we could reach the great agricultural people of the country. That means has been supplied by the National Grange and other great organizations of farmers and of the farming boys and girls of the country. We are now working out plans so that the active cooperation of all of these citizens can be secured in promoting the celebration next year.

Surely, if any class of our citizens should be interested in honoring the memory of George Washington, it would be those who live upon the farms, and I am convinced that if George Washington himself could influence this celebration in his honor he would take no greater delight than in having his name and his services commemorated among the farmers of to-day.

We are not asking that elaborate preparations be made. We are not seeking or expecting that great sums of money will be spent upon any forms of celebration. Rather do we hope that the memory of George Washington will be honored as he would have it honored, in a simple, sincere tribute, among those who love America and those who would see it preserved.

The United States commission has issued hundreds of thousands of books, posters, plays, pageants, and material of similar kinds upon the life and achievements of George Washington. From our offices in the National Capital we have sent out a steady stream of information concerning the celebration that has reached every nook and corner of our land and has also extended into many other parts of the world. We have prepared plans and programs of celebration for every kind of organization. These plans we have consistently attempted to make simple and inexpensive. In fact, in the vast majority of these celebrations there will be no expense whatever involved.

Any organization, at its regular meeting, may have an address or a little playlet that will not involve financial expenditure but will be a valued part of the nation-wide tribute.

The work involved at the commission headquarters in organizing this celebration may be imagined from the fact that we send out more than 1,000,000 pieces of mail each month and that by October this amount will be doubled.

We issue newspaper clip sheets with millions of circulation. The purpose of this paper is to spread accurate historic knowledge of George Washington. The regular newspapers and magazines of the country republish more than 10,000 of these articles a month, and the number is constantly growing. The whole American people are thus going to school again in the greatest and most fascinating history lesson ever taught.

In 1932 our Government will issue special George Washington coins and postage stamps. The mint will stamp a special medal to be awarded by the United States George Washington Bicentennial Commission as prizes in oratorical contests in schools and colleges. We are preparing plays, pageants, motion pictures of George Washington's life, radio addresses, posters, booklets, and similar material in bewildering quantities, which are given away free to the people of the United States, so that every group of American patriots may take active part in these honors to the Father of our County.

The response of the American people to these efforts we are making is indeed wonderful. Every one of our 48 States and our Territories has appointed State and Territorial commissions to organize the celebration within its boundaries.

More than 4,000 American cities and towns have appointed local committees to lead community efforts. America has more than a quarter of a million schools and nearly 30,000,000 school children. Our country has nearly 200,000 patriotic, fraternal, and civic organizations, with millions of members.

All of these people are enthusiastically behind the efforts of the United States George Washington Bicentennial Commission to make the coming celebration the greatest tribute ever paid a human being in the history of the world.

Next year an entire nation of 123,000,000 people will rise to a new patriotism and a new unity of devotion to country as we review the labors of George Washington in founding our country and presenting to the world a new model of freedom and opportunity in the enjoyment of life.

I ask every American farmer especially, to join in this mighty tribute to another American farmer who knew from his own experience every trial and yet every satisfaction that comes to those patriots whom he himself would honor the most—those who perform the great work of tilling the soil and feeding the Nation. See that your homes, your churches, your schools, join with the millions of other Americans next year in this grand hymn of gratitude to the man to whom we owe nearly all we have and enjoy, in this greatest Nation that the world has known.

NEW YORK STOCK EXCHANGE

Mr. SABATH. Mr. Speaker, two and a half years ago, to be exact, in October, 1929, I called the attention of the American people to the most stupendous racket in our country, namely, that connected with the New York Stock Exchange. On December 7, 1929, I introduced a bill to put a stop to the operation of short selling, and on December 9, on the floor of this House, condemned and scored these criminal activities that were responsible for closing the doors of banks and businesses, throwing millions of wage earners out of employment, pauperizing 20,000,000 people, and causing thousands of suicides. Ever since then I have appealed to President Hoover and to the governors of the stock exchanges and have tried to secure legislation to stop this wholesale racketeering, but unfortunately neither the President nor the governors of the stock exchanges have acted in compliance with my appeals, nor have I secured any consideration on my bills to prohibit this racket of short selling.

Finally, during this session I was granted a hearing on my bills, but due to the illness of the chairman of the Judiciary subcommittee, the gentleman from Virginia [Mr. TUCKER], no action, aside from hearings extending over a period of a few days, has been taken.

The gentlemen on the other side of the Capitol have begun investigating instead of acting—this, I am informed, for the purpose of delaying needed action. But, although the chairman of the Senate committee [Mr. NORBECK] is well intentioned, I am satisfied that the board of strategy of the Republican leaders is endeavoring to use the investigation for political purposes. That this is a fact can not be honestly denied. For it is clearly evident that, notwithstanding that 95 per cent of the largest, most active, and outstanding manipulators are Republicans and among the largest contributors to the Republican campaigns, the committee is devoting most of its time and publicity to one or two Democrats who, they say, were members of a stock pool in 1929.

I believe that it is necessary for the country to have all of the information it can secure in regard to stock manipulations and inflation from 1927 to 1929. But what the country now demands is the immediate prohibition of the dishonest, destructive, yes, criminal activities of the outstanding bear raiders and market manipulators, against whom the President refused to take and is still refusing to take any action whatsoever.

I realize the great power and influence of these financier vultures, but is it possible that in addition to controlling the President they also control Congress? They have stated repeatedly that short selling is absolutely essential to an orderly market; yet, without apparent regard for their contention, they have issued several restrictive rules affecting it. On the 20th of May, for the fifth time, the exchange issued a rule restricting short selling by providing 10-point margin. This will no more restrict short selling than the "April fool" order. If it is necessary to have short selling in order to preserve a fair and orderly market, why have they adopted these rules? It is clear that the exchange is hiding behind these subterfuges to prevent congressional legislation.

If the exchange officials were not so greedy they would have prohibited short selling long ago, for in the instances where short selling was prohibited the downward movement of security prices was immediately arrested. I repeat, you can not restore confidence and legitimate business until you stop these criminal manipulations. The evidence which disclosed the operations of the Radio and Warner Bros. pools and the few millions of dollars which these pools made is a joke in comparison to some of the real profits and the destruction brought about by the real bear operators.

GEORGE WASHINGTON AND HIS RELATIONSHIP TO THE SOUTH

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following radio address delivered by me June 5, 1931:

I am asked to say something to you on "George Washington and His Relationship to the South."

No more agreeable subject could be assigned to anyone authorized to speak of George Washington. And I doubt if there is another topic more agreeable to southern listeners.

Historians tell us that George Washington now belongs to the world; that a world-wide humanity, now increasingly aware of the benefits it has received at his hands, has taken him to itself.

We in America must rest content with the honor of having presented such a man to mankind.

As the two hundredth anniversary of his birth approaches, we turn to his character and genius with a new interest; a new attention to every detail of his life.

Search as we may into the life of this man, we do not find one deed or trait to which any of us can take the slightest exception.

There seems to have been no great man of all history so lofty and stainless in every fiber of his being.

The greatness of such a man confers a touch of the same greatness on the people that produced him. We can not be quite the lost Nation that some of our present critics think us if we can produce from our national existence a figure of the stature and quality of George Washington.

But no matter how great a man may be, no matter how much he may belong to the entire world, that man must have his birth and growth. He must have his starting point from the immediate forebears who gave him his blood, his inheritances, his education, and environment. For that reason the American South regards George Washington as its special property.

It takes this proud stand with every right and reason. For three generations before Washington was born the warm and generous life of the South had shaped and influenced the life and the thought of his ancestors.

Into this same warmth and love of the high and fine things of life George Washington was born. In the South he passed his boyhood. He mingled with the best of southern manhood and womanhood. In every way the South, and especially Virginia, put its stamp upon his character, his mental attitude, his ways of thought.

Well may our Southland believe that George Washington is its especial product. For it molded him in its own fine graces, its own high standards of honor, its own patterns of rectitude.

The best authority on the subject of how thoroughly Washington was a southerner and a Virginian is George Washington himself.

He never broke into rhapsody over the delights of southern life. He never critically analyzed the character and the habits of southern people as did that other great Virginian, Thomas Jefferson.

George Washington spoke his love of Virginia and the South in more eloquent language than that. Wherever he traveled, wherever he fought, whatever the duties that so often and so long absented him from the place of his birth, he always longed for his home in Virginia, and to that home he hurried the moment that duty permitted him.

In all his travels, through all his critical examinations of American life as it then was, George Washington's heart forever yearned for Virginia and Mount Vernon.

There was his home. There were his beloved acres. There were his friends. There was his southern wife, whom he loved with such southern chivalry.

For it was in his home, as the husband, the foster father, the generous host to a world of friends, that George Washington was at his best. There he showed the people among whom he was born and trained all the high traits they had given or taught him—made finer still by contributions from his own noble nature.

In studying the rise and growth of such a man, we can only stand and marvel. When a man so lofty steps forth from the common ranks of mankind, it is as if we were watching the very hand of God at work in the creation of a miracle.

In the career of such a man the same Omnipotent Hand appears again and again. But for the hand of God, working through the material of what we call destiny, George Washington might have lived as a southerner and died as a southerner.

Not even the War of the Revolution might have made him more than a sectional figure, but for one of those workings in other men's minds which strike us, in the long perspective of history, as unmistakably the act of Providence.

Through the instrumentality of John Adams and others of Washington's fellow patriots, this great man of the South was made the leader of all the Revolutionary force and spirit.

In their hearts the men who made that choice were only solving an immediate practical problem of leadership. We know now what immense consequences flowed from their choice.

Surely the South has honor enough in having bred such a man. If the greatness of George Washington reflects a gleam of the same light on all America, that light shines brightest on the region that harbored his forbears and surrounded his own formative years with its kindness and grace.

But Virginia and the South did more for George Washington than provide him with the traits that made him what he was as the man, the social being.

It gave his genius its first work to do. It provided the tasks that toughened his young manhood's sinews. It sent him on difficult errands that gave him first practice in war and in statesmanship.

The South then regarded itself as the richest and perhaps the most important section of the young country. It had large stakes in the still richer regions to the west and north. It looked with anxious eyes to the safety of its properties. It was determined on the safety of its political rights and liberties.

All these were subject to many grave dangers. Against these threats and enemies, the South meant to be defended. And in that defense it sent George Washington on errands as difficult and dangerous as they were delicate.

How well this mere stripling, this youthful major and colonel, discharged these duties history now records.

But on one page of that early record George Washington left an especially brilliant mark.

On Braddock Field this young colonial officer salvaged from still worse disaster the pride of the British Army. Refused a more responsible command in that mournful battle, young Colonel Washington personally snatched his dying superior from the scene of his blunder.

Thereafter not only the South but the entire Nation knew that it had in George Washington a man unmatched in personal bravery, unmatched in high resolve, and already a master at lifting a hopeless military situation into the heights of a moral success.

Great as is the honor of having born and bred such a man, greater still is the honor of having given him these tests and proofs of the stuff that was in him.

When his first military assignments had been discharged, George Washington married the love of his heart and became a farmer. He became not simply a farmer but the most practical, the most progressive, and the most successful farmer of his time.

Throughout his life he showed an almost touching anxiety for the prosperity of southern agriculture. In the very heat of his military campaigns he appears to have kept his eyes open to all that went on about him, not omitting the farming methods of other sections of the country.

When victory had been won by his military genius he still could come home to Mount Vernon with new practices in farming that he sought to impart to his fellow farmers of the South.

Widely traveled as he was, he journeyed oftenest and farthest through the South. Wherever he went his eyes saw everything. Nothing escaped his notice; nothing was too small to escape his desire to see it improved.

As a member of the Virginia House of Burgesses, he helped to make the laws of the South and learned his first lessons in statesmanship.

It was that quiet, impressive individual at Mount Vernon whose urgence brought about Virginia's acceptance of the Constitution, when even Patrick Henry and James Monroe opposed it.

As President of the United States, Washington turned to the South for some of his important Cabinet members—Thomas Jefferson, Edmund Randolph, and Charles Lee, and later Habersham, of Georgia.

Such were the feelings of his heart for his people.

His sympathies encircled the whole of America. But his warmest sympathies and keenest interests seemed always centered on the region and the people of his birth and his youth—the South.

Where his beloved home was, where his fathers slept, there his heart beat highest, there his energies were most lovingly expended.

If the South loved George Washington from the moment of his birth to the moment when the marble at Mount Vernon closed forever over his mortal remains, then the South may be sure from every word that Washington uttered, every deed that he did, that he loved it as much in return and as long as he lived.

In 1932, the year now closely approaching, this Nation, which owes so much of its being to the mind, the character, and the iron courage of George Washington, will have an opportunity to express its debt to him on the appropriate occasion of the two hundredth year since his birth.

George Washington was possessed of a vision that saw farther than any other man of his day. He fought as he did for this country, he thought as he did for this country, because he believed in the greatness it was destined to have and enjoy.

But not even George Washington, with all his farsightedness, could envision the great people we have become—the most courageously pioneering people that ever lived.

Not very long after Washington's death there appeared mechanical inventions that have transformed human life. They have opened avenues to riches never dreamed of before.

We have seized upon those inventions and made the most of them. The result is an America of such greatness that would amaze even Washington. We are rich to a degree that constitutes danger, unless we forget these riches and return to those simple faiths in the fundamentals of human nature, those trusts that guided George Washington in the founding of this Nation.

For before these material inventions had appeared, George Washington had given us the greatest invention of all—those principles of government without which we would be nothing.

In thankfulness for what we have, in thankfulness to the man who made all these things possible, let us turn and convert the whole of next year to a tribute to his memory. Even more, let us make it a rededication of ourselves to his trust in men, to his labors for others, for country more than for self.

And in this, let the South, which possesses his sacred ashes, lead the way.

All that George Washington was and did, all that he thought and accomplished, was actuated by that love he bore—that love of his country and his countrymen. It was the underlying motive in all his career.

But in the love he bore to the South, that love took on something more intimate and personal.

So, in addition to all its other claims upon this greatest of all Americans, the South has this last and finest claim—that it received the warmest and deepest share of his personal affections.

That, I think, is at least something regarding "George Washington and His Relationship to the South." It was more than a relationship of great deeds. For under the deeds was the love of a magnificent son for a proud and adoring mother.

MEMORIAL DAY ADDRESS

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following radio address delivered by me at Arlington Memorial Amphitheater, May 30, 1931:

Memorial Day! A day of memories—the one American holiday which moves us to feelings of solemnity and tender retrospection.

All of our other national holidays are joyful occasions. From New Year's until Christmas, they mark a new prospect, the anniversary of some great man's birth, or signalize some outstanding episode of history.

This day is one of sublime dignity, beauty, and reverence. It stands upon our calendar to mark the passage of years, of those who have gone from us, and to rekindle in our hearts remembrance of them and what they gave to us.

Memorial Day has long been associated with rites for those who died upon the field of battle in defense of their country and of ours. It takes nothing from honor to these noble dead to include, as we do to-day, all of our loved ones who have also passed on.

Reverence for the dead is one of the oldest and surely the most sublime emotion of civilized man. As we pause to-day to do honor to our departed loved ones, we ourselves are ennobled, our hearts are made purer, and our souls come nearer to God.

We who live in a land that is secure, we who have been nurtured in freedom and in equal opportunity, can not think of those heroes who laid down their lives for our country without feelings of humility and overwhelming obligation. We can not think of them without reverence and tenderness and gratitude.

The symbol of our flag is a symbol of sacrifice and glory. Wherever that flag flies to-day it means more to humanity than any other flag that ever waved in majesty upon the background of heaven. But that flag would not be enshrined in our hearts were it not that it was born in battle and has survived through the turmoil of war.

When it was first unfolded in the free air of liberty it brought cheer, inspiration, and courage to those tattered soldiers of George Washington who were then engaged in that war which established our country and decreed freedom throughout the world.

In honoring that flag we honor all who died that it might survive. In honoring that flag we pay tribute to the hosts of noble men and women who went bravely to their deaths that it might live.

America is known the world over for the splendor of its charities. Our people can hardly wait to attain success before they pour out their wealth in aid of the afflicted, or for founding great beneficial institutions.

But the greatest act of charity—the greatest benevolence ever performed in this land of ours—came from those heroes whose memory we honor upon this occasion.

They gave more than money—something infinitely more precious than riches. They gave all that man can give when they gave their lives that we who live after them may prosper in a country that is free and enduring.

All that we have and all that we are we owe to those men who offered their bodies to guard their country against encroaching dangers.

Memorial Day is the formal day when we acknowledge publicly the debt we owe them. It is the day when we cease our usual occupations and express from our hearts the love we bear them.

We can not discharge that debt. Our Nation, lasting for all time, could never repay. But we can give that character to our devotion which would please those heroes most. We can express our reverence to them by renewed loyalty to the institutions which they gave us.

No words of mine—indeed, no words of any man—could add to the immortal sentiments of Abraham Lincoln in his Gettysburg Address, which hold true to-day for every plot of ground where lie Americans who died for their country.

We can not make more sacred the soil wherein they lie. We can utter no words of gratitude for ears that have long since ceased to hear mortal praise.

Memorial Day is for us and not for them. It is for us to reconsecrate ourselves in patriotism and in devotion to our country's welfare. It is for us, the living, to carry forward the torch of freedom so that when we ourselves pass into the beyond America's freedom may be more secure.

The services of this day attune our hearts to nobility and honor. As we reverence the dead, so should we remember the living. Out of that ocean of unselfish love, upon which our heroes embarked, let us all feel to-day that God in His infinite wisdom has willed that all is well.

Wherever there are living Americans, let us think of all those who fell in the cause of American freedom. We must not forget one of them. We do not honor the heroes of one war alone. In the lengthening record of our history there are many brilliant pages, many pages stained with precious blood.

Let us have in mind to-day all of our hero dead.

Next year this Nation is to celebrate the two hundredth anniversary of the birth of her greatest son—George Washington. Memorial Day must surely include those starving, ragged heroes who marched with bleeding feet through the snows at Valley Force and who died by the thousands in field and camp for the America that was to come. In honoring the memory of George Washington we are honoring the memory of all those who struggled and sacrificed with him.

The bodies of these heroes are mingled in the democracy of the dust. But their example and their deeds are immortal. Although their very names may have vanished from human memory the spiritual monument which they erected will last as long as the hearts of humanity beat.

In dying, these men of America gave more than life. They left us more than memory.

It is inspiring to me to think of the millions of our countrymen who are at this moment laying the purest garlands of affection upon the graves of those who have gone. It is our best hope of security that American hearts beat true and that the meaning of this day does not diminish with the years.

Whatever clouds may gather, whatever fears may assail us, we know that our country is sound and that its people are sane.

Love of country is not an image of sentimental imagination. It is as real, it is as vibrant, it is as sacred, as life itself.

That multitude of heroes who gave the last full measure of devotion for their country did not die for a fanciful ideal. They did not die because of imaginary sentiments. They did not pay with their lives for a lie.

They died for the greatest principle which Divine Providence has placed in the hearts of men. They died for love of their countrymen—love of those who were to come after them.

We can not honor the memories of these dead by eulogy or by flowers unless we consciously express our own dedication to the principles for which they died.

We who survive them and who benefit by what they did are sometimes swayed by passions that affect all humanity. We are ambitious, we are striving, we seek individual gain. Sometimes we are ruthless in obtaining what we want. It is the human way.

But from the graves of these honored Americans there comes a message of silent eloquence to admonish us to live more kindly, to deal more justly with our fellow men. That voice must not go unheeded. Patriotism is not vain bluster. True patriotism is that quality of human feeling that safeguards the security and honor of our homes and families, our country and our countrymen. It raises us to the pure air of unselfishness, of kindness, of justice.

Were we to think otherwise would give the lie to all that our heroes died for. It would debase the better natures of us all.

So let us in pride and in beautiful consecration think of this America as an edifice risen from the glory of self-sacrifice. It is ours to defend and to perpetuate.

Let us carry forward this mighty Republic and make it better and more worthy of all who have died to preserve its honor and its safety. Let us so live that when the veil of death shall have closed about us we may join that noble army and face the Great Captain without fear and without reproach.

When for us time shall be no more, may the memories of our lives we leave behind bring to our resting places our portion of those heavenly floral tributes that to-day spread like God's benediction over the hills and valleys of our beloved land.

A "PORK-BARREL" PROGRAM FOR THE DISTRICT OF COLUMBIA MEETS WITH THE APPROVAL OF THE PRESIDENT—WHAT IS A "PORK BARREL"?

Mr. RAINEY. Mr. Speaker, President Hoover, in his attack upon the Garner relief bill, indicated that in his opinion erection of public buildings, harbor improvements, and construction of highways in all parts of the United States as a measure of unemployment relief constitutes a "pork barrel."

The District of Columbia is the most stupendous "pork barrel" in the world to-day, but authorizations for huge sums to be expended in the District have never been termed "pork barrel" by the President.

Since 1926 authorizations for construction within the District of Columbia have totaled $334,210,000. The total authorizations for the 2,807 post offices and similar public buildings in the Garner relief bill totaled $342,797,000, or only $8,587,000 more than the authorizations for construction in the District in the past six years.

President Hoover and his aides in the House and Senate placed especial stress upon the fact that the Garner bill provided for post offices in many of the smaller cities which have postal receipts in excess of $8,000 per year. They denounced this as "pork." The cost of the 406 post offices in the $35,000 class would be $14,210,000. It is rather interesting to note that the opponents of this expenditure were the most ardent advocates of the $14,750,000 appropriation for the Memorial Bridge which spans the Potomac in Washington, and for the $7,200,000 appropriation to construct 14 miles of the Memorial Highway from the bridge to Mount Vernon. This, according to Republican theories, is not "pork," but is statesmanship.

The Garner bill provided for 1,186 post offices, not to exceed $50,000 each, and the total authorization for these was $59,300,000. This was denounced as "pork." The authorizations of $28,000,000 for the George Washington Memorial Parkway and playgrounds in the National Capital and $30,900,000 for the District of Columbia Municipal Center had the approval of the same political forces that opposed the Garner bill.

In recent years hundreds of millions of dollars have been poured into the insatiable maw of the District of Columbia, and at no time has President Hoover or his aides shouted "pork" or otherwise voiced opposition to this tremendous expenditure of public funds. Washington to-day is probably the only city in the country that is not feeling the severe effects of the depression, and this is due to the huge expenditures and the Government pay rolls.

Since 1926, under Coolidge and Hoover, building activities in the District of Columbia have proceeded at an unprecedented rate and apparently without regard to cost. Most of the $334,000,000 that was authorized has gone into sites and construction of buildings to house Government activities. The huge Department of Commerce and Department of Agriculture buildings have absorbed many millions, and extensions and improvements have added many more millions to the total.

The taxpayers of the country are justified in protesting against these huge expenditures within a restricted area. There is no logical reason why hundreds of millions of dollars should be poured into the District of Columbia, and requests for public buildings, river and harbor improvements, and highway construction in other sections of the country ignored.

HISTORIC FREDERICKSBURG

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address delivered by me at Fredericksburg, Va., on May 6, 1931:

This occasion is one more evidence of an ancient and noble habit of your city.

Fredericksburg is one of the most fortunate communities in the United States. Even in historic Virginia, the native State of George Washington and his forbears, no other city is so closely associated with his personal life.

Although George Washington was one of the most extensively traveled men of his time, so far as his native land is concerned, it is here in this beautiful city that we find those early and formative experiences which had the greatest influence upon his life and career. Here was his early boyhood home. In these streets echoed his footsteps upon the normal activities of youth. Here he went to school, here he formed those enduring friendships which he treasured to the end of his life. Here lived his mother and that domestic circle of which he was so distinguished a part.

In this city lived his sister, in the home that has since become a national shrine.

Whatever the future held for this boy in glory and in attainment; whatever tributes came to him as the greatest man of his time, and surely the greatest man in our Republic, George Washington's heart was ever drawn to your city by the tenderest ties of boyhood memories.

In studying the life of George Washington one is struck by the fact that whenever sterner duties permitted, it was the pilgrimage to this city and these associations that most delighted him. With all of these things you are familiar.

To you George Washington is a living man. He is your neighbor, he is your boyhood associate, he is in spirit still walking your streets, chatting with your people as a familiar friend.

I feel the stimulation of your splendid pride in the reverence which you pay not only to George Washington but more particularly to the mother of this great man who sleeps near us in hallowed ground.

Many men and women have expressed their tributes to Mary Ball Washington. I can only add my humble expressions of adoration to theirs. I can perhaps but repeat what others have said. Yet, after all, is there anything more beautiful, more eloquent, or more expressive than the simple words upon that beautiful monument raised to her memory, "Mary, the mother of Washington"? Nothing need be added to those words, nothing could be added that would bring more glory or honor to her splendid womanhood.

Historians and biographers have searched the character of Mary Ball Washington and have laid it before us. But to me there is one commentary that renders needless all that others have said. The character of Mary Ball Washington is summed up and the whole story of her life is told when we say, "She brought George Washington into the world and trained him for life."

That duty was so great and so well performed that I believe America is as fortunate in having possessed Mary Ball Washington as it was in being blessed with her son. But no one can doubt that from whatever sources George Washington got his intellect, that his greatness and strength of character came from his mother. She gave to him as a heritage the training that equipped him perfectly for the career which Providence held for him.

I believe the historians make too much of the austerity of George Washington's mother. We hear of her stern refusal to let him take to the sea. We hear of the strictness of her rule. But there must have been in her life a rich store of sweetness, of sympathy, and of true mother love that has gone unrecorded.

We know this because there was more than duty in George Washington's devotion to her throughout his life. He loved her with all the ardor of his strong nature. He called her the most beautiful woman he ever saw, and at the height of his success he was proud to say, "All I am I owe to my mother."

One of his most cherished possessions was his mother's portrait, painted in her bridal days, and also the worn copy of the book Contemplations, Moral and Divine, which had been her constant companion in her quiet hours.

A woman who could inspire such loyalty in her son must have been intensely lovable herself.

I have dwelt upon these more familiar aspects of George Washington's attachment to this city because I wish to impress upon you as citizens of Fredericksburg the importance of the heritage that has been left to you. I also want to impress upon you the fact that the entire country should share with you that generous feeling of proprietorship which you have in these treasured associations.

That opportunity has presented itself in the action of Congress in providing for a nation-wide celebration next year of the two hundredth anniversary of the birth of George Washington. The commission appointed to have charge of this celebration has been active and the campaign is far advanced. But there is still much to be done. Under the stress of modern conditions of life our fellow Americans have lost touch with our own glorious history. To many people George Washington is not a man but a tradition.

We want to make him a living human being and to impress upon the American people some of the feeling of neighborly intimacy which you in Fredericksburg have so nobly preserved.

We want to present George Washington as a man and not as an ideal. As a man he stands forth in all the glory of his character and achievements. As a man he is far greater than the cold and unreal figure upon a pedestal.

Under the direction of Congress it is the duty of the United State George Washington Bicentennial Commission to organize throughout the Nation a celebration in the hearts and minds of the people themselves, in such manner as is most fitting, to the end that his bicentennial anniversary "may be commemorated in such manner that future generations of American citizens may live according to the example and precepts of his exalted life and character and thus perpetuate the American Republic."

The celebration of the two hundredth anniversary of the birth of George Washington next year is being organized upon the basis of the same dignity and reverence which you feel here in Fredericksburg.

We want the people of America to take part in this celebration with full understanding of the man they honor. We want them to feel a real sense of this man's having lived, as you have who sense it here.

Just as the feet of George Washington still echo through your streets we want all America to realize how actual, how human, how normal, and yet how great was George Washington.

So we are spreading over the entire country and over the world the full history of George Washington, with all the facts of his life, as collected and sifted by the eminent historians we have engaged.

We want this celebration to be what George Washington himself would wish it to be. He would reject the idea of a parade of our material riches in his honor. He would be impatient of glamor and display. But we know that he would wish this tribute to him to come from the hearts of the people—his fellow Americans.

Therefore, we have aimed at no central spectacle, no concentration of ceremony, but wherever the flag of our Nation flies to-day we want Americans all to express in reverence and in love their appreciation of the life and character of the man who brought that flag into being.

It is timely, it is appropriate that Americans should pause in this fast-living day and think reverently of the man who not only achieved our independence as a nation, but who brought liberty, protection, and sound government to those Americans who were to come after him.

It is well that the Government of the United States, which exists upon the foundation which he laid, should provide for this national tribute in his honor. The celebration next year will begin February 22 and continue until Thanksgiving Day. Throughout the Nation we are asking men, women, and children to organize in their own homes, in their own schools, churches, clubs, and other groups, special programs to honor George Washington's memory.

The response has been inspiring. Already in thousands of communities preparations are going forward to this end, and we are furnishing to thousands of these groups programs, plays, pageants, posters, books, and similar material to aid them in the preparation of their own ceremonies.

It would be a great pleasure indeed if all of you could visit the headquarters of the United States George Washington Bicentennial Commission in the city of Washington. You would find there such activity, such enthusiasm, and such progress as would surprise and delight you.

For we are carrying forward the best traditions of Americanism. We are emphasizing in many ways not only the life and character of George Washington, but we are bringing to the American people a vivid picture of the conditions under which he created the monument of his country now stretching from sea to sea.

And may I say that it is always equally inspiring to me to come to this beautiful city of Fredericksburg and here to drink at the fountain of your patriotism, your loyalty, and your devotion.

What better influence can be found than to stand upon this historic soil? What loftier sentiments can be experienced than the heart tribute to motherhood as we visit again that hallowed spot where sleeps "Mary, the mother of Washington."

A SILVER POLICY FOR THE UNITED STATES

Mr. FIESINGER. Mr. Speaker, in the CONGRESSIONAL RECORD dated June 17 and July 8 are reports of two speeches I delivered in the House of Representatives. In those speeches I advocated that the United States take a lead with respect to a policy concerning silver. The broad formula suggested was that we add silver to our metal reserves to be valued at the gold price of silver and invite nations similarly interested to cooperate with our plan. We would keep this silver in the form of silver bullion and issue certificates against it redeemable in silver at any time upon demand in the gold equivalent in value as set out in the certificate. It will be remembered that I said that shortly a bill would be introduced in the House of Representatives to cover that general formula, which would be one of the steps to be taken by the Committee on Coinage, Weights, and Measures to give to the United States a policy with reference to silver. At the closing of the session the bill was introduced by the distinguished chairman of the committee, Hon. ANDREW L. SOMERS, of the State of New York. The bill is numbered H. R. 13000. In my speeches I invited the membership of the House—and again I invite the membership—to a perusal and study of that bill with the idea that when the Congress again meets that we may have constructive criticism of the measure.

Permit me to state again that the general objective of the bill is not to establish a silver standard with any fixed ratio to gold, nor is its purpose to interfere with the gold standard, except so far as to make the gold standard a better standard, so that the gold standard will respond more equitably to the general price level. In fact, the object of the bill is to protect the commodity price level, so that producers may be put upon a profitable basis, insuring profit to our farms, mines, transportation facilities, and factories. This objective, if consummated, would relieve the strain of unemployment and unbearable taxation, reestablish the equities between debtor and creditor, insure equilibrium between consumer and producer, and in general make for governmental security.

This may seem to be a very large order; yet while it is correctly assumed that there are varying causes, there is an economic pressure upon the monetary world which it is vital to relieve. The United States, being a producer of surpluses, must find foreign markets therefor. Those markets in the future are to be found and developed in the Orient, South and Central America, and our neighbor to the north, Canada. Europe will be our competitor for those markets. Generally, Europe seemingly is interested in a lower commodity price level; for one thing, she has a lower wage level than is consistent with our prosperity. With mass production which Europe is fast inaugurating, and with many American factories now located in Europe, what is to prevent those factories from using the cheaper labor and capturing the trade of the world, to the detriment of American business?

Eighty per cent of the silver in the world is produced in the Americas near the Pacific Ocean. China and India are vitally interested in silver either as money or as a store of value. Most of the silver produced in the world goes into those two countries for those purposes. If the United States should adopt a sound silver policy, it would bring about a restoration of the price of silver and restore to those nations their normal purchasing power. We have here a potential market that will take the surplus of our farms and factories, thus making a demand for things produced and manufactured in America. In order to increase the price level we must have demand, and that demand can be built up in the Orient and in South and Central America if we protect the stability and the value of their money. We propose a money that will facilitate the commerce between these nations. It would relieve the abnormal strain on gold which resulted when silver values were destroyed and which respectable authorities estimate at between $1,000,000,000 and $2,000,000,000.

In other words, it would free that amount of gold in the world. It would be like putting a new supply of gold of between one and two billion dollars in the gold-standard countries of the world and that would result in a return of normal commodity prices when taken in conjunction with the increased purchasing power and the changed psychology of the countries using silver. In a word, it would go a long way to relieve the economic pressure which the world is suffering under. It seems to me that it would reestablish our primacy in banking and through banking and commerce, world leadership in the affairs of nations.

We have the natural resources, the man power, the equipment. We have the wealth in greater abundance than any other nation, but we can not mobilize that wealth under a defective monetary system. Money value must be stable, not fluctuating, and commerce must be restored. We can not do these things by increasing our debts, whether in the form of bond issues, currency issues, or otherwise increasing in one or another form the huge volume of our debts. We must increase our means of paying our debts and increase our means of paying our taxes.

NECESSITY OF FARM RELIEF

Mr. WOLVERTON. Mr. Speaker, to-day we are faced with an economic condition that affects every class of our people. The farmer has felt the devastating effect of the depression in no less degree than the industrialist and financier. After close and careful study, I am convinced that there can be no general recovery or change unless and until the problems of the farm are recognized and relief given. Agriculture is the basic industry of this country. It is the backbone of our national life and existence. Consequently any program that seeks to relieve present conditions must take these facts into consideration or failure thereof will be the result. There are some who feel that the prosperity of the farm depends upon the prosperity of industry; hence every effort must be directed toward the relief of the latter. I am strongly of the opinion that it is more nearly correct to say that the prosperity of industry depends upon the prosperity of the farm. Certain it is, however, that in this great Nation of ours we all go up together or we all go down together. Therefore measures for relief must recognize this interdependence of one upon the other and make provision for all.

Since 1920 the value of farm lands has experienced a steady decline. During this same period farm debts and farm taxes have just as steadily risen. Prices for farm products during the intervening prosperous years did not rise to the high levels of other commodities. Thus, the purchasing power of the farm dollar was reduced below that of other gainful occupations.

While agriculture was finding it increasingly difficult to combat the growing influence of unfavorable economic conditions, industry and business were enjoying the fruits of prosperity. The latter were content to go on without a thought that an interdependency existed that must sooner

or later bring them into the same distressed condition as agriculture. Though the attitude was not entirely one of hostility toward agriculture, yet there was at least a lack of sympathetic understanding or helpfulness. The attitude assumed by business and industry was more that of doubtful query—"Am I my brother's keeper?" It is encouraging, however, to realize that now the attitude is changed, and that thoughtful economists and leaders in business recognize, through force of circumstances, that recovery from national distress is in a large measure dependent upon recovery of agriculture.

The experiences of the last few years clearly demonstrate that the distress of agriculture has had a direct effect upon business and industry. While, of course, the world economic condition has had a large influence in producing the present chaotic condition existing throughout the country in every line of activity, yet to trace our steps backward over the last 10 or 12 years is to be convinced that, fundamentally, distressed agriculture has had a part in creating the present distressed condition of our country.

The steps that lead from distressed agriculture to distress in other lines of activity are easily traceable, and were plainly set forth in an address delivered by Secretary of Agriculture Hyde, in which he said:

> There are, of course, many contributing causes for the depression, most of them world-wide. But in this country and, in fact, in other countries something similar to the following sequence can be traced.
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> For a decade there has been depression for the farmer. During those years the farmer has seen his land values shrink from $66,000,000,000 to $48,000,000,000. His income has declined from $12,000,000,000 to nine and a half billions. His taxes have mounted 172 per cent. After 10 years he couldn't go any farther. The small towns, which are entirely dependent upon him, and which held his notes and accounts, couldn't buy any more. Rural banks, which had made loans to farmers, couldn't collect. They failed, filled with notes on farmers who had been good, with mortgages on lands which were once gilt-edged security. Their failure tied up the money of depositors, some of whom couldn't pay storekeepers and wholesalers. The contagion spread. Banks in reserve centers found their assets uncollectible—frozen. Some of them failed. The mills and factories of the Nation found that 40 per cent of the people of the Nation didn't have the money or the credit to buy their output. They had to curtail. That threw labor out of employment. The railways were affected. While there was a surplus of commodities to haul out of rural districts, the farmer could buy little to haul back. Rail revenues were reduced, and rail bonds, time-tried investments of banks and insurance companies, were jeopardized. Fear gripped the minds and hearts of creditors. Hoarding began. Credit tightened. Banks threw over their good bonds in order to have money to pay their depositors whenever demanded. Thus the choking, paralyzing hand of fear and panic, beginning in farm distress, spread from village to city and involved our entire business and financial structure.

The influences by which the distress in agriculture finally involved business and industry in mutual catastrophe have been similarly emphasized in a statement issued by the United States Chamber of Commerce, in which it was stated:

> The purchasing power of the farmer is severely reduced. He can not be the customer of industry and commerce. His reduced purchasing power not only affects him individually but destroys the buying power of whole communities depending on his trade. The railways are affected. Their revenues are seriously impaired and labor is affected. The numerous failures of commercial banks reflect not only the rapid decline in agricultural commodities but the failure of whole communities as well.

In the last few years there has been a growing interest in the causes that have produced this condition. Unfortunately, however, most of the discussion and effort have been directed toward the problem as it affects the western and southern farmer, as distinct from the farmer located in the eastern portion of our country. The latter, however, has problems to be solved just as real and distressing in their effect as those with which farmers elsewhere are faced.

The problems of overproduction, cooperative marketing, relief from high freight rates, credit facilities in producing and marketing crops, stabilizing land values and mortgage loans, holding price levels to cover cost of production, protection by tariff against competition of crops and vegetables grown in other countries, and many more, some general and others local in character, call for solution. In doing so, however, the fact must not be overlooked that no problem affecting the farmer can be properly solved without taking into consideration the interests and welfare of those located in the East as well as elsewhere.

The problems just mentioned are of a general or nation-wide character, and consequently the legislation to remedy the conditions arising therefrom must necessarily be national in scope and the result of congressional action. There is a problem, however, that is local in character that bears as heavily as any other on the farmer, namely, the burden of taxation. Direct taxes paid by farmers now amount to more than $900,000,000 annually. Practically all of this vast sum is assessed on the real estate owned by the farmer, and, of course, goes directly to State, county, and local governing bodies, no part of it being paid to the Federal Government.

In speaking on this important matter of taxes, the Secretary of Agriculture said:

> Taxes in general have continued to rise, and a disproportionate amount of the increase has fallen upon farm property. This situation is made more serious by the fact that the farmer is least able of all producers to shift his taxes. For him they can not be passed on. He not only pays the taxes assessed against his own property, but he also pays a part of the taxes assessed against others.
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> Obviously taxes paid by railroads, public utilities, and like concerns are passed on to the consumer. High taxes, high rentals, and high wages are for the most part passed on by industry to be paid by the consumer. They are elements of production cost which the consumer must pay. Farmers, along with others, pay a part of these charges in the form of higher prices for goods and services. Land is the principal part of the valuation of farm property. Unless the farmer can sell his products at a profit he can not pass the taxes on to the consumer.

Thus the farmer has been caught between the upper and the nether millstones of mounting tax levies on the one hand and low income on the other. These have caused a serious decline in land values, which has not only reduced the farmer's equity but has also made it difficult in many instances to renew mortgage loans. Taxes, after all, are the first lien on the land.

What can be done to relieve the farmer of this burden of taxation? In the first place, it must be realized that the burden of taxation that weighs so heavily upon the farmer is not the result of Federal taxes, but State, county, and local taxes. Careful consideration will reveal that since the World War expenditures for State and local purposes have greatly increased. Former President Coolidge is quoted as having said that in 16 years State and local municipal expenses jumped from $2,227,000,000 to $9,116,000,000, and the increase in the bonded indebtedness of States and local governments has been even greater in proportion. In 1913 the total national, State, and local bonded indebtedness was $4,200,000,000. Of this amount $3,200,000,000 represented State and local bonded indebtedness. The latest figures place the bonded debt of State and local municipalities at $30,000,000,000. This substantial increase in expenditures and bonded indebtedness results in an increased burden upon the local taxpayer, and as the real-estate owner pays practically all of the taxes raised for local purposes, it can be readily seen how heavily it bears upon the farmer, whose taxable property is almost entirely real estate. Furthermore, in considering the cause and remedy for tax burdens, it must not be overlooked that State, county, and local budgets combined account for three-fourths of all taxes collected or money spent for governmental purposes in America. The Federal Government receives no part of the money raised by local taxation, and, consequently, is in no way responsible for or chargeable with creating the burden.

During the last 12 years the indebtedness of our State, county, and local governments has increased to a fabulous amount, while during the same period of time the Federal indebtedness has actually been decreased $9,000,000,000, resulting in a saving of at least $300,000,000 annually in interest charges. Thus, while local indebtedness has steadily increased, the Federal indebtedness has been decreased by more than one-third. It is also well to remember that only 3 per cent of our people contribute directly to the support of the Federal Government—not including excise and direct taxes recently imposed as a temporary or emergency tax. Yet, entirely overlooking this fact, and the further fact,

already stressed, that our tax burden is the result of State, county, and local expenditures, there comes, however, quite frequently from serious-minded citizens a demand that Congress relieve our people of the heavy burden of taxes, which are becoming increasingly more difficult to pay.

To respond to this demand is not within the realm of congressional authority. Congress has no jurisdiction or power to relieve taxpayers from the burden of State and local taxes. Relief from local tax burdens can only be accomplished by State and local taxing units cutting their expenditures in the same drastic manner as the Federal Government, by action of Congress, has already done.

Congress has provided a fine example by cutting the appropriations of the Federal Government for the year 1932–33, $857,353,618.94 below the appropriations of last year. In addition thereto it has effected further savings of at least $150,000,000 by the passage of the economy bill, making a total reduction in governmental expenses of $1,007,353,618.94. This represents a direct saving of $334,294,094.18 beyond that suggested by the Bureau of the Budget as submitted to Congress by the President at the convening of this present session.

The reduction of our Federal expenses by more than $1,000,000,000 is evidence of the sincerity with which Congress has sought to respond to the demand of our people that the cost of government be reduced. It has, indeed, been gratifying to have had a part in this worthwhile achievement.

The action of Congress in effecting such a substantial saving in governmental expenses must bring not only a sense of satisfaction and encouragement to our people but likewise an assurance of the willingness of Members of Congress to effect further savings whenever and in whatever way additional study may show to be possible of accomplishment, and in addition thereto a definite purpose to deal with all the other problems and intricate conditions affecting the welfare of our farmers, the solution of which is necessary before there can be a complete recovery from the present depression.

In conclusion permit me to emphasize the fact that in our effort to break the back of this depression we must not lose sight of the plight in which 40,000,000 of our population engaged in or dependent upon agricultural activities now find themselves. The American farmer represents 35 per cent of the buying power of this Nation, and that buying power has in a large measure ceased, thereby destroying the opportunity for employment of millions of our people ordinarily engaged in industrial pursuits. To remedy this condition there must come general relief to agriculture. The farmer is entitled to and must have that same sympathetic consideration and helpfulness that are accorded business and industry.

The future success of America is bound up in the welfare and success of our farmers, scattered throughout this land of ours, who courageously, year after year, despite disappointment and discouragement, combine to sow seed, take chances against insect and pest, drought and flood, heat and cold, and who to-day only ask a fair deal.

THE BONUS MUDDLE—RESULT OF REPUBLICAN PARTISANSHIP

Mr. RAINEY. Mr. Speaker, at the present time it is claimed that 20,000 bonus members of the so-called bonus army are here in Washington demanding payment in full now of their adjusted-service certificates which will not be due until 1945. The situation is unparalleled in the history of the country and its repercussions will be heard throughout the approaching campaign and for years thereafter.

In this connection some bonus history may be interesting. The whole trouble started in the Sixty-sixth Congress. The war was over. It was expected that the veterans' relief bill of 1920 would be the last of the war bills. During the entire period of the war and afterward, when the Democrats were in control, the great war measures framed in the Ways and Means Committee were prepared by the entire committee. The Democrats were in control of the committee and of both Houses of the national Congress and of the Presidency, but we invited Republican members of the Ways and Means Committee to sit in with us while the bills were being prepared, and we had the right to expect that the veterans' relief bill which was to be the last of the war bills would be framed in the same manner.

This was the Sixty-sixth Congress. The backwash of the war had placed the Republicans in control by a large majority of the lower branch of Congress, and, of course, they had control of the Ways and Means Committee. The chairman of that committee was a Republican and the majority of the members of the committee were Republicans. On account of the illness of Kitchen of North Carolina, I, as the next ranking Democrat, was at the head of the Democratic membership of the committee.

VETERANS DID NOT ASK FOR ADJUSTED COMPENSATION

In that year the American Legion presented its "fourfold plan," which did not embrace adjusted-service certificates. Their proposition comprised vocational-training aid, farm or home aid, land-settlement aid, and adjusted-service pay. Adjusted-service pay was not to exceed $625 for overseas service and not to exceed $500 for a veteran with no overseas service.

THE RAINEY-JOHNSON BILL

I prepared and introduced a bill which was at the same time introduced by ROYAL C. JOHNSON, then and now a Member of Congress from South Dakota and an ex-service man, from the Republican side. The bill was known as the Rainey-Johnson bill. It provided for a cash payment to veterans amounting in all to $1,000,000,000, and this entire amount of money was to be raised from an elaborate system of taxes on war profiteers. We had more war profiteers in the United States than we had in all the rest of the world. At that time nations of the world were considering taxes on war profiteers, and Czechoslovakia had already successfully imposed and had collected that tax and was on the road then to complete recovery. At that time there were 17 World War veterans who were Members of the House of Representatives, and each one of them stood for the Rainey-Johnson bill. Throughout the country veterans' posts were indorsing the Rainey-Johnson bill. It would easily have passed the House.

REPUBLICAN PARTISANSHIP

The presence, however, of 4,000,000 veterans in the country appealed to the partisanship of the Republican membership of the Ways and Means Committee and Republican leaders generally, and when they commenced the preparation of the bill they excluded the Democratic members from participation in the consideration and preparation of the bill. When the first meeting of the Republican membership occurred, and while it was in progress, I obtained the floor. Champ Clark was then Speaker. I spoke for an hour or more, denouncing the Republican partisanship which attempted to make of veterans' aid a partisan proposition.

THE BILL AS FINALLY PASSED

On May 21, 1920, a bill was reported out providing for the "fourfold plan" of the American Legion, and Title III of the bill provided for adjusted-service certificates substantially as in the present act, with the explanation in the report that Title III practically provided for a 20-year endowment policy on which the Government paid premiums.

I had hoped to attempt to amend their bill by striking out all after the enacting clause and substituting the Rainey-Johnson bill, or I had hoped to substitute it in a motion to recommit, but the matter of veterans' aid was popular in that session of Congress. Another election was approaching. Ninety-one bills and five resolutions had been referred to the Ways and Means Committee, introduced by that many Members of Congress, providing for veterans' relief. The bill reported out contained no cash payments. The adjusted-service pay I have outlined above was to be evidenced by an adjusted-service certificate.

THE RULES SUSPENDED

In order to prevent amendments and in order to prevent a motion to recommit the bill, the Republicans reported the bill out and it was brought up under suspension of the rules,

and only 20 minutes' debate was allowed on either side. It passed, of course.

I filed a minority report, calling attention to what would happen if the bill became a law and to the very large charge which would be made on the Treasury and to the injustice in attempting to give to soldiers the "graveyard pay" contemplated in the adjusted-service certificates. I insisted that if the bill became a law it would result in a charge upon the Treasury of billions of dollars. I pointed out in my minority report that the bill—particularly that portion of it—would provoke intense dissatisfaction among the veterans.

The reply was that the veterans would be entirely satisfied with these tontine insurance policies, and that they would come due in 1945, just about the time the soldiers would be demanding service pensions, and the maturing certificates at that time would prevent this demand and there would be no service pensions. It was insisted that the entire bill, including the adjusted-service certificates provision, would cost approximately $1,250,000,000. The amounts of the certificates mentioned in the original bill were the minimum amounts provided for in the present law.

A PROPHECY WHICH CAME TRUE

The prophecy I made at that time has in every particular come true. The soldiers were not satisfied with their adjusted-service certificates and are demanding now the payment of these certificates in full at the present time and are referring to them as "back pay."

To do this would cost approximately $2,500,000,000, and the President has threatened to veto a bill which would make that charge on the Treasury, and he especially promises to veto it if it involves circulation of that much money in printing-press money, as was demanded in the bill which has just failed in the Senate.

Soldiers of the World War are now voicing their protests and thousands of them are marching in silent appeal in front of this Capitol Building as we are assembled here.

This bill has already cost, including the loans which have been made, $600,000 more than it was estimated the bill of 1920 would cost in all when the certificates matured, and we have just lowered the interest on these certificates, which means a charge on the Treasury of perhaps $200,000,000 more than that. In other words, including this interest reduction, the bill which passed has already cost us $2,000,000,000, and there is yet due the enormous sum of $2,400,000,000 which they are demanding now. This large amount of money can not be paid until there is at least a restoration of prosperity, and this can not happen under Republican economic policies, and these policies they insist will be continued for another four years if Mr. Hoover is reelected.

REPUBLICAN PARTY RESPONSIBLE

The bill of 1920 did not become a law. It merely passed the House. The elections that fall resulted in still greater Republican victories and the Republicans in the Sixty-seventh Congress were in control of both branches of the National Congress and of the Executive. Finally, on the 17th day of May, 1924, the present World War adjusted compensation act was passed. Prior to that time two bills had been passed by the House and one by both House and Senate, which was vetoed by the President.

In the report accompanying the bill of 1924 it was estimated that the bill in 20 years would cost $2,025,889,696. It has already cost practically that much and the large balance the veterans are demanding still remains to be paid. The amount of these certificates was greatly increased in the 1924 bill—the bill which is now the law.

Republican partisan politics is therefore responsible for the difficulties which confront the Republican Party at the present time and for the dangers which confront the Nation.

MODIFICATIONS OF THE HOUSE RULES

Mr. TILSON. Mr. Speaker, it had been my intention before the session adjourned to address myself briefly to a consideration of the several attempts at modification of the House rules that have been indulged in during the 11 terms of my service in Congress, but the closing days of the session were much too busy and too hectic for a calm, judicial discussion of the House rules, so I am availing myself of the leave granted to extend remarks in the RECORD.

Attention should first be called to the fact that practically all the changes made in the rules of the House for the last 25 years, with a few quite minor exceptions, have been in connection with the calendars providing the order of business in the House and not to the rules themselves. If our predecessors of half a century ago are to-day able to look down from another world, they must feel somewhat pleased with themselves to realize that the fundamental rules of the House of Representatives, as worked out by them and their predecessors, have remained substantially unchanged for these 50 years, and further, that all the controversies over changing the rules have centered around the calendars and order of business and have left untouched the fundamental parliamentary rules of procedure.

It was almost 25 years ago that the Unanimous Consent Calendar, now called the Consent Calendar, was first established. Theretofore, the Speaker at his discretion recognized for unanimous-consent requests. This procedure was obviously not quite fair to the membership of the House, for it must oftentimes have taken them by surprise. Often bills to which there was serious objection are said to have been called up and passed by unanimous consent in the absence of Members who would have objected had they been present. The establishment of this calendar was a real advance, but those who devised it made no claim whatever to progressive tendencies or to liberalizing the rules of the House. It was brought about purely as a matter of fairness and convenience, for it was not only convenient to have such requests come at a particular time but it also gave notice to all who might be interested that certain bills would be called up only on certain days.

It was in the Sixtieth Congress that Calendar Wednesday was established, which was hailed in Congress and out as a great advance in the liberalization of the rules of the House of Representatives. It provides that on Wednesday of each week the list of committees, arranged in a certain order, shall be called, and that bills reported and on the Union or House Calendars may be called up by any committee when reached. The purpose this innovation was supposed to serve was that the so-called minor committees, not enjoying the privilege of calling up their bills as privileged matters, might, when reached on Calendar Wednesday, have their opportunity to call up their bills for consideration.

It soon became apparent that taking one day out of each week seriously interfered not only with the expeditious dispatch of the business of the House but also tended to disarrange the program of the House organization; and so means were soon devised to destroy the force of the rule. In one Congress a very lengthy bill—perhaps it was a revision of the code—was called up by a committee on Calendar Wednesday, and for many months was used to defeat the Calendar Wednesday rule by simply calling up as unfinished business this lengthy bill Wednesday after Wednesday. In short, it was deemed a nuisance and a waste of time by the House organization of the Democratic majority then in control of the House, and means were found for defeating the purpose of the rule.

The Calendar Wednesday rule was then revised and changed so that one committee might consume only two Wednesdays for its business. Under this change each committee consumed two Wednesdays, for the most part with unimportant bills, while those in opposition to any particular bill, by clever but entirely legitimate manipulation of the rules of the House, were able to filibuster for the two days and thus prevent the passage of such bills. As the rule now stands, each committee has but one day for its business, and the practice now is that each committee, important or otherwise, takes an entire day, while those who oppose the bills called up by a committee may without great difficulty filibuster and fritter away the one day so as to not allow the bills to pass.

Even the most zealous supporters of Calendar Wednesday do not claim that the rule has ever worked satisfactorily in

any form. It does not in any fair measure serve the purpose of giving the unprivileged committees their day in court. In practice it inevitably works out in this way: At the beginning of each Congress, before the several committees have gotten down to serious work and, in fact, before most of the bills are introduced, the committees near the head of the list are called and find themselves with bills not considered and not yet ready for reporting to the House. Later in the session the committees that have been passed in this way subsequently report numerous bills, but they are sure not to be reached again on the call of committees. In fact, even with one day to each committee it is obvious that a long list of committees will not be called in a session, so that committees near the top of the list are called before they are ready and those toward the bottom of the list, regardless of their importance, are never called at all.

Such a rule at the best is obviously haphazard and essentially unfair because it is impossible to treat all the committees alike. It would be far better for Calendar Wednesday to be abolished and for the organization of the majority of the House through the Rules Committee to bring in special rules from time to time, as the business of the session requires, giving committees their day in court at the most convenient season for the committee and for the business of the House as determined by those responsible for the proper conduct of the business of the House. As the Calendar Wednesday rule is now applied in practice, it means the loss, and often worse than the loss, of one legislative day out of six, except when dispensed with by unanimous consent, as is done most frequently.

The change in the rule concerning which in recent years there has been more talk and probably less understanding than any other is the rule known as the discharge rule, which, as everyone should know, is to the effect that if a committee fails to report a bill after a limited time, a certain number of Members, by signing a petition, may discharge the committee and bring the matter immediately before the House for a vote on the consideration of the bill. Different numbers have been suggested, argued for, and adopted as the proper number to discharge a committee. There can be no serious objection to a rule that a majority of the House may discharge a committee, but such a rule is in practice unnecessary because a majority of the House can always in one way or another execute its will unless self-hampered by rules previously adopted.

Prior to the organization of the present House and before the rules were adopted there was much talk of liberalizing the rules of the House. The idea apparently uppermost in the minds of the liberalizers was to adopt a discharge rule requiring as small a number of Members as possible to discharge a committee. In the adoption of the rules the number of 145 was accepted, so that upon the signing of a petition by 145 Members the House may be compelled to vote as to whether it will consider a bill not reported, or reported adversely, by a committee. This particular change in the order of business in the House has been loudly proclaimed as a progressive measure, whatever that may mean. Instead of being progressive, however, it is apparent that it is a distinct step backward toward the law of the jungle.

The final acceptance of the principle of majority rule by self-governing peoples marked the greatest advance in all history toward real self-government. "Might makes right" in the jungle. It was so with primitive man. To bear rule was the privilege of the strongest and the only way to determine the strongest was to fight it out. As civilization advanced it was observed that, by and large, other things being equal, the side having the greater number of combatants won the fight. After a long stage of development, it seems to have occurred to some one that, instead of deciding by actual combat, it be agreed that the side having the greater number should without combat be declared the stronger and proceed to rule. As time went on, this came to be accepted as the established practice and so it has come to pass that instead of deciding by bullets who shall be our rulers, we decide by ballots, and when this decision is made it is universally accepted. As a result we have what we call majority rule. It was the greatest gain for human liberty in all history. Any attempt to destroy the power of the majority to control is a subversion of the principle of majority rule and strikes a blow at the very corner stone of modern liberty.

In its practical working out, the so-called discharge rule, whenever it has been attempted to apply it, has been worse than a failure. Thus far it has served no good purpose whatever and in some instances has surely done considerable harm. Many will recall how it was attempted to be used in connection with the so-called Howell-Barkley bill. After many days' filibuster it came to naught.

While the number required to discharge stood at a majority of the entire membership of the House, of course, it was not and could not be utilized for any great harm. Real majorities do not need discharge rules. During the present Congress the rule has been worked three times, and I am quite sure it will be generally agreed that in none of the three instances did it serve any good purpose whatever.

The so-called discharge rule ought to be abolished at the earliest opportunity. The responsible majority in control of the House should have actual control of its business and procedure. The public interest is not well served by giving a majority in the House the responsibility for what is done and at the same time permit by rule a limited minority to force the majority against its will to submit to a different order of business from that of its own choosing.

The rules of the House should be so made and construed as to give the minority an opportunity to be heard and an opportunity to have a vote upon a proposition submitted by the minority to take the place of the majority's proposal. Further than this, the majority of the House should not be hampered by rules that take away their proper power to carry out the majority program in an orderly fashion. The majority have the responsibility and they should have the power to carry out their program after the opposition has had reasonable opportunity to be heard and to record their views. The so-called discharge rule is wrong in principle and even worse in its practical application.

The problem of a proper consideration of private bills is a most puzzling one. The number of private bills reported has very materially increased within the last few years, so that it has become impossible to consider all these bills under the ordinary rules of the House, and some more satisfactory method must be devised for their consideration. During the Sixty-ninth and Seventieth Congresses, by a judicious use of unanimous-consent sessions, a very large proportion of all private bills reported were considered and disposed of. Owing to the greatly increased number of private bills reported and the increased amount of public business, it was not possible to consider more than half the bills reported in the Seventy-first Congress.

A new rule was adopted at the beginning of the present Congress, but it was soon found to be unworkable. It has therefore transpired that such private bills as have thus far been acted upon have been considered under the rules in effect in previous Congresses. Since no satisfactory solution of the problem of the Private Calendar has yet been presented, I venture to make a suggestion of a plan, perhaps not entirely seriously but in my judgment something far in advance of the present status. In effect, it puts into a rule what is now actually done in the consideration of private bills.

It is well known that not to exceed half a dozen Members on either side of the political dividing aisle give time and attention to the consideration of all the private bills reported. Standing committees consider and report many bills, and these bills deserve consideration by the House, but it is certain that the House will never accept in an omnibus bill or otherwise all private bills reported by the several committees having jurisdiction. It is therefore necessary that some sifting process be used. Under present practice bills on the Private Calendar are called; and if no one of the less than a dozen Members giving attention to this calendar objects, the bill is passed.

My suggestion is that a special committee of a dozen Members, six from each side of the middle aisle, be appointed as a sifting board to sit when the House is not in

session, under rules requiring that if not more than two members of the board, one from either side of the political fence, object, the bill shall be reported back to the House on a preferred list for passage. This committee, or board, should be selected from those Members who habitually give time and consideration to private bills, and should be changed from time to time in case any of the Members selected fail to give the necessary time and attention. In this way the House would have the benefit of the same careful study and attention now given to private bills by a few individual Members and at sessions of the House devoted to the Private Calendar would be able to dispose of a very much larger number of bills than is now the case. Such a plan would also give more time for the consideration of contested private bills, perhaps, under some such rule as that which has proved unworkable in the present session as applied to the entire Private Calendar.

It should be borne in mind that the fundamental rules of the House in its procedure are the result of long experience and should not be changed lightly. The very fact that little effort has been made to change these rules, except in connection with the calendars and order of business, is a weighty argument on behalf of their soundness and permanence. The fact that most of the so-called improvements in the rules have proved unworkable or otherwise unsatisfactory should be sufficient reason to make us pause before adopting changes until it clearly appears that the new will be a real improvement upon the old.

A TRIBUTE TO HON. JOHN M'DUFFIE, CHAIRMAN OF THE ECONOMY COMMITTEE

Mr. OLIVER of Alabama. Mr. Speaker, under leave to extend my remarks, I wish to briefly emphasize the value of the work of the Economy Committee of the House and to express appreciation to my personal friend and colleague, the gentleman from Alabama, Mr. McDUFFIE, the chairman of the committee, for the thorough, intelligent, courageous, yet considerate and sympathetic manner in which he presented to the House the original recommendations of the committee and later the conference report.

Much hostility was manifested to the original study and recommendations of the committee, but the abiding faith of its chairman in the necessity and justice of this emergency measure, coupled with that indomitable courage, so characteristic of him, to drive on even in the face of bitter criticism and temporary rebuffs to the final goal of his sincere and deep convictions, made possible the passage of this law. Its savings to the Federal Treasury, under direct mandates for the fiscal year 1933, if well administered, should approximate $150,000,000. It invests the President with the fullest authority to prepare a program of administrative efficiency—which unless disapproved by Congress, within 60 days after it reassembles in December next—should result in large additional permanent savings.

When the final chapter of this economy bill has been written, if the same fearless courage is shown in its administration as the chairman and his committee of coworkers in House and Senate have displayed in its preparation and enactment, my belief is it will have the very hearty approval of the public and constitute the bedrock on which will be planted an intelligent and sound economy system for the administration and expenditure of future Government appropriations.

It was a well-deserved and appropriate recognition of this record of high service by Congressman McDUFFIE, when the delegates from Alabama to the recent National Democratic Convention in Chicago unanimously decided to place his name in nomination for Vice President. Judge Leon McCord, the Democratic national committeeman for Alabama, was selected to make the nominating speech, and those of us who know Judge McCord can well vision how he would have stirred and electrified the convention with a forceful, human recital of McDUFFIE's fine qualities of heart and mind, which have ever marked his long record of useful service to party, State, and Nation.

Due to McDUFFIE's unselfishness and intense loyalty to a friend, the delegation yielded to his urgent insistence that he be allowed to respond for the Alabama delegation by placing in nomination for the high office of Vice President his friend and colleague, JOHN NANCE GARNER, of Texas.

Some historian will, in due time, record this interesting short record of legislative and party service rendered by JOHN McDUFFIE and the results that have followed therefrom.

HOW TO GET BACK WORLD TRADE

Mr. RAINEY. Mr. Speaker, the discussion to-night on this important subject is most timely. The time has come when the people of this country ought to consider the subject of world trade and how to get back for us the share we did have two or three years ago and the share we ought to have now.

World trade is falling off at an alarming rate. Immediately following the adoption of the present Hawley-Smoot tariff law and during the next 12 months thereafter world trade fell off $5,000,000,000, and the ratio of decline established then still goes on. We have suffered perhaps more than any other nation. The Fordney-McCumber tariff was an unconscionable revision upward. The Hawley-Smoot tariff still further accentuated a most alarming situation. Retaliatory tariffs are being built up against us all over the world.

For example, Argentina, prior to the Hawley-Smoot Act, imported 23,000 motor trucks in all per year. Twenty-two thousand of these trucks came from the United States. On the 13th day of January, 1931, Argentina took motor trucks off the free list and taxed them 33 per cent.

About 12 weeks ago Spain lowered her tariffs on automobiles, the only country in the world which has lowered its tariffs on automobiles. She lowered her tariff 60 per cent, but put in the provision that the lower rates should not apply to automobiles manufactured in the United States. This, of course, was a command to our great industries to come to Spain with our machinery and our superintendents and using Spanish labor and Spanish materials make automobiles in Spain if we want to sell in Spain.

A ship is just about to return from a 3-month tour through the British-controlled islands in the Atlantic loaded down with exhibits of products of Canadian factories, carrying the slogan, "If you want to buy American-made goods, buy them in Canada," and every exhibit was manufactured by an American branch firm in Canada.

Chile gets much of its gasoline from the United States. She increased her tariff 10 per cent in March, 1931, on gasoline, and since then she has again greatly increased it. She gets nearly one-half of her supply from the United States.

El Salvador has been getting over one-third of its supply of white and fancy cotton goods from the United States. After the passage of the Hawley-Smoot Act she increased her tariff on these goods 100 per cent.

Mexico has been importing $4,000,000 worth of wheat. She gets $3,000,000 worth of it, prior to the Hawley-Smoot Act, she got from the United States. Since the passage of that act she has greatly increased her tariffs.

A proposition that particularly interests farmers is the fact that Mexico imported from all countries before the Hawley-Smoot Act nearly $7,500,000 worth of pork lard per year. She got all of this amount from the United States except $100,000 worth. Since the Hawley-Smoot Act passed she increased her tariff 100 per cent.

France does not produce radios. She has been getting them from the United States. Recently she allocated her radio importations, giving practically all to Germany and only 10 per cent or 15 per cent to the United States.

I might continue indefinitely these illustrations.

England is now arranging her interempire low tariffs, and the United States industries in order to take advantage of these lower tariffs are rapidly establishing branch plants in Canada. Eleven hundred branch American plants are now operating in Canada, and more are going there in the near future. Twenty-two hundred American branch plants, it is estimated, are now operating abroad. A recent issue of the Manchester Guardian contained the news item that

40 American manufacturing plants were looking for manufacturing sites for branch plants in the Manchester area.

Every nation in the world of any importance, in imitation of us, or in retaliation, are now raising their tariffs until they are as high, or higher, than ours. Is it any wonder that our trade is falling off?

When we had under consideration the Hawley-Smoot bill over 1,000 American economists protested against it. It had no effect whatever on the Congress of the United States.

I recall that Germany protested against it. In her letter to the State Department she said in effect that in spite of our incomparable strength we had imposed the Fordney-McCumber tariff, and in protest against the Hawley-Smoot tariff she said:

> A still greater increase of the American duties will result in a perceptible reaction on the German export trade and at the same time inevitably and unfavorably affect to a marked degree the capacity of the German market to absorb American goods.

This was her protest and this is what happened. One year after Germany made this protest, Germany purchases of American products dropped from $441,000,000 in the fiscal year 1928–29 to $234,000,000 in the year 1930–31, a shrinkage of nearly 50 per cent. After that Germany commenced to talk about a moratorium and about her inability to pay her debts to foreign nations. Then other nations owing us money commenced to ask for moratoriums, and they got them for a year. And now they are preparing to come back and ask for another year. In other words, our high tariffs and moratoria go grandly marching down, arm in arm, through the corridors of time, and our factories are idle and 7,000,000 men are out of employment, and 500,000 foreign laborers in other countries, under other flags, are supplying in part their places, and are manufacturing, with American capital, back of foreign tariff walls, goods which heretofore have been manufactured in the United States.

In December last the United State Chamber of Commerce issued a pamphlet compiled by Edward J. Bachr showing the decrease in 50 of our chief exports for the months of January to September, 1930, and for the corresponding months of 1931. I am not going to reproduce the table here. It can be obtained by addressing the United States Chamber of Commerce in Washington. All except three of these chief articles of export showed a decrease of from 7 per cent to 56 per cent, but there are very few decreases under 15 per cent.

Power-driven metal-working machinery, canned fruit, and oranges are the only articles of chief exports which show increases. These increases are very slight.

The decreases are in values, and the argument is frequently advanced that the reason for these decreases in value is due to falling prices. However, the same publication contains a quantity comparison of chief exports for the same period, and an examination of it will show substantially the same situation. There are only 7 of the 50 articles which show a quantity increase.

HOW TO REMEDY THIS CONDITION

I am unable to say how we can in the future revise our tariffs in the old way and restore international trade. How to remedy the conditions created by our economic policies and the retaliatory policies adopted by foreign nations presents a difficult question indeed. Unless foreign competing countries reduce their tariffs a reduction of our tariffs would not help much. It would still be as hard as ever for us to get over their tariff hurdles. The world is suffering now from hardening of its trade arteries. Commerce simply can not move in the old way. Sixteen of the world's great nations have now gone off the gold standard. This enables them to manufacture still cheaper. A horizontal lowering of our tariffs might result in our own markets being flooded with a torrent of cheaper made foreign goods, and to this flood our own expatriated factories would in considerable part contribute. We could go through our tariff schedules and effect minor adjustments without remedying the conditions to which I am calling attention substantially.

DIFFICULTY ACCENTUATED BY OUR STATE DEPARTMENT

While our Treasury Department, assisted by friendly Congresses, has in the last 10 years been raising our tariffs upward until we have attained the result I have been discussing—until, in other words, we have been caught in our own tariff trap—our State Department has been executing unconditional reciprocity treaties with other nations which simply nail down the lid on the trap in which we have suffered ourselves to be caught.

Commencing with 1922 they have been executing what is called "unconditional most-favored nation treaties." We have been executing "most-favored nation treaties" with other nations for over 100 years, but all treaties executed prior to 1922 could be terminated in from 30 to 90 days.

In 1826 we entered into a trade agreement with Denmark containing a "most-favored nation" clause. It was afterwards construed by the Supreme Court in the case of Bartram *v.* Robinson (122 U. S. 116) in 1875. We had just made a treaty with Hawaii, giving to Hawaii certain preferential rates on sugar and molasses. Denmark held that inasmuch as our treaty with her contained the same clause, she was entitled to the same preferential rates, and the case got to the Supreme Court, and the opinion was rendered. The Supreme Court held that the clause we were then inserting in our treaties did not obligate us to give to Denmark the same preferential rates. This decision of the Supreme Court remained in effect until 1922.

In 1923 the State Department engaged in the execution of treaties with foreign nations containing what is called the "unconditional most-favored nation clause." These treaties have been entered into since 1923 with 13 nations. Five of them contain no provision regarding termination. The other 8 of them require one year's notice, and none of the other 8 can be terminated before 1935, except Turkey, which can be terminated after one year's notice in 1933. Austria and Germany can not be terminated before 1935. Hungary and Estonia can not be terminated before 1936. Honduras can not be terminated before 1938. El Salvador can not be terminated before 1940. The eight so-called "unconditional executive agreements" provide for their termination in from 15 to 30 days after the date they went into force. Three of them, however, contain no provision at all with reference to when they can be terminated. These unconditional executive agreements are therefore not alarming. But the unconditional most-favored nation treaties are alarming.

I call attention to my examination of Hon. Frederick Livesey, economic adviser of the Department of State, during the hearings held January 5 to 7, inclusive, 1932, on the question of adjustment of duties before the Ways and Means Committee, page 67. He came at my request and under instructions from the State Department to explain the effect of these unconditional treaties. He frankly admitted that they were executed for the purpose of overcoming the decision of our Supreme Court in 1875 to which I have above called attention, and he said that in the opinion of the State Department and its legal advisers these unconditional treaties accomplished the result of overcoming that opinion, and on page 69 of the hearings to which I have called attention he inserts the language used in these treaties. I might quote some of it:

> With respect to the amount and collection of duties on imports and exports of every kind, each of the two high-contracting parties binds itself to give to the nationals, vessels, and goods of the other the advantage of every favor, privilege, or immunity which it shall have accorded to the nationals, vessels, and goods of a third state, and regardless of whether such favored state shall have been accorded such treatment gratuitously or in return for reciprocal compensatory treatment.

I have only quoted part of the language. The remaining language simply clarifies the language I have quoted, if it needs any clarifying. He frankly admitted that under the treaties now being executed and the executive trade agreements we had overcome the decision in the Denmark case, and that any trade advantage we gave to any nation we must give to all other nations entering into a similar agreement with us.

These treaties now cover a very considerable number of the nations with whom we do business and they are still executing them as rapidly as possible. Therefore, we are powerless now with reference to the nations with which we have made these treaties to accomplish reciprocal trade agreements with any of them without giving to other competing nations trade advantages. This simply makes reciprocal trade agreements impossible. No nation can be induced to enter into any reciprocal agreements, knowing that competing nations with it for the United States trade will get exactly the same favors.

WHAT WE CAN DO ABOUT IT

Trade papers generally in the United States ought to be advised as to what has happened and is happening in the State Department. A public sentiment must be created against this brazen attempt to nail down the lid on the tariff trap in which we have voluntarily permitted ourselves to be caught.

We can only accomplish now with these nations a reciprocal lowering of tariffs by engaging in international economic conferences, and this is what some of us are trying to bring about. This must be accomplished with the cooperation of the League of Nations. The policies of economic isolation which nations of the world are building up must be broken down or there can be no relief from the present depression in which this country and the world has been plunged.

In the matter of bringing about the present world depression we are the chief culprits. We inaugurated it. They have simply imitated us. We must now start in motion the machinery which may have the effect of correcting the situation in which the world is plunged.

We seem to be committed against entering the League of Nations, but we are cooperating with the League of Nations. Officially and unofficially we have participated in league conferences 117 times up to June, 1929. Since then there have been other official conferences with the League of Nations. Fourteen of these conferences have been official. We appropriated the money out of the Treasury to pay for them. Sometimes the departments have appropriated the money, but all the expenditures for the official and unofficial conferences have come out of the Treasury of the United States. Some of the conferences have been economic conferences.

A bill which I helped prepare and which is now pending in the Senate provides for an economic conference with foreign nations on the subject of reciprocal treaties. I hope if the bill passes, the League of Nations will act in connection with that conference.

We are continually now granting moratoriums to foreign nations, and we are making not the slightest attempt to get any trade advantages in return. When the allied nations grant moratoriums to Germany they are simply extending reparation payments granted them by the League of Nations, which costs them nothing in money. When we grant moratoriums—and we probably will eventually realize that we can not collect these debts—we permit the nations which owe us to discharge obligations for money which we loaned to them and which we borrowed from our own nationals and which we yet owe our own nationals and which we must pay back. If we are to continue these favors, we ought to get something in return, and so far there has not been the slightest attempt to get any trade advantages for the favors which we have been granting and will continue to grant in the future.

A sentiment must be aroused in the country in favor of the only steps which can now be taken toward reducing world tariffs and against the future extension by the State Department of unconditional trade treaties and Executive agreements.

ECONOMIC QUESTIONS

Mr. CHRISTGAU. Mr. Speaker, we are at the close of one of the most important and most difficult sessions of Congress in the history of this country. We are now about to begin a national presidential campaign. On all sides we are confronted with confusion, dissatisfaction, and discontent. We should be thinking clearly and acting courageously as we proceed to carry out our responsibility of citizenship. During the last seven months the eyes of the Nation have been turned toward Washington. A biting lash of public criticism has been striking at our Government from every side and from every section. Many are wondering what the future has in store. Millions of people will march to the polls next November not to settle one issue, not in behalf of any one candidate, but rather to give an expression of public attitude on numerous questions and to elect a number of public servants charged to carry the Nation out of the throes of depression and to correct many of the evils of present conditions.

The two outstanding problems which are of greatest concern to the people of my State, Minnesota, are the restoration of agriculture's purchasing power and an improvement of our financial system in a manner that will result in greater stability of prices and the prevention of future drastic and needless economic depressions. The citizens of the entire Nation have a common interest in the solution of the many intricate and complex problems facing the food producers of my State. We can not hope for an improvement in the great Middle West until our most important industry is restored to a healthy economic condition. Our Nation is now paying for past sins committed against agriculture. During the last 10 or 12 years the farmers have been struggling for economic equality. The embattled farmers of the country have lost one political fight after another. At times they have been misled and betrayed by those in whom they vested their confidence and in whose promises they placed their hopes. We can not blame them for being critical, suspicious, and discontented, but they are still fighting, fighting for economic equality and fighting against the depression foe, which is now attacking people in nearly every walk of life, people whom it never would have reached had it not been for the weakened condition of agriculture. The farmers are in the front-line trenches in the fight for higher standards of living. Food is necessary to everyone. Its production and proper distribution should now be our first concern. I hope that the citizens of Minnesota will not be fooled in the coming campaign by the old political war horses who permitted the Nation to drift into its present condition. Those same political leaders are now trying to cover up their misdeeds by attempting to distract the attention of the voters to trivial matters.

The main issues are bread for the hungry, work for the idle, and purchasing power for the poor and needy. All that the great mass of the people want and ask for is a square deal and an opportunity to earn an honest living. The farmers are asking for an honest dollar. They are demanding honest politics. They are expecting their suggestions and requests to be given honest consideration. Farmers, as a class, are not political minded. They have been the victims of political manipulation and political skullduggery for a number of years. The price disparity with which they must now contend is the most severe it has been in 70 years. The wheat producers, for example, fell short of earning a return on labor and investment by 10 cents per bushel in 1929, 28 cents in 1930, and 33 cents in 1931. In other words, the wheat farmers last year produced their wheat at a loss of 33 cents per bushel. On account of extremely low prices for their commodities, it took 56,000,000 acres of crops last year to pay the interest on $9,500,000,000 of mortgage indebtedness hanging over agriculture. That is four times as much as in pre-war days. Agriculture, as a whole, earned no net income in 1930 and suffered even greater losses in 1931. I cite these figures from a recent report of the Bureau of Agricultural Economics of the United States Department of Agriculture to point out that agriculture has a just claim.

Since becoming a Member of Congress from the first district of Minnesota I have attempted by my votes and actions to express the farm viewpoint. I have approached the problems of agriculture from an economic rather than from a partisan political viewpoint. Wherever there was a conflict between the welfare of agriculture and the program of the political leaders, I was found on the side of agriculture.

My critics are accusing me of not being regular. I have never made any claim for regularity in party affiliations, but I do claim regularity in my loyalty and devotion to the welfare of the people of the rural communities of the land. I deplore intense partisanship. I have never been able to reconcile myself to a situation where some people contend that everything one party does is right and everything the other party does is wrong. In that connection it should be recalled that George Washington in his Farewell Address to the American people denounced partisanship in no uncertain terms. He said:

The alternate domination of one faction over another, sharpened by the spirit of revenge natural to party dissension, which in different ages and countries has perpetrated the most horrid enormities, is itself a frightful despotism. But this leads at length to a more formal and permanent despotism. The disorders and miseries which result gradually incline the minds of men to seek security and repose in the absolute power of an individual, and sooner or later the chief of some prevailing faction, more able or more fortunate than his competitors, turns this disposition to the purposes of his own elevation on the ruins of public liberty.

Without looking forward to an extremity of this kind—which nevertheless ought not to be entirely out of sight—the common and continual mischiefs of the spirit of party are sufficient to make it the interest and duty of a wise people to discourage and restrain it.

It serves always to distract the public councils and enfeeble the public administration. It agitates the community with ill-founded jealousies and false alarms; kindles the animosity of one part against another * * *.

Since I have been in public life I have followed George Washington's philosophy with regard to partisanship. I realize that ours has become something of a party government. I believe that voters should join parties and make every effort to keep party operations and activities on a high plane. I see no reason, however, why a man or a woman should not change his or her political affiliations at times when the leadership of the party to which the person belongs is responsible for a party program or party activities which are contrary to the principles and views that he or she holds or stands for. Altogether too many political sins have been committed in the name of party loyalty and party regularity. Blind party regularity results in the surrender of independent judgment and loss of self-respect and honest conviction.

A most unusual paragraph appeared in the 1932 Republican Party platform. It is found in a plank on the prohibition question. It states—

Members of the Republican Party hold different opinions with respect to it and no public official or member of the party should be pledged or forced to choose between his party affiliations and his honest convictions upon this question.

Frankly, I do not understand how that ever crept into a modern political platform. It is my answer to those who criticize me for my actions on agricultural questions when party leaders disagreed. If the principle laid down in that paragraph is a good one on prohibition, then it certainly is equally good on the agricultural question, which by comparison is at least of equal importance, if not more vital to the very existence of this Nation.

There are 12 farmers in Congress. One-third of those are having patronage difficulties because they stuck to their convictions on agricultural matters. The Post Office Department, which is "the political arm" of the administration, has adopted a policy of embarrassing those who disagree with the administration on agricultural matters by denying them the patronage courtesy, which generally is extended to members of the party of the administration in power. No wonder agriculture suffers.

The 1932 Republican Party platform has a plank on the civil service. It states—

The merit system has been amply justified since the organization of the civil service by the Republican Party. As a part of our governmental system it is now unassailable. It should remain so.

Here is another example of party hypocrisy. Three examinations for postmasters were held recently in my district. In each instance I recommended the individual standing highest on the civil service list, which is in accord with the merit system of civil service to which the party repeatedly has pledged itself. The Post Office Department, however, saw fit to ignore the merit system and sent nominations to the Senate of individuals farther down on the eligible list certified by the Civil Service Commission. In two instances, ex-service men are being displaced for apparently no other reason than "clique" partisan politics. That practice strikes at the very fundamentals of our Government.

George Washington warned the Nation in his Farewell Address against the domination of one branch of the Government over the other, an effort which is being made by the present Post Office Department. On account of the evils that exist in that practice, I have made an effort to have it eliminated and have introduced a bill, placing all postmasters under the classified civil service. In one of his messages to Congress, the late ex-President Taft stated that it would save millions of dollars to the taxpayers of the country and would place the Post Office Department on a more efficient basis. If my bill should become a law, it would definitely eliminate political postmasters from the Federal payroll. It would give us a more honest Government. It would prevent the building up of partisan political machines at the expense of the taxpayers. If we are going to permit the Post Office Department to influence and dictate legislation with "the patronage club," we might just as well abolish Congress. If representative government is to survive and function the way our forefathers intended it to, then the Representatives in Congress should be the representatives of the people who elected them rather than mere pawns under the influence of a political bureaucrat whose chief interest is to perpetrate his own tenure of office or to serve special interests and party leaders.

During this last session, organized agriculture made a determined drive to secure an honest dollar. The farm leaders were united in their support in behalf of the Goldsborough bill, which had for its purpose the stabilization of commodity price levels at approximately the 1926 level. The measure met defeat because of the determined drive of financiers who make enormous profits by both inflation and deflation. As a result of the decline in farm prices this last year, the farmers' tax burden has more than doubled since 1929. It now requires four and one-half times as many units of farm products to pay farm-property taxes as it did in 1914. Before the war, taxes amounted to 4 per cent of the gross agricultural income. In 1931, it was 11 per cent. The debt burden in agriculture, likewise, is increased tremendously by the fall in prices.

The head of the National Grange, Mr. L. J. Taber, recently pointed out that if a farmer contracted a debt as recently as 1930, it now takes 77 per cent more farm products to pay the principal of the debt contracted at that time. The Goldsborough bill had the backing of some of the Nation's leading economists. Dr. Irving Fisher was in almost constant attendance while the Subcommittee of the Committee on Banking and Currency held hearings on the measure. Doctor Fisher for years has been recognized as one of the leading authorities on financial questions. There is no question before the country at the present time which is of greater importance to agriculture than a revision of our financial system so as to give agriculture honest money with which to pay debts honestly contracted and with which to pay the taxes which have been imposed upon the farmers.

The farmers of my State are also interested in a revision of our tax system, which is antiquated and places an unjust burden upon the farmers. Mr. John C. Watson, director of the department of taxation of the Illinois Agricultural Association recently made a survey of the Minnesota tax system. He found that Minnesota property produces one-third, or less, of the total income of the entire population of the State, but pays all of the direct general taxes. Tangible property produces about one-fourth, or less, of the total net income of the entire population, but pays more than 98 per cent of all direct taxes. Intangible property produces at least 9 per cent of the total net income of the entire

population, but pays less than 2 per cent of all direct taxes. Personal industry produces at least two-thirds of the total net income of the entire population, but pays no direct taxes.

As a member of the Minnesota State Senate during the 1927 session I introduced a bill calling for a State income-tax amendment to the State constitution. I led the fight for its adoption in the 1927 and 1929 sessions of the legislature. The measure was defeated in both sessions by the strenuous opposition of those who are not now bearing their just share of the State's taxes. The last session of the Minnesota Legislature submitted a State income-tax amendment to the constitution, which will be ratified or rejected by the voters of Minnesota at the fall election. Every property owner who is interested in securing a State tax system that is fair and equitable and based upon the principle of ability to pay should give that amendment his enthusiastic and vigorous support. The argument that it is a wide-open amendment and does not provide for a replacement tax may fool some people. Over 20 States have income tax laws, and not one of them has a provision in the constitution making it a replacement tax. No attorney has yet devised such a revision. The degree of replacement must and should rest with the legislature. In a representative form of government the taxing power must be delegated to some public body representative of all of the people. If it is sound to place a constitutional limitation on State income taxes, then it is equally sound to do the same on property or other taxes. The determination with which the farmers have approached the problem of reducing public expenditures should be rewarded by giving them an equitable tax system so as to place the burden of necessary governmental expenditures upon people of the State according to ability to pay. A dishonest dollar, unjust taxes, and unequal tariffs have ruined thousands of farmers. That condition must be corrected.

NEW LEGISLATION AFFECTING IMMIGRATION AND NATURALIZATION

Mr. JOHNSON of Washington. Mr. Speaker, in the first session of the Seventy-second Congress 121 bills and resolutions were introduced in the House of Representatives pertaining to immigration.

Out of the 80 bills given consideration by the House Committee on Immigration and Naturalization, 17 were reported to the House and 11 were passed. There are still four bills awaiting House consideration in the December session, namely: (1) The so-called 90 per cent restriction bill, (2) application of the contract-labor provisions of existing law to singers and choristers, (3) permitting the review of the action of consular officers in refusing immigration visas, and (4) legalizing the illegal entry of aliens into the United States prior to July 1, 1924.

EIGHT ENACTMENTS

In this session seven House and one Senate bills were placed on the statute books. They may be summarized as follows:

H. R. 6477 (Public Law 149). This bill as originally introduced permitted the naturalization of alien veterans of the World War, if residing in the United States within two years after the enactment of this act, under the same terms, conditions, and so forth as were accorded such veterans during the World War, with certain slight exceptions.

After consideration by the House committee, certain modifications were made and the bill reported to the House and passed. When the bill reached the Senate Committee on Immigration it was amended to the extent of accepting the House provisions with several new sections added.

The more important new sections added relate to:

First. Exempting from the last proviso of the seventh subdivision of section 4 of the act of June 29, 1906, as amended, a small number of bona fide alien seamen lawfully admitted to the United States, whose services were on American-owned vessels.

Second. Declares void those petitions filled by aliens with the American Expeditionary Forces during the World War, which have not heretofore been acted upon.

Third. Makes void the exemption provisions of the naturalization laws to those aliens now enlisting in the National Guard, naval or State militias.

Fourth. Permits issuance of new certificates of citizenship to naturalized citizens whose names have been changed since naturalized by order of a court or by marriage.

Fifth. Certificate of arrival no longer required in the case of citizens who are applicants for certificates of citizenship who have derived citizenship through other petitioners or by marriage.

Sixth. Certificate of arrival will no longer be required in any naturalization proceedings if the applicant entered the United States on or before June 29, 1906.

Seventh. Makes possible the return to the United States, after one year after deportation, upon permission of the Secretary of Labor, certain aliens who have been deported and who under the act of March 4, 1929, were forever debarred and excluded.

CHECK ON SERVANTS OF DIPLOMATS

H. R. 7793 (Public Law 234). In the past seven years it is estimated that foreign ambassadors and members of the diplomatic corps have brought a total of approximately 14,000 persons into the United States as servants and employees.

While their initial entry was legal, a great many of this class have remained here after the termination of their status as diplomatic servants or employees, which is illegal. To secure the departure of this class of aliens, H. R. 7793 was introduced, which enables the Secretary of Labor by regulations to provide for their repatriation.

BONDS FOR ALIEN STUDENTS

This act also authorizes the Commissioner General to require the filing of a bond by student aliens attending American colleges and schools to insure their departure to their native country without deportation proceedings when their course of studies has been completed.

CHECK ON ARRIVAL OF MUSICIANS

H. R. 8235 (Public Law 61). This act makes the provisions of the contract labor law applicable to foreign instrumental musicians other than those of exceptional merit and reputation.

TREATY ALIEN AMENDMENT MADE NECESSARY BY SUPREME COURT DECISION

H. R. 8766 (Public Law 266). This law pertains to so-called "treaty aliens." Prior to the immigration act of 1924 those countries with which we had treaties of commerce and navigation were allowed to send to the United States aliens in a nonimmigrant status to transact international trade. Such alien was permitted to bring his family and unmarried children under 21 years of age, though such children do not include those by adoption unless such adoption took place prior to January 1, 1924. This act also limited the right of admission as "treaty aliens" to those countries with whom a treaty existed. This new law extends the same privileges as then existed to countries with whom we have since 1924 negotiated treaties of commerce and navigation.

FUNDS FOR FINDING ALIEN CROOKS

H. R. 9598 (Public Law 115). Under the immigration act of 1917 for the enforcement of the provisions of the contract labor law, the Department of Labor could use but $100,000 annually. Due to the increase in the practice of smuggling aliens into the United States and violations of the contract-labor provisions, additional inspectors and investigators were needed and to meet this situation, the appropriation for the rigid enforcement of this particular phase of the immigration laws was increased to $200,000 annually. This new act does not increase in any way the general appropriations for the department, nor does it authorize an increase.

HUSBANDS OF AMERICAN-CITIZEN WIVES

H. R. 10600 (Public Law 277). This bill pertains to the giving of a nonquota immigration status to husbands of American citizens.

During its legislative journey through the House and Senate, amendments were offered which provided a nonquota status to husbands of American citizens if the marriage occurred prior to July 1, 1932, and thereafter both husband and wife of American citizens were to have only preference. However, after a Senate and House conference, a compromise was agreed to whereby wives of American citizens would continue to be admitted as nonquota (the same as under the immigration act of 1924), and grant husbands of American citizens a nonquota status if marriage took place prior to July 1, 1932, and first preference after that date. The conference proposal was agreed to and became a law in that form. In other words, the wives of American citizens are still nonquota, and the husbands of American citizens, where the marriage occurred after July 1, 1932, are preference within the quota.

MINOR PROVISION FOR CERTAIN NATIVE HAWAIIAN WOMEN

H. R. 10829 (Public Law 248). This concerns the citizenship of certain Hawaiian women. The provisions of this act apply to a very limited number of women (about 15) who were native-born Hawaiians, born before the annexation of the islands, and who since the passage of the Cable Act of 1922 have no status for naturalization, to which they were entitled at the time of annexation. In other words, a woman born in Hawaii prior to June 14, 1900, shall, if residing in the United States on the date of enactment of this act, be considered to have been a citizen of the United States at birth.

CORRECTS VIRGIN ISLANDS SITUATION

S. 4425 (Public Law 198). This act confers American citizenship on all natives of the Virgin Islands now residing in continental United States, Virgin Islands, or any other insular possession or Territory, provided they are not subjects or citizens of any foreign country, regardless of where such persons were residing on January 17, 1917.

This act also gives a nonquota status for a period of two years to a native of the Virgin Islands of the United States now residing in any foreign country for the purpose of admission to the United States; but such native shall be subject to the other provisions of the immigration act of 1924, with certain exceptions under the act of 1917 relating to head tax and the otherwise admissible clause.

All of these amendments are important. While the above résumé might seem to many as minor, it will be noted that most of the legislation enacted during this session was technical and is designed to equalize certain situations, while at the same time a note of further restriction runs through the whole program.

This was most gratifying to me for, while not now chairman—having enjoyed that high position for about 12 years—I am still greatly interested in perfecting the immigration and naturalization laws and am also interested in and hopeful for further permanent restriction.

It is not likely that the United States will ever again become an immigrant-receiving nation. Our own population turns out nearly 2,000,000 boys and girls of age each year, more than 80 per cent of whom need and must have salary-paying positions. The use of machinery will increase, and the movement from the city to the farm will set in. It will take years to pick up the present great unemployment, and no time should be lost in making certain that we do not endanger our own citizens in pursuing a livelihood by making way for peoples from any country on the globe. No substantial reason exists to warrant the United States in leaving its doors open for admissions from Canada, Mexico, Cuba, the West Indies, or any other country in the New World.

The so-called 90 per cent restriction bill should have been enacted into law this season. It will be pressed hard this winter.

A bill to define alien communists and to provide for the deportation of such passed the House but failed of passage in the Senate. This bill should be pressed.

I am in hopes that during the summer as the people of this Nation struggle to rehabilitate business of every kind, to reestablish employment, and to hang to the American standard of living they will give thought to the necessity for further restriction of immigration and that they will influence their Senators and Members of the House.

In the meantime plans are under way for a complete revision of the naturalization laws. These laws should be so complete that any alien person who is striving to secure American citizenship should not be granted same without being compelled and subscribed by oath to a willingness to bear arms or to perform in any capacity suitable to his or her sex and physical ability not only in the defense of this Government but in maintaining its dignity and its sovereignty.

GEORGE WASHINGTON, THE BUILDER

Mr. BLOOM. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address delivered by me at a meeting of the National Rivers and Harbors Congress, Willard Hotel, Washington, D. C., December 8, 1931:

You have honored me with an invitation to tell you of the celebration that we of the United States George Washington Bicentennial Commission have prepared for America's commemoration in 1932 of the two hundredth anniversary of the birth of George Washington.

I am not going to respond by telling you how we are going to celebrate, but first of all why we celebrate. And I am going to begin with the reasons why the great occasion next year is of special interest and importance to you members of the National Rivers and Harbors Congress.

For George Washington belonged to your organization a hundred and fifty years before it was formed, and when it consisted of one member. That member was George Washington himself.

What I mean by that is that George Washington was the first man in America to see the immense importance of transportation. And he set up a drive for improved communication that he kept up with all his energy until he died.

George Washington saw the importance of transportation in two lights—the commercial aspect, and the political. He knew that if the scattered elements of this country were to grow commercially they needed transportation facilities for the exchange of their goods He knew that if they were to form a political union they needed transportation facilities to bind their interests together.

No man saw this as clearly as George Washington saw it. No other man had traveled over the country so extensively as he had. No man of the time so thoroughly knew and understood the American people and their needs. No man so fully realized that without proper means of transportation the country would fall apart. And no other man had the everlasting energy to get behind such a movement and put it through.

George Washington had seen all this from his early youth. As soon as he was able to realize anything, he realized the importance of transportation, and the longer he lived the more vigorously he strove for its extension and improvement.

He was not only a strong advocate, he was an organizer. He not only wrote about developing transportation in order to interest other people, but helped to form companies to carry out his ideas. It became one of the great interests and efforts of his life.

I am safe in saying that after the winning of the Revolution, and after the founding of the United States Government, the creation of better roads and waterways was the third major interest in the life of George Washington.

In the reverence we all feel toward George Washington we are naturally inclined to render him the fullest possible credit for all his endless labors in the building of our Nation; but there is no disputing the fact that water and land transportation, as we know it to-day and are destined to know it in the future, owes everything that it is and will be to the vision and the labors of George Washington. That great credit does belong to him. And let us render it to him in full.

That is the thought I want to develop this evening. And when I speak of George Washington's hand in the development of American transportation, I mean the three forms of it which you include in the 3-circled emblem of your organization—river, road, and rail. All three of them, singly and together, derive straight from the thought and the effort of George Washington—as I think you will agree when I have sketched in the picture.

By the time George Washington was 19 years of age he was occupied with big problems. He was concerned with big business of the day. He was surveying for one of the biggest landowners of the times, and he was in the confidence of a brother who was interested in the Ohio Co., an organization formed to develop the great West.

At the age of 21 George Washington saw this great, new, open country for himself, and had good reason for seeing it. His gov-

ernor had sent him on an important errand—to demand that the French troops withdraw from the Ohio territory.

When he was 22 Virginia and the Ohio Co. were through with merely telling the French to get out. They sent out armed forces to drive the French out of what was then the great West, and George Washington was at the head of the troops.

The next year the British sent Braddock to oust the French. In the end the French got out. But the important thing is that George Washington saw two big things that stuck in his mind for the rest of his life.

He saw the enormous riches of western America, as it was then, and he saw the enormous importance of tapping those riches by means of roads or other means of transportation. And he never forgot what he then had learned.

He had seen Braddock defeated mainly by having to lag and delay while he built a road for his army.

So the lesson of roads, roads, roads, was branded on George Washington's brain while he was still a young man.

From that time on he became the greatest traveler of his time. And wherever he went the lesson of roads was always present. His diaries are full of his complaints at the terrible condition of the roads.

When he married and settled at Mount Vernon and became a farmer the question of transportation was more than ever brought to his mind, because he had goods of his own to transport. He used the river that flowed past his farms, and here the importance of waterway transportation took a firm grip on his mind.

As early as 1754 he had seen the advantages of water transportation. Now that he was settled at Mount Vernon he had time to think and do something about it.

Before the Revolution broke out he was busy with a project to improve the navigation of the Potomac, with an astounding idea for that time—the linking of the Potomac with the Ohio River by means of a portage by land across the mountains of Pennsylvania.

The Revolutionary War put a stop to this for a time. But the war itself only impressed deeper on George Washington's mind the conviction that the country must be united if it was to last and that the great need for this end was better communication.

In 1783, while the Revolution was still on, he paid his historic visit to northern New York. His outward purpose was to inspect the Army posts as commander in chief. In reality he wanted to inspect the proposed route of the Erie Canal, that possible rival of the waterway he long before had planned from the Potomac to the Ohio.

Soon after the Revolution he set out from Mount Vernon to find the best possible route to tap the rich Ohio Valley.

In a word, he became a rivers and harbors congress all by himself.

Throughout his busy life he remained just that. And, as I have already said, he not merely advocated better means of transportation, he everlastingly worked to that end, being the intensely practical man that he was. And it goes without saying that the country has never seen a greater man at the business. With his complete disinterestedness and his high reputation he probably accomplished more in this way to wake up the country than by the company he formed or the daring engineering works he started in building canals and deepening rivers.

In 1784, when he got back from this newest trip to the West, he wrote first of all to Governor Benjamin Harrison, of Virginia, urging immediate appointment of commissioners to get busy and survey every mile of the Potomac and the James, from tide water to their sources, together with every stream tributary to the Ohio, with the ultimate aim of adding the Great Lakes to his scheme of transportation, and Detroit as a great port and outpost of trade.

For the time, this was a gigantic scheme of public improvement, but its vastness only encouraged Washington to labor the harder for it. He appeared before committees of the Virginia and Maryland Legislatures. He used his great influence and wrote voluminous letters to other influential men. He even looked into Rumsey's contraption that preceded the steamboat.

And he got things going. The Potomac Co. came into being, largely because of his efforts, and he invested $10,000 in its stock and served as its president.

This project was the construction of the locks and the stretch of canal at Great Falls, on the Potomac, to link his water route from the sea to the Lakes, over the ridges of Pennsylvania. The wonderful ruins of this construction still remain to us.

So, if the story of George Washington's work for transportation is a story of struggle, it is also a story of magnificent accomplishment. It was a struggle against indifference, against opposition, against financial handicaps, against the obstacles of nature itself.

But there is not the shadow of a doubt that the transportation system of America to-day—by river, by road, and even by rail—has grown from the vision, the planning, and the driving energy of George Washington.

He never lived to see more than the beginnings of what he had achieved. But two years after his death, the Potomac Co. paid a 5½ per cent dividend. In not many years longer the Chesapeake & Ohio Canal followed the line he laid down. And most astounding of all, in 1834 the Juniata Canal in Pennsylvania was linked with the West by a portage haul over the mountains at the very point that Washington had picked.

It is all eloquent testimony to the fact that in the power to see and plan on the grand continental scale, George Washington was potentially one of the greatest of engineers, even though he was too busy at other great things to be an engineer in actual practice.

It is true that Stephenson's locomotive and the railroad came after Washington's death. But another eloquent fact remains—that the first practical railroad, the Baltimore & Ohio, ran its line beside the water route to the West laid down not long before by George Washington. He it was who had pointed the way.

And not much later the Pennsylvania Railroad crossed the Alleghenies beside the same portage route that Washington was the first to indicate.

All this George Washington achieved without thought of personal gain, except as he was entitled to benefit as an investor in the enterprise he had founded. Yet, had he been grasping and selfish, he might have made himself enormously rich. As a result of his development of transportation, George Washington's coal lands in Pennsylvania later brought $20,000,000.

He did it all for his country. Behind all of George Washington's mighty efforts to give the country its needed transportation, was the political vision of the great statesman.

All through his life, Washington had seen the need of union, if the country was to survive. We know the part he played in bringing about that political union. We know his constant fear of its breaking apart. All through his two administrations as President, George Washington was troubled with the specter of disunion. The great farewell address is tinged with this foreboding.

This was the other reason, the political reason, why he toiled so hard to see the East and West, the North and South bonded together in ties that began in commercial exchange and ended in political solidarity.

We know, now, how well he succeeded. We are assembled here in the city that he himself founded, and that he placed on this particular spot as a part of his dream of transportation.

He wanted the very capital of government to stand at the head of tidewater and at the beginning of his vast vision of a water route to the West, so that it might grow from the growth of the whole country.

So there is abundant reason why this meeting of the rivers and harbors congress should turn its mind to thoughts of George Washington, the first and the greatest advocate and promoter of America's transportation.

It is why the members of this organization and why every American concerned for the growth and welfare of his country should have a personal interest and an active part in the honors we are to pay to this man to whose greatness we owe whatever is great in ourselves and our country.

I have told you some of the reasons why you and all America should honor the memory of George Washington. Let me tell you now something of how we expect the Nation to do so, as planned by the United States George Washington Bicentennial Commission.

Seven years ago, in 1924, Congress took a long look ahead and saw the importance in our national history of the two hundredth anniversary of the birth of George Washington in 1932. It saw the necessity of planning for a fit commemoration of such an event, and accordingly passed a joint resolution creating the United States George Washington Bicentennial Commission.

It was understood from the beginning that the American people would need no urging in the matter of celebrating the two hundredth birthday of the greatest American. The purpose of the United States George Washington Bicentennial Commission was but to guide and harmonize this national impulse.

As associate director of this commission I can safely say that we have fulfilled this purpose. With the opening of the year of celebration now less than three months away, it begins to be clear that next year the American peole will rise in the greatest tribute ever accorded any man in all history. I believe I can say, further, that these honors will be of the kind that George Washington himself would approve.

From the beginning we planned no world's fair, no great exposition, no show of our material progress. We had in mind no one central celebration or group of such celebrations to which the people would be invited to come.

We planned instead to carry the celebration to the people themselves. Better than that, we planned to let the people themselves do all the celebrating. And that is what they are going to do in every State, city, and town in the Nation, in every country abroad, all over America, and all over the world.

Furthermore, this celebration which the people are to undertake is to be held where George Washington would wish to hold it—in their schools and churches, in their homes, in the hearts of a grateful people. From beginning to end it is to be an outpouring of the spirit and not a material show.

Our people have been left to shape in whatever form and manner they please this tribute they are ready to pay to the Father of our Country. We of the commission have striven only to aid, to suggest, to inform the people, and to offer them plans and programs.

This we have done, and faithfully done. Our first duty to the people was to bring before them George Washington and his history in true human form. To carry out the desire of Congress "that future generations of Americans may live according to the example and precepts of his exalted life and character and thus perpetuate the American Republic."

In order to perform this most important service the United States George Washington Bicentennial Commission engaged the service of eminent historians, who have searched the whole record of Washington's life from the cradle to the grave. Their findings

have been put into brief and readable form and offered to the people of America in pamphlets, programs, and newspaper releases.

In November, the month just closed, more than 20,000 of these sharp and accurate pen pictures of the real George Washington were published by the newspapers of America.

It has been called "an entire nation sitting in on the greatest history lesson ever taught."

But this widespread publication and reading of George Washington's story means far more than that. It is living proof of the tremendous hold that George Washington still has, and will ever have, on the hearts and minds of the American people.

It means that the people of this country are never tired of hearing of George Washington. It means that they want to draw close to him and understand him. It means that they are glad to discover at last that George Washington was not a cold and aloof man, but a human being like themselves. Our people want to love George Washington, and this is what we have enabled them to do with these intimate, touching glimpses into his warm heart, his busy mind, and his kindly character.

Our whole people are going to turn back to George Washington in 1932 in a new understanding, in a new dedication to the principles he laid down, in a new patriotism patterned after his, in a new willingness to think of country before the serving of self.

It is in such a spirit that we are going to stage the greatest celebration ever held in the history of civilization. During the year and a half that the United States George Washington Bicentennial Commission has been actively at work in organizing this demonstration I have sat in awe as I watched this spirit grow among our people until it has become a great national movement. Next year, I predict, the people of America will rally behind George Washington's memory as our forefathers rallied about him in the flesh. I predict that George Washington's spirit will rise and summon this country out of its trials into new triumphs of achievement, precisely as he did when he carried the Revolution to victory, directed the writing of our Constitution, and launched the new Government on its way to greatness. That is something of the national impulse that is destined to express itself when we open this celebration next year.

Just as we planned to hold no one central celebration, in the city of Washington or anywhere else, so we are planning not to confine the celebration to any one day. It will begin on Washington's Birthday, and it will end only on Thanksgiving Day in 1932. And every intervening local and national holiday will everywhere be marked by ceremonies linking that day with the memory of George Washington. What he did for our country has its part in them all—Patriot's Day, Constitution Day, and every other day of local or national significance.

Congress laid upon the United States George Washington Bicentennial Commission the duty of engaging the cooperation of the States in this undertaking. This we have done, so that every State now has a cooperating bicentennial commission to transmit to its people the thrill of energy and purpose flowing from the United States commission as the central clearing house and powerhouse of all.

I can not begin to tell you of all the suggestions and helpful plans that have flowed out in every direction from the United States Bicentennial Commission. It is hard to give you even a comprehensive outline.

But we began with the youngest generation—the children in the kindergarten and the grade schools. We prepared for them new accounts of George Washington to stir their interest, warm their hearts, and quicken their patriotism. We have sent to each classroom of America a large-size portrait of George Washington. We have carried the same effort up through the colleges, with complete courses of study in the life and achievements of George Washington.

We have arranged contests in oratory, declamations, and essays on the subject of George Washington's life. We have had designed for us a special medal by a noted artist to be struck off at the United States Mint as an award to the best pupils and students in these contests.

In order to give the people an opportunity to participate actively in the coming celebration, we have had specialists prepare a large and varied number of plays and pageants picturing Washington's time—all for free distribution to any responsible group. Nothing, we thought, would give our people such pleasure, or serve to bring back more vividly the very scenes and incidents of his life. These have been eagerly sought, from every locality, so that in 1932 the country will be alive with pageantry, brightened by the colors of colonial uniform and costume, and enlivened by the very music George Washington loved to hear.

Our post office will issue 12 commemorative postage stamps of the occasion. Our Treasury Department will issue a special George Washington quarter dollar to supplant the regular coin in 1932.

These are but a few features. The year 1932 will belong to George Washington. The country will belong to him. Our hearts will belong to him. For 9 months 123,000,000 people will pour out their praise and gratitude to God for His gift to us and to the world of George Washington, one of the greatest and noblest characters that our Divine Ruler ever created.

PROHIBITION—THE RIGHT OF THE PEOPLE TO REPEAL, RETAIN, OR MODIFY THE EIGHTEENTH AMENDMENT

Mr. UNDERWOOD. Mr. Speaker, ladies and gentlemen of the House, prohibitionists assure us that the Nation is dry. Antiprohibitionists declare that it is wet. If either side believes in its position, why should it fear resubmission of the question of repeal or retention to the American people? To deny the people that privilege is despotism, hypocrisy, fear, and tyranny justly and rightfully resented by every patriotic citizen, wet or dry.

It is the privilege and duty of a legislator to freely discuss legislative questions. The people have a right to know where their Representative stands on questions that vitally affect the welfare and happiness of all our people. I can truthfully say that during my service as a Representative I have tried to adhere to this principle and to consider and cast my vote on every measure on the basis of its merits. A congressional honor and mantle becomes one of dishonor and shame when purchased at the price of the sacrifice and surrender of independent political thought and manly self-respect. I have never dodged or evaded a vote during my service in Congress. I have tried to square my vote with my conscience and my best judgment. I have earnestly tried to perform my duty to the people whom I represent.

A Member of Congress is a servant and a representative of the people. He is not their master. The Government, in the final analysis, is the people. They have the inalienable right to settle any major controversial question. The personal belief or conviction of a Representative in Congress regarding the prohibition issue, should not cause him to deny this fundamental right to his constituents who honor him with election. I have always believed it to be my duty as a Representative in Congress to vote to submit any major controversial question, whether it be prohibition or otherwise, if there is a strong, matured, widespread sentiment, and demand from the people. Never before has it been considered an evil to permit American citizens to vote upon any important public question. To refuse to permit the people to amend, alter, or to repeal an amendment to the National Constitution, upon my part, would be equivalent to arrogating or taking to myself a privilege and an inalienable right that belong to the American people; a right that is guaranteed to them by the Constitution of the United States. To deny the people that right and privilege upon any question of national importance is dangerous, unwise, and un-American.

The power to alter, change, amend, or repeal, belongs to, and remains with, the States or the people by the terms of the Constitution. This controversial and troublesome question must, in the final analysis, be decided by the States and their citizens. The only legal way of doing it is by direct submission to the States or the people of the question of the repeal or retention of the eighteenth amendment, or by the adoption of a suitable substitute for it.

No fair, sane, or reasonable person who believed at the time of the adoption of the eighteenth amendment that the people of the States had a right to express themselves upon that issue can deny with sound logic that same right to the States or people now. If the people were entitled to express themselves upon the adoption of the eighteenth amendment then, as argued with great force by its friends who favored its adoption as a part of the Constitution, there is certainly no good or valid reason why they are not entitled to express themselves upon a proposed change of the eighteenth amendment, or even its repeal now.

It was stated with good logic and reasoning at the time of the submission of the eighteenth amendment to the States for adoption that "Congressmen should be servants and not masters of the people they were elected to serve." I believe this is good reasoning now. It was stated at that time that the issue was democracy—the people's right to rule. I believe this principle is as sound to-day as it was then. At the time of the adoption of the eighteenth amendment it was argued with great force Congress could trust this amendment to the people. Again I ask the question, Can not Congress now trust the same people? Those who oppose the resubmission of the eighteenth amendment to the people of this country at this time occupy a position similar to that taken by those who originally opposed submission of the eighteenth amendment at the time it was adopted as a part of the Constitution. There was a wide-

spread demand then for its submission; there is an equally widespread demand now for its resubmission to the people. Under our Government the voice of the people should be heard, and that right is guaranteed to them by the Constitution of the United States. Any other course is undemocratic and contrary to our system of government.

I have always believed in and practiced temperance. I am opposed to the return of the saloon.

On March 14, 1932, I voted in the House of Representatives to consider the Beck-Linthicum resolution to resubmit the prohibition question to the people, where it rightfully belongs. This was before either the Republican or Democratic National Conventions adopted their prohibition planks.

This resolution provided for the submission of the prohibition question to the will of the people. I believed then, as I believe now, that the people have a fundamental right to express their views on repeal, retention, or modification of the eighteenth amendment.

This question can never be settled until it is settled right. It can never be rightfully settled until it is submitted to the States or the people. No half-way measure will ever settle this question satisfactorily. Any other course would be only a foolish and futile gesture intended to deceive and mislead the American people. It could result only in further beclouding and confusing a troublesome national issue now confronting the people for solution. It would be unsatisfactory to both the friends and opponents of prohibition; would settle nothing, and satisfy no one.

Again, I repeat, the power to alter, change, amend, or repeal remains with the States by the terms of the Constitution. This controversial and troublesome question must be decided by the States and that is the only legal way of changing the Constitution or of doing it. I favored resubmitting the issue to the people where it rightfully belongs; and if reelected to Congress, I shall vote for submission of this question to the American people. In doing so, I am acting as a representative and not as a master of the good people of the eleventh congressional district who have several times honored me with election as their Representative in Congress.

"A TRIBUTE TO THE AMERICAN PUBLIC"

Mr. SUTPHIN. Mr. Speaker, the closing hours of a Congress are usually devoted to flowery exchanges of congratulations on all sides. The President, the Vice President, the Cabinet officers, the officers of the Senate and House are in turn congratulated for their devotion to duty and the admirable manner in which they have conducted themselves throughout the session. In many cases these laudatory dissertations are fully justified, but in these closing hours of the 1932 session let us not forget to say a brief word of congratulation for those who have done as much if not more for the country than any of our governmental dignitaries or officials—the American public itself.

THE PUBLIC'S MORALE

While it is true that some of the Government officials and many of the Members of Congress have demonstrated a most splendid and praiseworthy attitude toward the many pressing problems that had to be contended with in the past year or so, is there anyone bold enough to claim that these officials have excelled or even equaled the American public in their patience, their fortitude, and their courage during this heart-breaking era of economic strain?

THE PUBLIC BALANCED THE BUDGET

Undoubtedly the Senate of the United States and the House of Representatives deserve much credit for balancing the Budget—for making the income of the Government equal the outgo, so that our credit as a nation would be preserved and the financial panic which was threatening would be averted—but who unbalanced the Budget, if not the Government's officials themselves, and why was it left unbalanced for more than a year?

Now, let us be honest with ourselves and admit who actually balanced the Budget. Why, it was the American public! They have always maintained the financial integrity of the Nation and it is their taxes, paid with their hard-earned money, which will balance the Budget this year as in the past. Let us give credit where credit is due.

THE PUBLIC IS MAKING THE GREATEST CONTRIBUTION TO NATION'S RECOVERY

I am willing to grant that some of the Government officials and many of the Members of Congress are to be complimented for their tireless efforts to alleviate the distress in the country to-day, and I am not unmindful of the fact that several of our Members died from the constant strain and worry of their duties and that the sick list was unusually high this year for the same reason.

But great as may have been their devotion to the cause, I feel that the American public has even surpassed them in their application to the task of bringing the country back to normalcy—and I say that because I have personal knowledge of numerous instances where men and women, stripped of practically all they ever owned, without work, and in ill health, have, nevertheless, dauntlessly struggled by every legitimate means within their power to "carry on," ashamed to accept charity or assistance, and asking only the privilege of eking out a bare existence at any kind of work, no matter how humble. There is a real contribution to America's recovery.

THE PUBLIC WILL "SAVE" THE COUNTRY

I have heard a great deal about this great country of ours going to wreck and ruin under the leadership with which it has been burdened during the past few years. And I have heard a great deal about saving this great country of ours under the same leadership that got us into this predicament. But I am inclined to think that when prosperity does return and the country is saved, it will be the public, the long-suffering, patient, hard-working public, that does the saving and not the false prophets of a nonexistent prosperity.

"CONGRATULATE THE PUBLIC"

And so I propose to-day that we convey to the American public the gratitude of the whole Nation for their fortitude and courage and patience during this unprecedented economic crisis, for their loyalty and fidelity to American ideals and American principles, although harassed by unemployment, poverty, and want, and to express the honest conviction that theirs is the greatest contribution to America's speedy recovery.

WOULD YOU REDUCE OUR TARIFF?

Mr. CABLE. Mr. Speaker, the American people have two methods of reducing the tariff. The first is by means of the "flexible" provision in the 1930 tariff act, which is administered by the United States Tariff Commission; the second is by legislative act of Congress. If there is a need for downward revision of the duty on any specific import, an adequate remedy now exists, and there is no need for an international conference such as is proposed by the Democratic platform of 1932.

The United States Tariff Commission consists of six members, not more than three of whom may be members of the same political party. It is, therefore, nonpartisan. That commission has full authority, upon request of the President, or upon the resolution of either or both Houses of Congress, or upon its own motion, or upon application of any interested party when in the judgment of the commission there is good and sufficient reason therefor, to investigate the differences between the production costs of any domestic article and of any similar foreign article.

In the course of the investigation the commission must hold hearings and give reasonable public notice thereof, affording interested parties a reasonable opportunity to appear, offer evidence, and participate in the hearing. After full investigation the commission must report its findings to the President, recommending such increases or decreases in rates of duty as it shall find by its investigation to be necessary to equalize the differences between production costs here and abroad. The President then by proclamation approves the rates of duty and changes, if in his judgment such rates and changes are necessary to equalize the differences

between foreign and domestic production costs. In no case may the total increase or decrease of such rate of duty exceed 50 per cent of the rate fixed by statute.

Since the flexible provision was enacted into law in 1930 the United States Tariff Commission has investigated the production costs at home and abroad of more than 291 different articles. The commission recommended that no change be made in the duty on 54 per cent of the articles investigated, and no change was made. An increase was recommended in 16 per cent of them and a decrease was recommended in 30 per cent. These changes were placed in effect 30 days after the date of the presidential proclamation of approval, as provided by the law. This method is independent of any act of Congress.

The second method of changing the rates is by action of Congress. This course usually follows a change in political power. For example, when the Democrats returned to power in March, 1893, the Wilson-Gorman Tariff Act was passed and was permitted by President Cleveland to become a law without his signature. Then the Republicans returned to power, and that party passed the Dingley Tariff Act in 1897. Again in 1913, when the Democrats returned to power under President Wilson, the Underwood Tariff Act was passed. Again, under a Republican administration we have the tariff act of 1922. The Republican measures would increase duties, while the Democratic measures would either decrease the duties or place the article on the free list.

The Democratic Party came back into power in the House of Representatives by virtue of the 1930 election. The House organized in December, 1931, with a Democratic majority. Hon. JOHN N. GARNER, now Democratic vice presidential nominee, was elected Speaker. Every committee in the House has a Democratic chairman and a very substantial Democratic majority in its membership. For example, the Ways and Means Committee, which has jurisdiction of tariff legislation, is made up of 25 members, of whom 15 are Democrats and 10 are Republicans. The chairman of this committee is the gentleman from Mississippi [Mr. COLLIER]. For seven months Congress considered problems of an economic nature, but, contrary to the previous history of Democratic Congresses and promises by Democratic leaders, no reduction in tariff was even attempted.

Do the Democratic leaders really desire the reduction of any specific item? Over 18,000 bills and resolutions dealing with every conceivable subject have been introduced in the House and Senate during this present session. Yet, only two of the more than 18,000 bills deal with the tariff. The gentleman from Maryland [Mr. GOLDSBOROUGH], introduced a bill providing for a 5 per cent general reduction per annum, and the Democratic leaders introduced another bill, H. R. 6662, proposing an international conference to lower tariff duties.

Mr. RAINEY, the Democratic floor leader, announced the real reason for the failure of that party to make a reduction in even one item when he said:

> Lower this tariff drastically? You [Republicans] will not do it and we [Democrats] do not dare to do it with conditions as they are, except in the manner provided in this bill. We do not want this market flooded with the products of cheap labor in other countries. * * *

This is an honest confession that the existing tariff on the 35 per cent of our imports on which a duty is imposed is essential to the welfare of the country, particularly at the present time.

H. R. 6662, the only tariff measure sponsored by Democratic leaders, provided for calling a conference with foreign nations to discuss and determine the question of lowering our tariff, and for amending the flexible provision of the 1930 tariff act, substituting congressional action for that of the President. This bill passed both the House and the Senate, but was vetoed by the President. Mr. Hoover called attention in his veto message to the fact that the American Government has participated in several international conferences dealing with trade questions since the World War, and that very little has been accomplished at those conferences, as the United States can make no progress with 60 or 70 foreign nations in dealing with a domestic question—the tariff.

President Hoover also stated that H. R. 6662 was not consistent; it proposed "to eliminate discriminatory tariffs; prevent economic wars; and promote fair, equal, and friendly trade," and to "negotiate with foreign governments reciprocal trade agreements under a policy of mutual tariff concessions." Elimination of discriminatory tariffs and equal treatment for all is by no means consistent with special privileges created through reciprocal trade agreements. These special privileges under reciprocal agreements are the very things which have led to trade wars in the past.

The President also pointed out that in such a conference as was proposed in that bill the principal interest of other nations would be the sale of their own agricultural products in our home market in competition with our own wheat, cotton, corn, butter, and other farm produce. To admit foodstuffs free of duty would demoralize our agricultural industry, drive the farmers to the cities, and upset still further our industrial stability.

DEMOCRATS IMPOSE NEW TARIFF DUTIES

Instead of a reduction in duties the Democratic majority added new or additional duties. Under the revenue bill just passed, sponsored by the Democrats of the House and the Senate, oil, gasoline, copper, coal, and lumber have been transferred from the free list and placed on the dutiable list. The CONGRESSIONAL RECORD is filled with speeches by Democratic leaders urging the enactment of such duties.

UNITED STATES IS HOLDING HER FOREIGN TRADE

It is urged by certain Democratic leaders that if we should reduce our tariff foreign nations would do likewise, and we could regain our lost foreign markets. These leaders, however, do not specifically point out that our foreign trade has fallen to any greater degree than sales in this country, nor have they suggested any particular commodity produced in this country on which the tariff should be lowered. Only 10 per cent of our products are sold outside the United States.

At the same time the records of the Department of Commerce and other impartial investigators show that our sales for export have fallen off in no greater percentage than have our domestic sales. A recent statement from the National Foreign Trade Council said:

> Although the recession in American exports since 1929 has been substantial, it has been no greater in proportion than the reduction that has taken place during the same period in the amount of our domestic production as a whole. * * * Our exports bear the same proportion to our total manufactures to-day as they did before the depression and are, therefore, founded on as firm a basis as the general level of our domestic business.

We are told that if duties are reduced commercial intercourse between this Nation and others will be resumed, and thus the world will be brought out of the present economic depression. We are also told that our tariff prevents the sale of foreign goods in this country. To those who advocate this doctrine, I desire to point out that 65 per cent of the foreign-made goods coming into this country enter free of tariff customs duty. Our chief imports are divided into two classes: First, those coming in competition with American-made goods and American-produced farm products (these bear a competitive duty to equalize the cost of foreign production with the cost of production at home, and, incidentally, in normal times place in our Treasury $500,000,000 per year; they constitute but 35 per cent of our imports); the second class, equaling 65 per cent of our imports, carries no duty at all—they are admitted free, since they are not produced in the United States and are noncompetitive. In this latter class are raw silk, coffee, crude rubber, standard newsprint paper, cane sugar (2 cents from Cuba), raw hides and skins, wood pulp, art works, tin bars, blocks and pigs, bananas, diamonds, cocoa, and so forth. The value of these imports exceeds $3,000,000,000 per year.

Then there are certain articles which we produce when prices are sufficiently high, although little or none is now

being produced in the United States. This class includes manganese ore, chrome ore, nickel, and the like.

The 35 per cent of our imports, which include all products of the farm—such as wheat, corn, cotton, butter, beef, and the like—bear a duty to equalize the difference between production costs in the United States and in foreign countries. This duty is intended to protect our own farmers and producers from the importation of great quantities of goods produced by cheaper labor abroad.

Most of our imports, two-thirds in fact, already are on the free list; no customs duty is levied on them, inasmuch as they do not compete with our domestic products. If perchance a reduction in the tariff on any specific commodity is necessary or advisable, we already have adequate machinery for effecting such an adjustment. Congress still has full power and authority to readjust tariff rates by law. Furthermore, the Tariff Commission, administering the "flexible" provision of the law, is in position to give expeditious consideration and make prompt readjustment of rates in emergency cases. We do not need another means of adjusting tariff schedules. To permit readjustment by an international conference would be dangerous. At such conferences each country represented must give, as well as take. In our own case, we would be compelled to give, but there would be nothing for us to take.

THE CURE FOR HIGH TAXES—CUT GOVERNMENT COSTS

Mr. SUTPHIN. Mr. Speaker, in a previous address I called attention to the ever-mounting costs of government. That government costs have constantly increased until to-day they are practically confiscatory is well known to every thinking man and woman in the country. For years we have heard much solemn prating about "efficiency and economy in government," but we have seen precious little, if any, of it actually put into practice. The time for talk has passed; the time for action is here. I propose to point out just how economy can be and should be effected in our governmental structure.

There is nothing mysterious about what causes high taxes. Taxes are merely the reflection of the cost of government. Extravagance and waste are the twin evils that have combined to increase the tax burden upon the backs of our people during this last decade to a degree undreamed of in days of sane and sensible government. Even a perfunctory examination of the activities of our Federal Government leads one inevitably to the conclusion that there is too much governmental work performed free of charge for special interests, at great expense to the taxpayers as a whole. To lessen taxes we must lessen these governmental activities, cut out the frills and fancies, the nonessential and special-interest activities of our Federal Government which have no place in our governmental system at all and which must be eliminated or drastically curtailed.

COMMISSIONS GENERALLY

Boards and commissions, made up of men not even remotely responsible to the electorate, so numerous and varied that no single official in the whole city of Washington could possibly keep track of either their titles or the alleged purpose of their existence, have been pyramided one upon the other until the whole structure of our Government is overrun with them. There are no less than 150 such boards and commissions functioning in Washington to-day. Like so many barnacles on a ship's bottom, they are clinging to the ship of state—and just try to remove them!

TWO COMMISSIONS IN PARTICULAR

Commissions on every subject under the sun have been flourishing in rank luxuriance under the last three Republican administrations. The Wickersham Commission, which spent $500,000 of the taxpayer's money to clear up the prohibition question and help Mr. Hoover make up his mind on the subject—and which accomplished neither—is a typical illustration of the squandering of public funds; while one of the commissions appointed by Mr. Hoover, the Commission on Veracity, to determine whether or not Mr. Hoover is "abysmally ignorant" of naval affairs or just plain ignorant of them, is an example of the absurdity to which a government can go in the creation of expensive, useless, unnecessary, and stupid commissions.

FIFTY EXPENSIVE BOARDS AND BUREAUS

There can be no doubt that there are at least 25 boards and bureaus functioning in Washington to-day which could be abolished to-morrow without injury to even one-half of 1 per cent of our total population. There are at least another 25 expensive boards and bureaus serving special or semiprivate interests only which are of benefit to so small a percentage of our population that it is infinitesimal. What possible excuse can there be for compelling the already overburdened taxpayer to continue carrying these burdens upon his back during this period of unprecedented economic distress? Those who reap the benefits of the activities of these boards and commissions should be made to bear the burden of supporting them. Then there are numerous Federal subsidies which amount to millions of dollars annually that could be and should be drastically curtailed—at least during this crisis. If these proposals were carried out, the normal current expenses of the Federal Government could be reduced almost 25 per cent and the tax burdens of the American people reduced proportionately.

SOME HOLES IN THE POCKETS OF THE NATIONAL TREASURY

Here are a few examples of the high cost of Government subsidies:

First. Steamship lines will receive $38,000,000 in 1932 for carrying some of the United States mail. In some cases these steamship lines receive $100 for carrying mail the postage on which brings the Government only $1. The 50 per cent increase on your first-class postage rate will pay this item. This is in reality a ship subsidy, which comes out of the taxpayers' pockets.

Second. Air mail lines will receive subsidies amounting to $15,000,000 in 1932 for carrying some of the United States mail. In some cases they receive $100 for carrying mail the postage on which brings the Government only $10. The 50 per cent increase on your postage rate will pay this item.

Third. The construction-loan fund for aiding in the construction of American steamships will receive $49,222,000 in 1932. The Government lends as high as three-fourths of the value of the ships built and charges interest as low as one-fourth of 1 per cent for the use of money the Government itself must pay as high as 3 per cent for.

Fourth. State subsidies paid by the Department of Agriculture to various State units total $18,880,000, and while some of the work done is highly desirable, it is a known fact that bales of expensive printed matter on unnecessary, trivial, and even worthless matters are sent out annually with this money.

Here are a few examples of expenditures of public funds for private benefit:

First. The United States Interstate Commerce Commission spent $504,000 of the taxpayers' money last year inspecting locomotive boilers, so that the railroads were saved the burden of doing this work at the expense of the taxpayers. The Bureau of Navigation charges fees for inspecting steam vessels. Why should the railroads saddle their burden on the taxpayers?

Second. Meat inspection cost the Federal Government $5,615,000 last year and, while an indirect benefit to the public, the meat-packing industry profited to the extent of $5,615,000. If fees had been charged the industries directly benefiting, as in the issuance of patents, this item of expense would have been lifted from the backs of the taxpayers and placed where it belongs.

Third. Six hundred and seventy-seven thousand dollars were spent last year by the Federal Government for experimental work for the exclusive benefit and profit of the dairy interests—yet all the taxpayers paid for it.

Fourth. One million six hundred and seventy-three dollars were spent last year by the Federal Government through the Bureau of Chemistry and Soils to promote the fertilizer business—yet all the taxpayers paid for it.

Fifth. Four hundred and seventy-eight thousand dollars were spent last year by the Federal Government on experimental work for the exclusive benefit of the beet-sugar and cane-sugar interests—yet all the taxpayers paid for it.

Sixth. Eight million two hundred and eighty-six thousand one hundred and forty-four dollars were spent last year by the Federal Government for the advancement of aeronautics. If it is right to saddle this expense on all the taxpayers, then it would be equally right to spend another $8,000,000 on the advancement of every other worthy industry in the country and saddle that on the taxpayers as well.

Seventh. Four million nine hundred and seventy-seven thousand three hundred and sixty-one dollars was spent by the Federal Government last year through the Bureau of Foreign and Domestic Commerce for the exclusive benefit of those in the exporting business; yet all the taxpayers paid for it.

Eighth. One million two hundred and seventy-nine thousand three hundred and thirty-one dollars was spent by the Federal Government last year for steamboat-inspection service, which took in only $31.48 from the sale of waste paper and equipment. The steamboat companies again profited at the expense of the taxpayer. If reasonable fees had been charged for the service, this bureau would have been self-supporting and this necessary work still carried on.

Ninth. Three million eighty-two thousand five hundred and twenty dollars was spent by the Federal Government last year through the Bureau of Standards. While some of the work done was for the Federal Government, by far the larger part was for the benefit of certain manufacturers who have use for the information supplied. They reaped the direct and almost exclusive benefit; yet all the taxpayers paid the bill.

Numerous similar expenditures could be pointed out, but these are ample to illustrate the point.

I do not deny that the work done by these bureaus I have cited are of value and should be continued, but the point is that they are almost exclusively for the benefit of about one-half of 1 per cent of our taxpayers, with 100 per cent of our taxpayers footing the bill. Those who reap the direct benefit from these special services should pay a reasonable charge therefor and thus lighten the burden of the great army of long-suffering taxpayers who received no benefit—or at least a very remote one—from these services.

LOBBYISTS

Practically all of the special interests I have cited have their own lobby at Washington for the express purpose of seeing that these vast expenditures are paid out of the Federal Treasury and not placed upon those who directly benefit by the services rendered. That is the principal work of a lobbyist, and I regret to say these lobbyists seem to have enjoyed a long and successful career in Washington, particularly during the last 12 years.

The time has come when this Government must shake loose the strangle hold which these lobbyists have upon its throat—when the representatives of the people must harken to the will of the great army of citizens who have intrusted their Government into their hands and secure a just and fair distribution of the costs of government. When this is done a substantial reduction in taxes will be effected and this Government will again become a Government of the people, by the people, and for the people.

A BONUS FOR THE BANKS—NO BONUS FOR THE VETERANS

Mr. CONDON. Mr. Speaker, it is now clearly apparent that this session of Congress will adjourn without passing the legislation providing for the payment of the so-called soldiers' bonus, or any substitute therefor. In my judgment, this neglect is due not to any strong, adverse opinion on the part of a majority of the Members of the House and the Senate but because of a realization of the fact that the passage of such legislation at this time would be nullified by a presidential veto. President Hoover has all along evinced a stubborn and unyielding opposition to any legislation having for its purpose the paying in whole or in part of this just debt due to the veterans of the World War.

He showed this very clearly and unmistakably when he vetoed the bill to provide a loan value of 50 per cent of the face value of the adjusted-service certificates passed by the Seventy-first Congress, notwithstanding this measure had the overwhelming support of Senators and Representatives in his own party, among whom were the late Speaker Longworth and outstanding Republican leaders of the House and Senate.

I can not believe that this opposition of the President is a result of earnest study of the legislation but that it is due almost entirely to the malign influences, emanating from Wall Street, that now so strongly inspire the President in his reaction to every proposal that has to do with relief of human suffering and the correction of the terrible evil of unemployment.

More than any other piece of legislation presented at this session of Congress, the soldiers' bonus bill has been subjected to the full force of this overpowering influence upon the executive branch of the Federal Government. It has even made itself felt in both branches of this Capitol to such an extent that some Representatives and Senators have felt constrained for the first time in their public careers to oppose legislation on behalf of the veterans. As a result of a well-financed and shrewdly directed propaganda, a large part of the general public has been misled into the belief that the payment of the soldiers' bonus would result in unwise financial operations by the Government and would bring on disastrous consequences to general business. Notwithstanding the present unprecedented depressed state of business and industry, it has been argued that the payment of the bonus would cause a further decline. This propaganda appeals to the instinct of fear inherent at all times in the human mind, but never more so than at this moment, and it does not seek to argue the actual merits or demerits of the plan by which it has been proposed that the Government should cancel the adjusted-service certificates and thus pay off the veterans.

Because of this appeal to fear an entirely erroneous notion has obtained among a great many people that the bonus bill as passed by the House of Representatives provided for the issuance of paper money without any security behind it whatsoever. Perhaps this opinion gained support from the original provisions of the soldiers' bonus bill, which provided for the outright issuance of Treasury notes to the veterans in return for their certificates. This plan, however, was not adopted by the House of Representatives in the bill which it passed and sent to the Senate. Briefly, that bill provided that the Secretary of the Treasury should issue sufficient notes to pay the bonus and that these notes should be deposited in the Federal reserve banks of the country subject to the order of the Administrator of Veterans' Affairs. At one and the same time it was provided that the Secretary of the Treasury should cause to be issued in an amount equal to the amount of these Treasury notes interest-bearing bonds of the United States bearing interest at the annual rate of 3½ per cent, payable in 20 years from the date of issue, subject, however, to a redemption right within 10 years.

These bonds were to be deposited in the Federal reserve banks of the country in proportion to their current assets, which banks were to act as agents of the United States and pay out the Treasury notes as adjusted-service certificates were taken up and canceled by the Administrator of Veterans' Affairs. In order that the bonds would not be thrown upon the present bond market and depress the price of Government securities it was further provided that these bonds should be held by the Federal reserve banks until such time as the Federal Reserve Board directed their sale in the bond market as such board was authorized to do from time to time as it desired.

Whenever such bonds were so sold the currency received therefor was to be exchanged for notes and returned to the Secretary of the Treasury for cancellation. In this manner any danger of uncontrolled inflation would be avoided, and also by virtue of the plan money would be supplied directly

to consumers in the person of veterans thereby entitled in every section of the country, and this would tend to expand the currency at this present time when it is acknowledged by everyone that it has become actually and dangerously contracted. It is important to note that behind every dollar of such currency there was an obligation of the United States Government in the form of a soldiers' service certificate, which is the Government's promise to pay in 1945, and also by way of substitution a bond issue which was to become current and displace the certificates when and if the currency had expanded to such a degree that the Federal Reserve Board deemed it wise to check any further expansion.

Every economist of note during the last 12 months has repeatedly declared that the problem of the existing depression can only be solved by an expansion of the currency needs of the country, and that this expansion must in some way or another be made directly of use to the consuming masses or a large portion of them. How this could be done would have been a difficult if not insoluble problem were it not for the fact that fortunately there existed in the country approximately 4,000,000 men holding obligations of the United States Government in the aggregate amount of approximately $2,500,000,000, which provided an unexampled opportunity for the distribution of new currency with a sound credit basis behind it.

As former Senator Owen, one of the coauthors of our Federal reserve banking system and one of the leading fiscal authorities in the country, said, it was a providential opportunity that the existence of these men and these certificates presented to the Government at this time. It was his plan, as above outlined, that was finally adopted by the House of Representatives, providing for the payment of the bonus.

I voted for this measure after long and earnest study and reflection, first, because I believe that the Government owes now to the veterans of the World War the debt represented by the aggregate face value of the adjusted-service certificates, and, secondly, because I am convinced that if such an amount of currency was distributed in such a manner it would have a highly beneficial effect upon business and industry and go a long way toward assisting in a nation-wide recovery from the present prolonged and disastrous depression.

I deny that this legislation was legislation for the creation of fiat money. I have carefully read and studied every argument that has been made in support of such a contention, and not one of such arguments that I have seen has proved the point. The truth of the matter is that the money to be issued under this plan would be just as sound as any now issued under existing law, with the added merit that this money would go directly to the people who need it and will use it and who live not in one section of the country but in every nook and corner of it.

Those who have opposed the issuance of this money to the soldiers apparently are not averse to voting a bonus for the banks. To-day this House has twice voted to refuse the national banks this privilege as a rider on the home loan bank bill. The other branch of this Congress has authorized the granting of such a privilege to every national bank by means of granting to them the circulation privilege on all bonds of the United States Government in their possession bearing an interest rate not in excess of 3⅜ per cent.

Approximately $1,000,000,000 of such bonds are outstanding and held by a few national banks of the country and by virtue of the granting of this circulation privilege these banks will be enabled to deposit these bonds with the Secretary of the Treasury and receive in return a billion dollars in new currency, minus a small franchise tax. This billion dollars of new money will then be available to these banks to lend at any rate of interest they desire and for any purpose they desire. Much of it may and probably will be loaned to finance speculation in stocks on the New York Stock Exchange. Much of it may and probably will be used to make demand loans at profitable rates of interest and probably little of it will be put at the service of business men and manufacturers for the financing of business and industrial enterprises. In other words, it is proposed by this rider to a bill designed for the assistance of home owners to give to a few national banks a bonus of a billion dollars.

If this House finally consents to this rider and the President of the United States approves it, it may well be said and it will be said from one end of this country to the other that President Hoover and Congress refused to pay the sacred debt of the Nation to men who defended it in its hour of need, but that they literally jumped at the opportunity to give away without any recompense whatsoever a billion dollars to a few great banks to profiteer in another momentous hour of grave national emergency. If the currency proposed for the payment of the soldiers' bonus is fiat money then this currency to be given to the banks is also fiat money.

There is absolutely no difference between the two proposals except that in the case of the soldiers' bonus it is provided that the money shall go to the soldiers who deserve it and need it in payment of a just debt, while the billion that will go to the banks is an outright gift to the profit of the banks and only the banks.

Mr. Speaker, I can not and will not vote for this rider. It has no place whatsoever in the home loan bank bill. I favor the home loan bank bill because I hope that home owners throughout the country will receive some benefit from its provisions, but I can conceive of no benefit coming to them from the enactment of this rider. I am unalterably opposed to making an outright gift of a billion dollars to the banks while this Congress and the President of the United States refuse to pay the veterans of the World War. To grant this gigantic bonus to the banks and deny the starving, unemployed veterans their back pay will be an outrage that will cry out trumpet-tongued for retribution to those who have the hardihood to favor it.

THE ELECTION OF A PRESIDENT

Mr. LEA. Mr. Speaker, the election of a President is the most important routine political event of our Nation. The Electoral College system under which we select our President is the most inept, antiquated, and defective part of our Constitution.

The functioning of this system, though always crude and unwholesome in its political consequences, ordinarily has served satisfactorily to the extent that the ultimate result of elections has been the selection of the Nation's choice for President. Three times in our history, however, the Nation's choice has been defeated—a candidate having a plurality has been denied the office in favor of a candidate of fewer popular votes. In each of these instances the Electoral College system thwarted the will of the people and elected a President in a manner offensive to inherent justice.

The best that can be said of the Electoral College system of selecting the President is that under ordinary circumstances it works satisfactorily, but at times it has and will result in a great miscarriage of political justice by denying the office to the choice of the people.

This great, intelligent Nation should not be satisfied with a system under which, at any time, the people of the Nation may be thwarted in the plain right to select their choice for the Presidency.

The Electoral College system permits each State to select presidential electors in number equal to its representation in Congress and each of whom may cast one electoral vote of the State for President. This plan serves one essential feature of any practical plan for the election of the President. It provides the electoral vote as a common unit for the expression of the will of the people of all the States. It preserves the relative strength of the States in the selection of the President by a nation-wide, uniform system in accordance with the constitutional distribution of representation in Congress to such States.

It should be no longer necessary to explain that the disparity of voting population in proportion to total population in the various States, as well as the advantage given to the smaller States through equal representation in the Senate in disregard of their unequal populations, makes it impracticable and impossible, if not undesirable, to elect the President by direct vote in disregard of State lines. The

reasons for that conclusion are so apparent and so overwhelming as to require no further explanation to a student of government.

We must adhere to the old constitutional method of apportioning the power of the Federal Government among the States. So far as that apportionment of power is based on equality of population, it is inherently just. So far as it is based on the equal representation of the States in the Senate, it is by the terms of the Constitution and by the will of the smaller States, which are unwilling to surrender their present advantage, placed beyond the power of change.

VICE OF THE ELECTORAL COLLEGE SYSTEM

The fundamental vice of the Electoral College system is in counting the State vote as a unit. The whole electoral vote of the State goes to the candidate who receives only a part of the vote of its people. The plurality candidate receives the whole vote of the State, regardless of how large may be the minority vote of his opponents.

The returns of any presidential election will furnish an apt illustration of this evil. In Massachusetts in 1928 Smith received slightly over 50 per cent of the popular vote and Hoover over 49 per cent. Smith received the entire 18 electoral votes and Hoover received none.

Hoover received 2,200,000 votes in the State of New York; Smith received 2,100,000. Hoover had less than 50 per cent of the popular vote of New York but received its entire 45 electoral votes; Smith received over 46 per cent of its popular vote and none of its electoral votes.

In the election of 1912, in a three-cornered contest, President Wilson received 42 per cent of the popular vote of the country and 82 per cent of the electoral vote. That was a discrepancy of 40 per cent between the electoral and popular vote.

In 1924 La Follette received 16 per cent of the popular vote of the country and only 3 per cent of the electoral vote.

The unit system of voting means that the minority voters in each State are disfranchised, even though the aggregate of the minority votes in the State may exceed the total vote of the plurality candidate. The minority votes in each State are discarded when it comes to computing the final result of the State votes at Washington.

In 1928 the 2,100,000 votes cast for Governor Smith in New York were greater by over 400,000 than the total popular vote he received in the eight States he carried. His New York vote gave him no electoral vote; his vote in the eight States gave him 87 electoral votes.

By this method of disregarding minority votes within the State, 38 out of every 100 voters were disfranchised in the presidential election of 1928. Their votes were in effect counted for the presidential candidate against whom they were cast, whether it was President Hoover or Governor Smith.

Let me further illustrate the viciousness of the unit-voting system. Suppose two candidates run for President. One candidate carries New York over the other candidate by 5,000 majority, and the other candidate, who lost New York, carries Nevada by 5,000. Thus, the popular vote of those two candidates would be exactly equal, but the man who carried New York would receive 47 electoral votes and the one who carried Nevada receive only 3 electoral votes.

Is it possible that a system of allocating electoral votes so in disregard of inherent justice should have no ill effect upon the political life of our country. The selection of a minority candidate over a plurality candidate, which has occurred three times in our history, is a political injustice of the first order. The only legitimate purpose of a popular election is to effectuate the will of the voters. A system that operates to produce a result directly opposite to that intended by the voters is condemned by its own incapacity to do political justice.

THE PROPOSED PLAN

There can be no just system of electing the President which does not apportion the State electoral votes among the presidential candidates in proportion to their popular vote in such State. This is the fundamental purpose I seek to accomplish by House Joint Resolution 60 which I introduced and is now pending in Congress. This amendment to the Constitution, if adopted, would do these definite things:

First. Abolish the Electoral College system of electing the President and Vice President.

Second. Provide for the direct election of the President and Vice President. Instead of voting for the presidential electors the people would vote directly for the presidential candidates.

Third. Each State would retain its proportion of electoral votes as at present. It would have electoral votes but not presidential electors.

Fourth. Each candidate would be given such proportion of the electoral votes of the State as his popular vote therein bears to the total vote for all candidates. The proportionate vote of the State would be substituted for the present unit vote. Instead of giving the whole vote of the State to the leading candidate, this amendment proposes to give to each candidate the exact part of the State vote given him by the voters, no more, no less.

Fifth. The person receiving the greatest number of electoral votes to be elected. This avoids the possibility of a deadlock or the necessity of having an election in the House of Representatives or in the Senate.

Under the plan advanced in this proposal both Hoover and Roosevelt would receive part of the electoral votes of every State in the Union. The electoral votes in each State would be divided between them in exact proportion to the popular votes they receive. The 47 electoral votes of New York as well as the 3 electoral votes of Nevada would be divided in exact proportion to the popular votes of these candidates. What will actually happen in November is that the minority voters in the State of New York, whether Democrats or Republicans, over 2,000,000 in number and representing 20 or more electoral votes, will be disfranchised and that number of electoral votes will be cast contrary to the votes of the people they represent. The whole 47 electoral votes of New York will go to one candidate. Under the plan I propose there would be no minority disfranchisement and no electoral votes counted in favor of candidates contrary to the wishes of the voters. The possibility of there being a miscarriage of political justice in the greatest political event of the Nation would be entirely eliminated.

If this plan shall be adopted, we will no longer have "solid" States or sections. Minorities will be disfranchised in no State. The presidential contest will be transferred from the few doubtful States to every precinct in the Nation. Whether the individual citizen lives in Maine, California, Georgia, or Wisconsin, he will have the same motive to vote and help elect his man. Whether he belongs to the majority or the minority, his vote will be counted and will be equally effective in determining the result of the election. It will no longer be possible to win the whole vote of a State by corrupting the electorate or by stealing a few thousand votes in some doubtful States. Efforts in that line will become futile.

At the present time the State vote is equally effective in helping a candidate, whether his majority is 1,000 or 500,000. How much more wholesome would be the political atmosphere where each State would contribute to the success of each candidate according to the proportion of popular support given him by its people.

I refer anyone interested in a more detailed study of this problem to the hearings conducted before the Committee on the Election of President in the Seventy-first Congress on House Joint Resolution 106, which I introduced and in support of which I attempted to give a comprehensive discussion and application of this proposed method of electing the President.

ANSWER TO STATEMENT MADE BY HON. WRIGHT PATMAN, OF TEXAS

Mr. CLANCY. Mr. Speaker, Mr. PATMAN, of Texas, made an extension of remarks, which appeared in the CONGRESSIONAL RECORD on June 15 on page 13083, in which he made certain charges against me following up the debate of June 14 and 15 on the Patman bill for the payment of adjusted-

compensation certificates. Several of the leading Members of the House who have reputations as excellent parliamentarians have declared to me that I could raise a question of personal privilege against Mr. PATMAN because of certain false and derogatory statements in his remarks which distort my public record and tend to injure my reputation as a faithful Representative.

For instance, Mr. PATMAN flatly declared that when the tremendously important veterans' bill was up in January and February of last year to allow World War veterans to borrow 50 per cent of their adjusted-compensation certificates that I was out of the city on a junketing trip.

This statement is false, because the printed record shows that I appeared on February 2, 1931, before the House Ways and Means Committee urging relief for the veterans by payment of the certificates in cash immediately and declared against the interest rate on loans.

RECORD DISPROVES CHARGES

The CONGRESSIONAL RECORD shows that when the bill passed the House on February 16 I was one of those who voted for it. The CONGRESSIONAL RECORD also shows that when the President vetoed the bill after it had passed the House and Senate I voted, on February 26, to pass the bill over the President's veto.

These facts in detail give a very clear indication of the kind of wild and misleading statements which Mr. PATMAN makes with regard to my record on payment of the so-called bonus in cash immediately.

Mr. PATMAN disparages my efforts in behalf of veterans' relief and legislation, yet there is no person in my district who has done as much effective work along this line as myself.

AN EXCELLENT ACCOUNTING

My record for deeds in this field compares very favorably with that of the gentleman from Texas.

In the first place, Mr. PATMAN is a new Member, whereas I took the grief in 1923, 1924, and 1925 in putting the so-called $4,000,000,000 adjusted-compensation certificate bill on the law books, helping to pass it through both Houses originally and then helping to pass it over the President's veto.

The gentleman from Texas never did anything to put the law on the books. He could not now be fighting for payment of the certificates which were granted to the veterans before he came to Congress if it were not for myself and others who fought a very strenuous battle and took plenty of abuse and criticism for granting this relief to the veterans.

BAD MONEY BILL A MISTAKE

Mr. PATMAN's printing press and fiat money bill did not get a majority vote of the entire membership of the House this session, although it did pass the House. It only got 18 votes out of 96 in the Senate, whereas it would have had to get 60 votes in order to achieve the two-thirds vote necessary to pass the bill over the President's veto. The Senate killed the Patman bill by a vote of 62 to 18.

Yet those who were in distress and who were anxious to get their certificates in full immediately were given to understand before the votes in the House and Senate that there was the necessary two-thirds majority to pass the bill over the President's veto.

VETERANS MISLED

Last fall in Detroit Mr. PATMAN and I both addressed the Veterans' Political Association in Light Guard Armory.

I spoke after Mr. PATMAN and took occasion to remind the audience that I thought his statements were too optimistic as to a cash payment bill being adopted during the coming session of Congress.

MY FIGHT TO KILL INTEREST

I did say that there was a good chance of cutting the interest rate on loans and of killing the provision of law which prevented some 200,000 veterans from borrowing on their certificates until their applications were two years old.

I was rebuked by a succeeding speaker, but nevertheless my statements proved to be 100 per cent correct. I have always believed in telling the absolute truth with regard to legislation and have never tried to gain supporters by baseless and flamboyant appeals for support on the ground that I would push through difficult legislation when my own careful judgment would tell me that it would be impossible. I was told at this Detroit meeting that the men were not so much interested in interest on loans, yet to-day practically every spokesman for the veterans, including Mr. PATMAN, says that the interest is tremendously important because the high interest when compounded fills the borrower veteran's heart with dread, because he now knows that it will eat up the balance of his certificate before 1945.

I was the father of the movement to cut down considerably or kill the interest on loans to veterans on their certificates, just as I was the father of the movement in Congress to kill the 2-year embargo on borrowing after the application for loans on the certificate is made.

TWO IMPORTANT BATTLES WON

Both of these features of the original law were very unjust, but I have reason to believe that Mr. PATMAN overlooked them until they became too important to be neglected any further.

The interest rate on loans was 6 per cent compounded when I began my crusade. It is now 3½ per cent. It was first cut to 4½ per cent, and last week in the closing days of this session it was cut still further to 3½ per cent.

I shall keep up my battle until the interest is entirely eliminated or cut to a still lower rate.

I paid my expenses to the American Legion convention at Boston in October, 1930, primarily for the purpose of making a battle on the cruel and rapacious interest rate which the present national commander of the American Legion, Henry Stevens, of South Carolina, calls a racketeering interest rate.

But I had to do the pioneering work at Boston. I first convinced the Michigan delegation of the American Legion and they took the battle to the resolutions committee and finally got out a resolution calling for an interest rate of 4 per cent, which was passed by the convention and which did have a tremendous effect on Congress which did consent to fix the interest rate at 4½ per cent not long after.

I did all I could to get through a resolution in Boston for the cash payment of the certificates immediately, but that movement was unsuccessful.

The Michigan members who appeared before the American Legion committee told me that Mr. PATMAN was asked about the interest rate and that his reply and attitude were indifferent. I was told that he said he did not know of any bills being introduced in Congress on the interest question, and yet I had introduced a bill on May 13, 1930, asking that the entire 6 per cent interest rate be killed and that an appropriation of $25,000,000 be made to carry out the provisions of my amendment.

Veterans in Detroit know that I talked the interest rate for several years and tried to warn and enlighten them on what this cruel racketeering interest would do to them.

I have pointed out formerly that the mere cut from 6 per cent to 4½ per cent meant a saving of hundreds of millions of dollars to needy veterans, and, of course, the further cut to 3½ per cent means an enormous further saving.

KILLING THE 2-YEAR PROVISION

Mr. PATMAN says that I was away on a junket when the 50 per cent compensation law was passed, but I was present and voted and worked for it in the committee and on the floor. Not only that, but I maintained that it killed the 2-year embargo on loans and took up the question first with Gen. Frank Hines and then with the Attorney General and got a written decision that the 50 per cent loan law did not kill the 2-year provision. Thereupon I introduced a bill in Congress for the repeal of this 2-year clause and was gratified to see the bill passed in the closing days of this session. The bill was passed under the name of a member of the Ways and Means Committee, Mr. BACHARACH, of New Jersey, who made an excellent fight both to cut down the interest rate and to kill the 2-year embargo provision. Thousands of Detroiters immediately took advantage of this new law.

I have never lost sight of the payment in cash in full immediately of the veterans' certificates, because, as I have often said, my city, Detroit, is the hot spot in the country on this subject and the movement originated in Detroit. Later it was taken up by Mr. PATMAN and other Members. But the effort to have the certificates paid with a 60-cent dollar and in printing-press or fiat money never did originate in Detroit, and I am confident Detroiters will disapprove of this movement once they understand it.

FREE SILVER SLAUGHTERED

A similar movement to debase and cheapen the currency arose in the panic of 1893 to 1898 and culminated in Bryan's free-silver campaign of 1896. The entire North and East slaughtered this free-silver campaign for the 50-cent or 60-cent dollar.

Such populistic and socialistic movements always arise in the agricultural sections of the country, in the South and West, and are solely for the benefit of the rural sections and are aimed at the cities and at the industrial and manufacturing populations of the United States, which to-day constitute more than 50 per cent of the population. The best estimates for the agricultural regions run from 30 per cent to 44 per cent of the population.

Mr. PATMAN and practically all the other advocates of this bill maintain that it is not primarily a measure to pay the veteran on his certificate, but to cause an inflation or reflation of the dollar and cut down its purchasing power.

They claim it will raise considerably the selling price of the products of the farmer and cut down the farmer's debts and his mortgages accordingly.

But it is absolutely true and it is made very clear in the RECORD that the veteran in this case is not a debtor but is a creditor and he has to take the grief. He gets paid with a 60-cent dollar in a desperate effort to help the farmer.

ALL CITY VALUES CUT 40 PER CENT

If he has $1,000 certificate, he is to be paid with $600 worth of purchasing power. If he has a $500 certificate, he is to be paid $300 in purchasing power.

Everybody on a salary is to be cut accordingly. If a clerk or stenographer is getting $1,000 per year, after the $2,400,000,000 of printing-press money is issued this $1,000 employee will be working really for $600 per year.

If a person has bought a $100 Liberty bond with $100 worth of good money, henceforth the $100 Liberty bond would be forth $60. If a poor family has $100 in the bank, their savings are automatically cut to $60. If a poor family has been paying 100 cents on the dollar in premiums for a $1,000 life-insurance policy, the policy will be paid with $600 of purchasing power. If it is a $10,000 policy, it will be paid with $6,000.

Every asset of the city resident and practically every form of city property is to have 40 per cent of its value destroyed in a frantic effort to help the agricultural sections of the country.

This is the meaning of free silver, and this is the meaning of fiat, or printing-press currency.

Eloquent demagogues may confuse an ignorant and even an intelligent voter with high-faluting discussions of bad and good money, of cheap and dear money, of money backed by gold, and of money backed by bonds.

But the truth is just as I have stated it above.

CITY MEMBERS ON SPOT

Mr. PATMAN put the city Members of Congress on the spot when he switched from his original bill to pay the veterans with a straight, honest, honorable, Federal bond issue to the inflationary scheme which was voted on last month in the House and Senate. He did not gain any votes for his measure, but he lost votes thereby, because the average conservative American is terribly afraid of radical money legislation and of debasing and cheapening the dollar, which through careful legislation has become the money standard of the world, although the English pound, the French franc, the German mark, the Russian ruble, and practically all the money units of the world have been debased and cheapened in value during the past few years.

The effect of this veterans' inflated money bill was to sell the city Members of the north and east down the Mississippi. Some of them either had to swallow a bill which they knew was terribly destructive of the best interests of the cities and of the Republic or they had to vote against it and take a chance that their constituents would finally understand just what the bill meant. This Congress has passed bills authorizing at least $3,500,000,000 worth of bond issues in just this one session, yet Mr. PATMAN says that a bond issue could not be passed to pay the veterans' certificates.

SWITCHES TO H. R. 1

Nevertheless, it is true that his bill called for a bond issue in the preceding session of Congress. His first bill in this session of Congress, H. R. 1, left the form of payment open. It really dodged the question of bonds or printing-press money and left the solution of the problem to the House Ways and Means Committee. That bill was introduced in the first week of December, 1931, but on January 14 of this year he introduced H. R. 7726, which is very plainly and admittedly a fiat or printing press bill, providing for the payment of the certificates in cash with paper money that was not secured by gold or silver or bond deposits.

SWITCH TO H. R. 7726

This bill was so severely criticized, even by the radical money advocates of his own camp, that he abandoned it, and finally, on May 3, he admitted to the House Ways and Means Committee that he had accepted the money scheme of former Senator Robert Owen, of Oklahoma.

THE SWITCH TO OWEN BILL

The Owen scheme was also very frankly in the interest of the agricultural classes of the country and was an inflationary plan to cut the dollar to about 60 cents. It did provide that if the dollar went flying too low, an effort would be made to stop it by selling bonds.

The $2,400,000,000 for the veterans' certificates was to be issued in paper money; but, also, the same amount of bonds were to be issued and held at the discretion of the Federal Reserve Board when they were to be sold to retire the currency if the flight off the 100-cent value of the dollar was too rapid or too devastating.

One of the selling arguments for the Patman bill of January 14, known as H. R. 7726, was that it would not necessitate the sale of bonds, and, therefore, Wall Street or the richer classes would not get any interest on bonds sold by the Government.

This was a demagogic appeal, because most of the people know that all classes of people in the United States buy United States bonds and that during the war every citizen who could afford to buy a Liberty bond did so.

PATMAN AGAIN FOR BOND ISSUE

But Mr. PATMAN did come back to a bond issue in spite of the fact that he declared in an earlier session of the Ways and Means Committee, probably in explaining why he had abandoned his original bond issue bill, why an issue of bonds would never do.

On April 11, on page 7 of the published hearings before the Ways and Means Committee, Mr. PATMAN says:

> Now, we do not think that a bond issue is the proper way to handle this proposition. We feel it would be detrimental to the country at this time to have a bond issue. I think it must be handled in another way. I think that a bond issue would be so detrimental to the country that we would not be justified in asking for it. Therefore no bond issue is being proposed, no bond issue is being asked.

I have no doubt also that Mr. PATMAN looked favorably upon the plan of Senator THOMAS of Oklahoma, but he finally did select the plan of former Senator Owen, of Oklahoma—a fiat and bond scheme.

Senator THOMAS's plan provided for a 2 per cent consol or bond issue, but it was so severely condemned by Mr. Owen as being probably unconstitutional that it was not adopted.

THE MANY PATMAN SCHEMES

I am certain that there are some deluded veterans in Detroit who believe that there is only one Patman bill and that a Member of Congress could be held responsible for

voting for or against that; but the RECORD, as above, shows that Mr. PATMAN advocated several different plans—violently different and opposed to each other—in the course of a few months.

If the cash-payment plan of certificates is to get any place in the future, it must be with good money; and I advocate a straight, honest, honorable bond issue.

THOMAS BLASTS PATMAN'S SCHEME

Senator THOMAS destroyed Patman bill, H. R. 7726, in his testimony before the House Ways and Means Committee on April 12 in response to a query by a member of the committee, Congressman ALDRICH, of Rhode Island. Senator THOMAS said:

I will say, since you have suggested that, I think I should make my statement as to the Patman bill. If that bill were enacted, it would bring into circulation kinds of money not under the jurisdiction of the Federal Reserve Board. If the Patman bill passes, Treasury notes comparable to greenbacks to the extent of $2,400,000,000 would be issued and they would drive out of circulation Federal reserve notes. The Federal reserve system lives on its profits from buying and selling notes, buying and selling acceptances, buying and selling bonds, and upon the interest income it receives from the banks. Now, if you put into circulation a different kind of money from the Federal reserve money, that money will drive out of existence Federal reserve money. It will force them to desist and will eliminate further interest to them because the banks will not be paying it. These notes issued under the Patman bill would drive out of existence the Federal reserve notes and would therefore cut off from the Federal reserve system all revenue derived through loans to the member banks. If the Patman bill should pass, it might kill the Federal reserve system. It would deprive it of all possible income, except as Congress might appropriate money to support the 12 Federal reserve banks.

Mr. PATMAN then had to adopt the Owen plan.

The question naturally arises, in view of Mr. PATMAN'S advocating at one time or another various schemes for paying the certificates in cash, as to whether he alone should be allowed to decide what the all-important veterans' payment bill shall be.

Veterans' organizations should discuss this question this summer and fall and decide upon an honest, honorable, American bill which all sections of the country can stand for, not only the South and West, but also the North and East.

Otherwise, the certificates will not be paid in full until 1945.

THE RECORD IS STAINLESS

It would have been perhaps the easiest way for me to vote for the radical Patman cheap-money scheme, but it would have been an everlasting blot on my record. The veterans themselves would have been infuriated if their claims had been settled for 60 per cent of their value.

For over 20 years I have handled veterans' claims and veterans' legislation, first as secretary to a Congressman and then as Congressman myself.

Nearly all of the legislation which brings to veterans a billion dollars a year in payments aside from the adjusted-compensation certificates to the veterans is legislation that I voted and worked for.

When a couple of companies went to Mexico to chase Villa, I was one of the organizers and directors of the Detroit Patriotic Relief Fund which raised money to take care of their women and children while they were gone and provided their needy with the necessities of life. This organization became the home-service section of the American Red Cross during the World War, and I was still a director of that organization, and we took care of tens of thousands of women and children of Detroit soldiers.

We gave them food, clothing, shelter, fuel, and medicine.

I handled this relief work for eight years with never a cent of salary and I never worked so hard in my life as I did in this cause.

No charge of favoritism or graft was ever leveled at me although our organization handled many hundreds of thousands of dollars and my name was signed, in my opinion, to more checks and vouchers than any other member of the board.

I am willing to stand on my record as a real friend of the veteran during the coming primary and election.

TAKING GOVERNMENT OUT OF BUSINESS

Mr. LAMNECK. Mr. Speaker, politics in legislation, government in business, extravagances in government, and excessive taxation have just about wrecked this country. The average business man does not know whether he is coming or going. Twenty thousand suicides in the United States was the record for 1931. There were no Kreugers among them. They were just plain folks, who were endeavoring to earn an honest livelihood under the constitutional guaranty of equal rights and equal opportunity in the pursuit of happiness.

Politics in legislation, through favoritism in tariff legislation, has given the giant trusts a monopoly in the major industries of the land. Government in business has added to the trials and tribulations of the average man in business, great and small. Extravagances in government, with resultant increases in taxes in order that the functions of government may continue, have made it impossible for millions of people to pay their taxes.

Two million acres of farm lands have been sold for taxes. Hundreds and thousands of homes in American cities have been sold under foreclosure proceedings. Business institutions in untold numbers have been wrecked. Men once happy and prosperous, with prospects bright, are now objects of charity, with courage gone and hope abandoned. But I will not dwell upon conditions present in every section of the country—known and felt. People are now seeking to pull themselves together, and let no one put a stone in their way.

The mounting cost of government is staggering. Comparison of the per capita cost of government shows these appalling increases: In 1913, $30.24 per capita; in 1923, $92.01; in 1928, $105.20; in 1931, $110. Added taxes by the present Congress in keeping with recommendations to wipe out existing deficits and balance the Budget will further add to the burden of the individual citizen, and none will escape.

When Tom Reed was Speaker of the National House of Representatives Congress was severely criticized because appropriations then made exceeded $1,000,000,000. Reed's retort was, "This is a billion-dollar country." Appropriations made for the fiscal year 1933 by Congress were about $5,000,000,000, which, of course, includes moneys voted to relieve suffering humanity and balance the Budget.

After the horse has been stolen the various boards, bureaus, and commissions, which have multiplied during the past 15 years, are to be reduced in number, chiefly by merging certain bureaus, boards, and commissions which have been overlapping. Taken together, these commissions have been costing the Government in excess of $1,000,000,000—most of them entirely useless.

Our chief trouble in this country has been our departure from the fundamental principles of government and failure to recognize the fact that all men are born equal and endowed with equal rights and equal privileges. Hundreds and thousands who chose to engage in the grocery business, drug business, or some other line of merchandizing have been told inferentially to get out or they would be crowded out. When they failed to move, the crowding began. The independent corner grocery, for instance, which was the familiar landmark in every community, is no longer there. So it is with respect to every other line of merchandizing which formerly occupied these prominent corners.

Uncle Sam is now competing with private industries in several hundred lines of business activities. He is doing a cutthroat business. He produces and buys in large quantities, so that he can easily undersell the individual merchant. He pays no taxes, has no overhead expense, and yet most of his business ventures have been failures. His losses, however, are included in the estimates of the different bureaus, boards, and commissions, so that the merchants who suffer this unfair competition are compelled as taxpayers to help make up these shortages through increased taxes. In other words, it is made his "patriotic" duty to come to the aid of the Government in this matter. That is adding insult to injury, when the fact is taken into consideration that individual merchants have their own overhead expenses to pay.

They are at this disadvantage. They are obliged first to pay their own taxes, which cares for Uncle Sam's shortcomings as a business man, and are left to sink or swim themselves. Is that fair or just? It is infamous, a sharp practice that destroys and little becomes the dignity of a great nation, which boasts of its wealth and natural resources. However, he seems to enjoy it, although he does not profit by it.

Uncle Sam is a banker, manufacturer, merchant, lumberman, farmer—everything he should not be in a business way. He is really a poor business man. Perhaps that is because he has too many irons in the fire. It took the depression to reveal all of this, but unabashed he appealed to Congress to meet the deficits and give him a new start. Worse than that, he wanted to expand into the "hot-dog" business and asked for an appropriation of $75,000 for a restaurant in the new post-office building at Pittsburgh. It was stricken out. I voted for the motion to do so. Two considerations influenced my action: First, it was repugnant to me as a principle or function of government, and, second, it was unfair and unjust to taxpaying American citizens who might have it in mind to open places of their own in close proximity to the new post-office building, if in fact not already established there.

The vote in opposition to the appropriation was significant. It reflected a disposition on the part of Congress to call a halt on appropriations of the kind. They should be prohibited, and that would take Uncle Sam out of business. Activities of the kind are in no sense a function of the Federal Government.

The attitude of Congress in this matter was definitely revealed in the adoption of a resolution by the National House of Representatives to investigate the whole subject of Government in business. Where Uncle Sam is not in direct competition with private business he insists upon his right to interfere under regulatory laws with various branches of business, including transportation companies, railroads, shipping, and so forth. The railroads can not build a spur of track to a coal mine or anywhere else without permission to do so. If the shipping companies want a new flag to fan the ocean breezes, those in authority are told to see to it that it has 48 stars and 13 stripes.

More than that, the Government, or certain influences which control the Government, is retarding business. In opposing the repeal of the eighteenth amendment, which would give business an added stimulus and at least produce enough revenue to pay the losses sustained by the Government in the operation of business concerns in conflict with private business interests, farmers especially would benefit. Instead, Uncle Sam prefers to sell the products of the farm in the open market in opposition to the American farmer and sells cheaper. Government participation in business only complicates matters. While it is no function of the Government to engage in various lines of industry in competition with private business, Uncle Sam is extensively engaged in it.

On this question of the functions of government and its original purpose, I want to quote a paragraph from a recent speech by Merle Thorpe, editor of Nation's Business, in which he said:

> Government, as a matter of fact, does not appear in the sober dress in which it was clothed by the constitutional fathers. It has stepped out, arrayed in as many colors as Joseph's coat, and it is doubtful whether in many of its activities it would be recognized at all by those who sponsored it. * * * The original purpose of government is defined as keeping order, protecting persons and property from violence and robbery, regulating the holding and transmission of property, determining contract rights, and preserving the State from external dangers. But since that definition was written much water has gone under the bridge. Government has ceased to concern itself merely with governing as the word implies—seeing to it that private enterprise was protected against danger and malice and its freedom to work out its own destiny preserved.

In effect, Mr. Thorpe points out that one of our chief troubles as a nation is that we long since departed from the fundamental principles of government, with the result that people are now floundering about and looking in vain for some friendly, humane person to throw out the life line.

There is no longer freedom of action in this country on the part of individuals. The Government makes it its business to tell the individual how to conduct his business. The independence of a farmer, which was once his boast, is now gone and so with those in every other line of business activity. Government interference in business is one of the contributing causes for the industrial collapse and financial panic which still grips the whole country.

Not only is the Government seeking to regulate the private business affairs of the individual but the habits and morals of the people. I refer, of course, to the eighteenth amendment and Volstead Act and their enforcement with those objects in view. The Government is engaged in many lines of business activity. It is stated on good authority that he sends out salesmen and solicits business with the argument that to patronize Government-controlled concerns will "reduce the deficit and decrease taxes." So the Nation itself is begging for business—a sad commentary on our system of government.

In putting salesmen on the road Uncle Sam is doing something which the average American business concern can not afford to do. If it goes into red, bankruptcy follows. If Uncle Sam finds a large deficit at the end of the fiscal year, he passes it on to the taxpayers, which is different.

Therefore, gentlemen, it seems to me that we have a duty to perform. As representatives of the people the responsibility is imposed upon us to safeguard and protect the rights of those engaged in business which are disregarded and ruthlessly violated by the Government, which is supposed to protect them in these rights.

I hope that the committee of the House of Representatives appointed during the first session of the Seventy-second Congress to investigate the whole subject of government in business will recommend some solution that will take government out of business and keep it out of business.

POLITICAL DECEPTION

Mr. JOHNSON of South Dakota. Mr. Speaker, in all the history of political government in the United States no party has attempted to secure the election of a President of the United States by capitalizing the disaffection of groups and sections of the country, industries or vocations, until the year 1932, when the Democratic Party, by a plan new to American politics, is so attempting to elect Roosevelt and GARNER.

The plan announced in the press through the Associated Press on Thursday, July 21, states:

> The actual work of seeking support for the New York Governor and the Speaker from Texas will be left to State organizations. * * * The national committee as such will have little if anything to do with running the ballot drive. * * * The unusual campaign plan was announced by Farley (the Democratic national chairman) after he and Howe had returned from Albany, where the governor gave it his stamp of approval.

This will permit each State chairman or the individuals responsible for the 48 separate Democratic national campaigns to make sectional, group, industrial, vocational, agricultural, or religious appeals to different groups of voters and permit the Democratic nominees to run in separate States and separate sections of the United States on entirely different campaign promises. It will permit a campaign of deception never before possible in national politics and a campaign so tricky that responsibility for its deception will be difficult to establish.

That this deceptive campaign was conceived prior to the Democratic National Convention at Chicago is apparent from the platform.

In the high-tariff States, these individuals conducting the presidential campaign will be for a "competitive tariff." In the low-tariff States, where industry is not paramount, the campaign will be made on "a tariff for revenue."

In the silver-producing States the local politicians conducting the national campaign will point to the "international monetary conference to be called by this Government to consider rehabilitation of silver." On the other hand, in the States which believe in the gold standard the local political managers will privately say that this plank of the Democratic platform was simply a gesture to get silver votes,

because they know that the international conference can never agree on anything.

In the States that secure unemployment relief under the Reconstruction Finance Corporation bill for 1932, the local managers under this new deceptive sectional group campaign will say that the funds were suggested by Speaker GARNER, and where States can not secure all the money they want from the $300,000,000 appropriation provided, the local managers will accuse President Hoover, who as President of the United States must be national minded, of discrimination.

The agricultural plank of the Democratic platform lends itself most clearly to this disintegrative, un-American campaign. In the great Northwest, from Wisconsin to Washington and from Minnesota to Oklahoma, the local State managers conducting the national campaign will claim that the agricultural plank clearly indorses the Frazier bill to loan the farmers of the country $9,000,000,000 to refinance their mortgages and indorses the allotment plan designed to raise the price of farm commodities proposed by the Farmers Union and supported by all of us Republican Members of Congress from the Northwest.

On the other hand, in the industrial States of the East the phrase "enactment of every constitutional measure that will aid the farmers to receive for basic commodities prices in excess of cost" is used in the platform; and in those States these local national managers have conceived and will carry out the plan of telling the industrialists "that, of course, the McNary-Haugen bill, the debenture plan, and the allotment plan are unconstitutional, and, of course, the Democratic Party has no intention of indorsing such legislation.

They can fool the people by disorganization because they represent no governmental activity—nothing but a desire to be elected—while the present President of the United States must and will represent the entire national interests, just as every other President of the United States has tried to represent national interests.

They plan to capitalize unrest with promises made of regulation of utility companies, a plan more often advocated by Republican Members of the House and Senate than by Members of the Democratic Party.

In closing the Democratic platform, again mention is made of the Hawley-Smoot tariff bill, and it is thoroughly condemned, the condemnation to be used to capitalize the unrest among the agricultural communities. This plan is evidently to be used by Democratic campaign orators, who will omit to call attention to the fact that the Hawley-Smoot Act was framed and supported by Democratic votes in the House and Senate and was passed in those bodies by Democratic votes. Even the keynoter of the Democratic Party, the eminent and distinguished Senator from Kentucky, voted in the tax bill of 1932 for a tariff under the guise of a tax.

This unnatural, disorganized national campaign will make it possible for the distinguished and able Senator from Nebraska, Senator NORRIS, and other honest progressives, to support in their own States and Territories, Messrs. Roosevelt and GARNER, and allow that eminent statesman, Hon. John W. Davis, in the industrial East, to support the same men under different State auspices.

With 48 State Democratic organizations conducting 48 different State campaigns, each on a different basis and claiming a different set of facts, further disorganization of political thought will be made possible. Under this plan, Roosevelt and GARNER will be for industry and high tariff and against agriculture in the East; for a low tariff, against industry, and for the farmer in the West.

Under this plan, Messrs. Roosevelt and GARNER will be urged for election in New York on the ground that they are for an all-American waterway and against the St. Lawrence waterway. In the great agricultural Middle West Messrs. Roosevelt and GARNER will be opposed to the all-New York waterway and strongly for the St. Lawrence route.

Its organizers can offer hope and comfort to men of great wealth, and hope and comfort to those who are poor and weak.

If its candidates were successful it can carry out no national program, because it will have promised 48 different national programs by its direct political State representatives whose promises can be disregarded by the Democratic nominees, if successful, with a wink in their eyes and their tongue in their cheeks as local promises made by local committees.

On the other hand, the Republican nominee for President of the United States is the President of the United States. His promises and the party he represents must calmly and sanely allege that it is a national party. It will say, and it will be the truth, that the promise made by President Hoover is made in New York exactly as it is made in Maine and exactly as it is made in South Dakota, Illinois, Washington, and Florida. It is the same promise that will be made in every State, every county, every city, and in every voting precinct in the United States, and made to every man and woman entitled to cast a ballot. It is the same promise made to the industrial East and to the agricultural West and South, to the elderly voter who knows the history and philosophy of Government, to the boys or girls of 21 who cast their first ballots, to the man or woman who fought in any war, to those who could not fight, and, even in this time of international difficulties, to the entire world.

Its promise is a national promise. Its stand on public questions is taken to insure solidarity and continuity of Government. Its promise and the promise of President Hoover recognize the depression and economic conditions. As President Theodore Roosevelt once said, in effect, in the long run we citizens of the United States will go up or down together and not by groups, industries, or sections.

The absurdity of this Democratic deception, once pointed out to the people of the United States, may bring such a feeling of nationalism to the people of this country who believe in nationalism that it may be repudiated by the sound Democratic leadership of this country, which desires its future good as much as any member of any party can desire it.

Members of the Democratic Party who are thinking, responsible citizens may not believe in a campaign which will permit 48 different sets of promises to get votes.

It would be better for the country if its sound leaders and sound citizens would not permit the plan of Chairman Farley and his advisers to continue through the campaign, because the day of reckoning must come to any individual or party who secures success based on a deliberate policy of deception.

RAILROAD ADMINISTRATION

Mr. MEAD. Mr. Speaker, the condition of the railroads of the United States is going from bad to worse each day, and unless something is done to put them on a better financial basis the employment of hundreds of thousands of our workers and the savings of as many more of our people will be jeopardized, if not destroyed. Not only has it been necessary for the railroads to endure the bitter scourge of the depression, but they have likewise been called upon to meet the competition of new and revolutionary methods of transportation. These competitors include the truck and bus lines that operate on our public highways; the air lines that carry mail, express, and passengers through the air; pipe lines that rush oils from the source of supply to the distant stations of distribution, as well as an inland and coastwise shipping, in some cases subsidized, all of which has been accelerated within the last few years to the detriment of transportation by rail.

We all recognize the fact that the American railroads are the very essential arteries of the Republic, as necessary in time of war as is the Army or the Navy, and as deserving of our consideration in time of peace as any other major problem of Government. Restoration of the American railroads will reduce unemployment, increase the stability of our financial institutions, and create a greater purchasing and consuming capacity which our factories, mines and mills stand in need of at this particular time. During the period of the depression, except for the passage of the Reconstruction

Finance Corporation act, very little attention has been paid to this problem and it seems to me that the legislation which has already been introduced, upon which hearings have been held, should be whipped into shape so that it could be considered and passed in special session or at the very beginning of the next regular session of Congress which meets in December. The status of the bills now being considered in the House and in the Senate concerning the question of transportation is as follows:

RAILROAD CONSOLIDATION

H. R. 11643. To amend section 5 of the Interstate Commerce Act, as amended, relating to the consolidation and acquisition of control of carriers by railroad, and for other purposes. (On House Calendar.)

S. 3079. To regulate the acquisition of control of carriers by railroad. (No action by committee.)

MOTOR CARRIERS

H. R. 7239. To regulate the transportation of persons and property in interstate and foreign commerce by motor carriers operating on the public highways. (Favorable report from Interior Department; no report from Interstate Commerce Commission; no action by committee.)

H. R. 12229. To regulate the transportation of persons and property in interstate and foreign commerce by motor carriers operating on the public highways, and for other purposes. (Referred to Interstate Commerce Commission for report; no action by committee.)

H. R. 5596. To provide for the regulation of common carriers by motor vehicle in the same manner as common carriers by railroad. (Adverse report from Interstate Commerce Commission; no action by committee.)

H. R. 7246. Imposing an excise tax on motor busses and motor trucks operating over public highways of the United States of America as common carriers engaged in interstate commerce, providing for the assessment and collection thereof, and providing penalties for the violation of this act. (No action by committee.)

H. R. 12739. To regulate the transportation of passengers and property in interstate and foreign commerce by motor carriers operating on the public highways, and for other purposes. (Reports called for; no action by committee.)

H. R. 12541. To place carriers by motor-propelled vehicles for compensation in interstate commerce under the jurisdiction of the Interstate Commerce Commission. (Reports called for; no action by committee.)

RECAPTURE CLAUSE

H. R. 11642. To amend sections 15a and 19a of the interstate commerce act, as amended, and for other purposes. (On House Calendar.)

H. R. 9551. To amend section 15a of the interstate commerce act, and for other purposes. (No action by committee.)

S. 205. To amend the interstate commerce act, as amended. (No action by committee.)

FULL CREW

H. R. 11012. To promote the safety of employees and travelers upon railroads by compelling common carriers by railroad engaged in interstate and foreign commerce to man locomotives, trains, and other self-propelled engines or machines with competent employees; to provide the least number of men that may be employed on locomotives, trains, and other self-propelled engines or machines; to provide qualifications for certain employees; and providing a penalty for the violation thereof. (Favorable report from Interstate Commerce Commission; no action by committee.)

WATER TRANSPORTATION

H. R. 11497. Amending the interstate commerce act, as amended, and other acts of Congress relating to water transportation for the purpose of further regulating carriers by water engaged in interstate commerce, whether coastwise, intercoastal, or on the Great Lakes or inland waterways of the United States, and for other purposes. (Favorable reports from Interstate Commerce Commission, War Department, and Inland Waterways Commission; no action by committee.)

H. R. 9390. To place rate regulation of water-borne commerce on the inland waterways of the United States under the jurisdiction of the Interstate Commerce Commission. (Favorable reports from Interstate Commerce Commission, War Department, and Inland Waterways Commission; no action by committee.)

H. R. 12540. To place inland-waterway commerce under the jurisdiction of the Interstate Commerce Commission. (Favorable reports from War Department and Inland Waterways Commission; no action by committee.)

H. J. Res. 58. Stating whether coastwise traffic should be subjected to governmental regulation under the Interstate Commerce Commission. (Favorable report from Interstate Commerce Commission; no action by committee.)

PENSIONS

H. R. 9891. To provide for the establishment of a system of pensions for railroad and transportation employees and for a railroad pension board, and for other purposes. (Adverse report from Treasury Department; favorable report from Interstate Commerce Commission; no action by committee.)

S. 4927. To provide compensation for disability or death resulting from injury to employees in interstate commerce, and for other purposes. (No action by committee.)

H. R. 10023. To provide retirement insurance for railway employees, and for other purposes. (Favorable report from Interstate Commerce Commission; no report from Treasury Department; no action by committee.)

THE TARIFF, THE FARM BOARD, AND THE FARMER

Mr. AYRES. Mr. Speaker, William Jennings Bryan, one of the most effective campaigners of all time, always referred to the Republican Party, or, rather, its leaders, as "our friends the enemy." Using that Bryanesque expression, it is my judgment that "our friends the enemy," are not going to say much during the 1932 campaign about the wonderful results due to the present tariff. I realize that the tariff question is not ordinarily very interesting to many people, but it will be especially uninteresting to the Republican leaders in this campaign.

Many times during this campaign attention will be called to the tariff planks in the Republican platforms of the past as well as to some of the utterances of President Hoover in his campaign for the Presidency in 1928. As far back as its 1904 platform the Republican Party said that—

A Democratic tariff has always been followed by business adversity; a Republican tariff by business prosperity.

Then, to add emphasis to that declaration of 1904, the platform of 1928, after declaring for a continuation of the beneficences of that high protective tariff, said:

* * * Through the wisdom of Republican policies and the capacity of Republican administrations, the foundations have been laid and the greatness and prosperity of the country firmly established. * * * Under this administration the country has been lifted from the depths of a great depression to the level of prosperity.

Mr. Speaker, if that is not sufficient to convince the American people that adversity always follows a Democratic tariff and prosperity in business invariably follows a Republican tariff, then it might be well to call attention to Mr. Hoover's speech of acceptance at Palo Alto, Calif., on August 11, 1928, in which he said:

The poorhouse is vanishing from among us. We have not yet reached the goal, but, given a chance to go forward with the policies of the last eight years, we shall soon, with the help of God, be in sight of the day when poverty will be banished from this Nation. There is no guaranty against poverty equal to a job for every man. That is the primary purpose of the economic policies we advocate.

Then, again, in a speech made by Mr. Hoover at Newark, N. J., appealing to workmen for their support for President, he said:

The Republican Party has performed unparalleled service to the employees in our commerce and industry through its history and notably during the last seven and a half years. Continuous employment and prosperity of labor depends upon the continuance of these policies.

By these and many more such utterances by candidate Hoover I could recite, it appears that he gave an unqualified guarantee of continued prosperity for business and full-time employment for every worker in the event of his election and the continued policy of a high protective tariff.

Suppose we contrast the foregoing statements with a declaration in the present Republican platform, adopted at Chicago a few weeks ago, as follows:

We meet in a period of widespread distress and of an economic depression that has swept the world. The emergency is second only to that of a great war. The human suffering occasioned may well exceed that of a period of actual conflict.

Is it unfair to say that these wonderful promises on the part of Mr. Hoover, his friends, and supporters, as well as the many predictions made by them that a continuance of his policies meant prosperity, have not materialized?

It must be borne in mind that the question of enacting a high tariff and maintaining the same was not a 1928 campaign idea. Many years ago Mr. Hoover, in a speech that he made in St. Louis, Mo., November 2, 1918, said:

Adequate tariff is essential if we would assure relief to the farm. The first and most complete necessity is that the American farmer have the American market. That can be assured to him solely through the protective tariff.

It will be remembered that soon after his inauguration as President Mr. Hoover convened Congress in extraordinary

session to pass a tariff for the benefit of agriculture; also that Congress passed the so-called Hawley-Smoot Tariff Act, which was signed by Mr. Hoover. Therefore it is fair to assume at least that this is the tariff measure he had in mind to assure relief to the farmer and to provide the American farmer with an American market. There is not an intelligent farmer anywhere in this country but who knows that in order to have an American market for his farm commodities it is necessary to have a foreign market for his surplus products.

The principal recommendations which President Hoover made to the first session of the Republican Seventy-first Congress had to do with the tariff and the farm problem. It was through tariff revision and legislation affecting the farmer that President Hoover proposed to cure the ills of agriculture and restore that industry to a basis of prosperity.

President Hoover recommended a limited revision of the tariff, but the Republican Congress gave him a general upward revision bill, and he signed it.

The rates carried in the Hawley-Smoot Act are the highest in the country's history, and have caused retaliatory measures to be passed by approximately 50 other nations with whom we had been conducting a large trade. The fact that our foreign trade began to decrease in 1930 was due in large part to the passage of the Hawley-Smoot measure. In that year this commerce fell $2,737,780,000 under that of 1929. It fell from a total of $9,640,356,000 in 1929 to $4,514,-170,000 in 1931, while for the first six months of 1932 our foreign trade was only about 70 per cent of the volume of 1929.

But this is not all. The passage of this tariff act caused practically all of the foreign nations to pass retaliatory measures as barriers against our goods, as I stated before, and has forced hundreds of American concerns to erect branch plants in other countries in an effort to hold the trade they had built up. A year ago there were 1,071 American branch plants in Canada with an investment of over $1,189,590,000, and increasing every month. On March 11 of this year Canadian newspapers carried a report of the Toronto Industrial Commission that 10 additional big United States concerns had located in that vicinity in 60 days. This report said that—

> Canada, approximately thirtieth in population among the nations of the globe, has now risen to fifth place in world trade, thanks largely to the impetus given her industrial growth by American concerns.

The report of this commission might have added that for every American plant established in Canada thousands of American workmen were added to the great army of the unemployed.

The report of R. G. Dun & Co. is informative, but alarming and sad. It shows that this migration of American capital and industry to Canada has had a wholesome effect on general business conditions in the Dominion, as evidenced by the fact that there were actually 93 fewer commercial failures in Canada in 1931 than in 1930, while the number of such failures in this country increased that year by more than 7,000.

European countries also have profited to a very marked extent, as has Canada, by hundreds of American branch factories going to those countries. It is sad to picture such a tragedy. What more is needed to convince the people of this country of the stupidity of such American statesmanship?

Nobody has felt the ill effects of this decrease more than the American farmer, because of the total exports from the United States, considerably more than one-third are of crude materials and foodstuffs produced on the farm. High tariffs imposed on American goods by approximately 50 foreign powers in retaliation for the exorbitant rates of the Hawley-Smoot Act have closed foreign markets to American farm products and given tremendous impetus to the downward course of the prices which the American farmer has received for his products.

With respect to farm legislation, it will not be forgotten that President Hoover rejected every proposal for the solution of the farm problem which was proposed by the farm organizations themselves, and in effect issued an ultimatum that Congress enact legislation dictated by him, or there would be no farm bill whatever. The result was that Congress passed the Federal Farm Board act. President Hoover appointed the members of this board, and Congress gave it the enormous sum of $500,000,000 with which to do its job. Its power was unlimited, and its funds almost so. When the Farm Board was created, President Hoover told its members that they had been given "responsibility, authority, and resources such as have never before been conferred by our Government in assistance to any industry."

What has happened to our export trade under President Hoover's tariff policy is indicated by the loss of 70 per cent of the value of our foreign commerce, to which I have already referred.

The story of what has happened to the farmer with respect to his farm income is eloquently told in figures making a comparison of the prices of farm products before and after enactment of Mr. Hoover's farm plan into legislation and his appointment of the Farm Board and its endowment with a half-billion dollars of the taxpayers' money.

I have obtained from the Department of Agriculture a comparison of farm prices of three important crops for the years 1928, 1929, and 1931.

These prices are the United States average, based on prices to the farmer for these crops as reported to the Department of Agriculture on the 15th of each month from all sections of the country.

In 1928 the high average price received by the farmer for wheat was $1.43⅛ per bushel. The low average price for that year was 94⅛ cents. For 1929 the high average price to the farmer for his wheat was $1.12⅛ per bushel. The low average price was 86⅜ cents per bushel.

These were the wheat prices to the farmer during the last two crop years prior to the enactment of President Hoover's farm plan into law.

For the 1931 wheat crop, the highest average price the farmer received for his wheat was 59⅜ cents, while the low average for that year was 35⅛ cents.

It will be noted that this low average for 1931 was only about one-fourth the high average received for wheat in 1928.

The average price to the farmer for the entire wheat crop of the country in 1928, according to the Department of Agriculture, was $1.00⅛. For 1929 it was 1.05⅛. But for 1931, under the Hoover Farm Board policies, it dropped to 38½ cents. As a matter of fact, there were many times in many places when the farmer actually received as low as 30 cents, and in some cases as little as 25 cents per bushel for his wheat, but I have given the average prices for the whole country as reported on a given day each month to the Department of Agriculture.

I give the same figures for the corn and cotton crops for the same years:

In 1928 the high average price for corn received by the farmer was $1.025; the low average price was 75.2 cents.

For 1929 the high average price was 97.2 cents; the low average 78 cents.

For 1931 the high average was 61.7 cents; the low average was 33.4 cents.

For 1928 the average price for the entire country which the farmer received for his corn was 84.5 cents; for 1929 it was 80.9 cents; for 1931 it was 32.9 cents, according to the preliminary reports of the Department of Agriculture.

In 1928 the high average price of cotton to the farmer was 21 cents per pound; the low average was 17 cents.

For 1929 the high average for cotton was 18.8 cents; the low was 16 cents.

For 1931 the high average was 9.6 cents; the low was 5.3 cents.

For 1928 the average price for cotton to the farmer was 18 cents per pound, for 1929 it was 16.8 cents, and for 1931 it was only 5.7 cents.

If any further indication of what has happened to the farmer under the policies of President Hoover and his Farm Board is needed, it may be found in the figures showing the

total value of the principal farm crops of the country for 1929 and 1931:

For 1929 the Department of Agriculture reported the value to the farmer of 75 principal crops produced in the United States at $8,088,494,000.

For 1931 the value of the same 75 crops was $4,122,850,000.

Here is a shrinkage in farm crop values in only two years of almost $4,000,000,000 or nearly 50 per cent.

After reading these figures it will be easy to understand why it is that thousands upon thousands of farms are being disposed of at sheriffs' sales in every State in the Union.

SHORTER WORKING HOURS

Mr. WOLVERTON. Mr. Speaker, the problem of unemployment can not be adequately solved by merely giving consideration to ways and means of putting our workers back into industry. Even though every manufacturing plant now idle should immediately start operation, it could not result in giving permanent employment to all.

This condition arises from the fact that by the widespread use of labor-saving machines and devices there is an ever-increasing reduction in the number of workers required and at the same time a greatly increased production. Even during the prosperous years immediately preceding the depression, and before business had become affected, the number of unemployed had been steadily growing and had reached an estimated total of 3,000,000.

For years past one invention after another has followed in quick succession. Each has sought to increase production with the use of less man power. Those who gave thoughtful consideration to what might be the ultimate result were told to have no fear. It was reasoned that labor thus displaced would find employment through increased trade and by a diversity of new industries. The result, however, has been quite different. Men crowded out of employment by the use of labor-saving machinery have found it increasingly hard to find employment in their former trades or even in new industries.

Frequently the installation of modern machinery in a factory has reduced the number of workers by 50 per cent and more. While it is true that some may find employment in the making of the machines that displaced them as workers, and some benefit from the reduced cost of the article produced, yet there is a severe loss experienced by most of those affected because of inability to quickly find other employment. Various investigations into this feature of the subject show that probably not more than one-fourth obtain immediate employment elsewhere, while the great majority require from six to nine months before locating new employment. The hardship resulting from this enforced idleness is readily apparent. The distress and destitution it creates increases in proportion to the length of time the worker is unemployed.

Workingmen in every industry have felt the effect of the increased use of labor-saving machinery. Improvements in oil refining have enabled production to be increased 84 per cent, while the labor force has been reduced 5 per cent. Tobacco machines have increased output 53 per cent, with 13 per cent fewer operatives. Meat products, 20 per cent greater, are marketed with 19 per cent fewer workmen. Steel production is 8 per cent larger, with an operating force reduced 9 per cent. Railroad transportation has reduced the number of employees and at the same time increased operation by 30 per cent. Cotton machinery has enabled a 3 per cent increase to be handled with 13 per cent fewer workers. In the coal industry a reduction of 15 per cent in the number of miners has not prevented a 4 per cent increase in production. This is sufficient to illustrate that reduction of force goes hand in hand with new inventions in every kind of employment.

In considering unemployment relief, and seeking to find a proper solution, there are certain conditions which must be taken into consideration if proper provision is to be made for the ultimate employment of all. It can not be accomplished merely by a return of industry to normal activity. In the first place, it is inevitable that the most efficient plants will be first placed in operation, and that those which have become obsolete in the last few years will probably never resume. Secondly, improved machinery increases production faster than consumption. Thirdly, mass production will never be discarded for a return to hand labor. From this enumeration of underlying conditions—and there are many more equally important factors that have a direct bearing on the matter—it can be readily seen that the present unemployed can not possibly be utilized full time in modern industrial plants without resulting in overproduction to a degree that would prove disastrous and again bring about a condition of unemployment.

Thus, as a return of industrial activity does not provide in itself an adequate and permanent solution of our employment problem, it is necessary to give consideration to a new basis of employment. After careful study and thoughtful consideration, I am inclined to believe that at least a partial solution can be found by the adoption of a shorter working week, or the shorter day, or both. I am convinced that if all are to find employment, not only now but also when business again becomes normal, without ruining market prices by too great a production, there must be a shortening of working hours that will enable a spread of work to include all.

It is encouraging to realize that a recognition of this principle, in the economy bill recently passed by Congress, prevented the discharge of great numbers of Federal employees and created part-time employment for many others. While it may be considered unfortunate that the first application of the principle was made necessary by an economy measure, yet it would seem that organized labor was amply justified in giving its support to the same, from the standpoint that the acceptance of the principle was a long step forward, and one which business and industry might thereby be influenced to accept as best for all concerned.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 1 minute p. m.) the House, pursuant to its previous order, adjourned until to-morrow, Saturday, July 16, 1932, at 10 o'clock a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. O'CONNOR: Committee on Rules. House Resolution 288. A resolution authorizing all Members of the House to extend their own remarks in the CONGRESSIONAL RECORD; without amendment (Rept. No. 1776). Referred to the House Calendar.

Mr. PATTERSON: Committee on Patents. S. 4912. An act to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933; without amendment (Rept. No. 1778). Referred to the Committee of the Whole House on the state of the Union.

REPORT OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WARREN: Committee on Accounts. House Resolution 289. A resolution providing for the payment of extra compensation to James W. Boyer, jr. (Rept. No. 1779). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GARBER: A bill (H. R. 12987) to restore the purchasing power of farm products, reestablish a market for the products of labor in industry, and furnish jobs to the unemployed; to the Committee on Agriculture.

By Mr. HARLAN: A bill (H. R. 12988) to amend the act approved May 15, 1928, entitled "An act for the control of

floods on the Mississippi River and its tributaries, and for other purposes"; to the Committee on Flood Control.

By Mr. KERR: A bill (H. R. 12989) to restrict the exportation of tobacco seed, and to provide a penalty for the unauthorized exportation thereof; to the Committee on Agriculture.

By Mr. MEAD: A bill (H. R. 12990) to provide a shorter work week for postal employees, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. CROSSER: A bill (H. R. 12991) to establish a 6-hour day for employees of carriers engaged in interstate and foreign commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. COOPER of Tennessee: A bill (H. R. 12992) granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the South Fork, Forked Deer River, on the Milan-Brownsville road, State Highway No. 76, near the Haywood-Crockett County line, Tenn.; to the Committee on Interstate and Foreign Commerce.

By Mr. BLOOM: Concurrent resolution (H. Con. Res. 38) authorizing the acceptance of the gift of a stone tablet bearing the conjoined escutcheons of the Washington and Standish families, to be placed in the Capitol; to the Committee on the Library.

By Mr. CHINDBLOM: Resolution (H. Res. 290) for the consideration of S. 4912, an act to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LINDSAY: A bill (H. R. 12993) for the relief of Phillip William Henry; to the Committee on Naval Affairs.

By Mr. SNELL: A bill (H. R. 12994) granting an increase of pension to Hattie G. Dyer; to the Committee on Invalid Pensions.

By Mr. STEVENSON: A bill (H. R. 12995) for the relief of the Herald Publishing Co.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8536. By Mr. BEAM: Resolution of the General Assembly of the State of Illinois, favoring the enactment of Senate bill 1197; to the Committee on Agriculture.

8537. By Mr. HESS: Petition of Henry E. Deckebach, of Cincinnati, Ohio, urging the issuance of good-will debt bonds, the proceeds to be used for specified purposes, such as the payment of the bonus; to the Committee on Ways and Means.

SENATE

SATURDAY, JULY 16, 1932

(Legislative day of Monday, July 11, 1932)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Mr. VANDENBERG. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cohen	Gore	La Follette
Austin	Connally	Hale	Lewis
Bailey	Costigan	Harrison	McKellar
Barbour	Couzens	Hastings	McNary
Barkley	Dale	Hatfield	Metcalf
Bingham	Davis	Hayden	Morrison
Black	Dickinson	Hebert	Moses
Borah	Fess	Howell	Neely
Brookhart	Fletcher	Johnson	Norbeck
Bulkley	Frazier	Jones	Norris
Bulow	George	Kean	Nye
Byrnes	Glass	Keyes	Patterson
Capper	Goldsborough	King	Pittman
Reed	Shipstead	Thomas, Idaho	Vandenberg
Robinson, Ark.	Shortridge	Thomas, Okla.	Wagner
Robinson, Ind.	Smoot	Townsend	Walcott
Schall	Steiwer	Trammell	Walsh, Mass.
Sheppard	Stephens	Tydings	Watson

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is absent on official business in attendance upon the Geneva Naval Conference.

The VICE PRESIDENT. Seventy-two Senators have answered to their names. A quorum is present. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House further insisted upon its disagreement to the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes; agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. STEVENSON, Mr. GOLDSBOROUGH, Mr. MCFADDEN, and Mr. LUCE were appointed managers on the part of the House at the further conference.

The message also announced that the House had passed the bill (S. 4569) relating to loans to veterans on their adjusted-service certificates, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 1289. An act for the relief of William Dalton;

H. R. 2189. An act for the relief of Elsie M. Sears; and

H. R. 7215. An act for the relief of May Weaver.

The message also announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

H. R. 1834. An act for the relief of Claude E. Dove;

H. R. 2927. An act for the relief of Eva May Peed, widow of George M. Peed; and

H. R. 7199. An act for the relief of Frank Martin.

The message further announced that the House had passed, without amendment, the joint resolution (S. J. Res. 206) making available to the Banking and Currency Committee of the Senate certain information in the possession of the Treasury Department and the Bureau of Internal Revenue.

The message also announced that the House had agreed to the reports of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to each of the following bills of the Senate:

S. 811. An act for the relief of Sophia A. Beers; and

S. 2437. An act for the relief of the estate of Annie Lee Edgecumbe, deceased.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation act may be made to producers of livestock, including poultry, and to dairy farmers, and may be made for crop planting or crop cultivation, including summer-fallowing, during the year 1932, and it was signed by the Vice President.

JOINT COMMITTEE TO INVESTIGATE RELIEF OF WAR VETERANS

The VICE PRESIDENT. The Chair appoints the following Senators as members on the part of the Senate of the joint congressional committee to investigate the operation of the laws and regulations relating to the relief of war veterans and their dependents, created under section 701 of the legislative appropriation bill, H. R. 11267, viz:

The Senator from Indiana [Mr. ROBINSON];

The Senator from Iowa [Mr. BROOKHART];

The Senator from West Virginia [Mr. HATFIELD];

The Senator from Massachusetts [Mr. WALSH]; and

The Senator from Georgia [Mr. GEORGE].

The Chair takes occasion to state that the appointment of the majority members of the committee was made upon

the recommendation of the majority leader [Mr. WATSON], while the minority members were recommended by the minority leader [Mr. ROBINSON of Arkansas].

CHANGE IN THE DATE OF INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the Governor of Illinois, together with a joint resolution adopted by the Legislature of the State of Illinois, ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress, which was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF ILLINOIS,
OFFICE OF THE GOVERNOR,
Springfield, July 14, 1932.

The honorable THE VICE PRESIDENT OF
THE UNITED STATES AND PRESIDENT OF THE SENATE,
Washington, D. C.

SIR: I have the honor to inclose herewith certified copy of House Joint Resolution, No. 22, adopted by the house and concurred in by the senate at the first special session of the Fifty-seventh General Assembly of the State of Illinois, ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of the President and Vice President and Members of Congress and fixing the time of assembling Congress.

Respectfully,

LOUIS L. EMMERSON, *Governor.*

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, William J. Stratton, Secretary of State of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of House Joint Resolution No. 22, adopted by the first special session of 1931–32, and filed in this office at 11.45 o'clock a. m., July 12, 1932, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereunto set my hand and cause to be affixed the great seal of the State of Illinois.

Done at the city of Springfield this 13th day of July, A. D. 1932.

[SEAL.] WILLIAM J. STRATTON,
Secretary of State.

House Joint Resolution No. 22

Whereas both Houses of the Seventy-second Congress of the United States of America, by a constitutional majority of two-thirds thereof, proposed an amendment to the Constitution of the United States of America, which should be valid to all intents and purposes as a part of the Constitution of the United States when ratified by the legislatures of three-fourths of the States, which resolution is in words and figures following, to wit:

"Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein)*, That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"'ARTICLE —

"'SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"'SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"'SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"'SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"'SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"'SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission.' Now, therefore, be it

"*Resolved*, By the House of Representatives of the Fifty-seventh General Assembly, the Senate concurring herein:

"SECTION 1. That said proposed amendment to the Constitution of the United States of America be, and the same is hereby ratified by the General Assembly of the State of Illinois.

"SEC. 2. That certified copies of this preamble and joint resolution be forwarded by the governor of this State to the Secretary of State at Washington, D. C., to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States."

Adopted by the House April 20, 1932, by a two-thirds vote.

DAVID E. SHANAHAN,
Speaker of the House of Representatives.
GEORGE C. BLAEUER,
Clerk of the House of Representatives.

Concurred in by the Senate April 21, 1932, by a two-thirds vote.

FRED S. STERLING,
President of the Senate.
JAMES H. PADDOCK,
Secretary of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram from William M. Gregory, of Cottonwood Falls, Kans., submitting a plan to buy the surplus wheat and cotton now held by the Government and to issue wheat and cotton certificates therefor bearing the stamp of the Government, etc., so as to put more currency in circulation and aid in the restoration of economic conditions, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a telegram from the National Economy League, Grenville Clark, chairman, Archibald B. Roosevelt, secretary, New York City, N. Y., relative to measures proposing to eliminate $450,000,000 "in legalized veterans' abuses," etc., which was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a petition from a committee of 400 World War veterans and unemployed of the New York (N. Y.) Ex-Service Men's League, stating "We demand Congress enact payment unemployment insurance and bonus before adjournment," which was referred to the Committee on Finance.

He also laid before the Senate a letter from Sam A. Burrell, Brentwood Heights, Calif., relative to the settlement of foreign debts and international finance, which was referred to the Committee on Finance.

He also laid before the Senate a telegram from the Kanotex Refining Co., Arkansas City, Kans., relative to the tax levied in section 617 of the revenue act of 1932 in the matter of kerosene distillate and naphtha, which was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a memorial from L. E. Blenheim, of White Plains, N. Y., remonstrating against delay in Congress in the disposition of prohibition measures, which was referred to the Committee on the Judiciary.

He also laid before the Senate a petition in the form of a resolution adopted by the Advent Christian General Conference of America, at Plainville, Conn., praying that the Supreme Court of the United States reconsider the case of Doctor Macintosh, of the Yale Divinity School, and also praying for the passage of legislation amending the naturalization laws so as to permit liberty of conscience in citizenship, which was referred to the Committee on Immigration.

He also laid before the Senate a telegram in the nature of a petition from Edward J. Hudon, of Lewiston, Me., praying for the passage of the so-called Maas bill abolishing the office of postmaster in certain first and second class post offices, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate memorials and papers and telegrams in the nature of memorials from sundry citizens and organizations of the States of Illinois, Michigan, Montana, New York, Washington, Wisconsin, and Vermont, remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

He also laid before the Senate the following joint resolution of the Legislature of the State of Illinois, which was referred to the Committee on Banking and Currency:

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, William J. Stratton, secretary of state of the State of Illinois, do nereby certify that the following and hereto attached is a true photostatic copy of Senate Joint Resolution No. 15, adopted by the first special session of the general assembly of 1932, and filed in this office at 11.45 a. m. on July 12, 1932, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of the State of Illinois. Done at the city of Springfield, this 13th day of July, A. D. 1932.

[SEAL.] WILLIAM J. STRATTON,
Secretary of State.

Senate Joint Resolution No. 15

Whereas prices of agricultural products have been below the cost of production during the past 10 years and farmers have been unable to meet their obligations and retire their indebtedness; and

Whereas there is no existing adequate method for refinancing the agricultural indebtedness and the farmers of this State and of this Nation are at the mercy of their mortgagees and creditors; and

Whereas unless immediate relief is given many thousands of farmers will lose their farms and their homes and will be forced into our cities and villages, augmenting the army of unemployed and becoming dependent upon charity; and

Whereas agriculture does not ask for charity but merely that it be placed on a basis of equality with other industry and that the Federal reserve system be made to function for it as for other industries; and

Whereas more than 100,000 farmers have petitioned Congress to enact Senate bill No. 1197, known as farmers' farm relief bill, which will place agriculture on a parity with other industries, and the Legislatures of the States of Montana, North Dakota, Minnesota, Wisconsin, and Iowa have indorsed this bill: Now, therefore, be it

Resolved by the Senate of the Fifty-seventh General Assembly at the first special session thereto (the House of Representatives concurring herein), That the President and the Congress of the United States be memorialized to take all necessary action to enact Senate bill No. 1197, the farmers' farm relief bill, into law; and be it further

Resolved, That a copy of this preamble and resolution be forwarded to the President of the United States, to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, and to each Senator and Representative in Congress from the State of Illinois.

Adopted by the senate April 21, 1932.

FRED E. STERLING,
President of the Senate.
JAMES H. PADDOCK,
Secretary of the Senate.

Concurred in by the house of representatives April 27, 1932.

DAVID E. SHANAHAN, *Speaker.*
GEORGE C. BLAEUER, *Clerk.*

REPORT OF A COMMITTEE

Mr. SHIPSTEAD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 4178) to amend section 8 of the act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906, as amended, relating to misbranded foods, reported it without amendment and submitted a report (No. 1002) thereon.

JOINT RESOLUTIONS INTRODUCED

Joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REED:

A joint resolution (S. J. Res. 207) to authorize graduation leave for cadets of the United States Military Academy; to the Committee on Military Affairs.

By Mr. CAPPER:

A joint resolution (S. J. Res. 208) to declare the 11th day of November, celebrated and known as Armistice Day, a legal public holiday in the District of Columbia; to the Committee on the District of Columbia.

By Mr. JONES:

A joint resolution (S. J. Res. 209) providing for advances to unemployed veterans on their adjusted-service certificates; to the Committee on Finance.

INTEREST ON LOANS TO VETERANS

Mr. NORRIS. Mr. President, I ask the Chair to lay before the Senate the action of the House of Representatives on the so-called veterans' interest bill.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 4569) relating to loans to veterans on their adjusted-service certificates, which was to strike out all after the enacting clause and insert:

That the first sentence of subdivision (b) of section 502 of the World War adjusted compensation act, as amended (U. S. C., title 38, sec. 642 (b)), is hereby amended to read as follows:

"(b) Any national bank, or any bank or trust company incorporated under the laws of any State, Territory, possession, or the District of Columbia (hereinafter in this section called 'bank'), is authorized to loan to any veteran upon his promissory note secured by his adjusted-service certificate (with or without the consent of the beneficiary thereof) any amount not in excess of the loan basis (as defined in subdivision (g) of this section) of the certificate."

SEC. 2. (a) Subdivisions (c) and (d) of section 502 of such act, as amended (U. S. C., title 38, secs. 642 (c) and 642 (d)), are hereby amended by striking out "6 per cent" wherever occurring in such subdivision and inserting in lieu thereof "3½ per cent."

(b) Subdivision (1) of section 502 of such act, as amended (U. S. C., Supp. V, title 38, sec. 642 (1)), is amended by striking out "4½ per cent" and inserting in lieu thereof "3½ per cent."

(c) The amendments made by subsections (a) and (b) of this section shall not apply with respect to interest accrued prior to the date of the enactment of this act.

SEC. 3. Subdivision (m) of section 502 of such act, as amended (U. S. C., Supp. V, title 38, sec. 642 (m)), is hereby amended to read as follows:

"(m) Loans made by the Administrator of Veterans' Affairs under this section may at his option be made out of the United States Government life-insurance fund, or out of the adjusted-service certificate fund created under section 505. In case of loans made out of the United States Government life-insurance fund the fund shall be entitled to receive interest at the rate of 4½ per cent per annum, compounded annually, but, in respect of interest on any such loan accruing after this subdivision as amended takes effect, the amount by which interest at such rate exceeds 3½ per cent per annum, compounded annually, shall be paid to the United States Government life-insurance fund out of the adjusted-service certificate fund."

Mr. NORRIS. Mr. President, the amendment of the House is not what I should like to have. The Senator from New York, who is now absent, is very much interested in this proposed legislation, but I understand the Senator from Georgia [Mr. GEORGE] is looking after the matter in his absence.

Mr. GEORGE. That is correct.

Mr. NORRIS. It is my judgment, under the circumstances, and in view of the fact that we would probably not get any legislation on this subject at this session if the bill were taken to conference, that the proper thing to do is to move to concur in the House amendment, which I do.

Mr. GEORGE. Mr. President, I agree with the Senator from Nebraska, and think the action he has suggested should be taken.

Mr. SMOOT. I desire to ask the Senator to withhold the motion at least until I can look over the amendment. I do not know whether there will be any objection to it or not, but I should like merely to know what has been done before the House amendment is concurred in. It will not take very long to do that.

Mr. NORRIS. Very well. I have no objection to that course and will withhold my motion until the Senator from Utah shall have an opportunity to consider the amendment of the House.

WHEAT AND COTTON FOR AMERICAN RED CROSS

The Senate resumed the consideration of the joint resolution (H. J. Res. 461) making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

Mr. KING. Mr. President, I was proceeding to discuss the amendment.

Mr. BINGHAM. Mr. President, will the Senator permit the amendment to be read for the information of the Senate?

The VICE PRESIDENT. The amendment has been read, but it will be reread at the request of the Senator from Connecticut.

FEDERAL FARM BOARD

Mr. KING. Mr. President, the Senator from Connecticut has requested the reading of the substitute which I offered yesterday to the pending measure, House Joint Resolution 461. I think I can explain the measure to the satisfaction of the Senator.

The measure before us is for the purpose of carrying into effect a joint resolution approved on the 5th instant, which authorizes the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for the relief of distress. That resolution, in my opinion, was not fully understood by Congress, and the support given it grew out of a lack of understanding of its implications. It is contended that the resolution imposes an obligation upon Congress to appropriate an indefinite sum to pay for millions of bushels of wheat and several hundred thousand bales of cotton, held by the Farm Board, in order that the same may be distributed by the Red Cross to relieve distress.

In my opinion, the resolution should not have been passed, and if it had been fully understood I doubt whether it would have received the approval of Congress. Taking advantage of the deplorable condition throughout the country, the poverty and the distress everywhere manifest, a measure was passed some time ago calling for the distribution of grain through the Red Cross organization. Facts are coming to light showing that in some places there was not a wise and prudent distribution of the bounty provided by the Government; that flour and grain were wasted and marked inefficiency characterized its distribution; if true, this reflects, if not on the Red Cross, upon agencies and instrumentalities through which distribution was made. There are many who believe that the experience in connection with the distribution of the wheat and flour heretofore authorized does not warrant further distribution by Congress through the same agencies or channels, even if the wheat and cotton are to be donated by the Federal Government. The Senator from Oklahoma will bring a few instances to the attention of the Senate revealing the waste that has attended the distribution of wheat and flour, the distribution of which was heretofore authorized by Congress.

Mr. President, I am not convinced that the resolution of July 5 was solely inspired by the desire to provide food for those in distress. I believe there is evidence indicating that the Farm Board desired to get rid of some of its surplus wheat and cotton, which it had improperly accumulated, and that some agricultural interests likewise were interested in depleting the Farm Board's surplus stock in order that the same might not be held as a menace to the wheat and cotton prices of the 1932 crop. At any rate, the resolution of July 5 was passed and we are now asked by the provisions of House Joint Resolution 461 to appropriate "such sums as may be necessary during the fiscal year 1933 for the purposes of carrying out the provisions of the resolution of July 5." The latter resolution authorized and directed the Farm Board to deliver to the Red Cross 45,000,000 bushels of wheat and 500,000 bales of cotton for use in providing food, cloth, and wearing apparel for the needy and distressed people, and providing feed for livestock in the 1932 crop-failure areas, after the needs of human consumption have been taken care of. There was nothing in House Joint Resolution 418 indicating that the Government would be called upon to make any appropriation, but would credit the Farm Board with the amount of wheat or cotton turned over to the Red Cross pursuant to the terms of the joint resolution.

House Joint Resolution 461 now before us states that to enable the Farm Board to carry into effect the resolution of July 5, "Such sums as may be necessary * * * are hereby appropriated and made immediately available to the Federal Farm Board to be used in carrying out the provisions contained in subsections A, B, and C of said resolution. It is now claimed that to carry out the terms of House Joint Resolution 418, $50,000,000 should be appropriated out of the Treasury of the United States. It should be observed, however, that both resolutions are indefinite as to the appropriation to be made, and, as I have indicated, are silent as to the liens and charges against the wheat and cotton to be delivered to the Red Cross. The Joint Resolution 461, as I have stated, does not specify the sum to be appropriated. The substitute which I offered yesterday limits the appropriation to $30,000,000, and the Senator from Tennessee offered an amendment limiting the appropriation to $40,000,000, which was adopted; but, as I am advised, it is opposed by the House and by representatives of the Farm Board who demand at least $50,000,000.

As I have indicated, the resolution of July 5 was passed, as I believe, upon the theory that the Farm Board owned the wheat and cotton which were to be delivered to the Red Cross, and that upon the books of the Treasury the Farm Board would receive a credit for the value of the same; that the transaction would be a bookkeeping one only, and that no sum would be required to be taken from the Treasury in order to consummate the arrangement. It now transpires that there are liens and charges upon the 45,000,000 bushels of wheat and the 500,000 bales of cotton amounting to approximately $40,000,000. Commercial and intermediate-credit banks have made advances and have liens, if not mortgages, on both the wheat and the cotton amounting to many millions of dollars, and there are storage charges which amount to a large sum in addition to insurance charges which must be met; so that the total charges against the wheat and cotton referred to amount to perhaps more than the market value of such commodities. At any rate, there will be but a small equity to which the Farm Board might be entitled to a credit. Instead of the Government obtaining the wheat and the cotton referred to without appropriating money from the Treasury, it now appears that the transaction is not a mere bookkeeping one, but that an impoverished and, in effect, a depleted Treasury will be called upon to raise a sum substantially equal to the market value of the wheat and cotton in order that liens upon the same may be discharged. The Government will be compelled to borrow money by the issuance of bonds or temporary certificates in order to raise the amount required to pay these liens and charges before the wheat and cotton will be released.

I do not say that the original resolution of July 5 was passed under false pretenses, but I do assert that its full implications were not understood by many, if not a majority, of the Senators and Congressmen. Notwithstanding the fact that $500,000,000 has been appropriated to the Farm Board, much of which has been wasted, this resolution before us called for an unlimited appropriation, which, in effect, is an additional contribution to the Farm Board, with which it may discharge obligations resting upon it to the extent of approximately $40,000,000 in order that it may dispose of the wheat and cotton referred to in the resolution of July 5.

The Senator from Washington [Mr. JONES] stated yesterday that the joint resolution directed that 45,000,000 bushels of wheat and 500,000 bales of cotton be delivered to the Red Cross by the Farm Board.

Yesterday I offered a substitute for the pending resolution limiting the amount of wheat to be released to 30,000,000 bushels and the amount of cotton to be released to 400,000 bales. The substitute also provides that not to exceed $30,000,000 shall be appropriated or expended under the resolution. Obviously, any appropriation made should be definite and certain. The proposed substitute also provides that the Farm Board shall be composed of three members to be appointed by the President, by and with the consent of the Senate, and the Secretary of Agriculture, who shall be an ex officio member. In other words, the substitute seeks to reorganize the Farm Board, limit the membership to three, and shorten their terms of office. There are cogent reasons why the board should be abolished; and the substitute which I have offered will not be satisfactory to a large number of Senators and Congressmen who believe in its abolition. Measures are pending both in the House and Senate calling for the repeal of the marketing act, which provides for the Farm Board and under which it is now attempting to function. I shall before concluding make further reference to the question of abolishing the Farm Board.

Mr. President, the substitute which I have offered does not entirely meet my views. In my opinion, if the situation calls for further appropriation from the Federal Treasury to aid in caring for the unemployed, then the measure before us is not suitable or proper. The relief bill, which has been under consideration for days, carries $300,000,000 to be distributed to the States to relieve the unemployment situation. There are other provisions in the bill which will furnish work and employment and materially aid in meeting the deplorable situation in which the people of the United States find themselves.

If the amounts provided in the so-called relief bill are inadequate, then a further relief measure should receive consideration. If the situation calls for the purchase of wheat and cotton to be distributed among the people who are in want, there should be a direct appropriation for the purchase in the market of such quantities of wheat and cotton as may be deemed necessary under the circumstances, or the amount appropriated should be allocated to the States in proportion to their respective needs. But as stated, we are now called upon to make a further appropriation to the Farm Board and to aid it in extricating itself from the wretched plight into which its unsound and foolish policies have precipitated it. This measure, as I have indicated, has back of it relief for the Farm Board rather than relief for the unemployed. The Farm Board has so dissipated the $500,000,000 appropriated by Congress that it is unable to pay the $40,000,000 of liens and charges against the wheat and cotton which, if I understand the Senator from Washington, the resolution under consideration will obtain from the Farm Board.

I repeat that in view of measures pending in the House and Senate to abolish the Farm Board, as well as the resolution which has been adopted calling for its investigation, there may be valid objections to that part of the substitute which I have offered reducing the number of the board to three members and an ex officio member.

Mr. McKELLAR. Mr. President, will the Senator from Utah yield to me?

Mr. KING. I yield to the Senator from Tennessee.

Mr. McKELLAR. Does not the Senator think that it would really be better to let this matter go over to the next session? I am very much in favor of abolishing the Farm Board as at present constituted, and I think that its functions might very well be turned over to a liquidating agent of some sort, under a bill passed by the Congress, that would take charge of it and wind up its affairs and pay into the Treasury whatever money, if any, may be left. It seems to be very doubtful, after we pay all the debts of the board, whether there will be any of the $500,000,000 left; but in the event that the Government should be successful in even saving a few thousand dollars out of it, it ought to be paid back into the Treasury and not be turned over to the department. I believe it would be better to turn it over to some liquidating agency, and, under a statute, to wind up the board's affairs and bring about a cessation of its activities in that way.

Mr. KING. Mr. President, I think that a majority of the Members of both Houses, as well as an overwhelming majority of the people of the United States, will be in accord with the views of the Senator that the board should be abolished and some liquidating agency set up for the purpose of winding up its affairs. The Senator's view may be correct that the substitute offered reducing the membership of the board should not be now adopted because of the proposed abolition of the board at the next session of Congress. Undoubtedly there is a feeling that when Congress meets next December legislation will be enacted that will make some disposition of the Farm Board. In drafting the substitute I had in view the fact that a few days ago we passed a measure that reduced the Shipping Board to three members, notwithstanding the fact that there is a strong sentiment for its abolition and the transfer to the Department of Commerce of the responsibility of liquidating its affairs and performing whatever functions may be necessary during the period of transition.

I should add, however, that the Farm Board does have some apologists and some sources of strength. Whenever, as suggested, changes have been made there have rallied to its support a large number of its employees and those connected with its subsidiary organizations. There has been a swarm of lobbyists here, among them Mr. Moser, who have attempted to defend the board and to prevent legislation restricting its operations or dealing with its subsidiaries. I have before me some of the statements made by Mr. Moser and members of the board, as well as some of those who have been directly or indirectly interested in its perpetuation. They are illuminating and furnish additional evidence of the recognized fact that whenever a bureau or Federal agency is created, no matter what its faults and delinquencies, its inefficiency, or the demonstration that it serves no useful purpose, efforts to abolish the same encounter persistent and formidable opposition. This session of Congress has supplied indubitable evidence of the immortality of Federal agencies and bureaus. May I say in passing that many bills during this and other sessions to abolish Federal organizations have met with such violent opposition as to prevent affirmative action. It is to be hoped that there will come into power a President and Congress that will abolish scores of Federal agencies and bureaus and organizations. It is recognized, of course, that the Farm Board is the child of President Hoover; it is to be expected that his protecting arm has been and will be extended in its behalf. I believe, however, that its demonstrated incapacity, its failure to effectuate the purposes for which it was designed, will result in diminishing the interest of the Executive in prolonging its life.

Mr. President, I was influenced to offer the substitute because of the failure of Congress to act upon the measure dealing with the Farm Board, or upon the resolution offered by the Senator from Nebraska [Mr. NORRIS] calling for a searching investigation of the Farm Board. I believe that the Senate should be reminded of the pendency of these measures and of its default in failing to act upon them during the session. I should modify this statement, however, to the extent of adding that the Committee on Agriculture finally did report favorably the resolution offered by the Senator from Nebraska, and it is to be hoped that pursuant to the terms of the resolution the Farm Board's activities will be investigated and a report submitted to the Senate when it meets in December. I regret that the resolution was not promptly acted upon and the investigation called for made during this session of Congress. The criticisms of the Farm Board arising in almost every part of the United States call for prompt action by Congress when it meets in December. I can not help but believe that administration influences have been hostile to any legislation that would modify the law under which the Farm Board operates or diminish its authority or look to its abolition.

Of course, an investigation will prove of little value unless it is most searching and comprehensive. The investigation must not only deal with surface conditions, but with those which lie at the root of the problem and of the character, proceedings, and activities of the board.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. KING. I yield.

Mr. NORRIS. I share with the Senator from Utah regret that the investigation provided for by the resolution which was adopted by the Senate has not taken place. I want to assure the Senator and the Senate that in no way, either directly or indirectly, am I to blame or responsible for that delay. I was anxious that the investigation should proceed. The Senate adopted the resolution and authorized the committee to proceed with the investigation, but the Senator must realize, as I do, that the delay is, to some extent, at least, excusable.

The chairman of the Committee on Agriculture and Forestry [Mr. McNARY] has been, as the Senator knows, extremely busy and has felt that it was practically a physical

impossibility to make the investigation while the Senate was in session and all the Senators were so busy.

I have no reason to criticize the Senator from Oregon for taking that position. I have no doubt that he has been sincere in it, although I have regretted it very much and have called his attention to the fact that the investigation should have gone on long ago. I have done that many times. He expects to proceed with the investigation, I understand, as soon as the Congress shall adjourn.

The difficulty, it seems to me, with the proposal of the Senator from Utah is that he is trying to amend the act before the investigation has taken place. Regretting, as I say, the delay in the investigation, I still think that we ought not to change the act or undertake to change it until all the facts are known, until the investigation is had, and we are informed as to all the facts.

There are very grave charges made both ways in the matter, and I am satisfied that an honest, fair investigation will disclose the facts, so that we may then act intelligently and take whatever course it is deemed best to take. So it seems to me that it is premature now to try to amend the act.

Mr. McNARY. Mr. President, will the Senator yield to me for a moment?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oregon?

Mr. KING. I yield to the Senator.

Mr. McNARY. The statement of the Senator from Nebraska is very fair.

Last fall the Senate Committee on Agriculture and Forestry held hearings and investigated and made a very thorough survey of the activities of the Federal Farm Board. At the conclusion of the hearings it was thought that probably we should pursue the matter a little further, and the Senator from Nebraska introduced a resolution. In due course, and during the spring of this year, the Senate passed that resolution. The chairman could either have called the whole committee together or have appointed a subcommittee. On account of the unusual quantity of work here in the Senate and in the committee I deemed it inadvisable to start something that I could not finish. I therefore assumed the responsibility of deferring the investigation until the session ended.

Just to-day I have named a subcommittee and have called them together for Tuesday to go over the ground. I realize that it is going to require expert statisticians, and men who understand the nature of bookkeeping and the intricate questions of distribution of the board and its auxiliaries. That can not be done by a committee; but I am satisfied that the investigations of the subcommittee will be thorough, and that it will be able to report to the Senate in due time at the first of the next session of Congress.

If there is any criticism of that, it was the result of my own judgment, and I accept it.

Mr. McKELLAR. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield.

Mr. McKELLAR. The Senator is certain that this subcommittee and the full committee, if necessary, will hold hearings during the recess, and be able to report to the Congress at the next session in December, is he?

Mr. McNARY. I stated, and shall again state, that the subcommittee has been named by me. I have called it together for Tuesday. We will discuss then the plan of procedure, which, as I said, is necessarily the taking of open testimony—only in some instances—but it is an investigation of activities as disclosed by records and books. That work will go on. The committee will meet probably in the fall, I hope right after we come back here in November, and I think will be ready to make a report to the Congress at the next session.

Mr. BYRNES. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from South Carolina?

Mr. KING. I yielded to the Senator from Oregon.

Mr. McNARY. I appreciate the courtesy of the Senator from Utah.

Mr. KING. I am glad to have the Senator's views. If the Chair will permit, I will yield to the Senator from South Carolina.

Mr. BYRNES. If the Senator yields to me, I simply want to say that on the first day of this session I introduced a bill to transfer the cooperative marketing activities of the Farm Board to the Department of Agriculture, put an end to the stabilization activities, and abolish the board. After considerable delay, and as a result of persistent requests, I secured a hearing, at which time it seemed that the majority of the committee present on that day were disposed to report favorably the bill then before the committee. However, it was suggested that this investigation should proceed and a committee be appointed.

That was March 15. I stated to the committee at the time that I knew exactly what was being done with my bill; that I did not want any of them to be under the impression that I did not understand it; that I knew when a committee was appointed that there would be no legislation on the subject at this session. I stated at the time that I knew the Senator from Nebraska would not be a party to delaying the investigation, because I knew of his sincere desire to proceed in the matter; that he really wanted to have the investigation go on, and he so stated at that meeting; but I knew enough of what was going on in the committee, and the difficulty I had in securing a hearing from December until March 15, to enable me to predict that we would find the end of the session reached with this committee not functioning, and no action being taken upon the bill.

I hope, however, that when we do return we shall be able to secure action. All that I have ever wanted was for the Committee on Agriculture and Forestry to vote on the bill. I asked that it be reported to the Senate either favorably or adversely, so that the Senate might act upon it. Possibly in December we may get that far and at least have the members of the committee vote on a bill to abolish the board and transfer its activities to the Secretary of Agriculture.

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oklahoma?

Mr. KING. With the permission of the Chair, I yield to the Senator from Oklahoma.

Mr. GORE. Mr. President, I wish to state for the RECORD at this point that unless this subcommittee engages the services of impartial experts who are familiar with the intricacies and the technicalities of marketing farm products, who are not under the influence of the Farm Board or its creatures, this investigation will be a waste of time and a waste of money.

A partial investigation was had on a bill I introduced respecting wheat and cotton. The National Grain Corporation paid the expenses of a legion of witnesses from Idaho, Washington, and States throughout the Middle West to come here to the Capitol and bear witness to the splendid virtues and services of the Farm Board and its various subsidiaries.

Mr. KING. Mr. President, I am in accord with the views expressed by the Senator from Oklahoma. It were better to have no investigation if it is not searching and thorough. There have been some hearings conducted by the House and Senate committees in which the Farm Board and its activities were canvassed, but, as I recall, most of the witnesses appearing were members of the board or their friends and supporters. Notwithstanding that fact, evidence was adduced which led the Senator from Idaho [Mr. BORAH] and others to criticize some of its proceedings, and which strengthened the feeling that the board had betrayed the interests committed to its care. The testimony concerning the enormous salaries paid, the wasteful and inefficient acts of some of its subsidiary organizations, aroused the public and provoked severe criticism of the board. The statement

of the Senator that when hearings were had upon a bill which he offered, respecting wheat and cotton, that the National Grain Corporation paid the expenses of a legion of witnesses from various States to hasten to Washington to testify in behalf of the board and its subsidiaries, reminds me of the fact that the National Grain Corporation, as well as other subsidiaries of the Farm Board and some of the so-called marketing associations, which, if not controlled by it, at least have been its beneficiaries, have been zealous in their efforts to protect the Farm Board and to defeat legislation regarded as inimical to its existence or continued operations. There is evidence that the board had a propaganda department which expended Federal funds to advertise the supposed benefits that would be derived from the board. I recall that the able Senator from South Carolina [Mr. BYRNES] referred to the bulletins published by this propaganda organization. The board has also made loans to cotton cooperatives some of which they used to hire publicity men and other propagandists, among them Mr. C. O. Moser, who has spent considerable time in Washington at a salary as I am advised of $15,000 a year. The Farmers' National Grain Corporation has also had the services of Mr. M. W. Thatcher who is not unknown in the Northwest in connection with farm activities. Propaganda departments maintained by various State associations have been influenced or directed by the Farm Board or its subsidiaries in order to influence Congress to approve the policies of the Farm Board.

Great pressure was brought by these subsidiary organizations of the Farm Board, as well as the board itself and certain cooperatives, to compel Congress to make larger appropriations for the Farm Board. I received many communications insisting that Congress make larger appropriations for the Farm Board or it would be unable to function. Statements have been prepared, presumably by private organizations or cooperatives, denying that they were subsidiaries of the Farm Board, which have been mimeographed and, as I am advised, sent out in franked envelopes as public documents. I am informed that the Farmers' Seed Loan Office, as it is called, has written letters to its debtors urging that they deliver their cotton to the cooperatives, and these communications have been sent as public documents in franked envelopes.

Mr. Moser, to whom I have referred, in an address delivered in Thurber, Tex., indicated that Government employees who did not promote membership in cooperatives were likely to be separated from their jobs. Editorials, interviews, and letters have been prepared under the direction of Mr. Moser and others attempting to impress the country and Congress with the beneficial results of the Farm Board and the importance of the cooperative movement. I recall that after the Senator from Idaho [Mr. BORAH] challenged attention to the enormous salaries paid by the Farm Board and to the employees of its subsidiaries, a large number of cooperative officials and officials of the board hastened to Washington to protect the Farm Board and its subsidiaries and to defend the unjustifiable salaries paid to many employees. My recollection is that later, when the Senator from Oklahoma [Mr. GORE] proposed to restrain the dumping of wheat and cotton by the Farm Board and to prescribe a method or plan for the disposal of accumulated stocks, the Farmers' National Grain Corporation paid the expenses of a number of individuals to come to Washington to protest against such legislation or the adoption of policies different from those pursued by the Farm Board.

I recall a speech delivered by Congressman WOODRUM in the House of Representatives on the 11th of May of this year in which he stated that the House vindicated him when he was—

> * * * "fighting for economy" and against the attitude of the cooperative associations, the Grain Stabilization Corporation, and the American cotton cooperative associations, "in racketeering at the expense of the American farmer, by paying outrageous salaries to their employees."

He stated that 10 employees of these organizations received salaries averaging $34,000 each. He also referred to an amusing situation respecting addresses delivered in the House, and if I understand his position, it seems to indicate the efforts of representatives of the organizations referred to to determine the utterances of Congressmen in order that they would be favorable to the Farm Board.

If the investigations to which the Senator referred, and which is contemplated by the resolution offered by the Senator from Nebraska, is complete, searching, and comprehensive, I feel sure the result will be legislative action abolishing the board and calling for its complete liquidation. Of course, if the investigation were to be confined to the testimony and explanations of the interested parties only, such investigation would be a waste of time and of money. A coat of whitewash is not desired; but the truth and a disclosure of all pertinent facts.

However, Mr. President, there are now sufficient available data to enable Congress to deal with the Farm Board. There have been hundreds of pages of testimony taken since the organization of the Farm Board, dealing with its activities, which furnish sufficient facts that not only warrant but in my opinion require that it should be abolished and the performance of whatever functions it is authorized to discharge transferred to the Department of Agriculture pending its liquidation and the enactment of sound agricultural measures.

Mr. President, I have read hundreds of pages of these hearings, some of them occurring during the consideration of the bill offered by the Senator from Oklahoma [Mr. GORE], and I again repeat that in my opinion a disinterested person examining the hearings and having any cognizance of the activities of the board will reach the conclusion that it has utterly failed to realize the expectations of those who have desired the welfare of the farmers.

Mr. President, it has been extravagant and wasteful in the matter of salaries. Immediately after its organization it provided a salary list of nearly a million dollars a year for Washington alone. It created a field service, so called, and a temporary field service, the annual salaries of which aggregated more than $115,000. It provided an agency for propaganda and also a press relations agency at a cost of $36,000 a year, and a so-called information service at an annual cost of more than $25,000. It set apart $50,000 for printing and a quarter of a million dollars for traveling expenses. Of its salary list $234,000 was to meet the compensation of the employees in the cooperative marketing division. More than $133,000 were provided for the economics division and $69,000 for the so-called business-analysis section. An examination of the record of the organization conclusively shows its lack of a knowledge of business and of the practical questions involved in the work of the Farm Board. Senators know that a number of organizations were set up, such as the Farmers' National Grain Corporation, the National Wool Marketing Corporation, American Cotton Cooperative Association, National Bean Marketing Association, National Pecan Marketing Association, National Beet Growers' Association, National Fruit and Vegetable Exchange, a stabilization corporation, and later other organizations, cooperative or otherwise in character, were formed. These organizations paid to their employees large salaries. The Grain Stabilization Corporation provided a salary list totaling more than $408,000 per annum; and the monthly pay roll of the Farmers' National Grain Corporation and its subsidiaries amounted to $196,000 or approximately $2,349,000 per annum. The American Cotton Cooperative Association provided a salary list of more than $1,100,000 per annum. There were various State cotton cooperative associations formed under the direction of or under the control of the Farm Board, with a large salary list aggregating, as I am advised, more than $120,000 per annum. Information concerning these salary lists may be found in the hearings before the Senate Agricultural Committee in November, 1931, at pages 13, 14, 201, 217, and 293.

According to a hasty computation, the salaries of the Farm Board and its subsidiaries, not including the State cotton cooperatives, as well as a number of other cooperatives, is nearly $5,000,000 annually. Senators are familiar

with the fact that Mr. Creekmore, the manager of the American Cotton Cooperative Association, receives a salary of $75,000; Mr. H. G. Safford, sales manager, $35,000; and Mr. C. O. Moser, director of publicity, $15,000. Some of the employees of the Farmers' National Grain Corporation are:

George S. Milnor, general manager	$50,000
J. M. Chilton, assistant manager	32,000
Walter I. Beam, treasurer	30,000
William Engel, vice president	27,000
C. E. Huff, president	15,000
W. B. Joyce, district manager	20,000
Otis Smith, district manager	15,000
H. W. Collins, Portland manager	25,000
N. E. Carpenter, Kansas City office	15,000
F. W. Lake, Kansas City office	25,000
F. J. Thatcher, Chicago office	15,000
Stanley Reed	20,000

May there not be some justification for the statement to which I have referred made by Congressman WOODRUM that some of these organizations are "racketeering" with the permission of the Farm Board?

Congressman LUDLOW, in a letter to Chairman Stone, of the Farm Board, dated February 8 of this year, after calling attention to the large salaries paid, stated:

> * * * I can not escape the conclusion that this makes it look more like a cooperative for the job holders than for the farmers. * * *

Congressman WOODRUM, chairman of the House Appropriation Subcommittee, in explaining the independent offices supply bill, which carried, as I recall, $1,000,000 for the expenses of the Farm Board for the next fiscal year, stated:

> That although the Farm Board represents the most impoverished industry, yet it has been exorbitant about spending money and has been liberal with other people's money.

He also stated that—

> The same thing may be said of cotton cooperative associations and the Grain Stabilization Corporation. * * * You have the ridiculous spectacle of your $500,000,000 Federal Farm Board with men who are willing to serve this impoverished industry at salaries of $12,000, and yet the Grain Stabilization Association and the Cotton Cooperative Association pay much larger salaries. A $10,000 man is a very low man in their ranks. They run up to $20,000, $30,000, $45,000, $55,000, $75,000 men in their organizations. The answer will be made that the Federal Farm Board has nothing to do with this, that those funds are being paid by the cooperatives. That is a specious argument. Somebody is paying them, either the Federal Government or they are getting it out of the pockets of the farmers, and they are racketeers whoever they get it from. As a matter of fact, a large part of it is going to come out of the Federal Treasury. * * *

Mr. President, if time permitted, I could present facts concerning the disastrous results attending the work of the Farm Board and its subsidiary organizations. To illustrate, the board succeeded in securing nearly 2,100,000 bales of cotton during 1930–31 by making a 90 per cent advance. The farmers were assured that they would get the benefit of a rise in prices. There were great losses which the Treasury of the United States and the taxpayers have been compelled to meet. Prices declined and the losses sustained have been many millions of dollars. While some farmers took advantage of the 90 per cent advances in the year referred to, they obtained 30 per cent less for their cotton than if it had been sold on the open market at the time of delivery to the Farm Board's organization. Some of the farmers who delivered their cotton rested upon the assumption that the Government had agreed to pay the additional 10 per cent. There was widespread dissatisfaction when this was not done. Not satisfied with these unsound and foolish experiments, the Farm Board engaged in speculation upon the New York Cotton Exchange in 1930 and there losses were sustained and a situation developed resulting in more than 25,000 bales of cotton being returned to the United States from Italy, France, and Japan on consignment, resulting in additional losses to the cotton merchants and cotton mills without the slightest profit to anyone concerned. It is believed that the policy pursued was intended to destroy marketing organizations which might compete with the Government cooperatives. The loss, ultimately, however, was a charge against the Treasury of the United States.

The testimony of Mr. Creekmore in the November hearings, page 305, are illustrative of the unwise and foolish policies of the Farm Board. I have not time to refer to the work of the advisory committee created in 1930, the policies of the stabilization corporation which took over from cooperatives cotton inventories, on a basis considerably in excess of market prices, and other unauthorized and unwise proceedings of the Farm Board and its stabilization organization. The board apparently ignored the provisions of the law under which it operated, requiring the establishment of an advisory committee and that before loans were made requests were to be made by the advisory committee. Nor shall I refer to the unjustifiable act of the Farm Board in its assumptiton of speculative losses by the Tennessee Cotton Cooperative Association.

The losses sustained by the board in its wheat marketing and gambling activities may not be fully determined. The claim is made by some who have followed the work of the Farm Board and its organizations that the losses on wheat are now in excess of $137,000,000. Senators are familiar with the fact that the Farm Board disposed of 25,000,000 bushels of wheat to Brazil for a limited quantity of coffee and sold to China 25,000,000 bushels of wheat receiving no cash payment, but Chinese bonds, the interest upon which has not been paid and the value of which is purely speculative. Senators are familiar with the frantic efforts which have been and are being made to permit further sales of commodities controlled by the Farm Board in foreign countries upon credit instead of cash or adequate security. I omitted to state that the Farm Board admitted, as I recall, a loss as of October 31, 1931, of $75,000,000 on the stock of 1,300,000 bales held by the Cotton Stabilization Corporation. Since then my information is that cotton declined approximately $5 a bale. There has been the carrying cost of the cotton, which amounts to approximately $6 a year per bale. This means an additional loss of $8 or more per bale or approximately $11,000,000 on the entire stock. My recollection is that Mr. Creekmore admitted that there had been a loss of $40,000,000 on the 2,100,000 bales held by the association for which the Treasury would be legally responsible. I think the statement is not inaccurate that the losses of the Farm Board in its foolish ventures in wheat and cotton alone will exceed $275,000,000. Its losses in other fields are not yet fully revealed, but some information may be obtained regarding the same from the House hearings on the independent offices appropriation bill for 1933.

The report of the Farm Board submitted in December of last year states that—

> It is not prepared at this time to recommend any changes in the agricultural marketing act, but it asks for a longer test in more favorable economic circumstances before legislative changes are enacted.

It makes some recommendations not at all germane to the purpose of the board, but the report as a whole, if it is not truculent, it is apologetic; certainly it is not frank or convincing.

The Chicago (Ill.) Journal of Commerce, Friday, January 15, 1932, editorially states that—

> The price-fixing operations of the board's subsidiaries paid a profit, they admit, from the very beginning, and they left the farmer with the lowest wheat price in a generation. Millions of the taxpayers' funds have been lost and the loss to the individual farmer is as yet untold—perhaps never can be told. This is scarcely the type of organization the Federal Government should be saddled with, when it has hundreds of racketeering bureaus already.
>
> The cooperative marketing associations the board set up were part of the set-up behind the price-fixing scheme. There were cooperatives before the agricultural marketing act was thought of. Most of them did little good, and most of those that antedated the Farm Board have been swallowed up or bankrupted through the muscling efforts of the Farm Board cooperative tactics.

The editorial further states that—

> There is nothing to do with the Farm Board but to liquidate it as quickly as possible and junk it. After all the money it let out of its fingers it can not get a little wheat together for the Senate to distribute to the destitute unless the Treasury pays out yet more money to let slip. The Government has paid money to let itself be duped.

This statement is pertinent to the measure before us, which calls for $50,000,000 or more from the Federal Treasury to pay obligations incurred by the Farm Board and to discharge liens upon wheat and cotton that the same may be turned over to the Red Cross for distribution.

The New York Times, in its issue of January 29, 1932, states editorially that Chairman Stone estimates that the Government would lose not in excess of $250,000,000 if the affairs of the Federal Farm Board should now be liquidated. I might add that the losses are considerably more than the admission made by Chairman Stone.

The editorial proceeds—

* * * Is there any good reason why they should not be? The Farm Board's efforts to stabilize prices with funds provided by the taxpayer are a demonstrated failure. Wheat was selling at $1.39 a bushel and cotton at 18 cents a pound when it made its first attempts to support the market. Now wheat is down to 72 cents and cotton sells at less than 7. This is not what the Farm Board intended or expected, but it is ample proof of the futility of attempting to peg prices at artificial levels in the face of an unmanageable surplus. * * *

Since this editorial was written wheat has shrunk to the lowest level attainable in the past several hundred years, and cotton is 2 or 3 cents a pound less than it was in January of this year.

The editorial further continues:

* * * In a day when fictitious values are being liquidated on all sides the Farm Board, as an agency for stabilization, has little reason for existence. * * *

Congressman HART, in a recent address in the House of Representatives, stated that the Federal Farm Board has been paying scandalous salaries through their various subsidiaries, all of which have come from the Treasury—

* * * I charge that these $500,000,000 have been absolutely wasted, partly because of the ignorance of those who were in charge of it. * * * I charge that the members of these subsidiary cooperatives have been speculating in the market on their own account. I charge that the Farmers' National Grain Co. has purchased a bucket shop, paying $200,000 for the stock of this same bucket shop, when the stock was not worth one-quarter of this price upon the open market. * * *

Mr. President, there is no doubt that the policies of the Farm Board have reacted to the disadvantage of agriculture and have materially diminished our export market for cotton as well as other products.

In a letter dated May 12, 1931, written by Mr. William S. Fediger, president of the Boston Wool Trade Association, reference is made to the fact that at the close of the first year of the board's activity in wool—that is, May, 1931—the growers faced the lowest wool prices that they have ever known, notwithstanding the protective tariff of 34 cents per scoured pound. He refers to excerpts from the Wool Record, a Bradford (England) publication, and the National Woolgrower, of Salt Lake City, Utah, in March, 1931, which show that the prices of wool in England were higher than in the United States. The Woolgrower states that the prices of wool were lower than in 1894, 1895, or 1896 when there was no duty on wool.

* * * In other words, if it were not for the present duty good fine Montana and Wyoming wools would have to sell in the Boston market at around 8 to 9 cents per pound in the grease, or say at 3 to 4 cents per pound net to the grower in Montana or Wyoming * * *.

The statements above referred to show that after a year's activity by the Farm Board the prices of wool were the lowest ever known since 1894, when there was no tariff on wool and wool sold at the lowest price that was ever known. From information which was brought to my attention, it appears that the Farm Board paid more for wool than the dealers were able to pay, and later sold the same for lower prices than dealers in wool could sell for, thus forcing the dealers to hold their wool. The Farm Board also has interfered directly or indirectly through its subsidiaries with dairy products, and in one transaction in Minnesota, through its unwise policy, it lost a considerable sum.

At a meeting of nearly 1,000 of the wheat growers of my State, held in Garland, Utah, in 1931, which was attended by the Governor and secretary of state of Utah and myself, a resolution was adopted charging the Farm Board, through the Farmers' National Grain Corporation and the Intermountain Grain Growers (Inc.), with wheat selling on the market at a price below that which the independent farmers could compete with and also charged collusion between the organizations named and a certain milling interest in the intermountain region.

I made an investigation of these charges and believe them to be true.

I have received many letters and communications from various parts of the United States protesting against the unsound, foolish, and disastrous policies of the Farm Board. The Dallas Cotton Shippers' Association, by a resolution, urged Congress to prevent the board from engaging in business in competition with private industry. It is urged that the Federal Farm Board often made misleading and conflicting declarations which confused the trade and were detrimental and harmful to growers, merchants, and spinners alike. The Central Cooperative Association, of St. Paul, Minn., at its annual meeting stated that since the organization of the Farm Board it had manifested a destructive attitude toward those cooperative sales agencies who refused to join the board's set-up by establishing competing organizations with funds supplied by the Farm Board.

A prominent cotton grower of North Carolina informs me that the Farm Board's activities in the cotton business materially lowered the price of cotton. That a farmer in order to join a cooperative under the Farm Board must first place his cotton in the hands of the largest speculator the cotton world has ever known. He further referred to the fact that owing to the enormous losses sustained by the Farm Board, which a cooperative was presumed to repay, the farmer sold his cotton at 6 cents per pound and received an advance in excess of that amount. The additional received, instead of being paid to the farmer, was used to offset losses incurred by the board and its subsidiaries.

Governor Murray, of Oklahoma, in a letter addressed to the governors of the various States, pointed out the unwise policies and evil effects of the Farm Board's operations.

Mr. President, I have before me scores of letters and telegrams and newspaper clippings—statements of men of standing in their respective communities—dealing with the unsound policies of the Farm Board and the serious injuries which have resulted not only to agriculture but to the people generally from the conduct of the board and its subsidiary organizations.

I have before me a statement made by Mr. J. W. Garrow, of Houston, Tex., who appeared before the Senate Committee on Agriculture. It is a temperate and I believe accurate review of some of the activities of the Farm Board. I shall not take the time of the Senate to read, but commend it to those interested in the question involved. He states that the activities of the Farm Board have been costly and of no benefit to the farmers of the South; that the—

purchase and holding of 1,300,000 bales of cotton have not resulted in any increase in the prices received by the farmers, but have been positively harmful.

He adds that—

In its stabilization operations the board has utilized the cotton cooperatives, which have in many respects been its very unwilling agents but have had no choice in the matter.

He refers to the first attempt of the board to stabilize cotton prices in October, 1929, when it reported that it would loan the cooperatives 16 cents a pound on cotton regardless of market prices, and adds that—

From that time on the directing head of the cooperatives has been located in Washington and the cooperatives have been operating for account of the Farm Board.

It is obvious that such a policy could not result otherwise than in disaster. Mr. Garrow refers to the fact that, based upon present prices, a careful audit would show that the board had suffered a loss of from $70,000,000 to $80,000,000 upon a certain 1,300,000 bales which it holds in "the form of spot cotton for future contracts." Mr. Garrow's statement was made in December, since which to date the

losses have increased. He also adds that there is an additional loss approximating—

$40,000,000 upon the spot cotton for future contracts now held by cooperatives at the instance of the board, and that this loss must be borne either by the members of the cooperatives out of the future crops or by the Federal Treasury.

His statement that—

The actions of the cotton cooperatives are dictated from Washington and their officials are merely the agents of the Farm Board, and that farmer control as to any essential policy is the merest fiction—

deserves consideration. He also adds that because of these conditions "dissatisfaction over this situation is becoming acute among State cooperatives."

It is obvious that the course of the Farm Board has not only been injurious to legitimate cooperative movements upon the part of agriculturalists, but it was inevitable that such results would occur.

Mr. Garrow further states that the—

Board launched the cooperatives on a career of ruinous and wild financing which can only end in a debacle and scandal that will discredit for years to come the cooperative movement that the board was charged to foster.

He quotes from an official statement of the position of the Oregon Cooperative Council, as follows:

That council is composed of 33 cooperatives in Oregon representing 20,000 farmers and handling cooperatively a wide range of farm commodities. They very aptly point out in that statement that the policies of the Farm Board have been most detrimental to them and to the whole cooperative movement.

Mr. President, perhaps the Farm Board's tower of strength is the President of the United States. It is his creation. It did not spring from the people. It was not the product of the wisdom or unwisdom of Congress. During the last presidential campaign Mr. Hoover appealed to the people for their support and promised that he would, if elected, promptly convene Congress in extraordinary session and recommend the enactment of a farm-relief measure. From his statements a majority of the people believed that he had a concrete and well-devised plan that would successfully deal with the farm problem and prove of incalculable benefit to agriculture. He and his two immediate predecessors had not given countenance to measures approved by Congress. Senators will recall that upon a number of occasions measures were passed which a majority of the Members of both Houses believed would be beneficial to agriculture. These measures, moreover, received the support of perhaps a majority of the farmers of the United States. They did not meet the approval of President Harding, President Coolidge, or Mr. Hoover. In view of the attitude of the two Republican Executives toward measures which had been before Congress for the relief of agriculture, the people were justified in believing that Mr. Hoover, when elected President, would submit a plan that would adequately deal with the agricultural problem. They were fortified in their belief, as I have stated, because of the statements made by him during the campaign. Immediately after his election he convened Congress in extraordinary session, and, on the 16th of April, submitted his message, the first sentence of which is as follows:

I have called this special session of Congress to redeem two pledges given in the last election—farm relief and limited changes in the tariff.

What was this eagerly expected measure that would be beneficial to agriculture and relieve the farmers of our country from their distress? It was and is the so-called marketing act and the Farm Board. In his message he said:

I have long held that the multiplicity of causes of agricultural depression could only be met by the creation of a great instrumentality clothed with sufficient authority and resources to assist our farmers to meet these problems, each upon its own merits. The creation of such an agency would at once transfer the agricultural question from the field of politics into the realm of economics and would result in constructive action. The administration is pledged to create an instrumentality that will investigate the causes, find sound remedies, and have the authority and resources to apply those remedies.

The pledged purpose of such a Federal Farm Board is the reorganization of the marketing system on sounder and more stable and more economic lines. To do this the board will require funds to assist in creating and sustaining farmer-owned and farmer-controlled agencies for a variety of purposes, etc. * * *.

Certain safeguards must naturally surround these activities and the instrumentalities that are created. Certain vital principles must be adhered to in order that we may not undermine the freedom of our farmers and of our people as a whole by bureaucratic and governmental domination and interference. We must not undermine initiative. There should be no fee or tax imposed upon the farmer. No governmental agency should engage in the buying and selling and price fixing of products, for such courses can lead only to bureaucracy and domination. Government funds should not be loaned or facilities duplicated where other services of credit and facilities are available at reasonable rates. No activities should be set in motion that will result in increasing the surplus production, as such will defeat any plans of relief.

Mr. President, the so-called marketing act was introduced as the President's measure, pursuant to the pledges made by him to the people. It was pushed through Congress and promptly signed with manifest delight by the President, and received with acclaim by many farmers who relied upon the promises of the President, but with serious misgivings upon the part of millions who believed the President's scheme unworkable and unsound and doomed to ultimate failure. I am justified, therefore, in stating that the Farm Board is the child of the President—it is his gift to agriculture—it is his panacea for all the ills which have afflicted the farmers of our country. The President did not believe in the equalization fee or the debenture plan or the McNary-Haugen bill, and he gave to the country this measure, which is now almost universally condemned and whose failure is apparent even to the most blind and partisan Republican. The administration, the President said, "was pledged to create an instrumentality" for farm relief, and the Farm Board is such instrumentality. It is, therefore, not surprising that in certain quarters the Farm Board is defended, its policies justified, and its perpetuity desired. The administration will not confess that it has been a failure and, therefore, it must be defended and praised or the chief accomplishment of the President would be condemned. Accordingly in the recent Republican platform, as I recall, the Republican Party points with pride to the Farm Board and its magnificent achievements and the great relief which it has brought to the farmers of our country.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. For a question.

Mr. McKELLAR. It looks to me—I just want to make a statement—as if we are up to this proposition: We must either abolish the Farm Board or abolish agriculture.

Mr. KING. Mr. President, agriculture is now in a precarious condition.

Mr. GORE. Mr. President——

Mr. KING. I yield for a question.

Mr. GORE. Just leave that to the Farm Board. [Laughter.]

Mr. KING. I have no doubt that many farmers believe that agriculture has been abolished or destroyed and that the Farm Board has largely contributed to this disastrous situation.

Mr. President, I have referred to the fact that I have received communications from all parts of the United States condemning the Farm Board and the agricultural policy of the administration. These communications have not been solicited; they have come from farmers, business men, cattle and sheep men, millers, elevator owners, newspapermen, and, indeed, from nearly all walks of life. Doubtless similar communications have been received by other Senators and Congressmen. These communications have not been partisan—they have come from Republicans as well as Democrats; from Republican newspapers as well as Democratic organs. I have received copies of resolutions adopted by farm organizations in Republican sections as well as Democratic parts of the country.

Mr. President, this question ought not to be a partisan one. No question that relates to the welfare, prosperity, and

happiness of the American people should be measured by partisan standards. It is unfortunate that the administration has attempted to make the farm-relief question a partisan one and that the Republican Party, in view of the baneful effects of the marketing act and its administration, should still support the Farm Board and its indefensible policies.

There is no more important question before the American people to-day than that which relates to agriculture. With agricultural products selling at prices below the cost of production, with the farmers overwhelmed with billions of dollars of indebtedness, with farms being sold under foreclosure proceedings, with the farmers being driven from lands which they have redeemed and homes which they have builded—it does seem to me that there should be a united effort upon the part of all to restore agriculture to a proper basis and to enact measures that will accomplish that result. But if the Republican Party adheres to the position taken in their platform with respect to the Farm Board and the marketing act, then the issue must be presented to the people. The farmer should know that the Republican Party indorsed the Farm Board and its unsound and destructive policies and offers no other plan for the relief of agriculture, for the restoration of prosperity to the 40 per cent of our population, than the discredited and unsound marketing act.

Mr. President, Republicans in both branches of Congress have admitted the inadequacy of the marketing act and have not hesitated to criticize and condemn the Farm Board and its policies.

Mr. BYRNES. Mr. President, will the Senator yield for a question?

Mr. KING. I yield.

Mr. BYRNES. I agree thoroughly with what the Senator has said of the board; and I am just wondering whether he would not be disposed to agree that, after all, his suggestion of abolishing the board is more to be desired than its reorganization, and that we might best accomplish something in the interest of farming by waiting until the December session, and then making the effort to secure consideration of some measure to abolish the board, instead of attempting to reorganize it under this resolution.

Mr. KING. Mr. President, perhaps the Senator was not in the Chamber when a similar question was asked by the Senator from Tennessee [Mr. McKELLAR]. I indicated then that perhaps under all the circumstances it would be better to not press the substitute which I offered, but to wait until December when the Senate could pass upon the measures now pending in both branches of Congress providing for the abolition of the Federal Farm Board. I have felt, however, that we are justified in the consideration of this measure to challenge attention to the serious condition of agriculture and to the dismal failure upon the part of the administration to afford any relief to the millions of American citizens engaged in the most important industry in this or any other land. I felt justified in commenting upon the failure of the marketing act because of the rhetorical and, as I believe, insincere commendation of the act and the Farm Board in the recently adopted Republican platform. I further felt warranted in bringing this matter to the attention of the Senate because during this entire session, notwithstanding the avalanche of criticism leveled against the Farm Board and the demands for farm relief, the administration has treated with indifference the criticisms and the demands and has evinced a purpose to stand or fall, so far as the agricultural problem is concerned, by the marketing act and the present Farm Board. Moreover there are some connected with the Farm Board and their auxiliary organizations who manifest no concern over the serious condition of the farmer and treat with apparent contempt the demands of the farmers and those who express dissatisfaction with the board and the policies of the administration in dealing with the agricultural problem.

The Senator from Nebraska [Mr. NORRIS], to whom I referred a few moments ago, has for years demonstrated his devotion to the farmers of the United States. He knows their problems and perhaps is better acquainted with the farm problem than any other man in our country. In season and out of season he has sought relief for agriculture and to secure legislation which he believed to be of benefit to the farmers. He has been, may I say, not only a friend of the farmer but of the "forgotten man," and has sought to protect those who have been, as he believed, the victims of oppression or injustice. He would not have offered the resolution for an investigation of the Farm Board if he had not believed that the marketing act and the Farm Board had failed to meet the situation. It is my opinion, Mr. President, that the marketing act and the Farm Board have proven injurious to the farmers. They have been an impediment to agricultural relief; they have shattered the faith of many sincere persons and filled them with distrust and suspicion toward our Government and the remedies suggested or policies advocated to meet the present deplorable conditions.

Mr. President, I have referred to the fact that the measure which the pending resolution supplements was passed in my opinion by Congress without a full understanding of the situation. It was supported by some who believed that the Farm Board held a surplus of wheat and cotton paid for by Government funds and unencumbered by liens of any character. But they are now rudely awakened to the fact that the Farm Board has heavy liens against whatever wheat and cotton it purchased—liens and obligations almost sufficient to wipe out any equity that the Farm Board may possess. Accordingly, when Congress passed the joint resolution authorizing and directing the Farm Board to deliver to the American National Red Cross 45,000,000 bushels of wheat, and a given amount of cotton for which it should receive credit, it did not understand that payment must be made by an appropriation from the Treasury of the United States. Senators know that notwithstanding the recent tax law supposed to raise additional revenues of more than $1,000,000,000, the total revenue for the next fiscal year will be inadequate to meet the appropriations made and to be made. In other words, the expenditures will be much greater than the revenues and the $50,000,000 which the Senator from Washington is now demanding will be a further charge upon the Treasury and to that extent will augment the deficit which we are creating for the present fiscal year.

As indicated in my remarks, if further contributions are required to relieve the distress throughout the country and to provide for unemployment, the amount carried in the relief bill should have been increased beyond the limit of $300,000,000.

Mr. President, the Farm Board, notwithstanding this $500,000,000 appropriation and the annual appropriations made to meet its expenses, is now to receive under the resolution, as amended, offered by the Senator from Washington an additional $40,000,000. When will this spendthrift and wastrel cease its demands upon the Government? When will the administration and the American people rise up and demand that it shall receive no further appropriations and that the necessary steps be taken to terminate its activities and bring about its liquidation?

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. BROOKHART. I notice the Senator has a great deal to say about this $500,000,000 appropriation.

Mr. KING. Not a great deal. I have mentioned it twice since the Senator entered the Chamber. I may mention it again.

Mr. BROOKHART. The Senator has mentioned it more than that since I came in. Does the Senator recall that in 1919 the Democratic administration appropriated a thousand million dollars for the control of wheat alone?

Mr. KING. Mr. President, if the Senator attempts to draw any parallel between the situation then and now—that is, the situation now and at the time the Farm Board was organized and the $500,000,000 was authorized—I think he fails to appreciate obvious differences in present and past conditions.

Mr. BROOKHART. There is a distinction, I think, but that distinction is that we are in a much worse emergency and depression now than we were in 1919.

Mr. KING. That may be.

Mr. BROOKHART. Agriculture needs assistance much more now than it did at that time. I am not criticizing the Democratic administration for doing that. I think that was a wise thing to do, and I think the Senator's criticism would be much more forceful if he would say that we ought to have appropriated about fifteen hundred million dollars for the Farm Board to begin with, instead of $500,000,000, so that they could properly have, in a businesslike way, handled the exportable surplus, instead of using a small fund and gambling in it as they have done.

I agree with the Senator that their operations have not been beneficial, but it is largely due to the fact that they did not have funds enough to handle the surplus as the Senator would have handled it if he had been handling surpluses.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. KING. In a moment. I thank the Senator for his complimentary reference to my supposed competency to handle the surplus if I had been charged with that responsibility. The Senator for years has been a student of the agricultural problem and has from time to time offered suggestions possessing merit. I think, however, that there is no analogy between conditions in 1919 and the situation at the present time. Then war-time legislation was upon the statute books and war-time conditions here and elsewhere existed. We were liquidating war conditions and meeting a situation which called for legislation and action not constitutionally warranted in peace-time periods. I shall not further enlarge upon the situation, nationally and internationally, in which we found ourselves in 1918 and 1919. The marketing act, however, was the product of peace times. It was enacted when the Republican Party proclaimed that we were in the most prosperous condition the world had ever seen; that Republican policies had made it practically impossible for poverty to visit our country or economic depression to find a habitat in our land. The Republicans under Harding and Coolidge and Hoover flamboyantly proclaimed the effectiveness of Republican policies and Republican tariffs and that all that was needed to bring perpetual felicity and prosperity was an agricultural act. As I have indicated, Mr. Hoover, speaking for his party, promised this plan that was to be the apotheosis of human wisdom and Republican statesmanship. The people followed him, and Congress passed the measure which he had promised and demanded. The "great engineer" has spoken. The people elected him, and his party has supported him and still proclaims him the "miracle man," the superman, the unparalleled statesman. His Cabinet officers and others who belong to the inner circle continue to praise his achievements and to affirm that there is no agricultural depression and that those who claim there is any depression or poverty are suffering from some mental aberration or from some form of illusion.

Mr. BROOKHART. Mr. President, in answer to that, let me call the Senator's attention to the fact that it was the same great engineer who handled the thousand million dollars in 1919.

Mr. KING. Apparently he has lost his foresight or his engineering ability. But the fact is that there were others, including a great President of the United States, who had important parts in that adventure.

Mr. ASHURST and Mr. SMOOT addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. KING. I promised to yield to the Senator from Arizona.

Mr. ASHURST. Mr. President, the able Senator from Iowa says that the Farm Board gambled away $500,000,000, and that our fault and defect and remissness exists in the fact that we did not give it $1,500,000,000 to gamble away. In other words, the logic of my good friend from Iowa is, reclaim the ruined spendthrift by filling his pockets with money.

Mr. President, if the Senator will yield further——

The VICE PRESIDENT. Does the Senator from Utah yield?

Mr. KING. I yield, but I do not want to lose the floor.

Mr. ASHURST. I much appreciate the remarks of the able junior Senator from Utah, and agree with him, but am not disposed to criticize the President as to the Federal Farm Board, as I believe the President thought he was doing right in urging its creation. I voted for the Farm Board act, and that vote for that measure will come more nearly wrecking me politically than anything I have ever done. Those who voted for the creation of that Farm Board, and voted to turn over to them the $500,000,000 of public funds, will have a terrible reckoning when they come to meet their constituents. Let them not be mistaken.

Mr. President, this Farm Board having recklessly gambled away $500,000,000, we are now invited to give the Farm Board $40,000,000 more; is that correct?

Mr. KING. Let me say this: We are now asked to pay approximately $40,000,000 of the debts of the Farm Board.

Mr. ASHURST. Of these gamblers?

Mr. KING. Debts to the extent of substantially $40,000,000 resulting from liens against some of the wheat and cotton purchased by the board in order that it may be released for use by the Red Cross to relieve destitution. This will, of course, result in the consumption of some surplus wheat and cotton and to that extent improve the condition of the board, but primarily the appropriation which we are asked to make will enable the Farm Board to pay debts which it can not now meet and perhaps be saved the humiliation of having liens foreclosed to meet a defaulting debtor. But in taking this step we are further plunging the Federal Government into debt because it will be compelled to sell bonds in order to obtain the $40,000,000 required to carry out the provisions of the resolution before us.

As I have heretofore stated, I would prefer, if we are to make further contribution to aid unemployment and relieve distress, to appropriate the money to be used in the same manner as the $300,000,000, or if wheat and cotton are to be purchased and distributed through the Red Cross I would prefer to appropriate $25,000,000 or $30,000,000 and purchase wheat and cotton in the market for that purpose. I believe that with $30,000,000 as much wheat and cotton could be purchased as will be obtained under the resolution before us from the Farm Board.

Mr. BROOKHART. Mr. President——

Mr. KING. I promised to yield to my colleague.

Mr. SMOOT. Mr. President, I do not see why my colleague is trying to lay the creation of the Federal Farm Board at the door of the President. How often did we hear upon the floor of the Senate that there ought to be created an agency to control the distribution of wheat and other products of the farm? Time and time again the country was appealed to, and the President was appealed to, and it was out of those appeals that the legislation was passed, the hope being that with $500,000,000 the board could control the price of wheat. How often did the Senator from Iowa call attention to the fact that there ought to be some control of the surplus of wheat, and I want to say to the Senator that in a colloquy between him and me I said I thought that with $500,000,000 the price of the commodity could be maintained. I never heard of the President of the United States asking and pleading for legislation for the creation of the Farm Board. It was created through the sentiment here on the floor of the Senate, and it was for the purpose of controlling the price of wheat, so that the price of wheat could be maintained in this country.

The VICE PRESIDENT. The Chair must admonish Senators that they can yield only for questions.

Mr. KING. Mr. President——

Mr. SMOOT. Of course the Chair is right about that, and I shall say no more.

The VICE PRESIDENT. The Chair was not interrupting the senior Senator from Utah, but merely giving a warning for the future.

Mr. KING. The Chair will not take me from the floor so long as my colleague is speaking in my time?

The VICE PRESIDENT. No; the Chair is simply uttering a warning for the guidance of the Senator after his colleague concludes.

Mr. BROOKHART. Mr. President, will the Senator yield to me?

Mr. KING. If it is for a question.

Mr. BROOKHART. I will make mine a question. I would like to ask a question in reference to the interruption of the Senator from Arizona.

Mr. KING. Let it be a question, please, because I do not want to lose the floor.

Mr. BROOKHART. I ask the Senator if it is not true that I opposed speculation or gambling in all these matters, and I wanted appropriated money enough to enable the board to handle the surpluses in a businesslike way, and not handle them as speculators and gamblers? I say the same to the Senator from Utah. I have always said that $500,000,000 was not enough, and offered a substitute providing for fifteen hundred million dollars at the time. Is not that true?

The VICE PRESIDENT. The Chair must advise the junior Senator from Utah that he will lose the floor if he yields further for statements.

Mr. KING. Mr. President, I desire to be courteous to Senators and am perfectly willing to yield for questions, but the Chair has admonished me that I shall lose the floor if I permit Senators to make statements under a request to propound a question.

I do not agree with the statement just made by my colleague in regard to the origin or cause of the marketing act and the Farm Board. I do not agree that the Farm Board "was created through sentiment on the floor of the Senate." A few moments ago I referred to the statements made by Mr. Hoover during his campaign for the presidency and to his message to Congress when Congress was convened in extraordinary session in April, 1929. The Senator will remember, I am sure, that Mr. Hoover during the campaign promised that if the Republicans won in the election, he would convene Congress and recommend a measure containing substantially the provisions of the marketing act, including, of course, the Farm Board. The Senator from Iowa [Mr. BROOKHART] supported him principally, as I understand, because of the promises made by Mr. Hoover to recommend and secure legislation to aid agriculture. The Senate had not asked Mr Hoover or Mr. Coolidge to enact legislation such as the marketing act. The Senate had voted for the debenture, for the equalization fee, for the McNary-Haugen bill. They had not asked for the marketing act. Mr. Hoover in his inaugural address stated that—

> Action upon some of the proposals upon which the Republican Party was returned to power, particularly further agricultural relief and limited changes in the tariff, can not in justice to our farmers, our labor, and our manufacturers be postponed. I shall therefore request a special session of Congress for the consideration of these two questions. I shall deal with each of them upon the assembly of the Congress.

The President, as I have indicated, soon after did call a special session of Congress, and he did submit a message in which he stated that the—

> Administration is pledged to create an instrumentality (that is, the Farm Board) * * * that will have the authority and resources to apply those remedies (that is, remedies to which he had referred).

Mr. President, the marketing act and the Farm Board are not the progeny of the Senate; their father is President Hoover. He regarded his plan as so important that he convened Congress within a few weeks after his inauguration. He also in his inaugural address declared that at the special session which he would call he would ask for limited changes in the tariff. In his message to the special session he referred to this matter, but in such terms as to clearly indicate that there was a disparity between agriculture and the manufacturing industries resulting from tariff duties, which gave advantages to manufactured and tariff-protected commodities, over agriculture.

As I interpret President Hoover's preelection speeches, as well as his inaugural address and his message to the special session of Congress, he conceded that the tariff laws then in existence discriminated against agriculture and in favor of manufacturing industries. In other words, that there was a disequilibrium or disparity between the manufacturing and industrial pursuits and agriculture which could only be adjusted by lowering certain tariff duties.

Mr. President, the Republican Party and the President can not escape responsibility for the serious and disastrous consequences that have followed the Hawley Tariff Act and the marketing act which created the Farm Board. The President expressed gratification when the marketing act was passed. He selected persons whom he desired to carry the act into effect and named Mr. Legge as president.

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oklahoma?

Mr. KING. I yield for a question only.

Mr. GORE. I will ask the Senator if he remembers the statement issued by the President when he appointed members of the Farm Board, to the effect that he was conferring upon them and that they would exercise powers and responsibilities greater than any other board that had been created?

Mr. KING. I recall the statement to which the Senator refers. Of course, the President having devised the marketing act which provided for a board to carry into effect the terms of the act, desired that the board should have almost unlimited power. He desired and recommended that the enormous sum of a half billion dollars should be placed in their hands. It was a rather ambitious scheme. Perhaps the President believed that it was a noble experiment; certainly it has been an unwise and expensive experiment, and the Republican Party, judging from its recent platform, is still enamored of it and exhibits no spirit of repentance for its violation of sound policies.

Mr. HOWELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. KING. I will yield for a question, but the Senator from Nebraska will please bear in mind the fact that I shall lose the floor if anything other than a question is submitted.

Mr. HOWELL. Does the Senator know what amount of money the Farm Board has on hand at the present time?

Mr. KING. My recollection is that out of the $500,000,000 appropriated there are a few million dollars still available, but the Farm Board has many obligations which, if discharged at the present time, undoubtedly would require a larger amount of cash than is now available for the board. The Senator from Tennessee [Mr. MCKELLAR], who is a member of the Appropriations Committee, I think can answer more definitely than I the question asked by the Senator from Nebraska.

Mr. MCKELLAR. Mr. President, a few days ago the chairman of the Farm Board, Mr. Stone, was before our committee. He stated that $250,000,000 of the $500,000,000 had been already lost. He then stated that the board had on hand at that time about $22,000,000, but that $18,000,000 of that $22,000,000 had already been allocated or promised to borrowers, and that the net amount which the board had on hand was therefore about $4,000,000 out of the $500,000,000.

Mr. KING. Mr. President, I think not even the board can tell what its losses are. From all that I can learn, if it were required to wind up its business within the next six months or a year it might be able to do so without leaving unpaid claims. However, a prompt settlement might leave obligations unpaid and, of course, the Government would lose not only the $500,000,000, together with interest thereon, but several million dollars which have been appropriated to meet the running expenses of the Farm Board.

Mr. President, returning to the resolution before us, I have made some inquiry and I am advised that the liens

upon 45,000,000 bushels of wheat and the 500,000 bales of cotton, which it is intended to donate to the Red Cross, amount to approximately $40,000,000. Every day there are additional obligations incurred. There are insurance and storage charges that constitute a very considerable item. I can understand the willingness, perhaps the eagerness, of the Farm Board to have this measure passed. They have heretofore parted with 35,000,000 bushels of wheat at no inconsiderable cost to the Government which was donated to the Red Cross for distribution. They have sold to China 25,000,000 bushels of wheat without receiving a single dollar, but were so eager to get rid of it that they took the bonds of the Chinese Government, which have but little, if any, market value. I do not wish to comment on conditions in China, but I think it will be conceded that the Chinese transaction was not a sound business transaction. If the Farm Board can not get rid of the wheat and cotton now in its possession, either by giving it away or by parting with it to China or some other country that can give but little, if any, security, it may be unable to realize sufficient from the sale of the same to discharge the liens which are constantly increasing, and this situation might result in the Government being called upon to make further appropriations to meet such unpaid obligations.

Mr. GORE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oklahoma?

Mr. KING. I yield for a question only.

Mr. GORE. The Senator has just remarked that the deficit on the part of the Farm Board is daily increasing. I will ask the Senator if he does not recall that the deficit in the Federal Treasury during the fiscal year closing June 30 last year was $900,000,000, and that during that year the Farm Board dissipated more than half of that amount, $500,000,000?

Mr. KING. The Senator is right, and the deficit for the fiscal year ending June 30, 1932, is approximately $2,900,000,000.

Mr. GORE. I would like to ask the Senator if he knows why the Federal Treasury is so empty? If he does not know, I can tell him. It is because the Treasury has been cleaned out with a Hoover vacuum. [Laughter.]

Mr. KING. Mr. President, I have already occupied the time of the Senate much longer than I had anticipated, and must pretermit a discussion of the matter presented by the Senator from Oklahoma. I would add, however, that unsound political and economic policies projected and executed by the party in power have brought about the frightful depression which is now afflicting the American people. A narrow and selfish policy in dealing with foreign nations and foreign policies has been a contributing factor; the encouragement of unsound banking and stock-gambling speculation has likewise been an important contributing factor. Notwithstanding the heavy burdens of taxation imposed upon the country, there has been, as indicated, an enormous deficit, greater than any country in the world in peace times has ever experienced; and I can not help but believe that the deficit for the present fiscal year will be in excess of a billion dollars. The Budget will not be balanced, and further borrowings will be necessary to meet the expenditures of the Government.

The resolution before us adds to the deficit by requiring an appropriation of $40,000,000 to be paid not by the Farm Board but from the Treasury of the United States.

Mr. President, I regret that the amendment which I suggested has not been accepted by the committee. It calls for $10,000,000 less than the amendment offered by the Senator from Tennessee, which is now a part of the resolution. I shall not ask for a vote upon the substitute which I offered, in view of the many evidences that when Congress meets in December there will be legislation dealing with the Farm Board. It is regrettable that pending measures with reference to the Farm Board have not been acted upon, and it is also unfortunate that Congress is called upon to appropriate sums which in the aggregate will perhaps exceed the enormous appropriations for the fiscal year just closed. Notwithstanding the appropriations will be less by several hundred million dollars than the Budget estimates recommended by the President, they are, in my opinion, beyond reasonable and proper limits.

Mr. LEWIS obtained the floor.

Mr. JONES. Mr. President——

Mr. LEWIS. If I may yield for the purpose of having the joint resolution adopted without losing my place, I should like to accommodate the Senator from Washington.

Mr. JONES. The Senator can obtain the floor without any trouble after we act on the joint resolution. There will be no objection to that. I ask for an immediate vote on the joint resolution.

Mr. GORE. Does the Senator refer to House Joint Resolution 461?

Mr. JONES. Yes.

The VICE PRESIDENT. The Senator from Oklahoma has given notice that he desires to speak on the joint resolution.

Mr. LEWIS. Then I prefer to proceed with what I have to say if the Senator from Oklahoma desires to present extended remarks, and I think I happen to know he does.

Mr. JONES. Very well.

CANCELLATION OF FOREIGN DEBTS—ACTIVITIES OF EUROPEAN STATESMEN ASSUMING TO BIND THE UNITED STATES

Mr. LEWIS. Mr. President, I am not drawn to a discussion of the present subject. I think the Senator from Utah [Mr. KING] has brought attention to many details which he feels should be considered. He has given security to agriculture and honest expenditure by the Treasury by his vigilance. The Senator from Oklahoma [Mr. GORE] has from time to time interpreted this measure proposed as to the Farm Board. He will follow me, and no doubt will contribute something of great value to the discussion of the pending matter, and the Senator from Tennessee [Mr. MCKELLAR], in connection with the question of appropriations, will no doubt enlarge in a most intelligent way on the figures involved. Mr. President, I arise for other purposes and of far-reaching international purport. I realize that today we may adjourn the United States Senate before midnight, and that final adjournment is surely to come sometime during the night at the conclusion of our day's labors.

I alluded yesterday to a subject which I said some one should address himself to, but the opportunity was not afforded because of the necessity for considering more important matters. I now, Mr. President, take the task upon myself. I ask a few minutes of the time of the Senate to bring their attention to the matter as to which we ought to inform the world. We owe it now to give that information to the world for the purpose of saving a distressful situation to the President, to both political parties, and to the people of the United States.

Mr. President, I wonder if in the busy life you have been compelled to live your attention has been drawn to the fact that we are now having a new order of human beings in public affairs of the world. They can properly be termed international lobbyists; and we are having a set of men nowadays in the different nations who, as bribers for royal favor—or royal favor of international bribers—either assemble at some place where some commission has been called to discharge duties of one kind or another or who gather to serve private interests, and are such that they assume in the guardianship and protection of those interests to announce themselves as the representatives of international affairs. I refer to that class of men who, calling themselves "statesmen," are announcing morn and eve new propositions either as to the cancellation of debts which foreign governments owe the United States or as to arrangements which have been entered into in connection with canceling the debts existing between themselves as foreign lands. Then, sir, comes the proposition as to how they—these eminent "international statesmen"—will adjust matters between themselves and Germany. Then the situation appears to be colored where it may be said that the new statesmen have been able to give to such adjustments not only international approval but can carry with it the approval of the United States of America, forsooth that they assume

to be the spokesmen for either the President of the United States or the heads of the different political parties that are dominant in the United States. This includes ambassadors and Cabinet officials.

I invite you, sir, to the consideration that in the last few days the equanimity of this assemblage in the concordance of their audacity that we have been attempting to do, through these and their retinue, the harmony and the closure of what would have been a closing session of usefulness, and already with the passage of bills which are of great value. This composure and its offerings of profit is to be greatly disturbed by the messages coming over the international wires of how announced influenced gentlemen in two foreign countries had assumed to enter, first, upon the disposition of the disarmament conference to their own private advantages, holding back whatever the object of their secret understanding might be. Then, second, that there has been a secret "arrangement touching the matter of the cancellation of debts due between foreign nations and the United States."

It was stated that this has been done between statesmen of England and statesmen of France, and that two of these guiding gentlemen assumed to be spokesmen of the United States. We were made aware that the distinguished Executive of our country was compelled to make reply, as this morning's newspapers now disclose; also, the chairman of the Foreign Relations Committee of the Senate, Mr. BORAH, of Idaho, was called upon to read a letter received from the Secretary of State in order to provide some quietude for these disturbing rumors, so that only after this we could continue with the work of the Senate along the lines necessary and being pursued at the time.

Mr. President, as a Member of this body, honored perchance beyond my desserts, I desire to say the time has now come, and at this moment, when the United States Senate should send out the message that while it is in the short adjournment between now and the December session or between now and any special session which the President of the United States may call, no representative of any foreign government on earth, however high his position or daring his assumption, is a representative of the United States; also that no aggregation of men in the form of an assembly or a convention or conference of any nature can send out the intimation of their assurance that they have the support of the United States in the adjustment of foreign debts, either those due us or those due one foreign country to another.

I wish to remind the honorable Senate that while we were in adjournment last year the President of the United States, by telegram, obtained the consent of a sufficient number of the Members of the Senate to put before the world the theory that he could deliver the Senate in a moratorium; and international representatives, or those who assumed to be such in two of these countries, presumed to pledge this honorable body as to what it would do. So when we met here last December there were those of the Senate—and I was one—who against their will nevertheless supported the moratorium measure on the theory that the promise of the President had practically been pledged and it would be dishonorable to his office and to our country if we allowed a departure from it.

I wish in the few words, the very few with which I shall conclude, to say that the time has now arrived when the United States should send to the world the notice that the only people who can bind the United States to any adjustment or arrangement touching foreign questions involving the United States are the people of the United States. That in connection with any arrangement attempted on the part of those who lately have been assuming to say that there has been a secret understanding, but carrying always the approval of the people of the United States, it must be understood that the people of our country know that only the United States Senate can give confirmation to any arrangement between ourselves and foreign countries or foreign representatives which assumes to bind the United States. In our absence let the foreign nations understand that we expect to repudiate on every public stump, in every public place, any assertion on the part of those who have assumed to be the voices of foreign nations, and likewise on the part of those who presume to set themselves up as intermediate and international lobbyists, that the United States is pledged to whatever action they may profess. Then, Senators, turn to us when we shall have again assembled and say, "It is bad faith on the part of America if she shall now repudiate what is generally understood to have been the policy and which is to be the policy in force in behalf of the foreign nation or its foreign representatives." Let us not now be caught in that trap or ensnared in that net on the theory that in our absence there will be those who will assume to be speaking in behalf of the United States and in the contention that so speaking they have our approval and who will then raise the question that, having gone so far as to give encouragement to the foreign countries, it would be bad faith on the part of the United States to attempt to repudiate the action.

This is the moment the Senate is about to adjourn, when I wish to have it said that it is the duty of the Senate now to tell the world that if there is an attempt at a repetition by these international lobbyists, who call themselves statesmen of international affairs, to have a whispering conference upon any subject and then hold up that the United States is being bound by it and should in good faith carry it out, our reply is that only the people of the United States at the coming elections, at the ballot box, with the positions taken before the Nation as necessarily presented by either political party, can bind the people of the United States in a political convention; second, that the only body that can give ratification to any actions that attempt to bind the United States touching international questions is the United States Senate; that no person whomsoever by telegram, cablegram, intimate voice, underground conversation, or subterranean policy can be accepted as binding the United States, and that whatever they may send forth to the world as having authority upon us is to be treated as a subject of our immediate repudiation upon the reassembling of the United States Senate.

Therefore, sir, to the preservation of the rights of America and its international relations before the world, the United States Senate, so far as I am allowed to speak as one Member of it, is to announce that only the people of the United States can bind us; only the United States Senate is the source that can ratify, and until these two have done that, those who shall attempt by whisper or conference to bind us will be treated by us as those who are assuming in insolence a power they do not possess and which can not be approved. It is the strength of national justice to international rights upon which we of America stand with America and the world.

WHEAT AND COTTON FOR THE RED CROSS

The Senate resumed the consideration of the joint resolution (H. J. Res. 461) making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

Mr. GORE. Mr. President, I do not intend to detain the Senate by a discussion of House Joint Resolution 461. There are one or two observations, however, which I wish to make.

The Senator from Tennessee [Mr. MCKELLAR] a few moments ago suggested that we either ought to abolish the Farm Board or that we ought to abolish agriculture. I think the task of destroying agriculture may well be left to the Farm Board itself; indeed, the French have a phrase, "fait accompli"—an accomplished fact. The destruction of agriculture is already an accomplished fact. The question that should concern the Senate is how to roll the stone away from its grave and effect the resurrection of agriculture. Perhaps the Farm Board itself is the stone. By a sort of fatal coincidence its chairman is named Stone. Perhaps in the future we shall be able to roll this stone from the sepulcher of agriculture.

I have one regret in connection with the adoption of the "lame duck" amendment to the Constitution, for sometimes the 3d of March at the closing of Congress affords

an opportunity to execute or electrocute some fungi that have grown up upon the body politic, and I hope that on the 3d day of next March we may be able to witness the demise, or effect the execution of some of these agencies which are agencies of destruction.

The Senator from Utah [Mr. KING] seemed to marvel that the Farm Board was the apple of the President's eye; that it seemed to enjoy his political favor and patronage—perhaps, like President, like board. If a tree may be judged by its fruit, perhaps the board may be judged by its havoc.

In earlier days the President was called the "miracle man," and perhaps he deserved the name. His crowning miracle, I would suggest, is the prevailing depression. To have wrought such havoc in a land of plenty and prosperity is little short of a miracle.

The Farm Board has devoted its time and its talents to repealing the law of supply and demand, amending the laws of human nature, and suspending the law of gravitation.

The members of the board, personally, are excellent gentlemen. They have attempted an impossibility. For some unaccountable reason, they have not succeeded.

Mr. President, I, of course, am opposed to the pending joint resolution, but I shall not obstruct its passage. Its vices are so many, its follies are so great, as to render its passage inevitable.

I do not believe that under the Constitution of the United States, Congress has any power to tax the American people and use that money to make gifts and gratuities to any other class of the American people. I do not believe that under the Constitution of the United States Congress has any power—I am certain that it has no right—to take a dollar out of the pocket of one citizen and transfer that dollar as a gift to the pocket of any other citizen. Every Senator has a perfect right to devote his own money to charity. No Senator has a right to vote or devote the people's money to charity. That is all the power that any despot or any tyrant ever desired to exercise—to take the property of his people for naught and apply it to his own use or to purposes that are acceptable to the tyrant or to the despot.

I have alluded in the past to the fact that free grains first wrought the destruction of the Roman Empire and afterwards wrought the ruin of the Roman Empire. When that empire fell 1,000,000 people were receiving free grains from the treasury of the empire. In Rome, Alexandria, Antioch, and Constantinople 1,000,000 people were subsisting upon gifts and gratuities out of the public treasury. The vice began in Rome when it was the capital of the republic. It spread first to the larger cities, then to the smaller, to the provincial cities.

When you begin a vice of this sort you can not set its bounds. When you give to one class of citizens you can not deny a gift to other classes. One citizen has as much right to live at public expense as has another. Who is to discriminate?

Mr. President, I have here a letter which sheds some light upon the way in which this Red Cross flour has been distributed. I ask to have it read at this point for the edification of the Senate, to encourage it in its bestowal of gifts and gratuities upon our people. I may state that this letter comes from the Chamber of Commerce of the town of Stillwater, Okla. I want Senators to listen to it.

The VICE PRESIDENT. Without objection, the clerk will read the letter.

The legislative clerk read as follows:

STILLWATER MILLING CO.,
Stillwater, Okla., June 22, 1932.

MY DEAR SENATOR: Within the past two weeks I have received perhaps a dozen letters, some excerpts from which I quote: "At Brinkly, Clarendon, and Stuttgart the Red Cross seems to be trying to unload excess allotments of flour by actually shoving it off on people, urging them to take it. Any individual seems to be able to get seven or eight sacks. Many times people take out flour and trade it to their neighbors for grain, canned goods, groceries, or what have you. Two cars were unloaded at Little Rock to-day and the Red Cross seems to actually be at a loss as to whom to give it. The lady who does Mrs. Evan's washing told us this morning they have nine sacks in their storeroom. This lady owns her own home and while she is reasonably poor, is not in want by any means." From Russellville, Ark.: "Two cars of Red Cross flour came to town this morning and literally anyone can get it. Most of the needy have quite large stocks secured from the former shipments and the distributors seem to be looking for some one to give it to. I personally know of places where families have five or six sacks. I would not be surprised to see advertisements by the Red Cross asking people to come and take it." From Bristow, Okla.: "There sure must be a lot of wheat. Two more cars of Red Cross flour came in to-day. We tried a little experiment. Sent one of my clerks down in the delivery truck. He asked for two sacks and got it. I know there were two or three persons around the warehouse putting out flour that personally knew him." From Oklahoma City: "We tried a rather funny stunt here to-day. Sent a woman in a taxi down to the Red Cross headquarters to get a sack of flour and she actually got it. There have been 1,600 barrels poured into this town in the last two weeks in addition to 1,700 barrels about two months ago. This is more flour than the town has ever used in any six months through the stores. Niggers are trying to trade flour for gas."

These are bona fide cases by men who are honest and reliable. To-day we begin to pay a ridiculous excise tax to support the Government. Why? It seems we are soon going to give everyone their living. Who is going to pay this? I read in this morning's paper that Government employees are to get a month's furlough without pay. Why in the name of God if they can get a furlough don't you fellows see that one-twelfth of the force is fired? Save all their salary. You know, Senators, we fellows who pay the bills are soon going to go bolshevik. How are you going to tax prosperity back?

I am president of the chamber of commerce here in our little town. I am a conservative, have always been, but the time will come when we all must turn to something—I don't know what it is. I have about 50 men working here earning a living. They are not asking for Red Cross flour or a dole, but you fellows are rapidly taxing me to a place where I can't operate. Soon these 50 and myself will be on the Government. You are making paupers out of otherwise self-respecting citizens.

I have talked to a lot of farmers, fellows in the chamber, and fellows out in the mill the past month. The general sentiment seems to be to vote against everyone in office, with the idea that to turn out every damn one of them will at least put the fear of God into their hearts and get them down to earth. I am predicting this is going to be a bad year for the "ins," whether they be Democrats or Republicans. You fellows who have been right will probably go with the rest. Were I you I would raise my voice long and loud against throwing away money, especially money the Government doesn't have.

Reading this letter over it sounds like something a fellow could have been put in jail for 20 years years ago. At least if my old granddad ever thought I would write such a letter, he probably would die of shame. As I say, I am a conservative. Have always been one, but now I don't know. What are we going to do and where do we go from here? * * *

Very truly yours,

W. J. GROVER,
Assistant Manager.

Mr. GORE. Mr. President, I have here a much shorter letter written by the Democratic county chairman of one of the counties in Oklahoma. For obvious reasons I withhold the name, although I know the writer quite well.

The VICE PRESIDENT. Is there objection to the reading of the letter? The Chair hears none, and the letter will be read.

The legislative clerk read as follows:

[Extract from letter from a Democratic county central committeeman]

JULY 9, 1932.

DEAR SENATOR: There is one ——— ———, ex-county treasurer of this county, who is running for Representative and making race on giving away Red Cross flour, and his friends are telling them they can't get flour unless they vote for ——— ———. ——— and ——— have charge of local Red Cross.

* * * * * * *

Mr. GORE. Mr. President, one other incident which I will relate:

Congressman HART, of Michigan, owns an elevator at St. Louis, Mich. The wife of his superintendent, Mrs. C. B. Phillips, is charged with dispensing Red Cross flour in that town and vicinity. The applicants became so numerous, and the pressure so great, that as a means of self-protection she adopted a rule that applicants must obtain the indorsement and the signature of one of the members of the board of county supervisors. She did that for her protection, as a sort of breakwater. The supervisors, however, seemed to be enterprising. They advertised, or bruited it abroad, that the way to get Red Cross flour was to secure their signature or indorsement. They were in politics. The applicants multiplied, and the pressure increased so much as a result of this rule that Mrs. Phillips had to abrogate the rule as a matter of self-protection.

There are about 10,000,000 bushels of wheat still left from the appropriation made to the Red Cross last winter. This measure proposes to add 45,000,000 to that amount. Let me say here, Mr. President, as I observed in the beginning, that I do not believe this Government has the right or the power to take money from the pocket of one citizen and bestow it as a gift upon any other citizen. If any of our governments must bestow gifts, gratuities, alms, doles, it ought to be done by either the State governments or the city governments, where they have immediate contact and can superintend the dispensation of charity. I think that for every dollar that passes out of the Treasury of the United States there ought to be something in return, some compensation to the public or to the taxpayers who made contribution of that dollar. That is the principle upon which I would insist.

The letter just read stated that we were making paupers out of self-respecting citizens. Mr. President, I may be wrong, but I have a theory that self-respect is the last virtue to take leave of a failing character. I think that every other virtue may go, so long as self-respect remains; and that all other vices may come, and yet there is a chance for reform, so long as self-respect abides. I think that self-respect is the sheet anchor of the human soul, and so long as that anchor holds safety may yet return; character may be maintained. Sir, when that anchor breaks I doubt if there is any return or any hope of reform.

I have intimated before that the policies adopted by this administration and by this Congress in this depression and to relieve this distress have not been well conceived. They have not been based upon sound principles. They do not promise results. I think they will aggravate our grief instead of relieving it. I do not believe that depression or distress can be ended by gifts, gratuities, doles, and alms handed out by the Federal Treasury, and extorted from taxpayers that are bleeding at every pore.

I do not believe you can end this depression by issuing bonds, and more bonds, and still more bonds, by creating debts, and more debts, and still more debts. I do not believe you can end this depression by imposing taxes, more taxes, and still more taxes. I think what this country needs is less taxes and more trade; not more taxes and less trade.

We are doing worse than pursuing shadows until we adopt some constructive measures which will revive trade and commerce and revive industry in turn. We can never restore prosperity in this country until we revive trade; we can never revive trade until we remove or diminish the hindrances and the obstructions to trade.

Mr. President, trade is a blessing and not a curse. Taxes are a curse and not a blessing. Trade is the process by which two men get what both men want, each parting with what neither needs and each profiting by what neither loses.

Until we revive trade, or until, in spite of our obstructions, trade revives itself, this depression will continue and this distress will continue to rage.

Mr. President, in connection with my remarks, I wish to have printed in the RECORD several documents. They are marked and they relate to the Farm Board. I will call the attention of Senators to the fact that I offer for printing in the RECORD the circular letter gotten out by a subsidiary of the Farm Board, instructing farmers to write Senators and Representatives, and advising them that one letter written with a lead pencil was worth two or three letters written with a typewriter.

We hear talk of efficiency; that is the reason why this board is so popular with the President. He is an engineer and he appreciates efficiency.

I ask to have these documents printed in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

DALLAS, TEX., *November 1, 1931.*

DEAR FRIEND:

* * * * * * *

Mr. Moser stated further:

" One letter written by a farmer on a piece of scratch paper with a lead pencil is worth more in the hands of a Congressman than three or four typewritten letters from those who write regularly."

The subject matter of the attached form letter can be used to good advantage. Have the good friends of the act, in as many communities as possible, rewrite this letter in their own language, using their own stationery, addressing them to Hon. MORRIS SHEPPARD, United States Senate, Washington, D. C., Hon. TOM CONNALLY, United States Senate, Washington, D. C.; also to all Congressmen in their respective districts, addressing them also to Washington, D. C. It might be advisable to have the rewritten letter signed by a number of friends of the act; however, individual letters are generally more effective.

This is an important matter and should not be delayed. We want to know of the progress you make, number of letters written to Congressmen, by whom, and acknowledgements in so far as those come to your attention.

Please advise with us further should the occasion require it.

Very truly yours,

R. J. MURRAY,
General Manager Texas Cotton Cooperative Association.

(Suggested form letter for farmers to sign, sent out by R. J. Murray, general manager, Texas Cotton Cooperative Association)

DEAR {SENATOR: / CONGRESSMAN:

I am so genuinely interested in the preservation of the agricultural marketing act, as passed by Congress in 1929, that I am taking the liberty of writing you this letter to express my feelings and to urge your vote and support to this end.

It seems that there is opposition to this program of cooperative marketing that has been so beneficial to the farmer and the agricultural interests generally. I believe that this opposition comes from selfish interests, many of which have been benefited from protective laws, appropriations, and otherwise. And now that Congress has made an honest effort to place some avenue at the disposal of the farmer, which will enable him to help himself, the cry is raised that the Government is in business, and subtle efforts are being made to cripple or destroy this great law.

In times like the present I believe that the farmer, upon whom so many and varied interests depend as a basis of operation, should not be denied any opportunity that will give him a hope of advancing his own interests.

I have full faith in the value of the cooperative marketing system to the agricultural industry. I feel that it has not had time to develop its real effectiveness. The world-wide depression has had its effects upon this program, the same as it has had upon every other line of human endeavor.

I know that I can only register my indorsement of this measure through my Congressmen, and I have full confidence that they will give sincere consideration to the views I express. I am safe in the statement that a vast majority of the rank and file of those engaged in the agricultural industry comprehending a third of the population of the United States are anxious to see the agricultural marketing act preserved; in fact, strengthened if possible. I know that thousands are taking advantage of the opportunity that it offers, and that thousands of others will do so when they understand the benefits that will come to them through the avenues that it affords.

In submitting these views I believe that I am expressing the sentiments of the masses, and I believe that you will give favorable consideration to these appeals.

I am, therefore, asking that I be favored with your views in regard to this great law, and I am asking that you write me frankly as to the same.

With expressions of renewed confidence in the loyalty that you have to the interests of the common people, and asking to hear from you at an early date, I am,

Yours very truly, ——— ———.

YOUR CONGRESSMAN WANTS TO HEAR FROM YOU—HE IS YOUR AGENT AT WASHINGTON—HE WANTS TO PROTECT YOUR INTERESTS

Now that Congress is soon to convene is a good time for you to tell your Congressman some things you want him to do.

The agricultural marketing act has made it possible for cooperative associations to establish in your community a service that insures a market for farmers' products more nearly in line with their value. The activities of cooperative marketing associations have also caused commercial handlers of farmers' products to operate on a smaller margin of profit and eliminate unnecessary handling costs that formerly were absorbed in the price paid the producer for his commodity.

The cooperative marketing system has made and saved hundreds of millions of dollars for farmers. You have shared in these savings directly or indirectly. As you know, the plan is being assailed by well-organized and strongly financed interests who want to destroy the agricultural marketing act, the only piece of legislation of real value to the agricultural and livestock industries.

Yet the interests that are fighting the agricultural marketing act have been favored by Congress in the passage of restrictive laws, direct appropriations, and in other ways.

Urge your Congressman to give the agricultural marketing act and cooperative marketing a fair trial—a fair test.

IT IS ENTITLED TO A CHANCE TO FUNCTION

Write your Congressman. Appeal to him to stand by the agricultural marketing act in the interest of farmer organized effort to place agriculture upon a parity with other industries.

TEXAS COOPERATIVE COUNCIL,
A Conference Body of Farmers' Cooperative Commodity Associations,
No. 1108 South Ervay Street, Dallas, Tex.

ENID, OKLA., *June 29, 1932.*

Hon. THOMAS P. GORE,
United States Senator, Washington, D. C.

DEAR MR. GORE: The inclosed letters are quite self-explanatory. There are a few statements, however, that we would like to make in addition.

The condition mentioned in our letters of the 21st does not exist at only one point, but it is true in nearly every case where there is a locally owned farmers' elevator and a wheat pool or Farmers National Grain Corporation elevator operating in the same town. At a large number of points where this condition exists the Farmers National Grain Corporation does not own facilities, they merely have them leased. In the face of these facts they maintain that they are entitled to an equal share of the grain. They don't take into consideration that in most of these localities a large number of the producers are stockholders of the local owned farmers' organization and, therefore, will naturally market their grain through their own organization. As set out in our letter to Mr. Stone, they demand a share of the receipts at these points regardless of the fact that the local farmers' elevators were operating successfully before the wheat pool or Farmers National Grain Corporation came into existance.

We have been approached at different times by representatives of the Farmers National Grain Corporation and solicited to merge with them or work under a contract where they would direct the policies of our organization. Our directors and stockholders have not seen fit to do this, and it is apparent now that the plan of Farmers National Grain Corporation is to crush our organization, if possible, and force it to come in with them. This we do not think is cooperation in any sense of the word.

It is our understanding and belief that when the Congress of our United States passed the agricultural marketing act they did so with the full intention of helping to build cooperative marketing organizations rather than tear down the successful cooperatives that were already operating and rendering a valuable service. Therefore we feel that the administration of Farmers National Grain Corporation is not in a large measure what it was intended to be, and that if it is to succeed it is absolutely necessary that its policies be changed. Surely the activities of Farmers National should be constructive rather than destructive to cooperative organizations.

You will not in our letters to Mr. Stone that we ask him to take some action and advise us. To date we have not heard a word from him in regard to the matter. It may be possible that he is ill or away from his office. We felt, however, that due to the position you hold you should be advised as to what is going on. We understand and appreciate your interest in the welfare of cooperative marketing and agriculture as a whole, therefore we know we can depend on you to exert your efforts to bring about a change in the practices of Farmers National Grain Corporation, because if the present practices are allowed to continue it is evident that they will wreck the intent of the agricultural marketing act.

With our kindest personal regards and best wishes to you, we are,

Sincerely yours,

UNION EQUITY CO-OP. EXCHANGE,
E. N. PUCKETT, *Manager.*
FARMERS CO-OP. GRAIN DEALERS ASS'N,
ROY BENDER, *Secretary.*

ENID, OKLA., *June 21, 1932.*

Mr. JAMES C. STONE,
Chairman Federal Farm Board, Washington, D. C.

DEAR MR. STONE: As I have written you in previous letters, the Farmers National Grain Corporation are practicing very unfair competition, especially in our home territory on the Spearman Branch.

Mr. Carpenter is contending that they are entitled to what he terms their part of this business out there, and I wish to call this to your attention as well as theirs that the Perryton Equity Exchange was organized in 1919 and has enjoyed the hearty support and confidence of the good farmers of Oklahoma and Texas ever since. In 1920–21 and 1922 the wheat growers kept coming out telling us of just what they could do for us, and finally in 1922 they came out so strong and with such extravagant claims that they could cure all the ills of marketing farm products we decided to give them a trial and did, to the sorrow of most all that signed up with them. We wish to say here that almost every one of their members was our member first and still is, as they own stock with the Perryton Equity Exchange.

I wish to say here that the Perryton Equity Exchange have handled from 40 to 65 per cent of the total receipts at Perryton since 1920. I am inclosing you a record of their business for all of these years.

Now what has happened? In 1929 the agricultural marketing act was passed, and the Federal Farm Board was created. And then what happened? The Farmers National Grain Corporation was created and we, in good faith, because we believed in 100 per cent cooperative marketing, and with the promise from the Federal Farm Board that we, along with others, would get a square deal, took stock with the Farmers National Grain Corporation.

Then what happened? The Federal Farm Board has and still is permitting three or four men to dominate and rule the Farmers National Grain Corporation to the detriment and disgrace of the cooperative marketing of farm products, refusing good 100 per cent cooperative institutions, as ours, representation or any say whatsoever in the conduct or policies of the business, and still practice this after we gave them 100 per cent of our business for nearly two years.

Now what is happening? The Federal Farm Board is furnishing the money and permitting the Farmers National Grain Corporation to use this money, that is just as much our money as yours or theirs, and was intended by Congress to help institutions as ours, for the purpose of trying in reality in an unlawful manner to crush our organization by unjust discrimination in paying as much as 5 cents and 6 cents per bushel more for wheat at points where we have our most loyal organizations than they are at other points where we have no stations, to try to crush us.

It has been the policy of our organization ever since it was organized to buy grain on a uniform margin of profit. Long before the Farmers National Grain Corporation came into the picture we tried to induce the Wheat Growers' Association to practice this true policy of cooperation, but to no avail.

Your Mr. Carpenter has been threatening us with the boast that they can pay 3 cents over track bid at our stations the entire season and still make money by buying at a profit at stations where we have none. Now, you know this is pure and simple old lineism, and never has worked nor never will. Can it be called cooperation in any sense?

I want to say here, Mr. Stone, that the Farmers National Grain Corporation has at numerous times, by what I term an indirect method, tried to buy us off to their extravagant way of doing business, but we are not for sale.

Mr. Stone, if you do not do something to change the policies of the Farmers National Grain Corporation immediately, I believe they will absolutely destroy the cooperative-marketing movement in this country. I wish to say here that we do not want any advantage over any fair, legitimate competition; and if we do not get our share of the business on a small uniform margin of profit, we will not complain.

We have been accused of trying to attract pool members to our organization with special service. It is true that we are trying to give the best service possible at all times, but we do not give better service or price at one point than we do at another. We have learned from pool investigators that the reason they are losing volume and membership is on account of their own unfair practices in the past.

Mr. Stone, we are serving notice on you right now that if we do not get a wire by June 25 that you will stop such unfair practice as above, we will immediately call our board together to make plans to advertise these facts not only to our farmers but to all farmers and business men through the entire country.

Yours very truly,

UNION EQUITY CO-OP. EXCHANGE,
E. N. PUCKETT, *Manager.*

FARMERS COOPERATIVE GRAIN DEALERS ASSOCIATION
OF OKLAHOMA,
Enid, Okla., June 21, 1932.

Mr. JAMES C. STONE,
Chairman Federal Farm Board, Washington, D. C.

DEAR MR. STONE: You, of course, are familiar with the fact that the Union Equity Cooperative Exchange is the official grain-sales agency for our association. In this connection we want to say, Mr. Stone, that we have investigated the statements made in Mr. Puckett's letter to you of even date and that we find them to be true in each and every case.

Our association has all along the way supported the agricultural marketing act and the national plan of cooperatively marketing farm products. We still believe if the plan was properly administered that it could be made of wonderful benefit to agriculture. We are frank to say, however, that if the present policies and practices of the Farmers National Grain Corporation are continued, we feel that it will not only wreck the national marketing program but tear down more confidence in the cooperative-marketing movement as a whole than can be rebuilt in the next 50 years.

We have stood apart from our national association in their attitude toward the Federal Farm Board and the Farmers National Grain Corporation, but it begins to look like they were right and we are wrong. We hope, however, that this is not true, and that your board will take immediate action and correct the condition that our sales agency is calling to your attention.

With our kind personal regards, we remain,

Sincerely yours,

ROY BENDER, *Secretary.*

Mr. GORE. Mr. President, I am authorized by the junior Senator from Utah [Mr. KING] to withdraw his amendment to the joint resolution.

The VICE PRESIDENT. The question now is on the engrossment of the amendments and the third reading of the joint resolution.

The amendments were ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 4912. An act to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933; and

S. 4976. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the South Fork, Forked Deer River, on the Milan-Brownsville Road, State Highway No. 76, near the Haywood-Crockett County line, Tennessee;

The message also announced that the House had passed a bill (H. R. 12977) to amend section 808 of Title VIII of the revenue act of 1926, as amended by section 443 of the revenue act of 1928, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 1289. An act for the relief of William Dalton;

H. R. 1834. An act for the relief of Claude E. Dove;

H. R. 2189. An act for the relief of Elsie M. Sears;

H. R. 7199. An act for the relief of Frank Martin;

H. R. 7215. An act for the relief of May Weaver;

H. R. 12281. An act to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes; and

S. J. Res. 206. Joint resolution making available to the Banking and Currency Committee of the Senate certain information in the possession of the Treasury Department and the Bureau of Internal Revenue.

LOANS TO VETERANS ON ADJUSTED-SERVICE CERTIFICATES

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 4569) relating to loans to veterans on their adjusted-service certificates, which was to strike out all after the enacting clause and insert:

That the first sentence of subdivision (b) of section 502 of the World War adjusted-compensation act, as amended (U. S. C., title 38, sec. 642 (b)) is hereby amended to read as follows:

"(b) Any national bank, or any bank or trust company incorporated under the laws of any State, Territory, possession, or the District of Columbia (hereinafter in this section called 'bank,'), is authorized to loan to any veteran upon his promissory note secured by his adjusted-service certificate (with or without the consent of the beneficiary thereof) any amount not in excess of the loan basis (as defined in subdivision (g) of this section) of the certificate."

SEC. 2. (a) Subdivisions (c) and (d) of section 502 of such act, as amended (U. S. C., title 38, secs. 642 (c) and 642 (d)), are hereby amended by striking out "6 per cent" wherever occurring in such subdivisions and inserting in lieu thereof "3½ per cent."

(b) Subdivision (l) of section 502 of such act, as amended (U. S. C., Supp. V, title 38, sec. 642 (l)), is amended by striking out "4½ per cent" and inserting in lieu thereof "3½ per cent."

(c) The amendments made by subsections (a) and (b) of this section shall not apply with respect to interest accrued prior to the date of the enactment of this act.

SEC. 3. Subdivision (m) of section 502 of such act, as amended (U. S. C., Supp. V, title 38, sec. 642 (m)), is hereby amended to read as follows:

"(m) Loans made by the Administrator of Veterans' Affairs under this section may at his option be made out of the United States Government life insurance fund, or out of the adjusted-service certificate fund created under section 505. In case of loans made out of the United States Government life insurance fund the fund shall be entitled to receive interest at the rate of 4½ per cent per annum, compounded annually, but, in respect of interest on any such loan accruing after this subdivision as amended takes effect, the amount by which interest at such rate exceeds 3½ per cent per annum, compounded annually, shall be paid to the United States Government life insurance fund out of the adjusted-service certificate fund."

Mr. NORRIS. I move that the Senate concur in the amendment of the House. The Senator from Utah wanted to have it put over, and he has no further desire to oppose it.

The motion was agreed to.

PROHIBITION—CONSTITUTIONAL AMENDMENT

Mr. GLASS. Mr. President——

The VICE PRESIDENT. The Senator from Virginia.

Mr. GLASS. Mr. President, there is on the desk Senate Joint Resolution 202, and I ask for its immediate consideration.

Mr. NORBECK rose.

The VICE PRESIDENT. Let the joint resolution be reported. The Senator from South Dakota has a conference report which he desires to bring up.

The CHIEF CLERK. Senate Joint Resolution 202, proposing an amendment to the Constitution of the United States.

HOME-LOAN BANKS—CONFERENCE REPORT

Mr. NORBECK submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, 6, 7, 9, 11, 12, 13, 17, 18, 21, 24, 25, 27, 35, 38, 39, 40, and 42.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 5, 8, 14, 16, 19, 20, 26, 28, 29, 30, 31, 34, 36, 37, 43, and 44, and agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " insurance company, or "; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: " or, in case there is a lawful contract rate of interest applicable to such transactions, in excess of such rate (regardless of any exemption from usury laws), or, in case there is no legal rate of interest or lawful contract rate of interest applicable to such transactions, in excess of 8 per cent per annum " and a comma; and, on page 6 of the House bill, at the end of line 5, insert the following: " This section applies only to home mortgage loans made after the enactment of this act " and a period; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: ": *Provided*, That accumulated dividends, as provided in subsection (k), have been paid "; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " but in any case in which the rate of dividend is in excess of 2 per cent, the stock subscribed for by the United States shall be entitled to dividends at a rate not in excess of that paid on other stock "; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " its advances " and a comma; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: " The notes, debentures, and bonds issued by any bank, with unearned coupons attached, shall be accepted at par by such bank in payment of or as a credit against the obligation of any home-owner debtor of such bank " and a period; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate

amendment insert "$300,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: "except a national bank, trust company, or other banking organization" and a comma; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 46 and 47.

PETER NORBECK,
JAMES E. WATSON,
DUNCAN U. FLETCHER,
Managers on the part of the Senate.

HENRY B. STEAGALL,
W. F. STEVENSON,
T. ALAN GOLDSBOROUGH,
L. T. MCFADDEN,
ROBERT LUCE,
Managers on the part of the House.

Mr. NORBECK. Mr. President, I ask for the immediate consideration of the conference report.

GRADUATES OF THE WEST POINT MILITARY ACADEMY

Mr. REED. Mr. President, will the Senator from South Dakota yield to me?

Mr. NORBECK. I yield.

Mr. REED. Out of order, from the Committee on Military Affairs, I report favorably without amendment Senate Joint Resolution 207, and, after a word of explanation, I will ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Does the Senator from South Dakota yield for that purpose?

Mr. NORBECK. I yield.

Mr. REED. Just a word of explanation. The Comptroller General yesterday ruled that the leave given the West Point graduates, which they get only once in a lifetime, is annual leave within the meaning of the economy bill. They are scattered all over the world. Those of them who expect duty in distant posts have left the United States on their way and others have gone to their homes.

Mr. GLASS. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. GLASS. Who has the floor? I did not yield to the Senator from Pennsylvania.

The VICE PRESIDENT. The Senator from South Dakota presented a privileged report, and, after the joint resolution of the Senator from Virginia was read by title, the Senator from South Dakota had a right to call up the report, and the Senator from South Dakota has the floor. The motion of the Senator from Virginia is pending.

Mr. REED. Mr. President, I beg the pardon of the Senator from Virginia. I thought his motion to take up the resolution had been agreed to or I would not have presented the report.

Mr. NORRIS. No; the Constitution has not been amended yet.

Mr. REED. Then, Mr. President, I ask for action on this West Point graduate joint resolution.

The VICE PRESIDENT. Is there objection?

Mr. MCKELLAR. Is it a long resolution?

Mr. REED. No; it is not.

Mr. MCKELLAR. Let it be read, so that we will know what it means.

The Chief Clerk read the joint resolution, as follows:

Resolved, etc., That nothing contained in Part II of the legislative appropriation act, approved June 30, 1932, shall be construed to prevent the graduates of the United States Military Academy in the class of 1932 from completing their graduation leaves with pay during the fiscal year 1933. This resolution shall be effective from and including July 1, 1932.

Mr. MCKELLAR. Mr. President, I am not going to object to this, but I merely want to call the attention of the Senate and of the country to the fact that this is the first fruit of the beautiful furlough plan that was forced upon the Senate by the President of the United States.

The VICE PRESIDENT. Is there objection to the consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to be engrossed for a third reading, read the third time, and passed.

HOME-LOAN BANKS—CONFERENCE REPORT

The Senate resumed the consideration of the conference report on H. R. 12280.

Mr. HATFIELD. Mr. President, will the Senator from South Dakota yield to me?

Mr. NORBECK. I yield to the Senator from West Virginia.

Mr. HATFIELD. Mr. President, I ask——

Mr. ROBINSON of Arkansas. Mr. President, I shall object to any other unanimous consent until these important conference reports have been presented and dealt with.

Mr. NORBECK. Very well.

Mr. ROBINSON of Arkansas. I shall not make any further statement at this time, but I insist that the Senator proceed with his conference report.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). The question is on agreeing to the conference report.

Mr. BORAH. Mr. President, may I ask the Senator from South Dakota whether I am correct in assuming that the only matter in controversy is the amendment with reference to currency expansion?

Mr. NORBECK. That is correct. We reached an agreement on everything except amendments 46 and 47. Amendment No. 46 is the currency expansion amendment, and amendment No. 47 is simply an amendment providing for a renumbering of the section.

Mr. BORAH. Is the Senator asking for the adoption of the report?

Mr. NORBECK. I am asking for the adoption of the report, but insisting on Senate amendments Nos. 46 and 47.

Mr. BORAH. That is the course which I should like to have pursued; that is to say, that the Senate continue to insist upon its amendments.

Mr. NORBECK. That is correct.

Mr. BORAH. It should be borne in mind that this currency amendment passed the Senate by a vote of 53 to 18, I think it was, and I feel that the Senate conferees ought to insist upon the amendment. Unless there is opposition to that course, I do not desire to continue the discussion.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. WATSON. Mr. President, I do not intend to enter upon any discussion of the merits of the so-called Borah amendment, a bill previously introduced by the Senator from Virginia, having reference to the inflation of the currency. What I do want to present to the Senate is the present parliamentary situation, so as to show to Senators just how we stand on the question of the home loan bank bill at the present time.

We adopted the Borah amendment in the Senate, and it went to the House. The House refused to accede to it. They asked for a conference, and we had a conference. There were five conferees on the part of the House and three on the part of the Senate, and after three hours of discussion we reported a disagreement, the House Members being insistent on striking out the Borah amendment and the Senate conferees insisting on retaining it.

We had another conference this morning, with the same result. The Senator from Idaho came up and talked to the conferees, and we were very glad to have him. We did not then enter into a discussion in detail of the merits of the proposition, because the question presented did not deal so much with the amendment as such, and its righteousness or its evil character, its good or its bad features, but turned upon the parliamentary situation.

This is exactly the way it stands. The House will not accept the board amendment. Why do I say that? On yesterday the question was brought before the House squarely on the proposition to amend the Borah amendment by attaching to it the so-called Goldsborough bill. The Goldsborough bill previously had passed the House by a vote

of about 289, as I remember it, to 35 or 40; and when we had our first conference on the subject, the House conferees insisted, by a vote of 3 to 2, on attaching the Goldsborough amendment to the Borah amendment, putting the two together, and that is the way they presented the matter to the House. We voted 2 to 1 the other way, and that made the disagreement, and on that disagreement they went to the House. Therefore, the first question was as to whether or not the Goldsborough amendment to the Borah amendment should be adopted, and after considerable discussion, as can be seen by consulting the RECORD, that was voted down.

The next question was as to whether or not they should concur in or recede from the Borah amendment, and that was voted down without any considerable number of persons voting for the Borah amendment.

Mr. NORRIS. Was there a roll call?

Mr. WATSON. No.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. WATSON. I yield.

Mr. GLASS. How does the Senator arrive at the conclusion that no considerable number voted one way or the other, if there was no yea and nay vote taken?

Mr. WATSON. I only know from what the conferees on the part of the House told me.

Mr. GLASS. I submit that it was impossible for the conferees themselves to know.

Mr. WATSON. I will not discuss a question of that kind. With 5 conferees, 3 Democrats and 2 Republicans, sitting in the House, when the question came on the motion to concur, and there were only a few voices, they would know all about it. If there had been a considerable number, they could have demanded a roll call, but it takes one-fifth of the membership of the House to get a roll call, and they were well aware of the fact that on that proposition they could not get one-fifth of the Members to demand a roll call.

Mr. GLASS. Why were they particularly interested in getting a roll call? The bill went back to conference by consent. It was assumed in the House, I infer, that the conferees would act in a fair and impartial way.

Mr. WATSON. Not at all.

Mr. GLASS. I know they did not at all, but it was assumed on the part of the House that they would.

Mr. WATSON. The situation is this. We came again to conference this morning. The five conferees on the part of the House insisted that they would not accept the Borah amendment. The three conferees on the part of the Senate insisted, because a vote had been taken here and we had adopted it by roll call, and we said that we would insist on it because we had been so mandated by the Senate. There is the condition in which we find ourselves so far as the home loan bank bill is concerned.

It is my opinion that the House will not under any circumstances accede to the Borah amendment. They will not concur in it, they will not agree to it, they will not adopt it, because all of the gentlemen are not only opposed to it but some of them are violently opposed to it. My fellow conferees will confirm me in saying that there was not the slightest disposition on the part of the conferees from the House to agree to it or to concur in it or to adopt it or to vote for it. Their disposition is to be against it from beginning to end.

I said then, "Let us try the sense of the Senate." That is how we happen to be here asking a vote in the Senate as to whether or not we shall recede from the Borah amendment. If we recede, there will be a home loan bill. If we do not recede, there will be no home loan bill. That is exactly the situation.

Mr. President, I am not going to discuss the merits of the Borah amendment. That is quite apart from the proposition now involved. But the Borah amendment, in my opinion, is dead, and, being dead, why attach it to the home loan bill and drag it down to death also? There is no way in which the Borah amendment can be adopted in the House, in my opinion. I imagine if I should take a poll of the Members of the House now in the rear of this Chamber I would find the consensus of opinion here, as there, that the Borah amendment can not be passed in the House.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Idaho?

Mr. WATSON. Certainly.

Mr. BORAH. Let me say to the Senator that there is where he is mistaken. If there is a yea and nay vote there will be enough to count. I have been advised by Members of the House that there is very strong support for the amendment in the House.

Mr. WATSON. It has not manifested itself. The Senator said to me yesterday that he would like to have a vote squarely on it. I did not know a vote had been taken on it. I thought he was entitled to a vote squarely upon it.

Mr. BORAH. I do not consider that any vote has been taken on it. It was a viva voce vote under circumstances in which no one was paying any attention to the merits of the proposition.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Virginia?

Mr. WATSON. I yield.

Mr. GLASS. It is perfectly obvious to me that the matter was not decided on the merits of the Borah amendment at all, because in the discussion of the so-called Goldsborough amendment, which was adopted overwhelmingly at one time in the House by a vote of 4 to 1, it was contended that it had the same purposes as the Borah amendment. The position taken was not upon the merits involved in the Borah amendment, but in objecting to the fact that the Senate had turned down overwhelmingly the Goldsborough amendment, and that is all there is to it. If we are going to let another branch of Congress legislate for the Senate, all right; but, so far as I am concerned, I am getting mighty tired of it. We should participate in the enactment of legislation and not be perpetually dictated to by another branch of Congress.

Mr. WATSON. Mr. President, the Senator makes two statements, with neither of which I can concur—first, that the House did not know anything about what they were voting on when they voted, and, secondly, that they were impelled by motives of revenge or retaliation.

Mr. GLASS. I did not say they did not know what they were doing. I said they referred the matter back to conference, and I think it is fair to assume that they did that upon the conjecture that the conferees would act in a reasonable way about the matter. I do say that the matter was not determined in conference upon the merits of the Borah amendment. It was determined upon the attitude of certain leaders in the other branch of Congress, because we did reject their remarkable Goldsborough amendment.

Mr. WATSON. But the point about it is this: Of course, there was not much discussion about it, because they said, "There is no use to discuss the merits of it. We are opposed to it and the House is opposed to it and we can not accept it." Thus confronted, we said all we can expect to do is to stand by the Senate, because the Senate voted for it on a roll call. We asked for another conference, and we came to the other conference. The other conference resulted precisely as the first one. That is the condition which confronts us now. We tried every way in the world we could to induce the House conferees to go back to the House for a vote on it by roll call, and they declined to do that this very morning.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Nebraska?

Mr. WATSON. I yield.

Mr. NORRIS. As I understand the parliamentary situation, the Senator is talking about something that is not yet before the Senate.

Mr. WATSON. Oh, yes; we are here on a motion to recede.

Mr. NORRIS. It seems to me we ought to dispose of the conference report, which does not pass on the question in dispute. Why not agree to the conference report and then

the motion will be brought before us to give us an opportunity to vote again on the Borah amendment, either by receding or standing by it?

Mr. WATSON. The Senator's suggestion is a correct one, but I was assuming the motion has been made. I was in private consultation with other Senators here for a few moments and did not know the exact situation. The only point in disagreement is the one thing. We have agreed upon everything else. If the chairman of the conferees, who has charge of the measure, desires that the vote be taken on the conference report, I will yield for that purpose.

Mr. NORBECK. Yes; I wish we might take action on that part of it.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. WATSON. Now I yield to the Senator from South Dakota to enter his motion to recede from the Borah amendment.

Mr. NORRIS. Either that or to insist upon it.

Mr. WATSON. Yes; I do not care which way he puts it.

Mr. NORBECK. Mr. President, I move that the Senate insist on its amendments numbered 46 and 47.

Mr. REED. Let us have the yeas and nays.

The VICE PRESIDENT. The question is on the motion of the Senator from South Dakota that the Senate further insist on its amendments numbered 46 and 47.

Mr. WATSON. Mr. President, here is the point about it. Those of us who want a home loan bank bill must vote to recede from the Borah amendment, in my judgment. I am just as confident as I am that I am standing here on the floor of the Senate at this moment that if the proposition goes back to the House it is lost.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Michigan?

Mr. WATSON. I yield.

Mr. COUZENS. Does the Senator know anything more germane to the home loan bank bill than an expansion of the currency?

Mr. WATSON. I am not arguing the merits of it.

Mr. COUZENS. I thought the Senator was. He was trying to get the Senate to abandon its very mild inflationary attitude.

Mr. WATSON. I am not arguing the merits of it. I made that statement the first thing when I took the floor. I am arguing the parliamentary situation. I am discussing the open-and-shut condition that confronts us.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Nebraska.

Mr. WATSON. I yield.

Mr. NORRIS. I think I realize the Senator's position, but with due respect to him I think he is mistaken.

Mr. WATSON. I may be, of course.

Mr. NORRIS. It is true, is it not, that the House has never yet had a roll call vote on the Borah amendment?

Mr. WATSON. They have not.

Mr. NORRIS. Until they do, it seems to me we ought not to think of receding.

Mr. WATSON. But if their conferees come to us twice or three times and assert unanimously over and over again, regardless of partisan division among the conferees, that they are not for it and do not intend to be for it, that the House is not for it and does not intend to be for it, why, then, should we insist on presenting it to them again?

Mr. NORRIS. I suppose the Senator said, too, that, "We are backed up by the Senate. The Senate is on record and there is no use going back to the Senate; we have had a roll call vote on it, and the House has not. It is up to the House to have one before we ought to be asked to recede."

Mr. WATSON. But they would not take it back, and then the bill will die.

Mr. NORRIS. When we pass on the motion of the Senator from South Dakota, and if it is agreed to, it will go back to the House and there will be a direct vote on it. If we agree to the motion of the Senator from South Dakota, then the matter will go back to the House and it will be up to them then to say—not the conferees, but the House itself—whether they are willing to go to conference again on it.

Mr. WATSON. I have just one feeling about it, and that is that to agree to the motion made by my friend the Senator from South Dakota means the death of the home loan bill. I am indoctrinated with that idea.

Mr. BORAH. That is evident.

Mr. WATSON. Not only that but I get it from the House conferees. I do not get it from Senators, but I get it from Members of the House who are not conferees, as well as from those who are conferees on the part of the House. If they refuse, the bill is dead so far as that is concerned. I believe the Borah amendment is dead beyond resurrection. I am talking about the House. If it is dead over there, it is dead here, and it is dead everywhere. It can not be passed. The home loan bill may be passed without it, but the home loan bill can not be passed if we attach the Borah amendment to it and insist upon it.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Virginia?

Mr. WATSON. I yield.

Mr. GLASS. That is altogether a matter of opinion on the part of the Senator from Indiana. No one in the House knows whether it is dead or not, because they have never taken a vote on it over there. So far as my judgment goes, it is the only wise thing about this abominable home loan bank bill which we are now considering.

Mr. WATSON. Of course, the Senator from Virginia voted against the home loan bill and is anxious to see it killed.

Mr. GLASS. Oh, no; I am not; but I would like to have something about it that is desirable.

Mr. WATSON. The Senator from Idaho has been its consistent friend, and that is why I have labored in a private way to persuade him that I think he is making a mistake by insisting on his amendment to the bill. I think he is making a further mistake in doing the thing that I believe will result in the death of the measure. That is my candid, confident opinion.

Mr. BORAH. Mr. President, it does not necessarily follow, as I understand the situation, that if we vote to send the bill back to conference it will kill the home loan bill. We may later in the day act upon the matter as we see fit and recede. I feel that we are entitled to a vote in the House upon the amendment. I regard it as an exceedingly important matter. The Senate having adopted it by a vote of 53 to 18 on a record vote, it seems to me we are not doing our full duty if we recede before the House has really expressed itself on the question. The Senator from Indiana has been opposed to the proposition from the beginning.

Mr. WATSON. Does the Senator mean the Borah amendment?

Mr. BORAH. Yes.

Mr. WATSON. Yes; I was opposed to that.

Mr. BORAH. That is what I thought.

Mr. WATSON. I was opposed to it until I accepted it. I mean that as a fundamental proposition of financing, banking, and currency I was opposed to it, but later on, I will say to my friend——

Mr. BORAH. Without any reflection upon the Senator, the Senate can see what a powerful advocate we had in the conference committee with reference to the amendment. [Laughter.]

Mr. WATSON. Did I not vote with the other conferees?

Mr. BORAH. Yes; but the Senator has made a very powerful argument against his vote.

Mr. WATSON. I did not make any argument about it. We insisted upon standing for the action of the Senate, and we did so stand, the three conferees on the part of the Senate against the five on the part of the House. What objection does the Senator have to my attitude in the conference?

Mr. BORAH. I have no objection to the Senator's attitude in the conference, but I wish very much that the Senator had had greater zeal in the conference.

Mr. WATSON. But I voted, and a man's zeal is finally settled by the vote he casts.

Mr. BORAH. Not necessarily.

Mr. FESS. Mr. President, will the Senator yield to me to make a parliamentary inquiry?

Mr. BORAH. I yield.

Mr. FESS. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. In case the bill goes back to conference, and the House refuses to take a vote, will the way then be open for us to recede without the papers being sent back to us pursuant to action of the conferees? If that is possible, there may be a way out.

The VICE PRESIDENT. The papers would have to come back to the Senate either by report of disagreement or the House refusing to agree to a further conference. They would then be back in the hands of the Senate.

Mr. FESS. It would depend altogether on the action of the House?

The VICE PRESIDENT. It would.

Mr. BORAH. On the action of the House in what respect?

The VICE PRESIDENT. If the House refuses to agree to a conference or to act upon it further and notified the Senate to that effect then, of course, the Senate could act.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. NORRIS. Suppose the Senate adopts the motion offered by the Senator from South Dakota, and the bill goes to the House and the House declines to send it to conference; the House will notify us of that action officially, and it would be in order then to move to recede if we wanted to.

The VICE PRESIDENT. That is what the Chair stated.

Mr. NORRIS. On the other hand, suppose it goes to conference, it has either got to go or not to go; and suppose the House agrees to a further conference, then it is in the hands of the conferees, and if they do not agree they will so report.

I should like to state, if the Senator from Idaho will permit me, right now that I dislike to have Senators continually intimating in the discussion that if the House will not agree to it we will recede afterwards. So far as I am concerned, I am not in favor of receding. I think the most important feature of this bill is the Borah amendment. If we can not get an agreement to have that stay in, in some form, then let the bill go, so far as I am concerned; let it die.

Mr. BORAH. Mr. President, just a word. I am willing a vote should be taken, so far as I am concerned. I have been assured by several Members of the House that if a yea-and-nay vote shall be taken there is a very strong probability that this amendment will be accepted. Under those circumstances, and regarding this amendment as being so important as I do, I am not willing that we recede at this time. We would not be doing, in any sense, our duty to this piece of legislation as we expressed our duty a few days ago by a vote of 53 to 18.

Mr. LEWIS. Mr. President, may I ask the Senator from Idaho if that which is called the Borah amendment is not in reality the so-called Glass bill?

Mr. BORAH. The Senator is quite right, and it should be called the Glass amendment.

Mr. LEWIS. I alluded to that to indicate that we were not unacquainted with the measure.

Mr. BORAH. I offered the amendment, but it was the measure which had been proposed by the Senator from Virginia. I offered it with his consent and approval. The amendment had practically the unanimous support of the Committee on Banking and Currency and has in every way been approved overwhelmingly by the Senate of the United States. Now let us have a square vote upon this question by the two bodies.

The VICE PRESIDENT. The question is on the motion of the Senator from South Dakota that the Senate further insist on amendments numbered 46 and 47 and ask for a further conference with the House of Representatives on the disagreeing votes of the two Houses.

Mr. McKELLAR and Mr. NORBECK asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. BLAINE's name was called). I desire to announce the unavoidable absence of my colleague. He has a general pair with the junior Senator from Kansas [Mr. McGILL].

Mr. BULKLEY (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. CAREY], who is absent. I transfer that pair to the junior Senator from Massachusetts [Mr. COOLIDGE] and will vote. I vote "yea."

Mr. FESS (when his name was called). I have a general pair with the senior Senator from New York [Mr. COPELAND]. I do not know how he would vote and, therefore, am not permitted to vote. If I could vote, I should vote "nay."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I am informed that if present he would vote as I expect to vote. Therefore I feel at liberty to vote and vote "yea."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING]. I transfer that pair to the senior Senator from Wyoming [Mr. KENDRICK], and will vote. I vote "yea."

Mr. SHORTRIDGE (when his name was called). I have a general pair with the senior Senator from Montana [Mr. WALSH]. I do not know how he would vote if present, and therefore I must withhold my vote. If permitted to vote, I should vote "nay."

Mr. STEIWER (when his name was called). In the absence of my pair, the senior Senator from New Mexico [Mr. BRATTON], concerning whom I have already made announcement, I must withhold my vote. If I were permitted to vote, I should vote "yea."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. I am informed that if present he would vote as I intend to vote. I therefore am permitted to vote and vote "yea."

Mr. WATSON (when his name was called). I transfer my general pair with the senior Senator from South Carolina [Mr. SMITH] to the Senator from Colorado [Mr. WATERMAN], and will vote. I vote "nay."

The roll call was concluded.

Mr. DALE. Respecting my pair with the junior Senator from Alabama [Mr. BANKHEAD], I withhold my vote.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. FESS. I wish to announce the following general pairs: The Senator from Nevada [Mr. ODDIE] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Maine [Mr. WHITE] with the Senator from Tennessee [Mr. HULL];

The Senator from Illinois [Mr. GLENN] with the Senator from Washington [Mr. DILL];

The Senator from Oregon [Mr. McNARY] with the Senator from Missouri [Mr. HAWES]; and

The Senator from Nebraska [Mr. HOWELL] with the Senator from Massachusetts [Mr. WALSH].

The result was announced—yeas 44, nays 20, as follows:

YEAS—44

Ashurst	Connally	Jones	Robinson, Ind.
Bailey	Costigan	King	Schall
Barkley	Couzens	La Follette	Sheppard
Black	Fletcher	Lewis	Shipstead
Borah	Frazier	McKellar	Stephens
Brookhart	George	Neely	Thomas, Idaho
Bulkley	Glass	Norbeck	Thomas, Okla.
Bulow	Gore	Norris	Trammell
Byrnes	Harrison	Nye	Tydings
Capper	Hatfield	Pittman	Vandenberg
Cohen	Hayden	Robinson, Ark.	Wagner

NAYS—20

Austin	Hale	Keyes	Reed
Barbour	Hastings	Metcalf	Smoot
Bingham	Hebert	Morrison	Townsend
Dickinson	Johnson	Moses	Walcott
Goldsborough	Kean	Patterson	Watson

NOT VOTING—32

Bankhead	Cutting	Hull	Smith
Blaine	Dale	Kendrick	Steiwer
Bratton	Davis	Logan	Swanson
Broussard	Dill	Long	Walsh, Mass.
Caraway	Fess	McGill	Walsh, Mont.
Carey	Glenn	McNary	Waterman
Coolidge	Hawes	Oddie	Wheeler
Copeland	Howell	Shortridge	White

So Mr. NORBECK's motion was agreed to.

Mr. WATSON. Mr. President, I merely wish to call the attention of the Senate to the fact that inasmuch as it requires unanimous consent to bring this matter before the House to-day and that two Members of the House have already told me that they would object to bringing it up, the home loan bill is dead, unless the Congress shall remain in session longer.

Mr. BORAH. Mr. President, if there are two Members of the House who are unwilling to have this question voted on and come here upon the floor and lobby against a piece of legislation not within their power, so far as I am concerned I put the responsibility upon them for killing both the home loan bill and the amendment.

Mr. WATSON. Mr. President, I am not going to argue with my friend from Idaho about that; but these gentlemen informed me that was the situation in the House and that they wanted me to know it so that I could state it on the floor.

Mr. BORAH. There was no necessity of stating it on the floor.

Mr. WATSON. I do not know why not.

Mr. BORAH. Their communication ought not to have the slightest effect upon our proceedings here, and, besides, we do not have to go home to-day; there is another day after to-day.

Mr. WATSON. I am glad the Senator has found that out, because a number of Members of the Senate do not seem to know it. They think this is the last day, and that if we do not get away to-day we are lost.

Mr. NORRIS. They may have gained that impression from what the Senator from Indiana said.

Mr. WATSON. I say that because the question can come up in the House to-day only by unanimous consent, and, unless unanimous consent can be obtained, the home loan bill is as dead as the bones of Lazarus unless the Congress shall continue in session until Monday.

Mr. FLETCHER. Mr. President, let me say in that connection that two of the House conferees have assured us that they could get unanimous consent.

MESSAGE FROM THE PRESIDENT—APPROVAL OF BILLS

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On July 14, 1932:

S. 3400. An act to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia"; and

S. 3792. An act to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District.

On July 15, 1932:

S. 1155. An act to establish a board of indeterminate sentence and parole for the District of Columbia and to determine its functions, and for other purposes;

S. 2958. An act to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia; and

S. 4741. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.

On July 16, 1932:

S. 3276. An act to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926.

PROHIBITION—REPEAL OF THE EIGHTEENTH AMENDMENT

The VICE PRESIDENT. The Chair lays before the Senate Senate Joint Resolution 202, introduced by the Senator from Virginia [Mr. GLASS], which will be read.

The Chief Clerk read as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three-fourths of the several States:

"ARTICLE —

"SECTION 1. Article XVIII of the amendments to this Constitution is hereby repealed. The sale of intoxicating liquors within the United States or any territory subject to the jurisdiction thereof for consumption at the place of sale (commonly known as a saloon), and the transportation of intoxicating liquors into any State, Territory, District or possession of the United States in which the manufacture, sale, and transportation of intoxicating liquors are prohibited by law, are hereby prohibited. The Congress and the several States, Territories, and possessions shall have concurrent power to enforce this article by appropriate legislation.

"SEC. 2. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress."

EMERGENCY UNEMPLOYMENT RELIEF—CONFERENCE REPORT

Mr. GLASS obtained the floor.

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from South Dakota?

Mr. GLASS. I yield to the Senator from South Dakota.

Mr. NORBECK. I present a conference report and ask for its immediate consideration. It is the conference report on H. R. 9642, the relief bill.

The VICE PRESIDENT. The report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this act may be cited as the 'Emergency relief and construction act of 1932.'

"TITLE I—RELIEF OF DESTITUTION

"SECTION 1. (a) The Reconstruction Finance Corporation is authorized and empowered to make available out of the funds of the corporation the sum of $300,000,000, under the terms and conditions hereinafter set forth, to the several States and Territories, to be used in furnishing relief and work relief to needy and distressed people and in relieving the hardship resulting from unemployment, but not more than 15 per cent of such sum shall be available to any one State or Territory. Such sum of $300,000,000 shall, until the expiration of two years after the date of enactment of this act, be available for payment to the governors of the several States and Territories for the purposes of this section, upon application therefor by them in accordance with subsection (c), and upon approval of such applications by the corporation.

"(b) All amounts paid under this section shall bear interest at the rate of 3 per cent per annum, and, except in the case of Puerto Rico and the Territory of Alaska, shall be reimbursed to the corporation, with interest thereon at the rate of 3 per cent per annum, by making annual deductions, beginning with the fiscal year 1935, from regular apportionments made from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads, of an amount equal to one-fifth of the share which such State or Territory would be entitled to receive under such apportionment, except for the provisions of this section, or of an amount equal to one-fifth of the amounts so paid to the governor of such State or Territory pursuant to this section and all accrued interest thereon to the date of such deduction, whichever is the lesser, until the sum of such deductions equals the total amounts paid under this section and all accrued interest thereon. Whenever any such deduction is made, the Secretary of the Treasury shall immediately pay to the corporation an amount equal to the amount so deducted. If any State or Territory shall, within two years after the date of enactment of this act, enter into an agreement with the corporation for the repayment to the corporation of the amounts paid under this section to the governor of such State or Territory, with interest thereon as herein provided, in such installments and upon such terms as may be agreed upon, then the deduction under this subsection shall not be made unless such State or Territory shall be in default in the performance of the terms of such agreement. In the case of a default by the State or Territory in any such agreement, the agreement shall thereupon be terminated and reimbursement of the unpaid balance of the amount covered by such agreement shall be made by making annual deductions in the manner above provided (beginning with the fiscal year next following such default) from regular apportionments made to such State or Territory from future Federal authorizations in aid of the States and Territories for the construction of highways and rural post roads. Before any amount is paid under this section to the Governor of Puerto Rico or of the Territory of Alaska, Puerto Rico or the Territory of Alaska shall enter into an agreement with the corporation for the repayment of such amount with interest thereon as herein provided, in such installments and upon such terms and conditions as may be agreed upon.

"(c) The governor of any State or Territory may from time to time make application for funds under this section, and in each application so made shall certify the necessity for such funds and that the resources of the State or Territory, including moneys then available and which can be made available by the State or Territory, its political subdivisions, and private contributions, are inadequate to meet its relief needs. All amounts paid to the governor of a State or Territory under this section shall be administered by the governor, or under his direction, and upon his responsibility. The governor shall file with the corporation and with the auditor of the State or Territory (or, if there is no auditor, then with the official exercising comparable authority) a statement of the disbursements made by him under this section.

"(d) Nothing in this section shall be construed to authorize the corporation to deny an otherwise acceptable application under this section because of constitutional or other legal inhibitions or because the State or Territory has borrowed to the full extent authorized by law. Whenever an application under this section is approved by the corporation in whole or in part, the amount approved shall be immediately paid to the governor of the State or Territory upon delivery by him to the corporation of a receipt therefor stating that the payment is accepted subject to the terms of this section.

"(e) Any portion of the amount approved by the corporation for payment to the governor of a State or Territory shall, at his request, and with the approval of the corporation, be paid to any municipality or political subdivision of such State or Territory if (1) the governor makes as to such municipality or political subdivision a like certificate as provided in subsection (c) as to the State or Territory, and (2) such municipality or political subdivision enters into an agreement with the corporation for the repayment to the corporation of the amount so paid, with interest at the rate of 3 per cent per annum, at such times, and upon such other terms and conditions, as may be agreed upon between the corporation and such municipality or political subdivision. The amount paid to any municipality or political subdivision under this subsection shall not be included in any amounts reimbursable to the corporation under subsection (b) of this section.

"(f) As used in this section the term 'Territory' means Alaska, Hawaii, and Puerto Rico.

"TITLE II—LOANS BY RECONSTRUCTION FINANCE CORPORATION

"SEC. 201. (a) The Reconstruction Finance Corporation is authorized and empowered—

"(1) To make loans to, or contracts with, States, municipalities, and political subdivisions of States, public agencies of States, of municipalities, and of political subdivisions of States, public corporations, boards and commissions, and public municipal instrumentalities of one or more States, to aid in financing projects authorized under Federal, State, or municipal law which are self-liquidating in character, such loans or contracts to be made through the purchase of their securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities: *Provided*, That nothing herein contained shall be construed to prohibit the Reconstruction Finance Corporation, in carrying out the provisions of this paragraph, from purchasing securities having a maturity of more than 10 years;

"(2) to make loans to corporations formed wholly for the purpose of providing housing for families of low income, or for reconstruction of slum areas, which are regulated by State or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operation, to aid in financing projects undertaken by such corporations which are self-liquidating in character;

"(3) to make loans to private corporations to aid in carrying out the construction, replacement, or improvement of bridges, tunnels, docks, viaducts, water works, canals, and markets, devoted to public use and which are self-liquidating in character;

"(4) to make loans to private limited dividend corporations to aid in financing projects for the protection and development of forests and other renewable natural resources, which are regulated by a State or political subdivision of a State and are self-liquidating in character; and

"(5) to make loans to aid in financing the construction of any publicly owned bridge to be used for railroad, railway, and highway uses, the construction cost of which will be returned in part by means of tolls, fees, rents, or other charges, and the remainder by means of taxes imposed pursuant to State law enacted before the date of enactment of the emergency relief and construction act of 1932; and the Reconstruction Finance Corporation is further authorized and empowered to purchase bonds of any State, municipality, or other public body or agency issued for the purpose of financing the construction of any such bridge irrespective of the dates of maturity of such bonds.

"For the purposes of this subsection a project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges, or by such other means (other than by taxation) as may be prescribed by the statutes which provide for the project. All loans and contracts made by the Reconstruction Finance Corporation in respect of projects of the character specified in paragraphs (1) to (5) of this subsection shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive, administrative, and supervisory positions), so far as practicable, no individual directly employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection

with any such project preference shall be given, where they are qualified, to ex-service men with dependents.

" The provisions of this subsection shall apply with respect to projects in Puerto Rico and the Territories to the same extent as in the case of projects in the several States, and as used in this subsection the term 'States' includes Puerto Rico and the Territories.

" (b) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures under this section and under the Reconstruction Finance Corporation act, together with a statement showing the names of the borrowers to whom loans and advances were made, and the amount and rate of interest involved in each case.

" (c) In order that the surpluses of agricultural products may not have a depressing effect upon current prices of such products, the corporation is authorized and directed to make loans, in such amounts as may in its judgment be necessary, for the purpose of financing sales of such surpluses in the markets of foreign countries in which such sales can not be financed in the normal course of commerce; but no such sales shall be financed by the corporation if, in its judgment, such sales will affect adversely the world markets for such products: *Provided, however,* That no such loan shall be made to finance the sale in the markets of foreign countries of cotton owned by the Federal Farm Board or the Cotton Stabilization Corporation.

" (d) The Reconstruction Finance Corporation is authorized and empowered to make loans to bona fide institutions, organized under the laws of any State or of the United States and having resources adequate for their undertakings, for the purpose of enabling them to finance the carrying and orderly marketing of agricultural commodities and livestock produced in the United States.

" (e) The Reconstruction Finance Corporation is further authorized to create in any of the 12 Federal land-bank districts where it may deem the same to be desirable a regional agricultural-credit corporation with a paid-up capital of not less than $3,000,000, to be subscribed for by the Reconstruction Finance Corporation and paid for out of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture under section 2 of the Reconstruction Finance Corporation act. Such corporations shall be managed by officers and agents to be appointed by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe. Such corporations are hereby authorized and empowered to make loans or advances to farmers and stockmen, the proceeds of which are to be used for an agricultural purpose (including crop production), or for the raising, breeding, fattening, or marketing of livestock, to charge such rates of interest or discount thereon as in their judgment are fair and equitable, subject to the approval of the Reconstruction Finance Corporation, and to rediscount with the Reconstruction Finance Corporation and the various Federal reserve banks and Federal intermediate-credit banks any paper that they acquire which is eligible for such purpose. All expenses incurred in connection with the operation of such corporations shall be supervised and paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe.

"(f) All loans made under this section, and all contracts of the character described in paragraph (1) of subsection (a), shall be fully and adequately secured. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans shall be made on such terms and conditions, not inconsistent with this act, as the corporation may prescribe, and may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise in such form and in such amount and at such interest or discount rates as the corporation may approve: *Provided,* That no loans or advances (except loans under subsection (c)) shall be made upon foreign securities or foreign acceptances as collateral.

"(g) Each such loan may be made for a period not exceeding three years, and the corporation may, from time to time, extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally: *Provided,* That loans or contracts of the character described in subsection (a) may be made for a period not exceeding 10 years: *Provided further,* That loans or contracts of the character described in paragraph (1) or (5) of subsection (a) may be made for a period exceeding 10 years when it is the judgment of the board of directors of the corporation that it is necessary to purchase securities as provided in such paragraphs and that it is not practicable to require the reimbursement of the corporation, within 10 years, through the repurchase or payment of such securities, or in any other manner.

"(h) The corporation may make loans under this section at any time prior to January 23, 1934.

"(i) No fee or commission shall be paid by any applicant for a loan under the provisions of this section in connection with any such application or any loan made or to be made under this section, and the agreement to pay or payment of any such fee or commission shall be unlawful.

"(j) No loan under this section shall be made to a railroad or to a receiver of a railroad except on the approval of the Interstate Commerce Commission. Any railroad may obligate itself in such form as shall be prescribed and otherwise comply with the requirements of the Interstate Commerce Commission and the corporation with respect to the deposit or assignment of security hereunder, without the authorization or approval of any authority, State or Federal, and without compliance with any requirement, State or Federal, as to notification, other than such as may be imposed by the Interstate Commerce Commission and the corporation under the provisions of this section.

" SEC. 202. The last sentence of the second paragraph of section 5 of the Reconstruction Finance Corporation act is amended by striking out '5' and inserting '2⅝' in lieu thereof.

" SEC. 203. The second sentence of the third paragraph of section 5 of the Reconstruction Finance Corporation act is hereby repealed.

" SEC. 204. Section 8 of the Reconstruction Finance Corporation act is amended to read as follows:

" 'SEC. 8. In order to enable the corporation to carry out the provisions of this act and the emergency relief and construction act of 1932, the Treasury Department, the Federal Farm Loan Board, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation, in confidence, such reports, records, or other information as they may have available relating to the condition of applicants with respect to whom the corporation has had or contemplates having transactions under either of such acts, or relating to individuals, associations, partnerships, corporations, or other obligors whose obligations are offered to or held by the corporation as security for loans under either of such acts, and to make, through their examiners or other employees for the confidential use of the corporation, examinations of applicants for loans. Every applicant for a loan under either of such acts shall, as a condition precedent thereto, consent to such examination as the corporation may require for the purposes of either of such acts and that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor.'

" SEC. 205. (a) The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation act to have outstanding at any one time is increased to an aggregate of six and three-fifths times its subscribed capital stock.

"(b) The first proviso of section 2 of the Reconstruction Finance Corporation act is amended by inserting after 'as set out in section 9' the following: '(as in force prior to the enactment of the emergency relief and construction act of 1932),' but the Secretary of Agriculture is directed to continue making loans to farmers under the provisions of such section 2.

"SEC. 206. The Reconstruction Finance Corporation is authorized and empowered to make loans under the Reconstruction Finance Corporation act to financial institutions, corporations, railroads, and other classes of borrowers specified in section 5 of such act, organized under the laws of the District of Columbia, Alaska, Hawaii, and Puerto Rico. As used in this title and in section 15 of the Reconstruction Finance Corporation act the term 'State' includes the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"SEC. 207. No loan or advance shall be approved under this section or under the Reconstruction Finance Corporation act, directly or indirectly, to any financial institution any officer or director of which is a member of the board of directors of the Reconstruction Finance Corporation or has been such a member within the 12 months preceding the approval of the loan or advance.

"SEC. 208. (a) The first sentence of section 3 of the Reconstruction Finance Corporation act is amended, effective at the expiration of 10 days after the date of enactment of this act, to read as follows: 'The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury (or, in his absence, the Under Secretary of the Treasury), who shall be a member ex officio, and six other persons appointed by the President of the United States by and with the advice and consent of the Senate.'

"(b) Nothing in this section shall be construed to affect in any manner the terms of office of the appointed members of the board of directors of the Reconstruction Finance Corporation, nor to require their reappointment.

"SEC. 209. Section 9 of the Reconstruction Finance Corporation act is hereby amended by adding at the end thereof the following:

"'The Secretary of the Treasury, at the request of the Reconstruction Finance Corporation, is authorized to market for the corporation its notes, debentures, bonds, and other such obligations, using therefor all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States. The proceeds of the obligations of the corporation so marketed shall be deposited in the same manner as proceeds derived from the sale of obligations of the United States, and the amount thereof shall be credited to the corporation on the books of the Treasury.'

"SEC. 210. Section 13 of the Federal reserve act, as amended, is further amended by adding after the second paragraph thereof the following new paragraph:

"'In unusual and exigent circumstances, the Federal Reserve Board, by the affirmative vote of not less than five members, may authorize any Federal reserve bank, during such periods as the said board may determine, at rates established in accordance with the provisions of section 14, subdivision (d), of this act, to discount for any individual, partnership, or corporation, notes, drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this act when such notes, drafts, and bills of exchange are indorsed and otherwise secured to the satisfaction of the Federal reserve bank: *Provided*, That before discounting any such note, draft, or bill of exchange for an individual or a partnership or corporation the Federal reserve bank shall obtain evidence that such individual, partnership, or corporation is unable to secure adequate credit accommodations from other banking institutions. All such discounts for individuals, partnerships, or corporations shall be subject to such limitations, restrictions, and regulations as the Federal Reserve Board may prescribe.'

"SEC. 211. The first paragraph of section 5 of the Reconstruction Finance Corporation act is hereby amended to read as follows:

"'SEC. 5. To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products the corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, mortgage loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate-credit bank, agricultural-credit corporation, livestock-credit corporation, organized under the laws of any State or of the United States, including loans secured by the assets of any bank or savings bank that is closed, or in process of liquidation to aid in the reorganization or liquidation of such banks, upon application of the receiver or liquidating agent of such bank and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same: *Provided*, That not more than $200,000,000 shall be used for the relief of banks (including savings banks) that are closed or in the process of liquidation.'

TITLE III—PUBLIC WORKS

"SEC. 301. (a) For the purpose of providing for emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931 there is hereby appropriated out of any money in the Treasury not otherwise appropriated the sum of $322,224,000, which shall be allocated as follows:

"(1) For expenditure in emergency construction on the Federal-aid highway system, $120,000,000. Such sum shall be apportioned by the Secretary of Agriculture to the several States by the method provided in section 21 of the Federal highway act, as amended and supplemented (U. S. C., title 23, sec. 21). The amounts apportioned to the States shall be available as a temporary advance of funds to meet the provisions of such act as to State funds. The amount apportioned to any State under this paragraph may be used to match the regular annual Federal-aid apportionments made to such State (including the one for the fiscal year ending June 30, 1933), and when so used such amount shall be available for expenditure in paying the share of such State in the cost of Federal-aid projects. No amounts apportioned under this paragraph shall be advanced except for work on the Federal-aid highway system performed before July 1, 1933: *Provided*, That the amounts so advanced shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1938, by making annual deductions from regular apportionments made from future authorizations for carrying out the provisions of such act, as amended and supplemented: *Provided further*, That all contracts involving the expenditure of such amounts shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *And provided further*, That in the expenditure of such amounts the limitations in the Federal highway act, as amended and supplemented, upon highway construction, reconstruction, and bridges within municipalities and upon payments per mile which may be made from Federal funds shall not apply. As used in this paragraph, the term 'State' includes the Territory of Hawaii. The term 'highway' as defined in the Federal highway act, approved November 9, 1921, as amended and supplemented, for the purposes of this paragraph only, shall be deemed to include such main State parkways as may be designated by the State and approved by the Secretary of Agriculture as part of the Federal-aid highway system.

"(2) For expenditure in emergency construction during the fiscal year ending June 30, 1933, $16,000,000, as follows: (A) For the construction and improvement of national-forest highways, $5,000,000; (B) for the construction and maintenance of roads, trails, bridges, fire lanes, etc., including the same objects specified in the paragraph commencing with the words 'Improvement of the national forests' under the

heading 'National Forest Administration' in the Agricultural appropriation act for the fiscal year ending June 30, 1932, approved February 23, 1931 (46 Stat. 1242), $5,000,000; (C) for the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, including areas to be established as national parks authorized under the act of May 22, 1926 (U. S. C., Supp. V, title 16, secs. 403 to 403c), and under the act of May 25, 1926 (U. S. C., Supp. V, title 16, secs. 404 to 404c), and national park and monument approach roads authorized by the act of January 31, 1931 (46 Stat. 1053), as amended, or any one section of such roads of not less than 8 miles, which crosses lands wholly or to the extent of 90 per cent owned by the Government of the United States, $3,000,000; (D) for construction and improvement of Indian reservation roads under the provisions of the act approved May 26, 1928 (U. S. C., Supp. V, title 25, sec. 318a), $1,000,000; and (E) for the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public roads, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of section 3 of the Federal highway act, as amended and supplemented (U. S. C., Supp. V, title 23, secs. 3 and 3a), $2,000,000. The Secretary of Agriculture and the Secretary of the Interior, respectively, are authorized to make rules and regulations for carrying out the foregoing provisions of this section with a view to providing the maximum employment of local labor consistent with reasonable economy of construction.

"(3) For the prosecution of river and harbor projects heretofore authorized, $30,000,000.

"(4) For the prosecution of flood-control projects heretofore authorized, $15,500,000.

"(5) For the continuation of construction of the Hoover Dam and incidental works, as authorized by the Boulder Canyon project act, approved December 21, 1928 (U. S. C., Supp. V, title 43, ch. 12A), $10,000,000.

"(6) For expenditure by the Department of Commerce for air-navigation facilities, including equipment, $500,000.

"(7) For constructing or purchasing and equipping lighthouse tenders and light vessels for the Lighthouse Service as may be specifically approved by the Secretary of Commerce, $950,000, and for establishing and improving aids to navigation and other works as may be specifically approved by the Secretary of Commerce, $2,860,000.

"(8) For the engineering work of the Coast and Geodetic Survey, Department of Commerce, heretofore authorized, $1,250,000.

"(9) For the construction of projects included in the report of the Federal Employment Stabilization Board, laid before the Senate January 25, 1932, which have heretofore been authorized or which do not require specific authorization, under the Bureau of Yards and Docks, Navy Department, $10,000,000, of which not to exceed $300,000 shall be available for the employment of classified personal services in the Bureau of Yards and Docks and in the field service to be engaged upon such work and to be in addition to employees otherwise provided for.

"(10) For emergency construction of public-building projects outside the District of Columbia (including the acquisition, where necessary, by purchase, condemnation or otherwise, of sites and additional land for such buildings, the demolition of old buildings where necessary, and the construction, remodeling, or extension of buildings), such projects to be selected by the Secretary of the Treasury and the Postmaster General from the public-building projects specified in House Document No. 788, Seventy-first Congress, third session, $100,000,000. Such projects shall be carried out within the limits of cost specified in such document (except as modified by law), and in selecting such projects preference shall be given to places where Government facilities are housed in rented buildings under leases which will expire on or before July 1, 1934, or which may be terminated on or prior to that date by the Government.

"(11) For the construction and installation at military posts of such buildings and utilities and appurtenances thereto as may be necessary, $15,164,000, as follows:

"Albrook Field, Canal Zone: Quartermaster maintenance building, $20,000; post exchange, theater, and gymnasium, completion of, $42,000.

"Barksdale Field, La.: Noncommissioned officers' quarters, $252,000; officers' quarters, $609,000; barracks, $474,000; hospital, completion of, $225,000; garage, completion of, $30,000; quartermaster warehouse, completion of, $15,000.

"William Beaumont General Hospital, Tex.: Noncommissioned officers' quarters, $7,000; warehouse, $15,000.

"Fort Benning, Ga.: Barracks, $650,000.

"Fort Bliss, Tex.: Noncommissioned officers' quarters, $50,000; officers' quarters, $150,000.

"Bolling Field, D. C.: Noncommissioned officers' quarters, $54,000; dispensary, completion of, $30,000; post exchange, theater, and gymnasium, completion of, $45,000; officers' mess, $50,000; enlargement of central heating plant to provide for quarters area, $95,000.

"Fort Bragg, N. C.: Barracks, completion of, $40,000; noncommissioned officers' quarters, $160,000.

"Carlisle Barracks, Pa.: Heating plant, $200,000.

"Chanute Field, Ill.: Noncommissioned officers' quarters, $137,000; central heating plant for technical and quarters area, $200,000.

"Camp Devens, Mass.: Roads and sidewalks, $75,000; service club, $30,000; post exchange and gymnasium, $50,000.

"Fort Douglas, Utah: Noncommissioned officers' quarters, $15,000.

"Dryden, Tex.: Barracks, $20,000.

"Duncan Field, Tex.: Quartermaster warehouse, $40,000; quartermaster maintenance building, $20,000; garage, $40,000; fire and guard house, $25,000.

"Fort Du Pont, Del.: Noncommissioned officers' quarters, $60,000.

"Edgewood Arsenal, Md.: Noncommissioned officers' quarters, $70,000.

"Fitzsimons General Hospital, Colo.: Gymnasium, recreation, and social hall, $150,000.

"Hamilton Field, Calif.: Officers' quarters, $215,000; noncommissioned officers' quarters, $120,000.

"Fort Hamilton, N. Y.: Noncommissioned officers' quarters, $100,000.

"Fort Benjamin Harrison, Ind.: Noncommissioned officers' quarters, $120,000.

"Hensley Field, Tex.: Noncommissioned officers' quarters, $8,000; officers' quarters, $30,000; roads, utilities, and improvement of flying field, $25,000; replacement of pumping plant, $3,000; sewage-disposal plant, $3,000.

"Holabird Quartermaster Depot, Md.: Hospital, $120,000.

"Fort Sam Houston, Tex.: Noncommissioned officers' quarters, $150,000; officers' quarters, $350,000.

"Fort Howard, Md.: Hospital, $150,000.

"Fort Hoyle, Md.: Noncommissioned officers quarters, $70,000.

"Fort Humphreys, Va.: Officers' quarters, $150,000.

"Fort Huachuca, Ariz.: Post exchange, gymnasium, and service club, $100,000.

"Fort Jay, N. Y.: Noncommissioned officers' quarters, $130,000; barracks, completion of, $70,000; officers' quarters, $125,000; nurses' quarters, completion of, $35,000.

"Jefferson Barracks, Mo.: Noncommissioned officers' quarters, $65,000; additions to kitchens and mess halls, $55,000.

"Camp Knox, Ky.: Hospital, $200,000.

"Langley Field, Va.: Central heating plant for quarters area, $60,000; quartermaster maintenance building, $20,000; fire house, $20,000; barracks, medical detachment, $30,000; garage, completion of, $15,000; magazine, completion of, $10,000.

"Fort Lawton, Wash.: Noncommissioned officers' quarters, $30,000.

"Fort Leavenworth, Kans.: Nurses' quarters, $60,000.

"Letterman General Hospital, Calif.: Two wards, $150,000.

"Fort Lewis, Wash.: Barracks, completion of, $30,000; water main, $30,000; noncommissioned officers' quarters, $75,000; officers' quarters, $65,000.

"Fort Logan, Colo.: Noncommissioned officers' quarters, $53,000.

"Fort McClellan, Ala.: Headquarters, $50,000; recreation hall, $35,000; gymnasium, $45,000.

"Fort McPherson, Ga.: Nurses' quarters, $70,000; contagious ward for hospital, $70,000.

"Maxwell Field, Ala.: Officers' quarters, $940,000; officers' mess, $55,000.

"March Field, Calif.: Barracks for medical detachment, $25,000; contagious ward for hospital, $12,000; bakery, $15,000; laundry, $60,000; enlisted men's service club, $50,000; officers' mess, $50,000; theater, $40,000.

"Fort Mason, Calif.: Officers' quarters, $110,000.

"Fort Meade, S. Dak.: Riding hall, $25,000.

"Fort George G. Meade, Md.: Noncommissioned officers' quarters, $150,000; officers' quarters, $50,000.

"Mitchel Field, N. Y.: Noncommissioned officers' quarters, $118,000; bakery, $15,000; incinerator, $10,000; enlisted men's service club, $50,000; theater, $40,000; sewage-disposal plant, $40,000; fence, $31,000; quartermaster gasoline storage, $3,000; magazine, $15,000; officers' mess, $50,000; coal storage and handling system, $70,000; roads, walks, and surface-drainage system, $86,000.

"Fort Monmouth, N. J.: Addition to hospital, $75,000; noncommissioned officers' quarters, $170,000; band barracks, $35,000.

"Fort Myer, Va.: Barracks, $100,000.

"Fort Oglethorpe, Ga.: Noncommissioned officers' quarters, $120,000.

"Fort Ontario, N. Y.: Noncommissioned officers' quarters, $50,000.

"Plattsburg Barracks, N. Y.: Additions to barracks, $25,000; barracks, $255,000.

"Pope Field, N. C., for the Air Corps troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

"Post Field, Okla., for Air Corps Troops: Barracks, $140,000; noncommissioned officers' quarters, $84,000; officers' quarters, $140,000.

"Presidio of San Francisco, Calif.: Noncommissioned officers' quarters, $60,000; addition to headquarters, $50,000.

"Randolph Field, Tex.: Barracks, completion of, $56,000; gymnasium, completion of, $70,000; roads and utilities, $243,000; completion of chapel and school, $50,000.

"Raritan Arsenal, N. J.: Noncommissioned officers' quarters, $75,000.

"Walter Reed General Hospital, D. C.: Noncommissioned officers' quarters, $120,000; addition to nurses' quarters, $300,000.

"Rock Island Arsenal, Ill.: Noncommissioned officers' quarters, $15,000.

"Rockwell Field, Calif.: Noncommissioned officers' quarters, $234,000; officers' quarters, $266,000.

"Fort Winfield Scott, Calif.: Noncommissioned officers' quarters, $140,000.

"Selfridge Field, Mich.: Gymnasium and theater, $80,000; garage, $40,000; quartermaster maintenance building, $20,000; post exchange, $45,000; officers' mess, $60,000; enilsted men's service club, $50,000; bakery, $15,000; roads and utilities, $75,000.

"Fort Sill, Okla.: Barracks, $875,000; noncommissioned officers' quarters, $72,000; officers' quarters, $75,000; gun sheds, $48,000; stables, $30,000; vehicle sheds, $10,000.

"Fort Snelling, Minn.: Quartermaster warehouse, $65,000; barracks, medical detachment, $40,000.

"Fort Totten, N. Y.: Noncommissioned officers' quarters, $30,000.

"Fort Wadsworth, N. Y.: Officers' quarters, $75,000.

"Fort Francis E. Warren, Wyo.: Noncommissioned officers' quarters, $120,000.

"West Point, N. Y.: For addition to hospital, $250,000; barracks for service detachment, $250,000.

"Fort George Wright, Wash.: Noncommissioned officers' quarters, $60,000.

"(b) No part of the sum appropriated by this section, except the amount for expenditure under paragraph (1) or (2) of subsection (a), shall be expended if the Secretary of the Treasury certifies to the President that the amount necessary for such expenditure is not available and can not be obtained upon reasonable terms.

"SEC. 302. There is hereby authorized to be appropriated not to exceed $7,436,000, to be expended for the construction and installation at military posts, and at airports and landing fields, of such technical buildings and utilities and appurtenances thereto as may be necessary, as follows:

"Albrook Field, Canal Zone: Technical buildings and installations, completion of, $293,000; gasoline-storage system, completion of, $25,000.

"Barksdale Field, La.: Hangars, $350,000; headquarters and operations buildings, completion of, $89,200; gasoline-storage system, completion of, $20,000; paved aprons, $100,000.

"Fort Benning, Ga.: Hangar, combination, $88,000; gasoline-storage system, $10,000; improvement of landing field and building area, $25,000; heating plant, $20,000; paved aprons, $20,000.

"Benton Field, Alameda, Calif.: Completion of shops, including assembly and test hangars, dope storage, heating and engine test block, $605,500; depot warehouse, $500,000; administration building, $80,000; railroad spur, $8,000; quartermaster warehouse, maintenance and salvage building, $35,000; garage, $48,000; fire and guard house, $30,000; pier, $125,000; paint, oil, and dope storage and oil reclamation, $35,000; gasoline-storage system, $20,000; paved aprons, $80,000.

"Fort Bliss, Tex.: Operations building, $10,000.

"Bolling Field, D. C.: Paved aprons, completion of, $22,800; heating plant for technical area, completion of, $78,000; field shops, completion of, $6,000; improvement of landing field and building area, $615,000.

"Chanute Field, Ill.: Hangars, $170,000; paved aprons, $30,000; improvement of landing field and technical area, $15,000; enlargement of central heating plant and steam lines, $185,000.

"Dryden, Tex.: Paved aprons and hangar floor, $15,000.

"Duncan Field, Tex.: Depot administration building, $60,000; gasoline-storage system, completion of, $15,000.

"Hatbox Field, Muskogee, Okla.: Roofing and sidewalls for hangar, and paved aprons, $15,000.

"Hamilton Field, Calif.: Headquarters and operations building, to complete, $35,000; improvement of landing field and building area, $120,000.

"Langley Field, Va.: Remodeling two hangars into shops, and for ceilings in and additions to hangars, $91,000; gasoline-storage system, completion of, $21,000; bomb storage, $19,000; improvement of landing field and building area, $25,000; machine-gun range, $6,000.

"Luke Field, Hawaiian Department: Air depot, plane overhaul and assembly, $200,000.

"March Field, Calif.: Gasoline-storage system, completion of, $10,000; aircraft-bomb storage, $5,000.

"Maxwell Field, Ala.: Squadron officers' school and/or additions to school building, $150,000; gasoline-storage system, $10,200; improvement of landing field, $100,000; camera obscura, $4,000; bomb storage, $13,000; machine-gun and bombing range, $6,000.

"Mitchel Field, N. Y.: Improvement of landing field, $80,000; gasoline-storage system, completion of, $5,000; bomb storage, $13,000; machine-gun range, $2,000.

"Panama Canal Zone: Improvement of emergency landing fields at Bamboa Reach and Camp Gaillard, $20,000.

"Patterson Field, Ohio: Hangars, headquarters and operations, and heating plant, completion of, $251,300; improvement of landing field and building area, $5,000; gasoline-storage system, completion of, $10,000.

"Pope Field, N. C.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000; paint, oil, and dope storage, $5,000.

"Post Field, Okla.: Hangar—balloon-dismantle, transfer, and reerection of, $110,000; paved aprons, $15,000.

"Randolph Field, Tex.: Engine-test stands and building, $40,000; oil storage, $15,000; gasoline-storage system, completion of, $10,000; aerial target range, $20,000.

"Rockwell Field, Calif.: Hangars, $576,000; Air Corps warehouse, $80,000; operations building, $20,000; remodeling a permanent building for radio, parachute, and armament building, $20,000; administration building, $80,000; photographic building, $36,000; paint, oil, and dope storage, $15,000; gasoline-storage system, $30,000; paved aprons, $95,000; central heating plants, $100,000; improvement of landing field and technical building area, $100,000; camera obscura, $5,000; bomb storage, $15,000.

"Schoen Field, Ind.: Grading landing field, $5,000.

"Scott Field, Ill.: Hangar, $90,000; headquarters and operations buildings, $80,000; barracks, $271,000; radio building, $10,000; photo building, $36,000; gas plant and chemical storage, $50,000; central heating plants, $145,000; gasoline-storage system, $10,000; paved aprons, $40,000; improvement of landing field and building area, $50,000; machine-gun butts, $3,000.

"Selfridge Field, Mich.: Gasoline-storage system, completion of, $10,000.

"Wheeler Field, Hawaiian Department: Gasoline-storage system, completion of, $31,000; paved aprons, $38,000.

"SEC. 303. No money shall be available for expenditure under this title in connection with a project in the District of Columbia, except as provided in section 301 (a) (11) or 302.

"SEC. 304. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921, as amended and supplemented (U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"'Whenever provision has been made by any State for the completion and maintenance of 90 per centum of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance herewith.'

"SEC. 305. After the date of the enactment of this act, in the acquisition of any land or site for the purposes of section 301 (a) (10);

"(1) The period of solicitation of proposals by public advertisement shall be 10 days in lieu of 20 days;

"(2) In any case in which such site or land is to be acquired by condemnation the provisions of section 355 of the Revised Statutes, as amended, shall not apply; and

"(3) Notwithstanding the provisions of section 1 of the act entitled 'An act to expedite the construction of public buildings and works outside of the District of Columbia by enabling possession and title of sites to be taken in advance of final judgment in proceedings for the acquisition thereof under the power of eminent domain,' approved February 26, 1931 (U. S. C., Supp. V, title 40, sec. 258a), in any case in which any land or any interest therein is to be acquired by condemnation, the Secretary of the Treasury, through the Attorney General, may, prior to the institution of condemnation proceedings, file with the clerk of the district court of the district in which such land is located a declaration of taking, containing the matters required by such section to be included in a declaration of taking. The declaration of taking shall be accompanied by the deposit with such clerk, to the use of the parties who may be found to be entitled thereto, of the amount of the estimated compensation stated in the declaration. As soon as practicable after the filing of such declaration of taking, the Secretary of the Treasury shall cause to be posted in a prominent place upon the land a notice reciting (A) that the land or the interest therein is taken by the United States for public use, (B) that a declaration of taking in respect of such land or interest therein has been filed with the clerk of the court of the district, and (C) that there has been deposited with such clerk, to the use of the parties who may be found to be entitled thereto, the estimated just compensation for the land or interest therein taken. The Secretary of the Treasury shall give written notice similar to the posted notice by personal service in the case of actual occupants of the premises or, if with reasonable diligence such personal service can not be made, he shall send such notice by registered mail directed to the premises, and he shall send notice by registered mail directed to their last-known address in the case of all parties who the Secretary ascertains have or may have an interest in such land, and he may give such additional notice by newspaper publication or otherwise as he deems necessary. Upon posting notice on the land, title to the land or interest therein shall vest in the United States, and the right to just compensation therefor shall vest in the parties entitled thereto. The Secretary of the Treasury shall cause notice to be personally served upon, or if with reasonable diligence such service can not be made, to be sent by registered mail to actual occupants of the premises, setting a time (not earlier than twenty days after the service or sending of such notice) at which such parties shall surrender possession, and at the end of such time the right to possession shall vest in the United States. The Secretary of the Treasury may designate any person to serve any notice under the preceding provisions of this subsection and such person shall have power to enter upon such land for the purpose of posting notice or to make personal service of notice. If any such party fails or refuses so to surrender possession, upon summary petition for an order to surrender possession filed in such district court by or on behalf of the Secretary of the Treasury, the court may, by writ of assistance or other process, order the surrender of possession. A petition in condemnation shall be filed in such district court as soon after the filing of the declaration of taking as practicable.

"In any such condemnation proceeding, no further declaration of taking shall be required, and the provisions of section 1 of such act of February 26, 1931, authorizing the court to fix the time when parties in possession shall be required to surrender possession, shall not apply. If such petition for condemnation is not filed within a reasonable time after the filing of such declaration of taking, any person entitled to just compensation in respect of the property so taken shall be entitled to sue the United States in the court in which such declaration of taking was filed. The procedure in such suit shall be the same as in suits against the United States founded upon contract, except that such suit may be heard even if the amount of the claim is greater than $10,000, and except that the procedure for the ascertainment of the amount of just compensation shall be the same as such procedure in condemnation proceedings. If the petition for condemnation is filed prior to the time the commissioners in condemnation, jurors, or other persons charged with the duty of valuing the property are empaneled, such suit shall be dismissed, except that such suit and the condemnation proceedings may, in the discretion of the court, and under rules prescribed by it, be consolidated to such extent as the court may deem practicable. In any suit authorized to be brought under this subsection or in any condemnation proceedings involving land acquired in accordance with this subsection, the court shall enter judgment against the United States in favor of the parties entitled for the sum or sums awarded as just compensation, respectively, for the land or interest therein taken for the use of the United States, and such judgment shall be paid out of the sums deposited with the court and such additional sums as may be awarded shall be paid in the same manner as sums awarded in judgments in cases in which the United States has consented to be sued. The provisions of such act of February 26, 1931, except as modified by this subsection, shall apply to all such suits or condemnation proceedings. The provisions of this subsection shall not be construed to

be in substitution for, but shall be supplemental to, any method of acquiring land or interests therein provided in existing law.

"SEC. 306. In the construction of post offices and of buildings for post offices and other offices provided for in section 301 (a) (10), the Secretary of the Treasury, with the cooperation of the Postmaster General, may use such standard plans (heretofore or hereafter prepared) as may be most adaptable to the particular building to be constructed.

"SEC. 307. All contracts let for construction projects pursuant to this title shall be subject to the conditions that no convict labor shall be directly employed on any such project, and that (except in executive, administrative, and supervisory positions), so far as practicable, no individual directly employed on any such project shall be permitted to work more than 30 hours in any one week, and that in the employment of labor in connection with any such project, preference shall be given, where they are qualified, to ex-service men with dependents.

"SEC. 308. For each fiscal year, beginning with the fiscal year 1934, there is authorized to be appropriated, for the purposes of the sinking fund provided in section 6 of the Victory Liberty loan act, as amended, in addition to amounts otherwise appropriated, an amount equal to 2½ per cent of the aggregate amount of the expenditures made, out of appropriations made or authorized in this title, on or after the date of the enactment of this act and on or before the last day of the fiscal year for which the appropriation is made."

And the House agree to the same.

PETER NORBECK,
SMITH W. BROOKHART,
CARTER GLASS,
ROBERT F. WAGNER,
Managers on the part of the Senate.

J. W. COLLIER,
HENRY T. RAINEY,
R. L. DOUGHTON,
Managers on the part of the House.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. NORBECK. I move that the Senate agree to the report.

I will state that the Senate conferees yielded on everything. I have been in numerous conferences lately with the House, and we have always yielded. We did so in this case. We did not merely yield; we surrendered.

The question at issue, of course, was the question whether the borrowing banks should have their names published. The Senate, by decisive vote, had decided that they should not be made public. The House had the opposite view; but they were so determined in regard to the matter that we saw no hope of agreement, and we yielded.

Mr. BINGHAM. Mr. President, will the Senator yield before he takes his seat?

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Connecticut?

Mr. NORBECK. I do.

Mr. BINGHAM. Is it true that the conferees communicated with the Reconstruction Finance Corporation and asked their opinion of the effect of this particular provision?

Mr. GOLDSBOROUGH. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Senator from South Dakota has the floor. Does the Senator from South Dakota yield to the Senator from Maryland?

Mr. NORBECK. In a moment. Answering the Senator from Connecticut, I will state that they expressed a great deal of apprehension over the effect of it. They felt that it would destroy the confidence they were trying to inspire and the help they were trying to render. If these things should become common gossip in town whenever a bank was in need of money and borrowed some, they felt that it would lead to the withdrawal of deposits. I am simply giving their view of the matter; but they felt very keenly that it was a mistake. We saw no way out of it, however, and we yielded; and I am hoping that the situation will not be as serious as they feared it would be.

Mr. GOLDSBOROUGH. Mr. President, I should like to say that as a member of the conference committee on the part of the Senate I refused to sign the conference report because I believed this particular item on publicity to be against the public interest, and one that might bring about irreparable damage.

I should like to have read from the desk the letter of the Reconstruction Finance Corporation which shows that they unanimously oppose the publicity item.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the letter will be read.

Mr. CONNALLY. Mr. President, may I ask the Senator a question?

Mr. GOLDSBOROUGH. With pleasure.

Mr. CONNALLY. How came this letter to be written?

Mr. GOLDSBOROUGH. I can not answer that.

Mr. CONNALLY. Did the Senate go down and ask the Reconstruction Finance Corporation, one of the creatures of the Senate, to tell the Senate what it should do with reference to legislation?

Mr. NORBECK. Mr. President, I think I can answer the Senator.

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from South Dakota?

Mr. GOLDSBOROUGH. I do.

Mr. NORBECK. The letter was written to the President of the United States before our conference.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield, and to whom?

Mr. GOLDSBOROUGH. I yield to the Senator from Virginia.

Mr. GLASS. I think it fair also to state that the Senate conferees did not initiate any movement with respect to this matter. We were invited to the White House to consider certain grave and important considerations connected with the bill. We did not seek the Reconstruction Finance Corporation. They sought us.

Mr. GOLDSBOROUGH. I think that is quite true.

Mr. KING. Did you seek the President?

Mr. GLASS. We did not seek anybody.

While I am on my feet may I ask a suggestive question of the Senator from Maryland; to wit, Is the Senator quite sure that it is the wise thing to present this letter here for publication in the RECORD?

Mr. GOLDSBOROUGH. My judgment is, sir, that it would be extremely illuminating and helpful.

Mr. REED. Mr. President, if the Senator will yield, it was read in the House of Representatives yesterday by Congressman TREADWAY.

Mr. GLASS. I just wanted to be sure that it was desirable to do it. I do not think it is; but if it is already in the RECORD, all right.

Mr. GOLDSBOROUGH. I repeat my request that the letter be read from the desk.

The VICE PRESIDENT. Without objection, the letter will be read.

The legislative clerk read as follows:

RECONSTRUCTION FINANCE CORPORATION,
Washington, July 14, 1932.

The attention of the board of directors of the Reconstruction Finance Corporation has been called to a provision inserted yesterday by the House of Representatives in the so-called relief bill providing for the monthly publication of a report covering all of the activities of the Reconstruction Finance Corporation, "together with a statement showing the names of the borrowers to whom loans and advances were made, and the amount involved in each case."

This would mean that all loans made or to be made by this corporation to banks, insurance companies, mortgage-loan companies, building and loan associations, and other financial institutions would become public property.

In the opinion of the board, this provision, if enacted into law, would undo much that has been accomplished by this corporation in preserving the credit structure of the Nation and in a large measure restrict its usefulness in the future. The publication of

the loans made by this corporation to the financial and fiduciary institutions above enumerated, whose relations with the public are of a particularly sensitive character, would, in the board's judgment, be decidedly harmful, more especially if the fact that these institutions are borrowing from this corporation and the amount of the loans is published, as it would be, without adequate explanation of their circumstances or resources or the conditions under which the advances were made.

One of the fundamental purposes of the Reconstruction Finance Corporation is to strengthen our credit structure and to prevent bank closings under the extremely difficult conditions resulting from this great depression. No one can contend that the publication of the names of the 3,600 banks that have borrowed from this corporation will tend to strengthen their position. In the absence of a complete explanation of all of the circumstances, which this corporation clearly could not give in the reports contemplated, it is self-evident that such a procedure, far from strengthening these institutions, would weaken them and thus destroy the very purpose for which the corporation was created.

And what is true of the banks is in large measure true of the other institutions.

Such a provision was considered by both Houses at the time the Reconstruction Finance Corporation act was enacted and rejected by both of them for the reasons above mentioned.

The reason advanced in favor of such a proposal is that this kind of publicity is necessary in order to subject to constant scrutiny the actions of the corporation.

But such an objective can equally well be attained through a select committee of the Senate or House, to whom the books of the corporation would be opened at all times, as has already been provided by the Senate. The Senate committee has asked for the very information provided for in the section above mentioned. The information is being compiled and will be furnished to that committee at an early date. Thus the public interests are fully safeguarded.

In the unanimous opinion of the board, therefore, not only is there no necessity for the paragraph inserted in the House bill, but such a provision is against the public interest and may result in irreparable damage.

By direction of the board of directors.

Respectfully,

G. R. COOKSEY, *Secretary.*

Mr. HATFIELD. Mr. President, I should like to inquire of the Senator from South Dakota what became of the amendment which was adopted to the bill requiring the purchases of equipment and supplies from the funds made available in the bill to be made of products produced by American labor.

Mr. NORBECK. I think I am within the facts when I say it is not in the conference report; but I will ask the author of the bill to answer that question. He is more familiar with it than I am.

Mr. WAGNER. Mr. President, the matter was submitted to the conferees both by myself and by the Senator from Maryland [Mr. GOLDSBOROUGH]. We were advised by the parliamentarian of the body that it would constitute new legislation, and therefore was not within the jurisdiction of the conferees to act upon, and that if included in the report the report would be subject to a point of order.

Mr. HATFIELD. Mr. President, I send to the desk and ask unanimous consent to have read a message bearing upon this subject. If there is objection, of course, I will read it myself.

Mr. WAGNER. Will the Senator yield just a moment before he does that? I desire to ask the Senator from Maryland a question regarding the communication to which we have just listened.

Mr. HATFIELD. I yield to the Senator.

Mr. WAGNER. I just want to make this observation: It is manifest from the reading of the letter that the board went on the assumption that the so-called publicity provision of the bill requires the publication of all loans made to banks from the beginning of the life of the corporation, whereas, as a matter of fact, the provision of the bill requires no such thing. The provision is not retroactive, but applies only to loans which are to be made in the future by the Reconstruction Finance Corporation.

Mr. GOLDSBOROUGH and Mr. REED addressed the Chair.

Mr. WAGNER. It is very obvious that what the letter complains of is the publication of the names of the 3,600 banks that have already borrowed from the Reconstruction Finance Corporation.

Mr. GOLDSBOROUGH. Mr. President, all of us do not interpret the section as does the Senator from New York. In my modest judgment it covers old loans and new loans, past loans, present loans, and future loans. That is my interpretation.

Mr. WAGNER. It would be necessary to put a most strained construction upon it to hold that this provision has to do with past loans.

Mr. GOLDSBOROUGH. It may be so.

Mr. REED. Mr. President, will the Senator from West Virginia yield to me to ask a question?

Mr. HATFIELD. I yield to the Senator.

Mr. REED. If I may ask either the Senator from Maryland or the Senator from New York, is it not a fact that the conferees of the House refused to insert the word "future" before the word "activities" in the section calling for these reports?

Mr. GOLDSBOROUGH. That is my understanding.

Mr. REED. I will ask the Senator from New York if that is not so.

Mr. WAGNER. The refusal was based upon the ground that the provision as it is is perfectly clear and intelligible, and, therefore, they refused to add further words to it. I submit to the lawyers of this body, however, that nobody, except upon a very strained and unreasonable construction, could interpret this provision to apply to anything except future loans.

Mr. REED. Why should we leave room for even a strained and unreasonable construction? There are such lawyers who have to do with construing statutes.

Mr. WAGNER. We can very clearly state here what our intent is, and that will govern the Reconstruction Finance Corporation in interpreting the provision, unless their interpretation should be contrary to the wording of the provision.

Now let me tell the Senator——

Mr. REED. Before the Senator tells me, let me ask him a question. How can it assist in the construction of a statute to have one conferee, the Senator from New York, asserting that only one construction is possible, while another conferee, the Senator from Maryland, says that the opposite construction is to be resorted to?

Mr. WAGNER. One need only review the history of the inclusion of this provision in the so-called relief bill.

The bill as it passed the Senate provided that the Reconstruction Finance Corporation must make a report monthly of all loans made, together with the names of the borrowers and the interest charged. Upon the floor of the House, by amendment, there was inserted the language, "and also loans made under the Reconstruction Finance Corporation." No one will contend that before that amendment was adopted the bill provided for anything except that loans made in the future were required to be reported; and when the House added "loans not only made under this act but under the original Reconstruction Finance Corporation act," the provision of bill requires only those loans to be reported that are made from the time the bill becomes a law, and any other construction would, in my judgment, be entirely unwarranted.

Mr. REED. Mr. President, the Senator says we should look to the history of the act to determine its construction. I agree with him. But when we look to its history we find one of the conferees asserting that it has a retroactive effect, and we find in the record of the debates of the Senate at least the admission that the word "future" was attempted to be put in, and that that motion was resisted by the conferees of the other House.

Mr. WAGNER. There was no contention made by the conferees of the House that this so-called publicity provision was retroactive. Those whose duty it will be to construe this provision are confined to the language used, and not to conjecture; and when so confined, the members of the board of the Reconstruction Finance Corporation can not reasonably reach any other conclusion except that it applies to reporting of future loans.

Mr. MOSES. Mr. President, the Senator from West Virginia continues to have the floor. Will he yield to me?

Mr. HATFIELD. I yield.

Mr. MOSES. It has become the fashion in the Senate at this session, Mr. President, to disclose everything that takes place in the conference room, a novel practice, to my mind not always helpful, but in this particular instance it may be very helpful. Therefore I would ask the Senator from New York, one of the conferees on this bill, and pursuing, as the Senator from Pennsylvania did, the history of the legislation, if there was not great discussion about the language and its effect, and if the author of the language himself did not maintain that it did not apply to old loans, but only to loans which were made after the passage of the act; in other words, was there not a literary discussion?

Mr. WAGNER. That has been my construction right along, and, in addition to that, we asked the advice of our bill-drafting experts and they gave it as their opinion that this publicity provision can apply only to the reporting of future loans.

Mr. MOSES. That is exactly what I am trying to bring out, that the people who wrote the language, and the people whose parliamentary opinion is sought in matters of this sort, maintain, exactly as the Senator from New York does, that the provision is not retroactive, and that, in connection with that, some of the advocates of a retroactive interpretation showed some pique or indignation in the discussion; I do not mean in the conference room, but generally, as the thing went on?

Mr. WAGNER. No; I do not think there was any misunderstanding——

Mr. MOSES. I am not speaking of the conference room.

Mr. WAGNER. As to what the provision meant. But, in addition to that, we conferees asked the opinion of those who had to do with drafting the language, and they gave it as their opinion that provision applies only to the reporting of future loans.

Mr. MOSES. That is exactly what I was trying to bring out, because I understood that was an element in the history of the legislation.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from West Virginia yield to the Senator from California?

Mr. HATFIELD. I yield.

Mr. JOHNSON. Will the Senator from New York follow me for just a moment as to the provision of this bill, so that we may get into the RECORD and before the Senate exactly the question that is under discussion now? Then, if we are not qualified to determine whether this provision is retroactive, or whether it is not, as was said by a distinguished statesman in Parliament the other day in regard to the construction of a celebrated document, we need medical attention.

We begin with the commencement of the act:

That this act may be cited as the "Emergency relief and construction act of 1932."

Very well. Now I turn first to Title I, "Relief of destitution." That is its title.

Then we turn to the subdivision designated "(b)" in the copy I have. I find other copies dissimilar, but in the one before me is on page 12, line 15, subdivision (b), and the language is as follows—that is, the emergency relief bill of 1932 provides thus:

(b) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives—

Leaving out, now, the parentheses—

a report of its activities and expenditures under this section together with a statement showing the names of the borrowers to whom loans and advances were made and the amount and rate of interest involved in each case.

That is the provision in question, is it not?

Mr. WAGNER. Yes.

Mr. JOHNSON. All right. In the new relief bill of 1932, which we passed, where we provide that there shall be a monthly statement by the Reconstruction Finance Corporation, it seems to me that it argues a mental strabismus on the part of any man in this body to insist that that is a retroactive provision as to loans that were made long ago, and when the gentleman who signs the particular message that is read here to-day, and read in the House, Mr. Cooksey, the secretary of the Reconstruction Finance Corporation, speaks of disclosing the bank loans, 600 in number, which have heretofore been made, he has conjured up merely something from his imagination which this bill does not in the slightest degree justify.

I am not arguing the merits of a particular provision of this sort. I am simply endeavoring to present to the body that the provision in question is not retroactive at all and relates only to transactions in the future.

Mr. GLASS. Mr. President, will the Senator from West Virginia yield?

Mr. HATFIELD. I will yield to the Senator from New York, if he cares to say anything further.

Mr. WAGNER. I thank the Senator.

Mr. HATFIELD. I yield to the Senator from Virginia.

Mr. GLASS. To complete the history of this phrase, and, I think, to make its meaning conclusive as well as clear, I venture to state that the conferees on the part of the House desired to make it retroactive, but their draftsman misunderstood his instructions and failed to make it retroactive, and accordingly was gently reproached for that omission. The reason why these conferees declined to permit the word "future" to go in was the fact that they had wanted it to be retroactive, and their draftsman had failed to give them a phrase which could be properly so interpreted, and in a spirit of pique they simply declined to make it so plain that a wayfaring man could understand it.

It is my judgment as a layman—and I am decidedly not a lawyer—that it clearly is not retroactive and that no court would construe it to be retroactive.

Mr. SMOOT. Mr. President, will the Senator yield to me?

Mr. HATFIELD. I yield.

Mr. SMOOT. I would like to ask the Senator from New York a question. There have been some 3,600 loans made up to date. Many of those loans will have to be repaid or renewed within from three months to six months from now. Before the year is out, all of them will have to be paid or renewed. Would they be construed as loans made after the passage of the act, and would publication have to be made of such loans?

Mr. GLASS. No publication is required at all.

Mr. SMOOT. Of what?

Mr. WAGNER. I might say that if a loan were regarded as a new loan, it would have to be reported in the future.

Mr. SMOOT. That is exactly what I was asking. So, in fact, all the loans which fall due within the next year, if they are renewed, must be made public.

Mr. GLASS. It does not say made public. They must be reported to the President of the United States, to the Senate, and to the House of Representatives. It is for the President, on the one hand, and the two legislative bodies, on the other, to determine whether they shall be published or not.

Mr. SMOOT. Of course, the whole theory is that the reporting of the loans to the House and to the Senate is so that they shall be made public. That is the object of the legislation, and it simply means that all of the loans, no matter how many are made, that fall due within the next year, must be made public.

Mr. WAGNER. Mr. President, this is my last observation. I think the conferees will agree with me that if there had been any contention before our conference that this particular provision was retroactive, the Senate conferees would never have yielded.

Mr. SMOOT. It does not say it is retroactive, I admit, but if a loan falls due, and is not paid, it must be renewed or paid from some other source.

Mr. WAGNER. It will depend upon the interpretation the Reconstruction Finance Corporation places upon a particular transaction as to whether it shall be regarded as a new loan. If it regards it as a new loan, it would be reported. If it is not, it would not be reported.

Mr. SMOOT. We know just how a bank examiner would construe it, and, in my opinion, the Reconstruction Finance Corporation will construe it in exactly the same way.

Mr. BROOKHART. Mr. President, will the Senator from West Virginia yield?

Mr. HATFIELD. I yield.

Mr. BROOKHART. Upon this question of the retroactive effect of this provision, there never was any question in the conference about its being generally retroactive, as the statement read at the desk claimed. The only question at all was that a monthly report should be made, and it might go back to the first of this month of July. This monthly report in July might include the whole month. That is the only question we considered at all. That is not of much importance in the situation, and does not cover many of the 3,300 or so loans that are mentioned. So the Senator from California has it absolutely right, except that it might be held, under this language, that all of the loans of July would have to be reported.

Mr. LA FOLLETTE. Mr. President, will the Senator from West Virginia yield to me?

Mr. HATFIELD. I yield.

Mr. LA FOLLETTE. I wish to direct the attention of Members of this body to this section for the purpose of emphasizing the fact that what this provision calls for is a monthly report. Obviously no such provision would have been inserted had those responsible for drafting the amendment desired to accomplish the purpose of securing a report concerning the activities of this corporation with regard to transactions made prior to the time the act was passed. Obviously a report as suggested by the Senator from Iowa, if it applied to any month at all, assuming that this bill becomes a law during this month, could apply only to the month of July. The provision is perfectly clear on that point. It reads:

> The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives—

And so forth. So it seems to me that it is perfectly clear that it is impossible, even with a strained construction, to arrive at the conclusion that the provision calls for anything but a monthly report of the activities of the corporation after the enactment of the legislation.

Mr. THOMAS of Idaho. Mr. President, I am not so much concerned whether the provision is retroactive or not. The thing that concerns me is that we are asked to do something that is going to cause a general upset in banking conditions of the country. In justice to the Senate I might add, so that my position may be made perfectly clear, that prior to the time I came to the Senate I was engaged in the banking business in Idaho. I was president of three little country banks. Prior to the time I was appointed to the Senate I sold my interest in the banks. I occupied the position of president of those banks for a time afterwards, but for a number of months I had no interest whatever in the management of any bank and am not in an official way connected with any banking institution.

During the period of 1921–22 I assisted in the work of the rehabilitation of banks as a member of a committee of the War Finance Corporation, and I want to say to the Senate that the fact that we were able to take care of the situation without being hampered by publicity enabled us to save a number of very critical situations in our State. I am not unmindful at all of the interest of the public in this matter and of the interest of the public in the expenditures made. I think we are entitled to all the publicity we can have properly, but we have done an unusual thing when we created the Reconstruction Finance Corporation. We created a nonpolitical body of whose integrity no one disputes or questions. Further than that, in order to safeguard the interests of the public, we have appointed a committee of Senators for the purpose of checking the activities of the Reconstruction Finance Corporation. In no way does it seem that we have neglected the interests of the public. I am at a loss to know why it is that we should insist on publicity at this time.

Since the Reconstruction Finance Corporation was first organized, a number of instances have occurred which I might mention—and I might mention the cities, too, but I shall refrain from doing so—which have been taken care of through emergency loans. In one instance there was a loan of $2,000,000 made to a banking institution which was returned within 10 days, and which enabled its officers to save the banking situation in that entire section of the country. There were a number of instances of that kind in the past and there are a number existing to-day. What would have been the result if the people trying to save that situation had known that there had to be publicity attached to it? We could not have taken care of the emergency situation, because they would not have touched it for fear it might create a lack of confidence in the institution on the part of the public.

We are debating as to whether we should make this provision retroactive or not. If we pass this emergency relief measure in the shape in which it is now before us, giving publicity to bank loans, we will materially restrain the activities of the corporation, and I am afraid we will make it impossible for them to take care of an emergency situation. But we simply say to the Reconstruction Finance Corporation, "You are not going to be permitted to take care of any emergency situation." If the Reconstruction Finance Corporation was organized for any purpose, it was to handle just that kind of a situation.

I see no objection to giving full publicity to the loans to self-liquidating corporations and many other organizations of that kind; but at this time, when in many places in the country the banks are in a most critical condition, to say to the Reconstruction Finance Corporation, "You are going to be hampered and you are not going to be permitted to make this kind of loans to try to handle an emergency without the fullest publicity," it seems to me is making a very serious mistake. I hope the conference report will be sent back to the House for another vote.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Illinois?

Mr. HATFIELD. I yield.

Mr. LEWIS. It is well known I have had much participation in the measure under discussion. Credit for its form and method should go to the able Senator from Nevada [Mr. PITTMAN] and the able Senator from New York [Mr. WAGNER]. But there is a thought on the subject before us I must urge upon the Senate for consideration: I am in receipt—as Senators all are—of telegrams from the banks of our homes expressing the idea or fear—as one eminent Senator has well expressed it—that we have "incorporated a provision in the bill that shall have for its object the disclosure, to serve the public curiosity and party politics," of all the transactions of business which have been conducted by this board and its individual applicants.

Mr. President, the board has been constructed by previous law. It has conducted its affairs. Along comes this measure, credit for which must at once be given to all political parties; this measure has for its purpose specific objects. The specific objects were set forth. The objects were somewhat eleemosynary, somewhat charitable, somewhat public, but in all instances for the help and relief of the needy of America. The provision respecting the report had and has for its office the mere showing to the President and to the Senate and to the House of Representatives that the objects of the law had been carried out, and by manifesting these loans in detail that it will be seen they disclose that the particular theory of the measure was complied with in respect to these particular loans and conditions upon which they were supposed to rest. That is all there is to the provision of report.

I thank the Senator from West Virginia for allowing my interruption.

Mr. WALCOTT. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Connecticut?

Mr. HATFIELD. I yield.

Mr. WALCOTT. I realize that it is of the utmost importance that the Congress adjourn. I realize that it is of equal importance that this very important liberal relief measure, sponsored by the Senator from New York [Mr. WAGNER] and his associates, be passed. But, Mr. President,

I would rather stay here all summer, if necessary, in order to correct this provision by striking it out than I would to let it go through and practically emasculate the lending power of the Reconstruction Finance Corporation to banks, particularly the small banks, particularly those banks which I call marginal banks, which are struggling along, perhaps warned by the Federal bank examiners or by the State bank examiners, fearful that they may be closed at any time, hanging on to this one hope; and we kill the one hope that is left to these banks, because no bank could safely apply for a loan with the knowledge of the publicity which would follow in a few days. Many of the banks which need assistance could not apply for a loan without starting a run by their depositors. The provision is so vicious that I have the temerity to say that it is aimed at innocent depositors and in my opinion it must be rejected. It seems to me the only way to do that is to vote down the conference report and send it back again. I agree with everything the Senator from Idaho [Mr. THOMAS] has said.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Iowa?

Mr. HATFIELD. Yes.

Mr. BROOKHART. On this proposition, it was brought out by Members of the House conferees that some of these banks, as quickly as they get their loans, publish the fact in the local papers and are proud of it. It is an asset to them. There is one Senator here in the Chamber who told me the same thing since the discussion began.

Mr. THOMAS of Idaho. Mr. President, in answer to the Senator from Iowa, let me say that it might depend altogether on the circumstances whether they would be proud of their condition or not. Certainly we would not be able to judge, and that should not be any reason for influencing our vote on this matter.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Michigan?

Mr. HATFIELD. I yield.

Mr. VANDENBERG. May I have the attention of the Senator from New York [Mr. WAGNER]? I want to ask for another interpretation which I think has a far-reaching effect upon the difficulties in which we find ourselves. Indeed, I think we may have been taking too much for granted. If I am correct, this jeopardy is not so imminent as some of us have feared and need not necessarily persist hereafter.

Assuming that the Congress adjourns and during the interim from now until December, under the terms of the section which we are now discussing, the corporation reports to the Secretary of the Senate and the Clerk of the House. I ask the Senator from New York whether in his understanding and interpretation of that language those reports are confidential in the hands of the officers of the Senate and the House until the Senate and the House have determined how they shall be handled?

Mr. WAGNER. As the Senator knows, I am not an authority upon those questions. When I had my conversation with the Senator, I assumed they would be held confidential until the Senate and the House might make some disposition of them. However, I am informed by those who know more about the rules of the Senate than I do that they would become subject to the inspection of anyone who desired to see them.

Perhaps the Chair can rule better upon that question. I am sure he can do it better than I can. If the reports are made while the Senate and House are not in session, are they subject to public inspection?

The PRESIDING OFFICER (Mr. JONES in the chair). The Parliamentarian advises the present occupant of the chair, who came to the chair just a moment ago, that in his judgment they would be open to inspection.

Mr. WAGNER. I think the Senate itself might make another disposition of the question.

Mr. VANDENBERG. I submitted the question to the Senator because in a previous conversation with the able Senator from Virginia [Mr. GLASS] he took the position—and, indeed, I think, stated on the floor—that the reports would be confidential in the hands of the ministerial officers of the House and Senate until the House and Senate had acted. If that were correct, it would substantially simplify the problem with which we are wrestling.

Mr. WAGNER. Of course, I would not set my views up against those of the Senator from Virginia on a matter of this kind.

Mr. GLASS. Mr. President, I still hold to that theory. I recall that less than a year ago the Clerk of the House of Representatives brought himself practically into contempt of court here in the District of Columbia because he refused, upon subpœna of the court, to present certain records of the House—the reports made under the corrupt practices act. He only did so finally under remonstrance and upon threat of the court to put him in jail if he should not do it.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Idaho?

Mr. HATFIELD. I yield.

Mr. BORAH. I understand these reports will come to the Secretary of the Senate and the Clerk of the House. They have never come before the Senate nor before the House. During the recess they simply come to an officer of the Senate and to an officer of the House. By what authority could an officer of the House or an officer of the Senate make a document public which had never been before the Senate and had never been before the House and upon which neither body had acted? It seems to me the Senator from Virginia has a correct construction of the situation; that the reports would not be made public or subject to inspection of the public, or should not be, until either the House or the Senate or both had designated that they should be. If this proposition is thoroughly understood, the evil anticipated will be obviated.

Mr. FLETCHER. Mr. President, the provision in the Reconstruction Finance Corporation act is that the corporation "shall make and publish a report quarterly." They are required to publish it, but in this provision the words "and publish" are omitted. Clearly it is entirely within the control of the Congress. I do not think it would follow that the information should be published, but we can control it if there is any question about it.

Mr. VANDENBERG. May I ask the Senator from Florida what would be his interpretation if the language simply stands as it is here? Would he think, after we have adjourned and the July report is filed with the Secretary of the Senate, that the Secretary is entitled to make it public immediately?

Mr. FLETCHER. I should not think so.

Mr. VANDENBERG. I think that is a very important matter, Mr. President, and bears very profoundly upon the degree of hazard that may be involved.

Mr. HATFIELD. Mr. President, I am going to yield to myself for a few moments, and then I will yield the floor.

Following up the interrogation propounded to the distiguished senior Senator from South Dakota, I wish to read into the RECORD a telegram received from Atlantic City, dated July 15, 1932, and addressed to me, as follows:

ATLANTIC CITY, N. J., *July 15, 1932.*

Hon. H. D. HATFIELD,
United States Senate, Washington, D. C.:

We are greatly disappointed to learn that House conferences refused to permit of the insertion in pending unemployment relief bill of section requiring that taxpayers' moneys be used for purchase of materials the products of American labor. We strongly urge that Senate insist on the insertion of such a requirement. The appropriation of American taxpayers' moneys presumably for the purpose of providing employment opportunity for American workers only to later learn, as we fear, that these moneys will be spent for materials the product of foreign workers, surely is not the type of legislation to be adopted by legislators seeking to help unemployed American workers. We appeal through you to those Senators and Congressmen sincerely interested in providing employment for American workers to insist on the insertion in relief bill of section which will protect employment opportunities of American workers as hereinbefore indicated.

MATTHEW WOLL, *President.*
M. J. FLYNN, *Executive Secretary,*
American Wage-Earners Protective Conference.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from New York?

Mr. HATFIELD. I yield.

Mr. WAGNER. I may say to the Senator, if I have not already made myself clear on that proposition, that the matter was taken up by the conferees. Certainly all the conferees of the Senate, and I think those of the House, were in sympathy with the suggestion; and if there were any parliamentary way of getting the provision in the bill, it would have been done; but we were advised by the parliamentary authorities that it would be new legislation. Therefore it was not within our power or jurisdiction to include the particular provision in this legislation. That was the only reason it was not included, because of our lack of power and authority. We were also informed that if it were inserted in the House, a point of order would be made; and under those circumstances, of course, it would destroy the work of the conferees.

Mr. HATFIELD. Let me inquire of the Senator whether it has not been the practice of Congress to place provisions of this kind for the protection of American labor and American industry in the appropriation bills?

Mr. WAGNER. Yes; and such a provision ought to be in this bill.

Mr. HATFIELD. The Senator agrees, then, that it should be in the bill?

Mr. WAGNER. Yes. And I now state to the Senator for the third time that the reason it was not put in the bill was because we did not have the power to put it in.

Mr. HATFIELD. The Senator from West Virginia is not convinced, and that is the reason the Senator from New York must tell the Senator from West Virginia a third time. I am willing, as a Senator, to go to any end, in some way or other, to insert in this relief bill this provision for the protection of American labor and American industry, regardless——

Mr. WAGNER. I will join the Senator in that regard.

Mr. DAVIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Pennsylvania?

Mr. HATFIELD. I yield.

Mr. DAVIS. Would it not be worth our while to stay here another week in order to put such a provision in the bill?

Mr. HATFIELD. It would be worth a month of our time, I may reply to the distinguished Senator from Pennsylvania.

Mr. DAVIS. Such a provision in the bill would mean employment to thousands of American workmen, and I am willing to stay here all summer to secure its insertion.

Mr. HATFIELD. I thank the Senator.

Mr. BINGHAM and Mr. WAGNER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from West Virginia yield; and if so, to whom?

Mr. HATFIELD. I yield first to the Senator from Connecticut, and then I will yield to the Senator from New York.

Mr. BINGHAM. Mr. President, may I suggest to the Senator that in case the conference report should be disagreed to because of the statements made by the distinguished bankers on this floor, who have had far more experience with financial institutions than have I, that this provision might largely defeat the object of the Reconstruction Finance Corporation in restoring credit and in helping small banks, and may I suggest to the Senator the advisability of introducing a concurrent resolution and asking unanimous consent for its immediate consideration directing the conferees to put in the bill the provision in which he is interested? If such a concurrent resolution were passed by the Senate and sent over to the House at the same time the report went back to the House, it might be possible then for the conferees to do what the Senator from New York says he will be glad to do.

Mr. HATFIELD. I thank the Senator for the suggestion.

Mr. WAGNER. Mr. President——

Mr. HATFIELD. I yield to the Senator from New York.

Mr. WAGNER. I was going to suggest a simpler way than that. A bill making such provision could now be introduced, and I am sure the Senator could secure unanimous consent for its consideration.

I want to make this further observation: I heard the protest of the Senator from Pennsylvania. He has been sitting here during the entire time this bill was under consideration, covering a period of six weeks. If he so vehemently protests now, I am sorry the Senator did not call the matter to our attention while the bill was pending, for there would have been no difficulty in including it in the bill if he had offered it by way of an amendment. I suggest to the Senator now that he introduce a separate bill, and I am sure that he will have no difficulty in having it passed at once. I do not think anyone will object.

Mr. DAVIS. Mr. President——

Mr. HATFIELD. I yield to the Senator from Pennsylvania.

Mr. DAVIS. I desire to inform the Senator from New York that I was not in charge of the bill, and he should have thought of it himself.

Mr. GLASS. Mr. President, does a Senator have to be in charge of a bill in order to propose an amendment to it?

Mr. DAVIS. No, sir.

Mr. GLASS. Then why did not the Senator get up here and assert his rights and his interest in the working classes by proposing an amendment?

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Arkansas?

Mr. HATFIELD. I yield.

Mr. ROBINSON of Arkansas. It is apparent that under the rules of this body new legislation can not be inserted in a conference report. When a bill goes to conference both Houses are so bound that they can not consider new matter. If we should undertake now to amend this bill, we would defeat the legislation. We had just as well recognize that as a fact.

It is a very strange thing that one in sympathy with the legislation should attempt to propose an amendment after the bill has gone to conference, considering that the rules of both Houses have imposed limitations on the power of the conferees. Any new matter inserted now—that is, any matter that is not either in the House bill or in the Senate bill—would result in defeating the legislation.

We can not go on forever amending this bill. It has been before the Senate and before the House for a long time. We ought to reach a conclusion concerning it; we ought to close this bill up now and send it to the President. I favor and urge that action.

Senators talk about being willing to stay here all the summer. How can they explain or justify their failure heretofore to propose amendments in which they have become suddenly interested. Why was not this proposition submitted to the Senate when the bill was here and open to amendment?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. HATFIELD. The Senator from Arkansas has not the floor, and I did not yield for a speech.

Mr. BARKLEY. If the amendment had been presented, it probably would have been adopted, and that may explain why it was not presented.

Mr. ROBINSON of Arkansas. Yes; it might have been adopted. Why was it not offered when the Senate was considering the bill?

Mr. HATFIELD. Mr. President, I did not yield for a speech.

Mr. ROBINSON of Arkansas. Why is it proposed after the bill has gone to the conferees and the conferees are prevented by the rules governing conferences to propose new legislation?

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from West Virginia has the floor and has not yielded for anything except a question.

Mr. HATFIELD. In reply to the distinguished Senator from Arkansas, I wish to observe that the home loan relief bill was passed by this body, and right upon the heels of

its passage the distinguished Senator and his associates asked for the consideration of the relief bill; it was considered and forced through in less than four hours. The Senator from the State of Pennsylvania and the Senator from the State of West Virginia had no opportunity to read the subject matter contained in this bill.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Arkansas?

Mr. HATFIELD. I am going to yield the floor, and the distinguished Senator from Arkansas can have it, so far as I am concerned.

Mr. ROBINSON of Arkansas. The statement just made by the Senator from West Virginia is amazing. It has no support in fact. Under the rules of the Senate there is no limitation as to time or as to the subject matter of amendments to a bill of this character. I did wish to get action, as I wish to do so now. I think we have quibbled too much about this measure.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from West Virginia?

Mr. ROBINSON of Arkansas. Certainly.

Mr. HATFIELD. What part of the statement of the Senator from West Virginia is amazing to the distiguished Senator from Arkansas?

Mr. ROBINSON of Arkansas. The statement that the Senator had no opportunity to read the bill and no opportunity to offer amendments to it.

Mr. HATFIELD. Will the Senator yield further?

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I will yield to anybody for a question.

Mr. HATFIELD. It is true, Mr. President——

Mr. ROBINSON of Arkansas. I yield first to the Senator from New York.

Mr. WAGNER. I should like to ask the Senator whether it is not a fact that this bill, practically in the form in which it is now under consideration by the Senate, was before this body four different times, passed four different times, and on one occasion it was under consideration for an entire week and debated for an entire week? I should like to know where the Senator from West Virginia and the Senator from Pennsylvania were during that time? I know that the Senator from Pennsylvania was not even present here during a great part of the consideration of the bill.

Mr. ROBINSON or Arkansas. I think the statement made by the Senator from New York is entirely correct. I do not criticize the Senators from West Virginia and Pennsylvania for refraining from offering an amendment, but I place the responsibility on them for the course that they took. There is no limit on debate in the Senate; there is no limit on the opportunity to offer amendments. If the Senator thinks it would take some four hours to read a bill of just a few pages that, perhaps, constitutes an explanation for his belated effort to amend this bill.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from West Virginia?

Mr. ROBINSON of Arkansas. I yield.

Mr. HATFIELD. How many pages would the Senator say are in the bill?

Mr. ROBINSON or Arkansas. Oh, Mr. President, that is a childish inquiry.

Mr. HATFIELD. Oh, no.

Mr. ROBINSON of Arkansas. Yes; it is. The Senator can look at the bill and ascertain the number of its pages.

Mr. HATFIELD. Will the Senator yield?

Mr. ROBINSON of Arkansas. I shall decline to yield.

Mr. HATFIELD. I expected the Senator would.

Mr. ROBINSON of Arkansas. I shall decline to yield to the Senator from West Virginia if he insists on making childish inquiries.

Mr. HATFIELD. I expected the Senator to take that position. It is in keeping with his attitude generally here in the Senate of the United States ever since I have been here.

Mr. ROBINSON of Arkansas. The Senator from West Virginia can not make such statements in my time. His interruptions are childish; they are either based on ignorance or incompetence. The Senator from West Virginia, as a Member of this body, has had unlimited opportunity to offer amendments. If he knows anything whatever about the rules that prevail here, he knows that after a bill goes to conference new matter, except by unanimous consent, can not be inserted. If he wishes to kill this bill he can pursue the course that to him seems desirous, but I say, Mr. President, the Senate ought to act.

Mr. THOMAS of Idaho. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Idaho?

Mr. ROBINSON of Arkansas. I yield to the Senator from Idaho.

Mr. THOMAS of Idaho. I merely wish to ask a question. On page 12, section (b), I notice that the provision about which we are talking reads:

> (b) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session).

The Senator from Michigan just a moment ago raised the question—and I wish to repeat it to the distinguished leader of the minority—as to what his interpretation of that particular section is. Would it mean that as soon as this report is transmitted to the Secretary of the Senate and the Clerk of the House it would be public property, or would it be property for the use of the Senate and the House when they again resumed their sessions?

Mr. ROBINSON of Arkansas. The Senator from Idaho has asked a question which I believe to be quite pertinent to the issue under consideration.

A report to the President, a report to the Senate or to the House of Representatives, is the property of the individual or the officer or the body to whom the report is made; and it is not subject to publicity unless the individual or the body receiving the report chooses to make it public, in the absence of an express provision requiring publicity.

Mr. HASTINGS. Mr. President——

Mr. ROBINSON of Arkansas. Let me conclude my answer to the Senator's question.

So I conclude that there is no ground for apprehension, no occasion for excitement or disturbance. If the Reconstruction Finance Corporation is required to report to the Senate and the House of Representatives, or, in the vacation of Congress, to the Clerk or Secretary of the bodies, respectively, the reports are in the control of the bodies to which they are made. If the House wishes them published, it can take appropriate action to publish them. If the Senate wishes the reports published, it can take appropriate action to publish them. But the Clerk of the House and the Secretary of the Senate are the agents of the bodies which they represent; and they have no express or implied authority to publish reports received for the bodies which they do represent.

Mr. THOMAS of Idaho. I thank the Senator. I feel that if that provision were carried out as the Senator interprets it, a great deal of the opposition to the adoption of the conference report would be obviated, because under the resolution passed the other day the committee was authorized to investigate the affairs of the Reconstruction Finance Corporation and report back in January anyhow.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Michigan?

Mr. ROBINSON of Arkansas. I yield to the Senator from Michigan.

Mr. VANDENBERG. I think the statement the Senator has just made is so important that I want to be perfectly sure that there is no question about it.

Am I correct in understanding that the Senator from Arkansas agrees with the Senator from Idaho and the Senator from New York and the Senator from Virginia and

the Senator from Florida that when these reports are made to the Secretary of the Senate during a recess of the Senate it is the responsibility of the Secretary of the Senate to put the reports in his files as confidential matter until he is able to transmit them to the Senate, and that a similar legal status exists in respect to the responsibility of the Clerk of the House?

Mr. ROBINSON of Arkansas. As I have just said, the Clerk of the House and the Secretary of the Senate are the agents of the bodies to which they are attached; and they have no authority except that which is conferred upon them by the House or the Senate, as the case may be. Their business is to receive the reports in the vacation of the Congress. If the Congress were in session, either House might take such action respecting the reports it received as it thought proper to take; but in the vacation of the Congress all that the administrative officers can do is to receive them and hold them for the consideration of the bodies of which they are representatives.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Idaho?

Mr. ROBINSON of Arkansas. I yield to the Senator from Idaho.

Mr. BORAH. And in case the Congress adjourns without either House or Senate taking affirmative action authorizing making public these documents, neither the Secretary of the Senate nor the Clerk of the House would have any right to do so until we reconvene and take some action on the subject?

Mr. ROBINSON of Arkansas. I think that is certainly the correct construction of the provision.

The object of this provision, as I interpret it, is to supply the legislative branch of the Government with information. It is not to acquaint the public with the transactions that the Reconstruction Finance Corporation may have had. The Houses of Congress can publish or withhold from publication, as they see fit, the information that is supplied them. The Secretary of the Senate and the Clerk of the House have no authority except that which is granted them, either by law or by the rules of the bodies to which they are attached. That ought to be clear to any lawyer. Indeed, it seems to me that it should not require very much legal knowledge to enforce the conclusion I have stated.

Mr. GORE. Mr. President——

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Arkansas yield to the Senator from Oklahoma.

Mr. ROBINSON of Arkansas. I yield to the Senator from Oklahoma.

Mr. GORE. I should like to ask the Senator from Arkansas if it would be competent for the conference committee to insert a phrase to the effect that such reports should be held and deemed confidential until released by the authority of the respective Houses. If so, that would end this controversy.

Mr. ROBINSON of Arkansas. If the bill goes back to conference, it would in all probability be competent for the conferees to pursue that course; but if the bill goes back to conference it means that the matter will be carried over into next week, and that other questions may be presented delaying a determination of this matter; and I think the time has come to act.

Let me say that I have looked into what occurred in the House of Representatives when this conference report was presented. A vote was taken on agreeing to the conference report. There were on the Democratic side of the House 120 votes in favor of agreeing to it. On the Republican side there were 166 votes. On the Democratic side there were 34 nays. On the Republican side there were 14 nays.

Think of what that means! If we send this bill back to conference with that vote of the House staring us in the face, inevitably great delays will result, and it may be that a deadlock will occur.

Frankly, I have reached the conclusion that it is not wise, it is not helpful, to publish applications for loans to banks, or publish loans that are to be made to banks, in this emergent condition. Nevertheless, there is no logical reason why such publicity should not be had. It involves a question of policy. Many believe, many fear, that to announce the fact that a bank is seeking a loan or has secured a loan will result in a destruction of that confidence which is essential to give value to the loan.

I must say that the loans made by the Reconstruction Finance Corporation to banks have been disappointing in a very important sense. They have not resulted in the resumption of normal activities by the banks to which the loans have been made; and I do not think the public interest would be detrimentally affected by withholding loans if the only effect of them is to lock up in the vaults of the bank the funds so loaned in anticipation of a possible emergent run upon the bank.

In view of the vote which, when analyzed, shows that practically every Republican in the House of Representatives on the last vote supported this alleged publicity proposition—in view of the fact that the vote, when analyzed, shows that more Democrats voted against it than Republicans, more than 2 to 1—I do not think we ought to waste further time in agreeing to the conference report. I think the conferees on the part of the Senate had and have a full grasp of the difficulties that inhere in this proposition, and I think they recognized the fact that in order to secure a conclusion it was necessary to agree to the provisions of the conference report.

In view of the consideration that the provision will only supply information to the two Houses of Congress, and will not be given publicity except upon express orders of the House to which the report is submitted, there can be no substantial objection to agreeing to the conference report; for if, upon consideration of the subject, either the House or the Senate reaches the conclusion that publicity is desirable and helpful and proper, then it should be had. On the contrary, if it reaches the conclusion that the report should not be published, there can be no publicity.

The Senator from Michigan [Mr. COUZENS] presented a resolution which, in my judgment, upon thoughtful consideration of the subject, makes unnecessary additional publicity. His resolution created a committee of five of the Senate with power to search out any question involved in any loan made by the Reconstruction Finance Corporation. To me it is a very weak and untenable assertion that the committee so created would withhold any information to which the public may be entitled; would cover up or conceal any possible transactions, either past or future, that ought to be made public.

We all know that the question of credit is a very delicate thing in times like these. We all realize that when a bank, particularly a small country bank, goes to a Government agency to secure a loan, and that becomes known to the depositors, there is danger of a run. Runs on banks are not always based on sound economic necessity. They are representative, in a sense, of something in the nature of mob psychology. One person experiences a fear that the bank will fail. He communicates that to another depositor, with the result that a run is commenced, and it gathers volume, until frequently a solvent bank, and always an insolvent bank, is destroyed.

What is the sane, practical, sensible thing to do in view of all the facts and circumstances that have been stated? The House voted on the question, and the almost unanimous vote of the Republicans in that body was in favor of the conference report. A large vote, but not so large as that on the other side, was cast on the Democratic side in favor of the conference report.

Since unnecessary publicity can not occur, I do not believe there is any real danger in this provision, and I think that the Senate ought to agree to the conference report and send this bill on to the President, in the hope that we may finally conclude our labors and end this session.

Mr. VANDENBERG. Mr. President, will the Senator yield for one further question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. VANDENBERG. On the basis of the premise as the Senator sets it, I would reach the same conclusion he reaches regarding the conference report. Furthermore, I entirely concur in his interpretation of the so-called publicity clause, which, in fact, is not an automatic publicity clause at all. At the risk of repetition, since the entire matter comes down to a matter of interpretation, so far as I am concerned, may I ask the Senator whether he thinks that the question of the publication of these reports during the recess, or the question of reports upon retroactive matters—may I ask him whether he thinks there is any doubt whatsoever respecting either of those subjects so as to invite the other House, or anybody in either House, to disagree with the construction which he and I and many of our colleagues put upon the situation?

Mr. ROBINSON of Araknsas. Mr. President, I must ask to be excused from expressing my opinion as to what possible interpretations may be placed by others on this provision. The Senator has had considerable legislative experience, and he realizes that contrary views are expressed when matters to him seem perfectly clear. But I have not the slightest doubt in my own mind that the correct legal construction, and practical construction, as well, of the language employed, has been made in the remarks I have submitted.

Mr. BINGHAM. Mr. President, the Senator from Michigan, in his last question to the Senator from Arkansas, brought up a matter which seems to me needs a little further consideration, and yet I do not know that there is any one here who can settle the question.

In view of the fact that we have been told that the House conferees, and, presumably, the management of the House, desired publicity to be given to loans, even though they were made some time ago, in view of the fact that we have been told that they somewhat reprimanded the drafting clerk for the way in which he prepared the amendment, because he later told them that it applied only to future loans; in view of the fact that the House managers seemed to take a view contrary to that taken by the Senate in regard to publicity, is there anything to prevent the Speaker of the House from instructing the Clerk of the House of Representatives to make public reports when they come to the Clerk even though the House be not in session?

Mr. GLASS. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield.

Mr. GLASS. Where did the Senator get the information that the House itself desired publicity of the reports?

Mr. BINGHAM. I so understood the remarks made by the Senator from New York.

Mr. WAGNER. What is that?

Mr. BINGHAM. In the discussion which has proceeded this morning, I understood one of the conferees to say that the House conferees admitted that they wanted the matter to apply to other than future loans, but that under the wording as drafted by the drafting clerk it did not so apply, and that they were somewhat annoyed with him because it applied only to future loans.

Mr. GLASS. I made that statement, but there was nothing involved in the statement as to publicity of loans.

Mr. BINGHAM. I assumed that the whole question was one of publicity.

Mr. GLASS. No; that was not the question at all. The question was as to the retroactive aspects of the thing, if it had any; not as to publicity at all. I have contended, as the Senator from Arkansas has stated so much more elaborately and capably, that these reports are to be disposed of as the respective Houses may direct, and that it does not necessarily follow, or follow at all, that they shall be given publicity unless it is so ordered.

Mr. ROBINSON of Arkansas. Mr. President, further answering the question of the Senator from Connecticut, the Clerk of the House and the Secretary of the Senate are agents of the House and the Senate and not of the presiding officers of the two bodies. I do not think the Vice President of the United States would have authority to instruct the Secretary of the Senate to take an action which the Senate had neither authorized its presiding officer to direct, nor its clerical officer to take.

Of course, this is true, that if the Secretary of the Senate or the Clerk of the House should take a contrary view of the matter and insist that the sending of reports to them for the bodies they represent, respectively, gave them the power to make public the reports, and they did make them public, there would be no remedy. But that is true respecting every report that comes to either body, and I do not anticipate that there is any practical difficulty growing out of those facts.

Mr. BINGHAM. Mr. President, may I ask the Senator, while he is on his feet, whether, in connection with the publicity required in regard to campaign returns, the act specified that the Secretary of the Senate and the Clerk of the House should make the matters public as soon as they received them?

Mr. ROBINSON of Arkansas. I do not remember what is the provision in the corrupt practices act. I had not conceived that it had any relationship to the matter now under consideration.

Mr. BINGHAM. It has none, except in so far as a precedent might have been established.

Mr. ROBINSON of Arkansas. The purpose of corrupt practices acts, of course, is to give publicity; and in all probability there is either an express or implied provision in the statutes relating to corrupt practices that would permit the clerical or administrative officers to publish the reports they receive or the statements which they may receive. But this question involves the legal construction of the language employed, and, I repeat, an administrative officer, as a rule, has only such power as is conferred on him by statute, and can not exceed that power without violation of his public duty.

Mr. JONES. Mr. President, will the Senator from Connecticut yield to me?

Mr. BINGHAM. I yield.

Mr. JONES. I would just like to suggest to the Senator that I have the impression that our clerks, unless they have instructions to keep a report confidential, naturally treat it as public information. Their records are certainly public, unless we have directed otherwise. So it is my view that the Secretary of the Senate would make any of this information available to the public, unless the Senate directly instructed him to keep it confidential. I think the Senate could do that.

Mr. ROBINSON of Arkansas. Mr. President, the Secretary receives it for the Senate; he does not receive it on his own account. He is the agent of the Senate.

Mr. JONES. Yes; but unless he has instructions to the contrary, I do not think he treats it as confidential. I think the Senate, however, may direct him to treat the matter as confidential.

Mr. ROBINSON of Arkansas. There is no question about that.

Mr. JONES. And I think we ought to do that.

Mr. ROBINSON of Arkansas. There is no question about the power of the Senate to do that, but we have this difficulty. We have a conference report embracing this provision, which has passed the body at the other end of the Capitol by an almost unanimous vote, and we are now confronted with the question whether we shall send this bill back and request a further conference or agree to the conference report, which will, in effect, as I understand it, pass the bill and end the controversy. In view of all the circumstances, I do not think we ought to delay final action longer.

Mr. JONES. Mr. President, may I say to the Senator that what I have in mind is this: Not to delay the bill, not to have any of this proposition in conference, but immediately upon the passage of the bill instruct or direct our Secretary to treat such information as confidential.

Mr. ROBINSON of Arkansas. Unless the House of Representatives took similar action, it would result in no important advantage.

Mr. JONES. I realize that, but I would think that if one House had information that the other House desired that such information be treated as confidential, especially during the recess, both Houses would take that action.

Mr. ROBINSON of Arkansas. I am not sure that that follows. Frequently differences arise between the two Houses, and I feel, from a long experience in the Congress, that sometimes those differences have very little substantial importance.

Frankly, I believe that with the publicity provision that is in the bill and with the committee created by the resolution of the Senator from Michigan, there is no likelihood of any detriment coming to the public by reason of a lack of publicity; that any secrecy which may occur will not prove detrimental.

We threshed this all out when we were passing the Reconstruction Finance Corporation bill, and I supported with fervor the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE], who then insisted upon frequent public reports of the proceedings of the Reconstruction Finance Corporation.

The Congress having determined not to accept such a provision, and this having been attached to a bill the major provisions of which are of very far-reaching importance, I feel that we ought not to quibble; that we ought not to delay final action; that we ought not to keep Congress in session for an indefinite period over a controversy which, when analyzed, is not of very great importance.

Mr. BINGHAM. Now, Mr. President, I should like to state that I have had an opportunity to examine the Federal corrupt practices act, and I find in section 308 (c), with regard to returns made, this sentence:

> They shall be preserved by the Clerk of the House or the Secretary of the Senate for a period of two years from the date of filing, shall constitute a part of the public records of his office, and shall be open to public inspection.

Mr. ROBINSON of Arkansas. The Senator has answered his own question conclusively.

Mr. BINGHAM. Therefore that does not constitute a precedent under which either the Clerk of the House or the Secretary of the Senate might divulge these reports if they came to either.

Mr. ROBINSON of Arkansas. I had the impression that there was some such provision in the corrupt practices act, and so indicated, but I did not remember it with accuracy. So that I concur in the opinion expressed by the Senator from Connecticut.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. GOLDSBOROUGH. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Kean	Schall
Austin	Dickinson	Keyes	Sheppard
Bailey	Fess	King	Shipstead
Barbour	Fletcher	La Follette	Shortridge
Barkley	Frazier	Lewis	Smoot
Bingham	George	McKellar	Steiwer
Black	Glass	McNary	Stephens
Borah	Goldsborough	Metcalf	Thomas, Idaho
Brookhart	Gore	Morrison	Thomas, Okla.
Bulkley	Hale	Moses	Townsend
Bulow	Harrison	Neely	Trammell
Byrnes	Hastings	Norbeck	Vandenberg
Capper	Hatfield	Norris	Wagner
Cohen	Hayden	Patterson	Walcott
Connally	Hebert	Pittman	Walsh, Mass.
Costigan	Howell	Reed	Watson
Couzens	Johnson	Robinson, Ark.	
Dale	Jones	Robinson, Ind.	

The VICE PRESIDENT. Seventy Senators have answered to their names. A quorum is present.

Mr. COUZENS. Mr. President, may I have the attention of the Senator from New York [Mr. WAGNER]? It has been drawn to my attention that subsection (c) of Title II, with respect to surpluses of agricultural products, contains the following:

> In order that the surpluses of agricultural products may not have a depressing effect upon current prices of such products, the corporation is authorized and directed to make loans in such amounts—

And so forth.

It has been drawn to my attention that every other provision of the act provides that the Reconstruction Finance Corporation shall obtain security for the loans. In reading this subsection I do not find that there is any language in it which requires the corporation to obtain security for the loans. May I ask the authors of the bill if they intended that the loans should be secured?

Mr. WAGNER. Mr. President, the Senator may remember that I voted twice to have this provision stricken from the bill. However, I invite his attention to the fact that the provision with reference to security was transferred to another place. Subsection (f) provides that "all loans made under this section" shall be fully and adequately secured. That covers the point.

Mr. COUZENS. So the Senator's interpretation is that all agricultural loans are to be adequately secured.

Mr. WAGNER. Yes; the language is "shall be fully and adequately secured."

Mr. COUZENS. I wanted to make sure of that, because the committee of which I have the honor to be chairman will have to look into these loans as made, and I wanted to be sure that it was the interpretation of the Senator and others that the loans were to be adequately secured.

Mr. WAGNER. I recall that instead of repeating it on the different subdivisions we decided to have one general provision covering all of them and providing that all loans made under the section must be fully and adequately secured. That relates to the entire section.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the joint resolution (H. J. Res. 461) making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BYRNS, Mr. TAYLOR of Colorado, Mr. AYRES, Mr. WOOD of Indiana, and Mr. WASON were appointed managers on the part of the House.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 4569. An act relating to loans to veterans on their adjusted-service certificates;

S. 4912. An act to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933;

S. 4976. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the South Fork, Forked Deer River, on the Milan-Brownsville Road, State Highway No. 76, near the Haywood-Crockett County line, Tenn.; and

H. R. 2927. An act for the relief of Eva May Peed, widow of George M. Peed.

PROHIBITION—CONSTITUTIONAL AMENDMENT

Mr. GLASS. Mr. President, I persist in my motion to take from the table Joint Resolution 202 relating to the eighteenth amendment. I do not care to enter into a discussion of the merits of the proposition unless it shall be taken up.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Virginia to proceed with the consideration of Senate Joint Resolution 202.

WHEAT AND COTTON FOR AMERICAN NATIONAL RED CROSS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amend-

ments of the Senate to the joint resolution (H. J. Res. 461) making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. JONES. Mr. President, I move that the Senate insist on its amendments, agree to the conference, and that the Chair appoint the conferees on the part of the Senate.

Mr. KING. Mr. President, the resolution which passed the Senate a few hours ago, concerning which a conference is desired, was, I may say in all frankness, the subject of some debate. Concessions were made by opponents of the measure in the form in which it was presented. I want to state to those who may be appointed conferees, if the request for a conference is granted and the conferees are appointed, that I sincerely hope the action of the Senate based upon the considerations referred to will be adhered to. Of course it would be improper to indicate what would be the result if that were not done, but if it is important that this bill should be passed, I beg leave to suggest that the action of the Senate shall be adhered to.

Mr. GORE. Mr. President, I merely wish to add to the statement of the Senator from Utah that the joint resolution could not have passed the Senate, in my judgment, but for the amendment suggested by the Senator from Tennessee [Mr. McKELLAR] and acquiesced in by the Senator in charge of the joint resolution, the Senator from Washington [Mr. JONES]. I believe that there has been no change of judgment on the part of the Senator from Utah, the Senator from Tennessee, or myself and others who desire that this amendment be incorporated in the measure.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to; and the Vice President appointed as conferees on the part of the Senate Mr. JONES, Mr. SMOOT, Mr. HALE, Mr. GLASS, and Mr. McKELLAR.

ADDRESS BY PAUL Y. ANDERSON BEFORE OKLAHOMA PRESS ASSOCIATION

Mr. NORRIS. Mr. President, on the 27th day of May this year before the Oklahoma Press Association at Shawnee, Okla., there was delivered an address by Paul Y. Anderson, a Washington correspondent of the St. Louis Post-Dispatch. Most of the address is taken up with what I believe to be a very high-class and logical defense of Congress against the propaganda that has been waged against it in various ways. We all know that Mr. Anderson has been a Washington correspondent of the St. Louis Post-Dispatch for a good many years. He knows as well as any other man, perhaps, in the United States, from his own observation, what goes on both in the other House and in the Senate. I do not know of any person who is better qualified to tell the country the truth about Congress than is he. We know him, too, as a critical observer, never hesitating to criticize when criticism is due. I ask unanimous consent, Mr. President, to have the address referred to printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I am guilty of no fulsome compliment when I assert that the opportunity to be here under these circumstances fills me with acute delight. Not often does a mere reporter enjoy the privilege of appearing before a large and distinguished gathering of editors and publishers and saying exactly what he thinks without fear of reprimand, suspension, or dismissal. The business of a reporter, as distinguished from that of the editor, is to tell the truth. When I announce, therefore, that I shall consider it my duty on this occasion to utter a number of infinitely disagreeable truths, let no man sympathize with me in his heart, for no task could be so thoroughly pleasant and congenial.

Nevertheless, I firmly believe that reporters should seek to be fair where editors are concerned, overlooking their frailties and futilities when humanly possible, dealing charitably with their folly and ignorance when not too egregious, and cheerfully bestowing on them whatever modicum of credit they may, by any stretch of the imagination, be said to deserve. The very fact that Walter Harrison, after an unremitting campaign lasting seven years, has finally succeeded in persuading the Society of American Newspaper Editors that it would not be guilty of undue severity if it meted out discipline to members taken in the act of fraud, blackmail, bribery, barratry, arson, or murder, should be sufficient to convince every fair-minded person that the ethical standards of the profession are improving. There is no sound reason why editing may not in time come to be fully as respectable as reporting, despite the obvious fact that it can never be as useful.

Having laid that soothing unction to your several editorial souls, I invite you to a consideration of the subject, "The Press and the Federal Government"—under which I shall deal mainly with the press and Congress and the press and the President. It is a subject of profound concern to all of us here. I have had excellent opportunities to study it at close range, and it is my solemn conviction that not only the future of the press but the very fate of the Republic will depend very largely on the attitude of the press toward Congress and the President.

In speaking of the attitude of the press toward Congress, it is necessary to draw certain distinctions. Just as Congress consists of two somewhat dissimilar branches, so also the press, in its relations with Congress, must be regarded as consisting of three distinct elements, namely, the Washington correspondents, who write about it at first-hand; the editors, who write about it at second hand; and the publishers, who often determine what the other two groups may write.

Generally speaking, relations between Congress and the press are mutually satisfactory in direct ratio to their intimacy. Thus, relations between Congress and that division of the press which is in direct personal contact with it are excellent, especially in the case of the Senate. Relations between Congress and that section of the press which writes about it from a distance are less happy, particularly in the case of the Senate. Relations between Congress and that element of the press which usually has no contact with, and precious little information about, Congress are distressing—acutely so in the case of the Senate. Here, in other words, is a situation where unfamiliarity breeds contempt.

Again, speaking generally, it may be said that in dealing with Congress, as with everything else, the reporter seeks to please the editor, and the editor seeks to satisfy the publisher. Consequently, in an operation, the ostensible aim of which is to supply the public with accurate and expert knowledge, you are likely to find the man who knows most about the facts taking his cue from the man who knows least about them. Such inversions are not uncommon in a country where the greatest wisdom is popularly attributed to those who have spent the least time acquiring wisdom and the most time acquiring money, and certainly this example of it occurring within our profession will shock nobody who subscribes to the theory that those who have made a tolerable success of the Government should listen humbly to those who have made a complete and horrible mess of business.

Reporting the proceedings of the Senate is recognized, by common consent, as the choicest assignment of the Washington correspondent. The White House by comparison is a lobster watch, devoid of allurements to all except chess players and gentlemen in need of sleep. It is not necessary for me to tell this gathering that my use of the term "lobster watch" carries no personal implications. As all of you know, it is an ancient phrase of our craft, employed to designate an assignment where little is expected to happen, and where anything that does happen is likely to be unwelcome to all concerned.

Regardless of what you have heard—and of what I fear many of you have written—the fact remains that the sharpest intellects, the strongest characters, and the most colorful and dynamic personalities in the National Government are to be found in the Senate. Because of its limited membership and flexible rules the Senate has become the world's greatest forum for the discussion of public questions. It is in the Senate that the opposition really functions; hence there it is that national issues really are threshed out. It is in the Senate—and I am almost tempted to say only in the Senate—that the divergent forces, the conflicting political philosophies, and the powerful and changing current of our national life becomes articulate.

Nowadays it is fashionable to say that because of the direct primary and direct election, the personnel of the Senate has deteriorated, that it is no longer the body which produced Webster, Clay, and Calhoun. Well, I usually reply to that criticism by asking the critic to name three men who were colleagues of Webster, Clay, and Calhoun, and so far I have found nobody who could do it off hand. Genius is not the product of any system of nomination or election. I have looked down from the press gallery on a Senate which numbered among its members La Follette the elder, John Sharp Williams, James A. Reed, NORRIS, TOM WALSH, Henry Cabot Lodge, Penrose, Oscar Underwood, HIRAM JOHNSON, BORAH, and Philander Knox—a galaxy which I will match against any equal number chosen from the days when the Senate was known as a rich man's club, and admission depended largely on the ability of the candidate or his friends to buy up a majority of the State legislature.

No; the Washington correspondents are compelled to recognize the Senate as the focal point of interest, intelligence, courage, and conflict of purpose in the Capital. Sometimes it seems erratic; often it is exasperating, but it is seldom dull. With all its faults it remains the most democratic and the most useful political institution in our Government.

The relations of the correspondents with the House are necessarily less intimate and consequently less satisfactory. In suggesting one reason for that, I can not do better than to quote a Member of the House, a distinguished parliamentary authority, Representative LUCE, of Massachusetts, who said:

"Because of its lost motion and tedious procedure, the House has become not only an inveterate time killer but an insufferable bore. The public ignores it, the press shuns it, and its own Members can not endure it. This result is due almost entirely to

antiquated rules and customs which nobody defends but which few attempt to change."

Since those words were uttered—indeed, since the present session began—very considerable reforms have been effected in the House rules, so that it is now possible for a sovereign representative of the people to vote, and occasionally even to speak on matters which affect the lives of his constituents. Other factors which have detracted from the dignity and attractiveness of the House in recent years have been its subservient attitude toward the President and the rigorous party discipline in force. In its noblest moments the House never quite loses the atmosphere of a penal institution. The great size of the membership is much to blame; it would be vastly more articulate and democratic if cut in half.

Nevertheless, in the House as in the Senate, conditions may be said to approach the ideal from the reporter's standpoint compared with those he constantly encounters elsewhere in the capital. When a Senator or Representative makes a speech or issues a statement he recognizes the right of the press to inquire about his meaning, his facts, his authority and his purposes. Because of timidity or indifference the reporter's right of cross-examination is exercised neither so often nor so vigorously as it ought to be, but that is not the Congressman's fault.

Contrast this with conditions in the executive departments, where every official, down to the rank of third assistant administrative secretary proceeds, the moment he gets on the pay roll, to constitute himself an impersonal and unidentifiable oracle, privileged to broadcast anonymous statements, accessible only at stated hours, open to interview only by the arts of clairvoyance, and whose unsigned handouts, regardless of their inconsistencies, absurdities, propaganda, and ordinary damned lies, are immune to challenge.

EDITORS AND CONGRESS

Editorial writers are said to work in a vacuum, and all too often they tend to assume the characteristics of their environment. I have seen editorial writers who were neither copyreaders whose eyes had gone bad, nor reporters whose arches had broken down, but entirely too many of them fall in one category or the other. There are three familiar editorial criticisms of Congress, and it is common to see an editorial containing all three. First, Congress is denounced for talking too much. Second, it is denounced for investigating too much. Third, it is denounced for passing too much half-baked legislation. Now, half-baked legislation is legislation enacted without sufficient investigation and discussion, so it must be perfectly obvious that the third criticism can hardly be reconciled with the first two.

The relations between editors and Congress are, from my experience, characterized by too much talk, too little investigation, and too many half-baked conclusions—on the part of the editors. There is hardly a Washington correspondent, however humble, who has not at one time or another been shamed by the crass ignorance disclosed by editorials in his own paper. It is a daily occurrence to find on the editorial pages of the largest metropolitan newspapers hostile criticisms of Congress which are flatly refuted by facts contained in the Washington dispatches appearing in the same editions.

Recently, for example, following certain critical developments in the House fight over the tax bill, I read on the editorial pages of several large eastern newspapers that the revolt against the sales tax had collapsed; that Speaker GARNER had regained complete mastery of the situation; that the Members were in a chastened mood and ready to follow their leaders; and that the insurgents under LAGUARDIA had realized the futility of continuing their rebellion when they had no definite substitute program of their own. What did I find on the front pages of the same newspapers on the same morning? That Speaker GARNER had gone on the floor and admitted the impossibility of enacting a sales tax, and had told the House to pass whatever taxes it chose, so long as it passed them quickly; that the leaders had turned the rewriting of the bill over to a new committee composed of insurgents; and that it was being redrafted along the lines of the substitute program submitted a week earlier by LAGUARDIA!

This is not an isolated instance. I cite it merely because it is a recent example of the sort of thing which goes on constantly, in what seems to be almost a concerted campaign of calumny to destroy the prestige and influence of Congress.

Concerning the attitude of newspaper publishers toward Congress, it is necessary to say little. The owner of a large newspaper, ipso facto, is a man of large business interests, and all too often his political outlook is indistinguishable from that of other business men. It usually finds expression in telling Congress to "go home and let the President run the country"—a phrase, incidentally, which betrays a childlike ignorance of the processes of our Government. That there are exceptions to this rule, I am happily aware. Wherever you find them you will also find editors who are scholars and correspondents who report the news without fear or favor. And because there is no thoroughly satisfactory substitute for a job well done, you will usually find them running successful newspapers—a circumstance to which I invite the attention of all cheese makers or public-utility magnates who contemplate starting newspapers.

Turning now to the relations of the press to the executive departments, beginning with the President, I must say that reporters, editors, and publishers are all partly to blame for the unsatisfactory conditions which exist. They have built up an atmosphere of sanctity around the office of President which is unjust to him, to them, and to the public. Take, for example, the case of a little lawyer-politician who was elevated to the Presidency by accident. He said little because he had little to say. Yet on the bare circumstance that he happened to be taciturn of speech—a trait which he shared with millions of men who could not read or write—the press reared the image of a mighty and inscrutable Buddha, heavy with wisdom and vested with supernatural powers of insight and foresight. At portentous intervals he opened his eyes, and in sepulchral tones uttered the magic word "economy"—whereupon the impression went out to the reading public that governmental expenditures were being drastically reduced, although, as a matter of fact, they increased every year except one during his administration. Is it any wonder that he held the press in ill-concealed contempt?

I shall not dwell on the "superman" myth which made its appearance prior to the presidential campaign of 1928. Many of us who were partially deceived contributed to the deception of others, although in self-defense I must say that I never reached that stage of hypnotic, pop-eyed ecstasy which seized some reporters and many editors. Wherever the blame lies, the correspondents who shared it have been fittingly punished.

There is no excuse for any President failing to get along with the reporters. His wishes are treated with peculiar deference. Everything he desires to say is published. Much that he desires to keep out of print is deliberately suppressed. He is constantly permitted to distort facts without fear of correction. The press of his own party gives him a blind loyalty. The so-called independent press treats him with "the respect due the office." The opposition press carefully avoids the accusation of partisanship where he is concerned. Day after day he and the members of his Cabinet float on a sea of soft-soaping, goose-greasing, back-scratching, hero-worshipping, idolatrous bilge fit for an oriental potentate or the gods. No fat man could ask for a softer bed. Yet the fact remains that during the last three years relations between the press and the President have been characterized by an unprecedented amount of mutual dislike and distrust. The reporters who erected the "superman" myth and the candidate who encouraged them and profited by it are undergoing a form of misery which is not mitigated by their enforced company.

Certain exceptions may be noted. In our craft, as in all others, we find courtiers who are content to bask in the king's favor on the king's terms. In former days the price of allegiance was a trip down the Potomac on the Mayflower, a lettuce sandwich and a cup of tea. But commodity prices have declined even in Washington, and now the customary reward is a White House dinner invitation, or, in very special instances, a week-end visit to the Rapidan camp. The latter, however, is mainly reserved for editors and publishers. Do not suppose for an instant that these journalistic fan-bearers are envied by their colleagues. On the contrary, I often wonder what satisfaction they derive from the smiles of an officeholder, however exalted, that compensates them for ribald jokes which they must endure—jokes based mostly on allusions to a profession older if not more honorable than journalism.

As I have said, the Washington correspondent knows what is expected of him in the home office. Consequently, when a President resorts to the threadbare trick of adding up the sums contained in all the appropriation bills that have been introduced, and thereby obtains a total of five to fifteen billion dollars to prove that Congress is about to bankrupt the country, the average correspondent simply holds his nose with one hand and with the other begins his story somewhat as follows: "The President, in a fighting mood, to-day served notice on Congress that he is prepared to resist all threatened raids on the Treasury." He does not write the fact that the President knew perfectly well that nine-tenths of the bills enumerated by him were never taken seriously, even by their authors; for that would be "injecting editorial matter into a news story."

Again, when the President issues a clarion call for "economy," the correspondent, for similar reasons, refrains from disclosing that at the moment when the call was issued half the members of the President's Cabinet were on Capitol Hill lobbying desperately against any cuts in the appropriations for their respective departments. In short, the correspondent simply does what he thinks he has to do to hold his job. But there is one privilege he does retain—that of relieving his feelings orally. Regardless of what monstrosities appear under his by line, no reporter need lose his self-respect so long as his voice and vocabulary hold out.

The popular disposition to glorify the President at the expense of Congress is very human, being rooted first in a love of show, and, second, in mental indolence. No parliamentary body, no matter how impressive its proceedings, can match the spectacle afforded by autocracy. For that reason the soundest democracy on earth—Great Britain—had contrived to retain the advantages of both; that is, it vests supreme power in the representatives of the people and periodically exhibits the monarch for the edification of a civilization which has not yet outgrown its love of gold braid and feathers. The President is dramatized in the setting of the White House, while Congress is scattered all over the place. The President is an individual, while Congress is a group. He is remote and mysterious, while Congress is familiar. His aims are more or less uniform, while the policies of Congress, until formulated in legislation, are confused. It is easy to listen while the President tells what he wants; it requires a certain amount of industry and concentration to determine what Congress is doing.

Now it would hardly be a serious matter if the habit of sneering at Congress was confined to such professional wisecrackers as "Bugs" Baer, Senator MOSES, and Will Rogers, since it is universally recognized that a man must make a living by applying the talents which God gave him to the material ready to his hand.

But when that derisive chorus is joined by a majority of the serious-minded press, we are confronted by something which does matter. And since the tendency has grown out of a certain recent attitude toward the Senate, it may be instructive to recall its origin. The propaganda against the Senate began with the oil investigations conducted by Senator WALSH and the investigation of the Department of Justice by Senator WHEELER. I dare say few editors will relish being remembered as defenders of Fall, Sinclair, Doheny, Daugherty, Jess Smith, and the "Little Green House on K Street." Nevertheless, it was the New York Times which alluded to WALSH and WHEELER as the "Montana mud gunners" when they undertook to expose the unspeakable frauds which had been perpetrated against the Nation and the unutterable rottenness which existed at the very heart of the Government.

The oil thieves and the Ohio gang have long ceased to be objects of editorial solicitude, but the campaign of calumny launched in their behalf has never faltered since the late Senator La Follette's resolution to investigate Teapot Dome was denounced as "a fishing expedition" and WHEELER's effort to fumigate the Department of "Injustice" was solemnly condemned as "an attempt to embarrass President Coolidge" and "to desecrate a shroud." Always a tender-hearted press has been able to find new victims of "senatorial outrage." In turn, the tariff lobbyists, the post-office lease promoters, the radio buccaneers, the recipients of large tax refunds, the "yellow-dog" contractors, the power pirates, the international bankers, and the racketeers on the New York Stock Exchange have fallen heir to the fountains of editorial pity and indignation that originally gushed for Fall and Daugherty.

For 10 years Congress has been the chief defense of the public against the interests which seek to pillage and exploit it, as every newspaperman in Washington knows perfectly well. And for 10 years an influential section of the American press has taught the public to ridicule its defender. This is worse than dishonest; it is stupid. Every newspaper owner of culture and vision enough to see 10 yards past the door of his bank ought to know that a free parliament and a free press always have been and always must be inseparable. A press which undermines the authority and influence of Congress for exercising the prerogatives of free inquiry and discussion is preparing the ground for its own extinction. Every word and act which augments the power of the Executive weakens the influence and narrows the liberty of the press. It is a tendency toward 1-man rule, and we all know what happens to newspapers under dictatorships.

If you do not believe these Cæsars grow great upon the meat you feed them, come and work in Washington for a while. There you will learn that it borders on treason to oppose the foreign policies of the particular administration which may be in power. You will be asked in the name of "patriotism" to write stuff which you know to be untrue or misleading and to suppress facts which you know the public should have. You will even be requested, in an economic crisis like the present, to submit what you write about the administration's so-called remedial measures to a White House secretary before filing it. This is an old story in the capitals of Europe, but, speaking as one reporter, I hope to God it does not mark the beginning of a new period in the history of American journalism.

CONCLUSION

In contrasting the attitude of the press toward Congress with its attitude toward the Executive I have had a reason and a purpose. We are now witnessing the first stage of the most vicious and formidable campaign of propaganda ever waged against Congress. Of course, it is not confined to the press, although it would be impossible without the aid and acquiescence of the press. Congress is denounced for not "balancing the Budget," a subject concerning which, as John Maynard Keynes recently remarked, more tosh and nonsense has been uttered than any other since the discovery of America. It is denounced for investigating too much, for not investigating enough, for legislating too slowly, for legislating too hastily, and for legislating at all. It is accused of destroying the Government's credit—although the last issue of Government paper was oversubscribed nine times within 24 hours. It is charged with disrupting business, with keeping the country in suspense, and with deepening the depression, although I seem to recall that business was disrupted and a depression in existence before Congress convened.

Who is back of most of the propaganda? Why, the very multimillionaire morons whose unconscionable rapacity plunged the country into its present plight. And what, after all, is the burden of their complaint against Congress? Why, that it has failed in five months to restore the health of a Nation which they undermined for 20 years by sucking industry and agriculture dry of every drop of blood, and thus bankrupting the purchasing power of the consuming public.

That these vultures presume to berate and issue orders to Congress or anyone else can only be explained on the ground that their blindness and greed are fully equaled by their effrontery. I sat at the press table while HIRAM JOHNSON disclosed how the great banks and investment houses in five years unloaded on the American public more than $2,000,000,000 in foreign bonds that are now virtually worthless, yet a week ago some millionaire moron stood up in the convention of the United States Chamber of Commerce at San Francisco and alluded to the "serious disservice" which the Senator from California had done to the country. Less than a week after the Senate Committee on Banking and Currency had disclosed how a few of our self-constituted advisors had mulcted the public of more than $5,000,000 in a week by rigging Radio on the New York stock market a broker's letter appeared in the New York Herald Tribune stating that the stock market investigation, by undermining the confidence of the investing public, had become "a challenge to government." Talk about demagogues! This is demagoguery on a plane low enough to insult the intelligence of a baby chimpanzee.

Now, I am perfectly serious when I say that this drive against Congress, in my opinion, is the beginning of a general assault on representative government throughout the United States. A writer in one Washington paper already has commented complacently on the early prospect of a Federal dictatorship composed of what he was pleased to call "the leading minds of finance and industry"; in other words, of the very men who reduced the Nation to its present state of wretchedness. Another hints incessantly at the desirability of organizing local vigilance committees to take over the functions of civil government during the coming winter, and, I presume, to relieve the condition of the unemployed by shooting them before they can starve to death.

Nor am I alluding to such journalistic hoodlums as the Chicago Tribune. These references are to newspapers which pretend to be temperate and responsible. There are a thousand signs of approaching attempts by powerful private elements to usurp the powers of legally constituted authorities and to administer them under the guise of a state of emergency.

I shall not attempt to forecast the attitude of the press at such a crisis, but the omens in the eastern press are not encouraging. As to the press of Oklahoma, there are solid grounds for hope. To my knowledge there are men in this room who have risked their lives more than once in defense of free institutions. It does not seem reasonable to believe that they can now be corrupted by the subtle sophistries of supple men who are seeking to pervert the press and sabotage the Government for their own ends. The proverb that "Eternal vigilance is the price of liberty" was never more valid or in direr need of attention than it is now. To exercise that privilege is the highest function of an honest and independent press. I beg you to exercise it unceasingly during the months to come, for if the press fails history will surely record 1932 as the black year of American democracy.

ECONOMIC RECOVERY

Mr. BROOKHART. Mr. President, I ask leave to have published in the RECORD an address delivered to-day by W. Jett Lauck, economist, of Washington, D. C., at the Institute of Public Affairs of the University of Virginia.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE RÔLE OF THE GOVERNMENT IN ECONOMIC RECOVERY

It is difficult for the mind to grasp and form a realistic picture of the extent of property loss, unemployment, and suffering which have developed in the country during the past two years as the result of the existing depression. Our policy, also, of inaction as to fundamentals—of leaving industry and humanity largely to the devastating forces of attrition, in the vain hope that confidence would be restored and the depression would work itself out—is also extremely difficult to comprehend. There is now open revolt against the continuance of such a policy, and the demand for positive action can not longer be denied. If this demand is not soon met in a sound way, political and economic revolt is inevitable.

If constructive measures for remedying the depression and for bringing about a revival in business and industry must be considered, it is clear that any program which we, or any other group of individuals, may accept as a solution for the indescribable conditions of the present time will be conditioned upon the fundamental basis of our economic thinking. If we are adherents of the old classical school of economics, upon which the orthodox and conservative economic reasoning of to-day has been built, we would assume that man as an economic being, or, as engaged in the pursuit of a living or of wealth, is primarily animated by self-interest and in the free and unrestricted interplay of such competitive interests the greatest good and happiness to the greatest number will ultimately result.

From the viewpoint of such reasoning, we would look upon the present unemployment, suffering, and destitution of our people as the outcome of the infraction of inexorable economic law. We would acknowledge that the unemployed of all classes in industry and commerce were the residual sufferers from the present depression, but we could not adequately minister to their despair or afford them economic comfort. We would be forced to say that we would vote billions of dollars to capital to prevent banking, railroad, and general industrial insolvency and to restore confidence. We then would reduce the wages of those who still were employed. This, we would assert, would enable industrial and transportation corporations to meet the interest on their funded debt, and also reduce costs and lower prices. Lower prices in turn would attract purchasers of goods. Increased consumption of goods would mean greater opportunities for employment, and as time goes on, in due course, all of those now unemployed will be able to return to work.

This is the traditional and conventional banker way out of the depression. It is the way that the majority of our industrial, financial, and political leaders have been and are now taking. Humanity may be the residual sufferer and there must needs be "blood-letting" from it all, but it is better so, it is claimed, than to violate the alleged laws of economic progress.

There is a different viewpoint, however, which is put forth by another group of economists. This group lays down as its funda-

mental basis of economic reasoning the principle that the pursuit of wealth should not be entirely selfish, but that it should be softened by the higher standards of ethics and religion, and by considerations of humanity. Man, it holds, does not exist for industry but industry for man, or, again, that man should not serve machines, but that the use of machinery should be subordinated to human welfare. Humanity, in other words, instead of being considered the residual sufferer from industrial dislocation or mismanagement, is looked upon as a first charge upon industry. If industry does not pay its employees enough and can not afford continuity of employment to them, it should be condemned as antisocial, and thereby subject to such measures of public regulation and control as to bring its operations into harmony with human and democratic standards.

THE CRITICAL CHARACTER OF THE PRESENT SITUATION

So much for the conflict in fundamental viewpoints. As regards the seriousness of the present situation, exaggeration is hardly possible. The fact is, and it is a fact which is known and discussed, at least in private by all informed persons, that our whole industrial system faces the possibility of complete collapse unless measures of the highest statesmanship are taken within the very near future.

It is difficult, and it is unpleasant, to talk of such things. It is much easier to accept a surface optimism and say our troubles are merely temporary, that in a little while business will pick up and everybody have a job.

Such an optimism is understandable—it is always so much easier to hope than to do—but it is not worthy of men and women in positions of high responsibility. It was excusable, perhaps, even a short time ago, when it seemed incredible that this great and successfully operating industrial machine of ours could have any really serious flaws which a little patching would not mend. Now we know differently. We know that there is something fundamentally wrong. We know that there are in operation certain hidden forces which are not only mocking us but which may ultimately destroy us unless we, on our part, display infinitely more intelligence and breadth of vision and courage than we have thus far displayed.

These statements may seem radical; but as a matter of fact, they are rather mild paraphrases of the utterances of some of the most conservative industrial, political, financial, and academic observers of this and other countries. They also undoubtedly represent the real thoughts of thousands of other persons of conservative and well-formed judgment, whose positions make them hesitant in expressing their actual views.

The menace of existing conditions is nowhere more forcibly expressed than by Justices Brandeis and Stone, of the United States Supreme Court, who, in a recent opinion, declared that:

"The people of the United States are now confronted with an emergency more serious than war. Misery is widespread, in a time, not of scarcity, but of overabundance. Some people believe that the existing conditions threaten even the stability of the capitalistic system."

Mr. Paul M. Mazur, of Lehman Bros., bankers, New York, an authority on economic subjects, and who recently addressed the institute, concludes that:

"Capitalism is unquestionably on trial. None of us who are advocates of capitalism can lightly disregard the disaster that has befallen the world. * * *

"* * * Social stability is endangered. Western civilization is in a tragic condition." (New Roads to Prosperity, pp. VIII, 3.)

Dr. Nicholas Murray Butler, president of Columbia University, in an address last year before the American Club in Paris, said:

"I can see nothing either in the causes or in the probable effects of the present economic and financial situation at all comparable to those depressions which are recalled to the American mind by the naming of the years 1857, 1873, 1893, or 1907. * * *

"The period through which we are passing and which it is so difficult fully to explain is a period like the fall of the Roman Empire, like the Renaissance, like the beginning of the political and social revolutions in England and in France in the seventeenth and eighteenth centuries. * * * it certainly resembles them in its epoch-marking character." (America Faces the Future, pp. 11–13.)

David Lloyd George, from a long life of public action and economic experience, both in war and peace, begins his latest book in part by saying that—

"Words such as 'disaster,' 'ruin,' 'catastrophe,' * * * now point to the bankruptcy of great nations, * * * to 'capitalism bewildered and impotent amid the devastation of the industrial and financial system it has set up but failed to control.'" (Truth About Reparations and War Debts, p. 1.)

President Glenn Frank, of the University of Wisconsin, in his recent work, Thunder and Dawn (p. 178), quotes Montagu Norman, governor of the Bank of England, as he watched western finance and western industry flounder toward crisis, as writing Clement Moret, governor of the Bank of France, that "unless drastic measures are taken to save it, the capitalistic system throughout the civilized world will be wrecked within a year. I should like this prediction to be filed for future reference."

Sir Arthur Salter, former director of the economic and finance section of the League of Nations, warns us that—

"If we are to avoid a period of misery and disruption which may threaten the fabric of our present civilization, we need a renewed effort of searching analysis and constructive reform in our western world." (Recovery: The Second Effort, pp. 8–9.)

Sir George Paish, another British publicist and financial authority of outstanding rank, declares that—

"The existing situation is without precedent. * * * It is a great catstrophe that can not be overcome without the cooperation of all nations, great and small. * * * It is not the wreck of a single nation that is involved; it is the wreck of a world. Universal bankruptcy accompanied by universal revolution will place in jeopardy not merely civilization but life itself." (The Way to Recovery, p. 159.)

These citations represent an excellent cross section of present-day opinion on the part of those best fitted to pass judgment. They indicate conclusively the menacing character of the present situation and the immediate need for constructive governmental action. They could be fortified by innumerable illustrations of the evils already upon us—a quarter or more of our working population in complete idleness, the degradation of millions of American families, the failure of relief measures, the virtual bankruptcy of many communities, evidences of acute social unrest, the growth of communistic ideas and radical revolutionary movements, and the deadening fear which is gripping a large portion of our population.

It is unnecessary to elaborate, however, on specific illustrations of these present evils. However terrible, they might be weathered by the usual relief means if they were no more than the results of what in the past might have been referred to as an ordinary business depression. But it is clear that this is no ordinary depression. It is a catastrophe, marking the end of an epoch and one requiring unprecedented action.

How can a complete breakdown be averted? Certainly not by relief measures, however excellent in themselves. Certainly not by mere waiting. We need new ideas and the willingness to try new, and possibly heroic, measures. The American capitalistic industrial and financial organization is threatened by a collapse within and by Russian communism from without, and requires sound but enlightened guidance and direction. Unless we can throw off the old leadership and substitute for it men of vision and understanding, who will adjust our existing economic and political institutions to the new requirements of industry, humanity, and democracy, we may be forced ultimately to make the transition to a new era through indescribable human suffering and property losses.

CONDITIONS IN AMERICA ARE WITHOUT PRECEDENT

The most significant fact which confronts us to-day in America is that there are certain fundamental aspects of the present depression which are unique, and which differentiate it from all the panics and depressions which have gone before. Prolonged depressions in the past, such as those which followed the breakdowns of 1873 and 1893, have occurred only when apprehension existed as to the maintenance of a gold standard of payments. In other cases, there was always present the possibility that good agricultural crops attended by profitable prices, or, the correction of some adverse condition abroad, such as the termination of the Napoleonic and other wars in the early part of the nineteenth century; the recovery from the widespread disaster following the Baring failure in England in 1890; or, the development of new industries or hitherto unexploited resources in the United States—these factors and grounds of hope always existed in former years. Even as recently as the 1907 collapse, an agricultural change a year later made a quick turn toward normal conditions possible, and the recovery from inflation and prostration of industry in 1921 was rendered possible by a postwar building shortage, together with an unusual demand for credit and commodities for postwar rehabilitation abroad.

Actual and potential capacity of most of our basic industries, however, have been developed since the war far beyond our normal requirements. As to the possibility of an outlet in foreign markets, we are confronted with abnormal conditions, attended by political, industrial, and commercial dislocations and subnormal consumption throughout the world. Probably half the world since 1929 has been or is torn asunder by civil war or by political and economic revolt—as in India, China, and Central and South America. Other great nations, as England and Germany, are in the throes of industrial depression and on the verge of financial collapse. Our only opportunity for trade expansion abroad obviously lies in Russia, but there does not seem to be any prospect at the present time of Russian recognition and the possibility of exploitation of the untold possibilities of Russian markets.

ECONOMIC RESTORATION MUST BEGIN AT HOME

If it were not for the possibility of restoring normal conditions within our own borders, our situation as to production and unemployment would be indeed hopeless. It would be similar to that which began in England after the war and continues to the present day. As it is, however, 90 per cent of our total trade, when we are operating on a normal basis, is domestic. Less than 10 per cent of the total normal outlet for our products is in foreign markets. In contrast, Great Britain is dependent on foreign markets, and because of this fact has never been able to lift herself out of the depression and the unemployment which was inaugurated by post-war dislocations in her foreign trade. The same situation to a less degree is also characteristic of Germany, France, and other European countries.

Fortunately, in normal times we are in no such predicament. If, when we are operating normally in the United States, our population consumes more than 90 per cent of the products, as a whole, of our mines, mills, farms, and factories, what then have been the causes of our industrial and financial breakdown, of the inability of 40 per cent or more of our people at the present time to earn a living, and of the widespread development

of destitution and indescribable suffering among our people during the past three years? If we can answer this question properly and practically apply our conclusions, the way to economic recovery will be open before us. It will be necessary, therefore, to review the basic domestic causes of the existing depression in order to secure at the present time a basis of procedure for economic recovery.

HOW THE DEPRESSION DEVELOPED

On looking backward, it will be recalled that the period of depression which followed the industrial and financial breakdown of 1920–21 continued throughout the year 1922. The traditional policy of wage deflation and a general reduction in costs had been adopted in the attempt to revivify trade and industry and to restore prosperity to the country, but this procedure was without success. As a consequence, in the beginning of 1923, it was supplanted by a bold and radical change in industrial and commercial policy.

This new attitude was inaugurated by a group of public officials and industrialists who took issue with those who had adopted the fallacious program after the 1920 collapse of a "return to normalcy" in the sense of a deflation of wages and prices to a pre-war level. The country was urged to get its mind away from the notion that "pre-war wages and standards of living," as well as volume of business, would then be normal. "Normalcy," it was claimed, "would be a vastly higher and more comfortable standard than 1913." The leaders of the new order, therefore, advocated the elimination of waste from industry, the standardization of output, and the increased use of machines to extend mass-production methods and to reduce labor and other costs of production. Under these conditions, it was claimed that wage and salary rates might be indeterminately increased, higher standards of living developed, and, at the same time, labor and other costs, as well as prices to consumers, reduced, and generous margins of profits for industry maintained.

As the result of these revolutionary suggestions a period of unprecedented prosperity was begun and developed. Industrial leaders and financiers, as well as heads of labor organizations, accepted this new and enlightened and far-seeing attitude as to industrial policy. A new industrial revolution was thus inaugurated in the United States which became the marvel of the civilized world. In its significance it outrivaled the eighteenth-century industrial revolution in Great Britain, when steam power was first applied to new mechanical inventions and the factory system created.

THE FAILURE OF THE SO-CALLED NEW ERA, 1923–1929

All would have been well had our industrial and financial leadership made their practices conform to their widely proclaimed theories and principles. But the hope of a new industrial régime in which the gains of capital would be unparalleled and the welfare of humanity would attain to unprecedented heights, was destroyed by a short-sighted, and as it turned out to be, a misguided desire for immediate profits. This was due primarily to the so-called investment bankers or those financially responsible for the control of industry, who refused to adhere to and actually apply the avowed principles of the program.

In the first place, there was no element of stability; no planning for individual industries or for the coordinated activity of all industries.

Second, prices were reduced, bringing a gain in real income, but not to the extent which might have been done.

Third, wages and salaries were not advanced commensurately with lower costs and not in accordance with productive performance of the working forces or consumption demands.

Fourth, hours were not reduced to offset mechanical displacements and reduced employment.

Finally, a too large and unjustifiable proportion of output in the light of objectives sought—an increase in mass purchasing and consuming power as a condition to mass industrial operations and performance—was reserved for profits.

Disaster as the result of this shortsighted policy was, in the course of time, inevitable; but for several years accomplishments were amazing. Old industries were expanded and new supplementary industries and services were developed and absorbed the employees displaced by technological improvements in the more basic industrial undertakings. Late in 1927 and during the early part of 1928, however, portents of evil appeared to disturb this golden age. Decreased industrial and commerical activity produced a high degree of unemployment, followed for a time during the winter of 1927–28 by very acute conditions in many industrial and commercial centers. The most conservative estimates were that a maximum of 4,000,000 workers were unemployed during this period. The before-unknown phenomenon appeared and constantly grew in extent of larger and larger numbers of unemployed without any work or opportunities for work existing side by side with their more fortunate associates who remained employed at high rates of compensation. Pay rolls steadily declined along with the hitherto large volume of profits. In October, 1929, it was estimated that at least 2,500,000 persons were already out of work because of technological displacements.

THE STOCK-MARKET COLLAPSE AND LIQUIDATION

The productive gains from the new industrial revolution, which avowedly were to be used in the payment of higher wages and salaries for the purpose of increasing consumer demand and maintaining prosperity at a constantly accelerated rate, were thus diverted and absorbed into corporation income. Industry and commerce, therefore, in the absence of shorter hours and higher wages and salaries, was unable to take care of employees displaced by mechanization and other improvements.

Moreover, the improper and excessive profits which accrued in industrial and utility corporations were capitalized by investment bankers on the theory that they would be permanent, and the securities thus issued became during the period 1928–29 the basis for the most inordinate and insane speculative movement in the history of the country. When industry continued to slow down in July, 1929, due to the fact that employment and consumer purchasing power had not been maintained, as was the original understanding through shorter hours of work and higher rates of compensation, highly capitalized security values could no longer be maintained. In October, 1929, as everyone knows, stock-market speculative values collapsed and fictitious values disappeared.

THE BANKERS START AN AVALANCHE OF DEFLATION

This was distressing enough in itself had it been permitted to stop at this point. But it was not. Our leading bankers and financiers not only destroyed the alluring prospects of a new era for industry and humanity by refusing during the period 1923–1929 to abide by the constructive program as originally announced but, furthermore, after diverting and capitalizing the income which should have gone to wage and salary workers and securing immense profits from the securities thus produced, the bankers after 1929 supplemented their previous misguided and destructive procedure by the addition of another fundamental error to their previous procedure. In other words, when the stock-market crash came the bankers precipitated an avalanche of general deflation, which finally passed from their control, and which now, in the minds of conservative observers, threatens to destroy the long-cherished economic and political institutions of the American people.

In the latter part of 1929 inflated and fictitious security and real-estate values should undoubtedly have been deflated. Wage earners and salaried workers, and industry itself, however, should not have been deflated because they had never been inflated. As a matter of fact, during preceding years there had been a steady decline in prices, and wages and salary advances since 1921 had been very moderate. But those in control of our industrial, financial, and credit resources, taking their cue from what they considered similar industrial breakdowns in the past, decreed as a condition of revival reductions in wages, salaries, and prices, with the inevitable result that the demand for goods was further decreased, operating forces were drastically curtailed, unemployment and property losses grew by leaps and bounds, and the critical situation as we have it to-day was precipitated.

EMERGENCY MEASURES TO PREVENT DESTRUCTION

By the close of the year 1931 it was realized that emergency measures must be taken to check the avalanche of deflation which had thus been unwisely precipitated and which threatened to destroy everything in its path. A threefold plan of emergency action was therefore formulated, which Congress quickly cooperated in authorizing. The policies proposed and put into effect were, as follows:

1. The organization by the banks of the National Credit Corporation.
2. The revival of the former War Finance Corporation under the misnomer of the Reconstruction Finance Corporation.
3. The passage of the Glass-Steagall banking bill.

In April, 1932, the further effort was made to improve the banking situation, or to enable the banks to pay their debts to each other and to attain a position where they could extend credit to worthy business undertakings by having the reserve banks adopt a policy of open-market operations providing for the purchase of approximately $100,000,000 of Government securities each week for a period of six weeks or longer. All efforts to revive business through credit and currency inflation, however, having failed, recently committees composed of bankers and business men in the different Federal reserve districts have been organized to discover, if possible, productive and stimulating uses for credits.

NOTHING CONSTRUCTIVE FOR HUMANITY HAS BEEN ACCOMPLISHED

The beneficial effect of these measures, however, has been merely palliative and conserving or entirely negative. The widespread and unprecedented epidemic of bank failures has been checked, although there still exists great apprehension that it may break forth again in a critical form by the coming autumn. This reduction in bank suspensions has undoubtedly prevented additional losses to savings and other depositors and to stockholders. Hoarding by individuals and corporations has also to some extent been arrested although by no means cured. Railroad bond maturities have thus far been taken care of and the reserves of life-insurance companies protected.

The open-market operations of the Federal reserve banks up to the present time have had no appreciable effect. Moreover, no expansion of bank credit can be expected until bankers have some better basis of business stability and performance upon which to base their judgments. To anticipate anything else would be equivalent to thinking that bankers, because of the accumulation of idle funds, would stimulate business expansion by taking the risk of making bad loans. Neither can business be expected to borrow in a period of uncertainties as to prices and operating possibilities.

The net result of our emergency policies, therefore, has been merely to stop property losses, perhaps only temporarily, and in general to cushion down the devastating effects of a tragic and indefensible policy of deflation.

In the meantime, nothing by way of reconstruction has been accomplished. On the contrary, the volume of unemployment has steadily increased. The indescribable human effects of deflation and depression have been unchecked except for private philanthropy and the inadequate relief extended from the public treasuries of States and municipalities. Even these sources of relief, it is now generally conceded, have been practically exhausted, although the need is greater than ever before. Desperation has thus been engendered among all classes and constitutes a national menace.

During the present month a Federal relief measure has been considered by the Congress. In the light of estimated needs, however, this action constitutes merely a gesture of helpfulness.

During the session of Congress which has just closed unremitting efforts have also been made to authorize large outlays for public works in order to open immediate fields of employment for suffering humanity. No success was attained, however, until several weeks ago, when a small program for public works to the amount of $500,000,000 was authorized accompanied by a further authorization of $1,500,000,000 of credits to the Reconstruction Finance Corporation to be used for so-called self-liquidating projects. As such undertakings must needs be public or semipublic in character, the prospect of any really stimulating effect on industry and employment is not encouraging. It will be impossible for the Government, although authorized in a limited way, to make extensive constructive loans to private undertakings. It would be immediately confronted with the impossible problem of discriminating between competitive undertakings and commitments would in these circumstances be impossible. Moreover, private enterprises, unless there can be assurance of stability of prices, will not consent to borrow, unless, of course, the Government would protect them against loss from price fluctuations.

IMMEDIATE GOVERNMENTAL CONTROL OF INDUSTRY NOW NECESSARY

Unfortunately, through lack of heart and courage, effective constructive action to offset deflation has been so long delayed it is doubtful whether a public-building program covered by bond issues to the staggering amount of fifteen or twenty billions of dollars would now turn the tide of the depression. Public improvements would help start the wheels of industry moving, but more fundamental and radical action is now absolutely necessary. The time has come, and it has for a long time been inevitable, when the Federal Government must take control of private industry, start it into operation, and put the unemployed millions of the country back to work. The alternative is an economic and political debacle, for the reason that deflation of property and humanity has now passed the limits of endurance. Congress should not adjourn without taking action of this kind, and, if it does, it should be reconvened for the purpose of doing so.

Without governmental control, and a careful plan of industrial and commercial resumption and expansion, neither can a public-works program or any other plan, with or without the extension of governmental credits, be now expected to meet with success.

Industrial and commercial planning and control under Federal auspices are also essential if the credit extended to public and private corporations and private firms is to be self-liquidating. Large Federal credits without this constructive action will simply constitute another palliative followed by further losses, after which the crisis will be worse than before.

It is axiomatic that we must have purchasing power and confidence restored in order to break the depression. Already since 1929 we have lost through unemployment and wage and salary deflation the enormous sum of at least $30,000,000,000 in purchasing power. Commensurate losses have also been incurred in the disappearance or reduction of other forms of income, probably amounting to another $20,000,000,000 loss in purchasing power over consumption of goods. Total losses from deflation have been estimated at $150,000,000,000, or many times the cost to us of the World War.

It is clear, therefore, that to recover we must restore basic purchasing power. To do this people must be returned to work. It must also be shown, in order to restore confidence and consumption, that industrial and commercial operations and prices are proceeding, and will continue to proceed, in an orderly and assured way. Such a procedure only can make it possible for the banks to place our credit machinery in normal working order and for industrial leaders to overcome their fears and expand operations. To accomplish the ends, therefore, the extension of governmental credits must be conditioned upon a planned and stable domestic industrial program.

As has already been shown, there is not at present any additional outlets for our goods abroad. Exports to foreign countries for the time being can, therefore, be disregarded. To the extent to which they develop they will constitute an added safeguard to domestic stability.

Our domestic trade, however, as has already been pointed out, is normally 92 per cent of our total consumption. If we can restore domestic confidence and stability at home, the pathway to prosperity will be quick and easy of accomplishment. This can be quickly achieved through governmental action.

To do this the Congress should create for emergency purposes but at once two new Federal agencies:

1. A national emergency industrial stabilization board.
2. A national emergency advisory economic council.

The members of these organizations should be representative of industry, finance, commerce, and labor. They should be appointed by the President, subject to confirmation by the Senate. The national stabilization board should be authorized also to appoint subsidiary boards for all the basic industries, such as iron and steel manufacturing, coal, oil, textiles, etc. The method of organization adopted by the former War Industries Board may be used as a model.

DUTIES OF STABILIZATION BOARD

The duty of the stabilization board would be, with the advice and assistance of the economic council, to establish production schedules for our basic industries and to correlate their operation. This could be done conservatively at first by small advances over existing indices and gradually increased and more men put to work as the industrial organization got under way. By way of illustration, iron and steel manufacturing, one of our key industries, is now operating on a production scale of only about 18 per cent of normal.

The economic council and stabilization board, after a survey of the relation of other important industries to steel manufacturing, such as coal, automobiles, building construction, railroad equipment, etc., could raise the production of the mills and furnaces 20 per cent and those of coal, automobiles, building, etc., according to their normal ratio to steel manufacturing, and thus begin operations. As expansion got under way and the influence of the purchasing power from restored pay rolls began to be felt, production schedules of steel manufacturing and other plants could be again raised, and so on, until confidence and prosperous conditions would be restored.

All corporations, either public or private, and all persons and firms engaged in commerce and industry, in order to participate in the program thus inaugurated and to have the advantage of Federal credit, would be required to take out a license from the emergency stabilization corporation. Power to enforce this requirement should be made available by the Government's control of credit. National banks and the Reconstruction Finance Corporation or any other governmental financial agency, in other words, should be prohibited from making loans to any corporations, firms, or individual concerns which did not possess such a license.

This course of procedure as to industrial and commercial operations would not be based on arbitrary governmental action and decision by the emergency stabilization board. Orderly procedure would come from industry itself. Different industrial groups, through their associations and institutes, as in the plan proposed recently by President Swope of the General Electric Co., would be brought into conference, and price and production schedules worked out through common counsel. The governmental stabilization board would act only as an ultimate umpire and coordinating agency. Complaints should be freely and publicly heard, whether from consumers or producers.

The stabilization board should also be given power to exclude foreign importations which interfered with the domestic program.

In addition to the fact that this plan of reconstruction and revival is the only sound course to take, it will also eliminate the necessity for huge bond issues and extraordinary taxation. Moreover, it should be borne in mind that, should we adopt other temporizing measures to start business resumption, we shall eventually be compelled to take the course of stabilization and restoration which has been outlined. It is absolutely essential to an orderly return to prosperity and to the maintenance of stability in employment and business activities. It is the only sound policy also by which our banking and credit machinery can be again brought effectively into play. After a short period of operation along these lines, it would probably be unnecessary for the Reconstruction Finance Corporation to make further loans, as there would be a sufficient demonstration of successful performance to cause the banks to desire to compete with each other in extending credit.

Our basic industries are now without power to control production and prices. Without such power, they can not, even under normal conditions, plan properly for continuity and stabilization of operation. Neither can they under present conditions of depression and extreme liquidation and price fluctuations start the wheels of industry again revolving unless authority to combine and to cooperate is given to them. General legislation, such as I have sketched, must therefore be enacted by Congress, so that industry and commerce may have an opportunity to resume operations and attain to permanent stable prosperity. Trade associations may then be formed, corporate mergers brought about, exemption from anti-trust laws granted, and industry given authority to control production and maintain prices under governmental auspices.

The intervention of the Government may be called "friendly cooperation," "supervision," "control," "regulation," or by any other term whether euphemistic or not. The significant fact is that such action is necessary. Far-seeing and sincere industrial statesmanship has already publicly acknowledged it as inevitable. Many measures are now pending before the Congress with this object in view.

Dissatisfaction with our competitive system, and the claim that industry could not function with stability and success under it, was strongly in evidence before the depression. Many suggestions along the lines of national planning and stabilization of industrial operations have also been put forward during the past two years, not only by those generally regarded as liberals or even radicals but from some of our most conservative business and political leaders as Gerard Swope and Owen D. Young, of the General Electric Co., the United States Chamber of Commerce, the Associated General Contractors of America; President Nicholas Murray Butler, of Columbia University; Paul Mazur, member of the banking firm of Lehman Bros.; National Civic Federation; the American Federation of Labor, and others. Legislation is now

pending before the Senate for the permanent stabilization of the bituminous coal-mining industry, which, when enacted, may become the model for the stabilization of lumber, copper, oil, and other natural-resource industries. It was and is now generally held that the maximum stimulus of individual initiative must be retained, but that a reasonable restraint of competition is in the public interest, and that industrial accomplishment in the future, even under normal conditions, is dependent upon stabilization and control under Federal supervision.

OTHER CONSTRUCTIVE MEASURES

In addition to a policy of stabilization and control of industry there are also certain supplementary measures which past experience has demonstrated to be necessary of adoption before the ideals and aspirations of our democratic and self-governing institutions can be realized.

In the first place, it was conceded even before the financial breakdown three years ago that a shorter work day or work week was essential to the maintenance of industrial stability and continuity. The mechanization of industry and the displacement of labor by machines had made it manifest that in order to prevent growing unemployment in the face of increased productivity the decreased opportunity for employment to labor—both by hand and brain and on the farm as well as in the mills and factories and on the railroads—must be more widely distributed by reducing the hours of work per day or per week. The principle of a 5-day work week should, therefore, be considered an essential part of an emergency stabilization program.

Secondly, it is also accepted by the most enlightened industrial statesmanship that the rates of pay, both to wage earners and salaried workers, must not only be maintained but when industry and commerce are again normally functioning, they must be steadily increased in accordance with the increased productivity of industry. It has been recognized, in other words, that the machine and mass production methods must be accompanied by a steady increase in mass purchasing power, or otherwise the new methods and processes of production can not be maintained. Expressed in other terms, this recognition means a constantly higher standard of living for the American people, a greater share in the national income and wealth, and a wider diffusion of economic and human well-being as an essential condition to the maintenance of profits and the continuity of industry.

UNIFIED COMMERCIAL BANKING UNDER FEDERAL CONTROL

Third, it is esential, in order to prevent bank failures and strengthen our entire banking system, that we should have legislation as soon as possible providing for the abolition of our dual system of State and national banks, and the establishment in its place of a unified system of commercial banking under Federal auspices. Trust companies, savings, investment, and mortgage banking should be restricted to State charters. The national banks should also be authorized to establish branches irrespective of State lines.

Banking in its development has not kept pace with business and industry which have organized along national lines. Banking has remained local and individualistic. Its lack of integration has made it unable to stand up against abnormal industrial conditions. Our dual system has also prevented proper supervision and development. Its unification and the expansion of branch banking will enable it to withstand abnormal conditions, eliminate the predominant influence of investment banking, stop the existing, artificial concentration of credit in New York and other cities and enable it to better serve and adjust itself to the requirements of commerce, business, and finance.

The Federal Reserve Board is now on record as officially advocating the unification of commercial banking under national control.

FEDERAL REGULATION OF INVESTMENT BANKING

Finally, and no consideration is of greater significance and importance, it should be especially borne in mind that there can be no real attainment of prosperity among our people until the investment banker—so called—is brought under Federal control and subordinated to democratic institutions and ideals. This amounts to stating in a formal way what the elder Lindbergh fought for in the Congress 20 years ago under the movement of "control of the Money Trust," and which the immortal Woodrow Wilson later advocated as an essential preliminary to the realization of "The New Freedom."

Until this is done, our self-governing institutions, as well as the industrial freedom and the economic welfare of our people, will be a mockery and a delusion. This "invisible government" which bases its power upon the concentration and control of money and credit, absorbed the gains of our prosperity during the period 1923–1929; it also dominated our Federal Government and its policies since 1920. It has also formulated and determined our inhuman and undemocratic depression policies since 1929; and it is now expecting to hold our destinies within its grasp when prosperity returns.

Moreover, the confidence and support of investors toward a reconstruction program can not be obtained until this invisible government of which the investment banker is the outward manifestation is brought under democratic control. The investment banker is in discredit throughout the country at the present time, and the rehabilitation and control of this branch of banking is essential to future progress and the proper diffusion of our national earnings and other income.

If there is one conclusion that is clear and irrefutable from a study of the causes of the unprecedented industrial and financial tragedy which is now upon us, it is that so-called investment banking institutions of all forms—whether private banking houses or so-called banking affiliates of commercial banks in New York, Chicago, and other cities—should be at once required to take out national charters and be brought under strict Federal supervision. Until this is done, and this class of financial institutions are actually subordinated to our self-governing democratic institutions, there can be no real assurance in the future of a proper and reasonable degree of participation of all classes of our population in the output of industry.

The best method for attaining this end would be through the creation of a Federal investment banking board, which, as in the case of the Federal Reserve Board, would be financed by levies upon members of the investment banking system, and composed of five members, without investment or other banking connections, to be appointed by the President and confirmed by the Senate.

All investment banking institutions engaged in initiating or marketing stocks, bonds, and other securities, whether persons, firms, partnerships, or corporations, should be required to apply for a charter to the Federal investment banking board and submit to its jurisdiction. The board should have authority to lay down the standards, methods, and practices which should be followed by investment banking institutions. Provision should also be made for holding investment banks legally liable for the facts contained in the prospectus or declarations put forward in connection with securities offered for sale.

The requirement should also be made through congressional action that all new security issues or flotations must first, before being offered for sale, be submitted to the board for its approval. No corporate reorganizations, mergers, or consolidations should become operative without the sanction of the board. All underwriting and distributive arrangements—fees and commissions—should also be required to have the board's approval.

COURAGE AND BOLDNESS NECESSARY

The procedure and action necessary to bring about economic recovery are thus known and are tacitly accepted by many of our farseeing leaders in Government, industry, trade, and finance. Courage alone is lacking to face the facts and to take the necessary steps toward revival. This is all the more tragic because many of these same leaders, along with enlightened students and observers of present-day economic and political trends, realize that these "necessary steps" are ultimately inevitable.

Why then do we hesitate and falter? Why do we accept a philosophy and a procedure of despair? Why do we give ourselves to a policy of human attrition and suffering, which we know is hopeless, and which we realize will be followed by even more unspeakable human distress and suffering, inevitably culminating in an economic and political debacle, possibly attended by drastic, destructive revolutionary upheavals?

The answer to these questions is that while many of our leaders have eyes but see not, others, who are more discerning, see before them something which men have not had to face before. It is not an unpleasant prospect but it is an entirely new one. It is the outcome of a hundred years of economic development, intensified by the unprecedented industrial revolution of the past five years, upon which have been superimposed the results of a war which shook the commercial and financial world to its foundations.

To face the problem which this situation presents indeed requires unusual intelligence and courage. To be practical and effective about it means that we must cast aside assumptions and philosophies which we have treasured—"laissez faire," "competition," "rugged individualism," and others which may have served us well and which we may hold dear but which can have no potency in the present day.

The leading financiers, publicists, and statesmen of the world realize and openly acknowledge the situation which confronts us. It is also realized and talked about in America. We know that we can not and should not longer hesitate. We are fully aware that we should cease to play with the phantoms of hope which emanate from the past. Perhaps it is our national vanity that causes us to falter. We hesitate to turn our faces away from the old shibboleths which made us great and prosperous. It is a natural hesitation. But still, if we would preserve the wealth and add to the greatness which the old slogans produced, we must unflinchingly face the new conditions which are before us. One of the greatest sayings of Emerson is to be found in the declaration that "He that would be great, let him be a nonconformist," and likewise Justices Brandeis and Stone have recently declared in a dissenting opinion in the New State Ice Co. case that in meeting the problem of the present day "If we would guide by the light of reason, we must let our minds be bold."

We may go on with old irrelevant and worn-out theories and policies attended by indescribable human suffering and incalculable losses, culminating possibly in a debacle, to a condition where temporary stability may be attained, but after another short period under the old order of procedure calamity will befall us again. Why not therefore straightforwardly face things as they are? The old foundations of individualism and competition have been destroyed by the new industrial revolution and by its mass-production methods and processes, which began in 1925 and reached an untimely and misguided end in 1929.

If we abandon the old and obsolete slogans and assumptions and frankly build upon the basis of the new economic developments in industry and commerce, we can put the existing depression behind us and inaugurate a new economic and democratic era which will be more stable and profitable than our past accom-

plishments, and which will be much more acceptable from the fundamental standpoint of the economic and human well-being of all classes of our people.

Complete economic recovery is also, of course, dependent upon a proper adjustment of our relations with other nations. This means the acceptance of the principle of the interdependency of nations, the elimination of tariff barriers and other arbitrary interferences with international trade, the cessation of exploitation of backward peoples, the reduction of armaments as the price of cancellation of war debts, the membership of the United States in the League of Nations, and our entry as a positive moral and cooperative force into world affairs. We must consecrate ourselves to these external objectives; but in my discussion I have confined myself wholly to internal economic recovery, for the reason that, before all other things, it is essential that we first put our own house in order.

PROHIBITION—CONSTITUTIONAL AMENDMENT

The Senate resumed the consideration of the motion of Mr. GLASS to take from the table Senate Joint Resolution 202, relating to the repeal or retention of the eighteenth amendment.

Mr. GLASS. Now, Mr. President, to repeat, unless this joint resolution is to be taken from the table upon my motion for immediate consideration I do not desire to enter into a discussion of the merits of the proposition further than to say that it carries out in large measure the declarations by both political parties in national convention assembled. The Republican Party at Chicago advocated in its platform the prompt submission of the question of repeal or retention of the eighteenth amendment, with certain constitutional reservations. The Democratic platform at Chicago advocated the submission of the question of repeal or retention, without any particular constitutional reservation. However, Mr. President, both platforms very definitely declared against a return of the saloon and against the interstate shipment of intoxicating beverages from wet States to dry States in the event of the repeal of the eighteenth amendment.

I submit that it is literally an impossibility to have this question submitted by verdict of any one political party. It requires a two-thirds vote to submit the question at all, and but once since the reconstruction era has any political party had two-thirds majority in both branches of Congress. So I may say to those who want an unqualified repeal of the eighteenth amendment as well as to those who want submission of repeal with constitutional reservations that neither side can get what it wants unless we shall embrace in the proposed action those things advocated by both political parties.

It is my considered judgment that if we now take up and pass this joint resolution we shall have very largely, if not completely, eliminated from the pending campaign a bitter controversy over the question of prohibition which will submerge a discussion of the great economic issues upon which the campaign ought to be projected and conducted. I am ready for a vote on the proposition, and I ask for the yeas and nays.

Mr. NORRIS. Mr. President, I wish to say just a word about the pending proposition. We have before us a proposed amendment to the Constitution. It has never been referred to a committee; it has never been given any consideration by any committee of the Senate. It proposes to amend the Constitution of the United States, the fundamental law of the country. That statement, Mr. President, ought to be sufficient, it seems to me, to cause every Member of the Senate to vote against the pending motion which, if it shall be adopted, will bring before the Senate for its official consideration this proposed amendment. The amendment even proposes to put into the Constitution a definition of a saloon. I do not believe that any student can carefully consider this matter and feel that we ought to take a step like this, important as it is, without even having the proposition considered by a committee.

The argument mostly made by the Senator from Virginia [Mr. GLASS] is that, in one form or another, both political parties are in favor of some step of this kind.

Mr. FESS. Mr. President——

Mr. NORRIS. I will yield in just a moment.

To my mind, that is not a logical reason for amending the Constitution; certainly it is not without having the proposal receive some consideration and go through the formalities as provided by the rules of the Senate. Even if both of the great political parties had agreed to this amendment in the identical form in which it is presented, I can not believe that a student of government would say it therefore becomes the duty of Congress to submit it in that form without having it submitted to a committee, without having an opportunity for anybody to be heard. I now yield to the Senator from Ohio.

Mr. FESS. The Senator has expressed my view exactly. If the two political parties had agreed identically, it would have very little effect on my vote here, at least until the election had been held and the people had expressed themselves on the respective platforms, and even then I should want to send the proposal to a committee to be worked out and reported back to the Senate.

Mr. NORRIS. Of course, it is perfectly proper for any political party to take this side or that side or no side or both sides of any proposition if it wants to, but I do not believe that Congress, even though all political parties agree on any proposition, are in any way bound to take what is suggested offhand without any hearing, without any committee consideration, and pass it. If we are about to enter upon amending the Constitution of the United States by unanimous consent, then this is a pretty good matter on which to start; but I do not believe it has ever been attempted before. I do not care, Mr. President, to take up the time of the Senate. It is up to the Senate. If they want to amend the Constitution in that way, why, it can proceed to do so.

However, neither party has agreed to this proposed amendment in the form in which it is now presented. To my mind, it would not make any difference if they had both agreed to it in this identical form. We have already heard from Members of the Senate on both sides of the Chamber who have said they are not in harmony with what their party did on the prohibition question, and that it is not binding upon us in any way. Even if the action taken by the party were expressed in the form of the joint resolution, it would not have any control on my vote. I call attention to the fact that Democratic Senators have said, "I am not in harmony with what the party did on the prohibition question," and Republicans have said, "I am not in harmony with what the Republican convention did." So, after all, to give it the greatest weight we possibly can, it seems to me it is at least of a very diminishing character.

Mr. ASHURST. Mr. President, I have long been a member of the Senate Committee on the Judiciary and literally have sat at the feet of such lawyers as the Senator from Nebraska [Mr. NORRIS], the Senator from Idaho [Mr. BORAH], the Senator from Montana [Mr. WALSH], and the Senator from Utah [Mr. KING]. It has been a privilege and an honor to be a member of that great committee during the past two thrilling decades, and it may be offensively presumptuous for me to differ from the chairman of the committee, the Senator from Nebraska. Whenever I am in doubt I yield that doubt to his judgment, and he has never led me far astray (laughter) in 20 years. I do not agree with him, however, at this point. I may be old-fashioned; if, so, it is an epithet I willingly acknowledge, but I believe in the faithful observance of party platforms.

I was not a delegate to the Democratic National Convention, just held at Chicago, but I am loyal to that platform. I believe that public men are bound and ought to be bound, except in matters of conscience or in matters of the Constitution, by their party-platform promises.

I said early this week, and I repeat, that the joint resolution proposed by the Senator from Virginia is one of the happy "hits," if I may be pardoned that——

Mr. KING. Alliteration.

Mr. ASHURST. That alliteration and that descension into slang—one of the happy hits of the times. It is a fair, honest, real attempt to comply with the Democratic national platform and is as near an approach to compliance with the Republican platform as may be made.

Our countrymen generally are beginning to suspect that public men view their own platforms and their political

promises cynically. Our countrymen are beginning to suspect that we seem to think our platforms are made to "get in" on and not to stand upon after we are in.

Mr. President, I am no new convert to the doctrine of standing faithfully by the platform of my party. In 1912 in the Democratic national convention the Democrats wrote into their platform a plank promising free transit of American vessels through the Panama Canal. Within a few weeks after that platform was written the question of free transit for American vessels came up in the Senate and some learned Senators on this side considered the advisability of violating their platform. New as I was here, and fresh as I was in the Senate, I took from my desk the Democratic platform and put it before them and said, "You are in honor bound to vote for free transit for American vessels through the Panama Canal"; and the free-transit provision was written into the 1912 law.

It is true that later a President whom I revered saw fit to reverse himself upon the question of free transit, and executed a volte-face. I did not execute a volte-face. Although the most terrific pressure ever exerted upon me was exerted by my own President and by his Cabinet to induce me to vote against free transit, I stood for the Democratic platform promise and am to-day vindicated.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from New York?

Mr. ASHURST. I always yield to the great lawyer from New York [Mr. WAGNER].

Mr. WAGNER. I thank the Senator. I was going to ask him whether or not he thinks it is necessary to put into the Constitution a power which now exists—for instance, for the prevention of transportation into a State of intoxicants. The Congress may prohibit such importation into a State now, under a law like the Webb-Kenyon law, already passed. Is it not rather out of harmony with our conception of a fundamental law to put into the Constitution all these different statutes which the Congress now has the power to enact?

Mr. ASHURST. I said that I yielded to the great lawyer from New York; and his question has justified my complimentary reference to him, and has evidenced that he is a great lawyer. This, however, is a practical proposition. In public life you are sometimes on roller skates. You sometimes go partly where the skates take you and partly where you would like to go. It is either the provision of the Glass amendment or retain the status quo. Every man who indulges in reflection knows that it is surely some provision of this kind suggested by Senator GLASS or keep the status quo.

Take your choice.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Massachusetts?

Mr. ASHURST. I now yield to the great lawyer from Massachusetts.

Mr. WALSH of Massachusetts. Some of the Members of the Senate very much favor a constitutional amendment providing merely for a flat repeal of the eighteenth amendment alone. The Senator from Arizona comes from a dry State; at least, it was dry until the Democratic convention. I inquire from him if, in his opinion, it is possible to get the Members of the Senate from dry States to support a constitutional amendment that provides merely for the repeal of the eighteenth amendment.

Mr. ASHURST. I do not believe it is within the domain of possibility to get two-thirds of either House to vote for the bare flat repeal of the eighteenth amendment unless you protect the dry States.

Mr. WALSH of Massachusetts. Then it is the Senator's opinion—and I assume he has conferred with the Senators who represent dry States—that it is absolutely impossible for any form of constitutional amendment to be adopted in the immediate future repealing the eighteenth amendment other than that proposed by the Senator from Virginia providing for the nonreturn of the saloon in conjunction with the declaration of flat repeal?

Mr. ASHURST. In reply to the Senator, I do not arrogate to myself any knowledge superior to that possessed by other Senators; but it is my opinion that the requisite two-thirds can not be secured in either House, nor can the requisite 36 States be secured, for a bare flat repeal of the eighteenth amendment unless and until assurances are given that there will be no return of the saloon and that the dry States shall have the Federal arm and Federal authority to protect them in their policy and polity of dry laws.

Mr. WAGNER. Mr. President——

Mr. ASHURST. I yield to the Senator from New York.

Mr. WAGNER. Do not these very States trust Congress now to provide for our national defense and for our administration of justice? Can not the same Congress which has those great questions for disposition be trusted also to protect, by legislation, the dry States from liquor invasion?

Mr. ASHURST. There is a psychological question here. I should apologize for using that overworked word "psychological," but I think of no substitute at this time. The Congress, if it had delegated to it the power to deal with the liquor question, without any constitutional limitations, would be constantly besieged by various elements of excellent people to change the law here, and to vary it there. It is my opinion that the required number of States will not ratify this or any other amendment dealing with prohibition unless assurances are given that the Federal arm will be ready to protect and defend those States that choose to remain dry.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Virginia?

Mr. ASHURST. Of course I yield to the author of this amendment.

Mr. GLASS. I do not believe in dealing with this question in an academic way. I propose to deal with it in a practical way. The Republican Party, in national convention assembled, has deliberately and solemnly declared that it is opposed to submitting the question of repeal or retention of the eighteenth amendment without constitutional reservation.

Mr. ASHURST. Absolutely.

Mr. GLASS. That being so, if we were to consider the impossible circumstance of having every Democrat elected to both Houses of the Congress in favor of a bare repeal, we would still lack the two-thirds vote to submit the question at all.

Mr. ASHURST. Precisely.

I pause here long enough to pay a compliment to the scholarship of the Senator from Virginia and to his skill in drafting statutes and constitutions. Not since James Madison was a Member of Congress has Virginia sent to the National Congress a man so skilled in the draftsmanship of constitutions and laws as the junior Senator from Virginia. He doubtless read his party's platform before he drew this amendment; and the platform says, reading in part:

* * * effectively prevent the return of the saloon.

Some people—not Senators, of course—have inquired, "What is a saloon?"

The saloon is not a hotel. It is not a home. I doubt if there be a thoughtful person in the United States who needs to be told what a saloon is; but, since a few may not know, I shall say that if they will consult the dictionary—a book, by the way, worthy of daily perusal—they will see that in the French and in the Italian—and they spell it with one "o"—saloon means sometimes a gallery of art and sometimes a place of refreshment where meals are served; but you will note in the dictionaries that all of them say, "As used in the United States, it means a place where intoxicating liquors are sold and drunk on the premises and where neither meals nor lodgings are regularly served."

There is not a justice of the peace in our land who would be in doubt as to what the word "saloon" in America meant. In other words, I would define a saloon to be a

place where neither meals nor lodgings are served, but a place where intoxicating liquor is sold and is drunk perpendicularly. [Laughter.]

Mr. President, I do not need to speak long here or elsewhere to say what a saloon means. The American people are determined that the saloon shall remain outlawed and they know what a saloon is if we do not. I pass on to other matters, or, at least, to parts of this proposed amendment that might be considered complex, but which I do not believe to be complex.

(At this point a message was received from the House of Representatives, which appears elsewhere in to-day's RECORD.)

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from South Dakota?

Mr. ASHURST. Certainly.

Mr. NORBECK. The House has just transmitted to the Senate the announcement that the House disagrees to the remaining Senate amendments to the home loan bill, one of them being the so-called inflation amendment. I ask that the Senator yield while we take up the conference report.

The VICE PRESIDENT. Does the Senator from Arizona yield for that purpose?

Mr. ASHURST. I assume that it will lead to no debate. I yield for three minutes for that purpose, and no longer.

Mr. BORAH. Mr. President, it will take more than three minutes.

Mr. ASHURST. Then I can not yield. I do not think the Senate could patiently wait longer than three minutes for the remainder of my speech.

This amendment to the Constitution proposes that it shall be inoperative unless it shall be ratified within seven years. That is fair. That is just. We set that precedent in the eighteenth amendment. We stipulated that that amendment should not be operative unless ratified within seven years. We did the same thing in the case of the so-called "lame duck" amendment. The country is entitled to have a time limitation placed on these proposed amendments, so that we will not have a number of them floating about in the clouds, in nubibus, that any legislature 40 or 50 years after the submission might take up and ratify. Indeed, in 1789, 12 amendments to the Constitution were proposed. Ten of them were ratified within exactly two years; and 84 years after the submission of the 12 amendments the State of Ohio considered 1 of the remaining 2 and attempted to ratify it. So the Senate, in my judgment, is proceeding wisely in setting a limitation of time as to when amendments may be ratified, so that a judgment on the question may be rendered within a reasonable time.

One other question, and that is the question of submission to State conventions.

There is a departure in this joint resolution from those amendments that have been submitted prior to this time. Of course, the original Constitution was submitted to conventions. All the other amendments were submitted to State legislatures. This proposed amendment is to be submitted to conventions not of but "in" the several States—a wise provision.

It is true that in the case of an amendment submitted on March 2, 1861—the so-called Corwin amendment, prohibiting any interference with slavery—two States, Ohio and Maryland, ratified that amendment through their legislatures. One State, Illinois, attempted to ratify it by a convention. There was a constitutional convention in session at that time, called to revise the constitution of the State of Illinois. That State convention declared that it was a legislature and attempted to ratify that amendment, although the leading lawyers in that constitutional convention declared that they were not a legislature. So, with that one exception—which is only an apparent and not a real exception—all the amendments have been ratified by the legislatures of the States instead of conventions "in" the States.

I am in favor of the convention plan, because a direct expression of the people may then be had upon the question.

Congress may submit an amendment for ratification by the legislatures "of" the States, or Congress may, if it choose, submit an amendment for ratification by conventions "in" the States, but the States must ratify in the mode prescribed by Congress.

Again I compliment the Senator from Virginia [Mr. GLASS] upon his courage, his statesmanship, and his scholarship in preparing this amendment.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, and that the House still further insisted upon its disagreement to the amendments of the Senate numbered 46 and 47.

HOME-LOAN BANKS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives agreeing to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, and still further insisting upon its disagreement to the amendments of the Senate numbered 46 and 47.

Mr. NORBECK. Mr. President, the question of this Glass-Borah amendment to the home loan bank bill has been before the conference committee for some time. The Senate favors this mild inflationary measure. The House is opposed to it; they favor the Goldsborough bill, which I would have gladly accepted—in fact, I felt it was better, but the Senate has decreed otherwise.

Twice has the Senate taken a firm position. Twice has the House taken the opposite position. We are informed by the House members of the conference committee that to insist further would be futile and would probably result in the defeat of the bill, including the amendment to which I have referred. But I am seeking again an expression on the part of the Senate on the question, and to bring that to a head I am reluctantly going to move that the Senate recede from its position. The House has been adamant on this and other matters, and the Senate has frequently had to recede. Maybe we will have to do it again.

I realize the Members have been here since last fall. They are worn out. They are worried about things at home and things in Washington. They are impatient; they are almost irritable; and if it is impossible at this time to bring about an inflation, we will have to take it up when Congress reconvenes in December.

During this long session Congress has passed measures to relieve bankers and to relieve railroads. The big fellows have been relieved. The relief to bankers was made in the hope that a great disaster could be averted. Time alone will tell whether Congress was right.

The agricultural question, which I think is the key to the whole business situation, has had scant consideration. In a Congress made up of over 500 Members I can not find 10 Members who have devoted 10 days each to this, the most pressing of all questions. I protest at this time against adjourning and going home. We should remain in session another month and pass the necessary farm legislation.

I will close my remarks by making the promised motion. Mr. President, I move that the Senate recede on Senate amendments 46 and 47.

Mr. GLASS. Mr. President, just a word of comment on the whole procedure in regard to this bill.

Here was a nondescript measure in which nobody believed, and at which everybody laughed here in the Senate for the greater part of this session. Yet, because it was advocated in a certain quarter, in my absence from Washington it was permitted to supersede one of the most important bank bills ever drafted and presented to a legislative body for consideration, a bank bill that was designed

to avert the conceded evils of the banking business in this country which brought us to this state of financial panic and depression.

From those who have decried and decried and decried this thing of government by bureau and government by commission comes this insistence to set up over the country another bureau, another banking bill, to undermine the legitimate commercial banking of this country; that is, if it were at all effective, which it would not be.

"Saving homes!" Senators have talked here in a pathetic tone about saving homes, in such fashion as that one was given to imagine that whenever a home was sold it disappeared from the face of the earth, that it was not a home any longer to be occupied by somebody else. In other words, if a man, through whatever fault of his own, becomes dispossessed of his home and some other man of a more thrifty type comes in possession of it, it is no longer a home, and we need a bill to build homes.

Aside from that, I assert again, although I was not responsible for attaching it to this bill, that the only thing of a really valuable nature left in the bill was this amendment proposed by the Senator from Idaho. It would give us, if properly operated, as undoubtedly it would be, a possible expansion of the currency of $994,000,000.

I have not stood here as an insistent advocate of the expansion of the currency. It has been attempted in a way that constitutes absolute folly, through the Federal reserve banking system, loading itself up with $2,000,000,000 of United States bonds, for not a dollar of which it had any use, and it has failed; it can not expand the currency in that centralized way.

I merely offered this proposition upon the insistence of those who said we must have expansion in order that we might have diffusion of currency, in order that the expansion might take place in every community in the United States where a national bank exists, rather than take place in New York at the whim or at the selfish interest of people up there.

The supposition that the House of Representatives really represented either itself or the people that it is supposed to represent in voting against this proposition is a conjecture that has no foundation in fact. Their whole opposition was grounded in resentment against the Senate because it would not take that idiotic Goldsborough bill.

While I want to get home as much as anybody else does, I do not want to get home just merely that we may enact into law this miserable, nondescript home loan bill.

Mr. BORAH. Mr. President, the House has voted, or has gone through the form of voting, on this measure, but truly what they voted on was adjournment. This amendment will be defeated, if defeated, not because it has not merit, not because it is not favored by a majority in both Houses, but out of a desire on the part of Congress to go home. That is a desire which can not be controlled by any human agency I know of. The desire of men to quit work before their work is finished is a strange and ungovernable desire.

I think, Mr. President, that before we are home 10 days we will wish we were back here, or at least in some rendezvous where we could escape from the feelings of our constituents. We have been in session many months. The two great guiding principles which have been ours during those months have been the levying of taxes and the extending of credit, provision for loans, a policy which will destroy any government on the face of the earth if it is not accompanied by some constructive measures.

We have levied taxes, we have provided for loans and extended credit, but not one constructive measure to relieve the person who is seeking, through some productive method, to help redeem us from our present condition of depression, has been passed.

It seems to me that we ought to make an effort along the line which is indicated by this amendment. It is an amendment which has the approval of the Banking and Currency Committee and the approval of the able Senator from Virginia, whose judgment in these matters we all greatly respect. It was a measure which, since it has passed the Senate, has had the approval of a vast number of business interests throughout the United States.

Since I was on the floor this morning, I have gone through my letters and telegrams, and find that something over 220 have come within the last few days in approval of this measure, not only from farm organizations but from business men and from bankers. They look upon it as a step in the right direction, which, if properly executed, would afford real relief along the lines along which relief is needed.

The only reason why we do not pass it is because, as I have said, of our intense desire to go home. I do not think we ought to yield to that desire. I think we ought to remain here until we shall have passed this measure and placed it upon the statute books, which would at least be an evidence of the fact that we understand the difficulties which confront the people of this country, and are sympathetic with a sane effort to help them redeem the situation. The situation in this country is growing more and more serious. It could not well be otherwise in view of the program we pursue here—taxes and more taxes, bonds and more bonds, which further decrease the purchasing power of the people and lead to greater hoarding and less constructive measures.

Mr. President, I presume discussion of it is useless, but I am going to vote against the report, and I hope it will be rejected. I want to evidence my determination in every way I can to support every effort to have Congress remain here until this question is settled. Another week here would not be hurtful to the Members of Congress, but to go home without acting upon measures such as this in my judgment will be hurtful to the constituencies of this country.

Mr. NORRIS. Mr. President, as I look at it, this particular vote we are about to cast is more important than any that has been cast during this session of Congress. As I look about me and see the faces of Senators on both sides of this Chamber with whom I have conversed at various times, I recognize that a large majority of them have said at various times, either on the floor or in private conversation, that one of the things that was needed in this dilemma was an increase of the circulating medium, an expansion of the currency. Everybody recognizes the fact that if we come to expand the currency we must do so in a logical way, or we will let the expansion get away with us, and that would, of course, do more harm than good. No one wants unlimited expansion. No one, so far as I know, thinks that the expansion this particular amendment would bring about in the currency would be harmful. On the other hand, it is universally conceded that it would raise commodity prices.

The Senator from Idaho referred to the farm organizations favoring it. Farm leaders who are students recognize, and have recognized for a long time, that one of the great troubles of the farmer was that he had been deflated. This will inflate. The amendment will not inflate to a dangerous degree. It will still leave the per capita circulation in the United States below where it was in 1920. It will not inflate to the point where it was in December, 1920.

It is conceded, I think, by all classes of men who believe that an expansion of the currency will increase commodity prices and thus bring about an improvement in the buying power of the farmers, the laborers, and the small business men all over the country that an expansion by virtue of this amendment will not reach the danger point. I do not want it to reach the danger point. I do not believe in so doing. But I do believe a modest expansion of the currency is necessary.

We must make it easier for the debtor to meet his obligations. The farmer, for instance, who borrowed a thousand dollars on his farm a few years ago at a time when perhaps the thousand dollars he got could have been paid with 600 or 700 bushels of wheat, finds to-day that to pay that thousand dollars he must produce several thousand bushels of wheat. In other words, it is harder now to pay the debts contracted several years ago than it was at the time the debts were contracted. Expansion of the currency would relieve the situation. While I believe in expansion, yet I realize that expansion carried beyond a reasonable degree is just as injurious as deflation carried beyond a reasonable degree.

I am not informed even as to the bitterness which I understand exists on account of the amendment. I regret very much that there should be any bitterness between those who believe in the Borah amendment and those who believe in the Goldsborough amendment which the House conferees wanted.

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from South Dakota?

Mr. NORRIS. I yield.

Mr. NORBECK. I think the Senator has touched the main point. I am one of the few members of the Banking and Currency Committee who favor the Goldsborough amendment. The majority of its members do not. The Glass substitute came along. The House adopted the Goldsborough plan which provided a definite plan for expansion, but the fact that we sent it over to them as a rider seems to have aggravated the situation and, not being able to get their own way, they seem to have taken the attitude that we shall not have anything else. That is the unfortunate situation. I believe the House favors the Goldsborough amendment and I believe it favors the Glass bill, and still we are in a position where we can not get either. The Senate has indorsed the Glass-Borah amendment by a vote of 5 to 1, and still we are unable to get it.

Mr. NORRIS. The Senator has mentioned something I was coming to at the time I was interrupted. Nearly everybody, I think, in and out of the Senate believes that some expansion of the currency at this time would go a great way toward relieving the situation. Now we disagree as to kind of expansion we ought to have. Some want to do it this way and some want to do it that way. I believe it is conceded that this particular method is not a dangerous one. When we changed the rate of interest that the bonds should bear, having the privilege accorded them under the bill, we removed to my mind the only serious objection to the amendment.

I will say to the Senator from South Dakota that while I prefer the Borah amendment to the Goldsborough plan, if the conferees were here now with the Goldsborough amendment and were unable to get the Borah amendment, I would take the Goldsborough amendment rather than nothing. I think it would do some good. Others want to adopt some other method. I want to say to Senators that while we practically all agree that there should be some expansion, apparently we can not all have our way as to the method of getting the expansion. As legislators we ought to be willing, within reasonable limits at least, to compromise. It is to be regretted that the bitter condition has arisen between the conferees of the House and Senate, as I understand the fact to be.

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from South Dakota?

Mr. NORRIS. I yield.

Mr. NORBECK. I do not think the Senator means to state it just that way. There is no personal ill will between the conferees.

Mr. NORRIS. Oh, no; I do not think there is.

Mr. NORBECK. I think the House conferees merely reflect the attitude of the House, and the Senate conferees tried honestly to represent the attitude of the Senate as expressed in its vote.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. I yield.

Mr. ROBINSON of Arkansas. May I ask the Senator from Nebraska what was the last vote in the House on this matter?

Mr. NORRIS. It was an overwhelming vote.

Mr. BORAH. It was 89 to 221.

Mr. NORRIS. Coming now to the bill, as I look at it, the Borah amendment is the meat of the legislation. It is more important than everything else in the bill. I have no hesitancy in saying that my interest in the bill is mainly gone when the Borah amendment is out of it. In the main, the real reason for the passage of the home loan bill is because it has in it the word "home," a very beautiful word, but there are going to be disappointments from one end of the country to the other if the bill becomes a law. It merely builds up an enormous machine and provides almost an innumerable number of offices and office holders spread all over the United States.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. NORRIS. I yield.

Mr. GLASS. May I suggest to the Senator that there is not going to be any disappointment in certain quarters, to wit, there is going to be no disappointment in the insurance companies that want to unload their rubbish on the home-loan banks.

Mr. NORRIS. No; probably not. I thank the Senator for his observation. It only adds to what, to my mind, is a very fair reason for passing the bill. Why, Mr. President, I presume all Senators have had the same experience that I have had. Propaganda has gone all over the country that we were going to have a tremendous increase in the building of homes. I was in my home State soon after the President called his home-building conference and started the propaganda about the building of homes. He had men here from all over the United States. Everyone would like to help in the building of homes and would like to make it easy for all those who want homes to build them. I could not understand, from my viewpoint and from what I could observe in the little section of the country where I was making my observations, any necessity for the legislation. I could not understand why it was, after I got back to Washington, that I received so many telegrams and letters. I found that organizations interested in the sale of lumber were propagandizing the country.

I received letters from local lumber dealers. One of those local lumber dealers sent me the letter which he received from headquarters. It told him what a wonderful opening there was going to be to sell lumber; that there were going to be houses built everywhere in the United States; that every lumber man ought to be interested. They said, "We have learned from good authority that your Senator, Mr. NORRIS, is not very enthusiastic about this measure, but probably is against it. We would like to have you use your influence to get him in line." I suppose other Senators have had letters from their constituents about the great building of homes that was going to take place. Looking around my little circle, I could not see just where we could possibly have any more houses built. Indeed, there were a few vacancies. It seemed to me there was no reason to expect that we were going to have this wonderful expansion in the building of homes. The people all over the United States have been led to believe that everybody is going to have a home as soon as this bill is passed, and that Uncle Sam is going to build it for them. They are going to be disappointed. They will not get it.

The way the bill is drafted there are some great moneyed institutions going to get some money out of it, and they are doing it in the name of the American home. I am not objecting to it particularly. I am only inviting attention to the fact of the exaggeration that has gone all over the country about the importance of the bill.

Now, we come here with an amendment that will do what is believed by men of all parties and all lines of business is desirable, and that is to give a reasonable, logical expansion to the currency without any possibility of injuring any honest business, and we are confronted with the fact that we can not have it; that we will let the bill, with its wonderful title, which is mostly a misnomer, go through while we turn our backs on the real thing that would do some real good to all lines of business.

So far as I am concerned, I am opposed to the motion to recede. I want a roll call of the Senate. I want to be on record as voting against it. We ought to defeat it. If it kills the bill, then the bill is killed in a good cause, trying to

get something much better than the bill, and it might result in getting something that is much better if we would stand on that basis and vote down the motion to recede.

Mr. TRAMMELL. Mr. President, the sentiments expressed by the Senator from Idaho [Mr. BORAH] and by the Senator from Nebraska [Mr. NORRIS] fully harmonize with my own views and are along the lines of what I had expected to say had I been recognized sooner, so I shall only occupy a very few moments.

I think the matter of the enacting of legislation that will provide for a reasonable expansion of the currency at this time is of far greater importance than the question of adjourning at a particular hour. I think the Senator from Nebraska put his finger on the situation when he said that it is a question between adjournment and the legislation. Unfortunate it is that the American people have no one to enact for them legislation dealing with a great problem like unto that of expansion of the currency, except the Congress of the United States. If Congress adjourns without taking some action upon the subject, then the people of the country are absolutely helpless and without any remedy and without any relief.

Of course, that is not of as great importance to many as the matter of adjournment. The matter of adjournment and ceasing work here is probably of more importance to some. I am not setting myself up as a critic, but in almost every session of the Congress we get restless and there is a mad desire to adjourn, and that desire runs rough shod over the question of the needs of the people and the need for legislation, and ignores absolutely the matter of enacting legislation that may be needed in the country.

We have been discussing the question of the expansion of the currency practically ever since Congress convened; different measures have been proposed looking to that end; and my observation has been that the sentiment throughout America among the business men, among the people generally, is that legislation is needed to bring about an increase in the circulating medium. It was claimed, of course, when we enacted the Reconstruction Finance Corporation legislation that we were going to loosen up credit, that we were going to get more money into the hands of the business concerns of the country, of agriculture, and of the people generally, but that has utterly failed.

If anything has been accomplished through the Reconstruction Finance Corporation, it has only been a staying of what was claimed to be impending danger which was hanging over our financial institutions and the transportation companies of the country. There has, however, been no loosening up of credit; there has been no expansion of the currency or an increase of the circulating medium throughout the country. Statistics show, to the contrary, that there has been a contraction of the circulating medium, that less money is being circulated.

We have here, I think, so far as my capability goes in passing upon the subject, a very wise measure that is proposed by the junior Senator from Virginia [Mr. GLASS] and which is indorsed by the Banking and Currency Committee; and I do not feel willing to say that I think that adjournment is more important than passing upon this legislation. What if we have to stay here a few hours longer? What if we have to remain here one or two days longer? Every Member of Congress, both of the House and of the Senate, is supposed to be a representative of the American people; he is receiving an annual salary for the purpose of performing such duties as are necessary in behalf of the American people. So why place greater importance upon adjourning than upon enacting legislation that may be necessary? Why not at least make a very desperate and diligent effort to have such legislation enacted? I scarcely think that we have yet done so. I hope the motion will be rejected.

So far as the so-called home loan bank bill is concerned, it is purely a misnomer. Throughout the country, in my State and everywhere else, people have been buoyed up with the hope that anybody who wanted to do so could get money to relieve the mortgage pressure on his home or could obtain money for the purpose of building a new home; that there would be no difficulty whatever in obtaining money for that purpose under this bill. As a matter of fact, practically all of them are headed for disappointment.

As before stated, no one is going to get any benefit out of this except a few building and loan associations, who will relieve themselves by unloading some of their mortgages; some banks also will unload some mortgages and some mortgage companies likewise will unload some mortgages; but so far as the individual home owner is concerned who is having a foreclosure instituted against him or pending, while there was a makeshift provision placed in the bill affording him relief, I dare say there will never be one individual owner who has a mortgage against his property who will borrow one dollar from one of these home-loan banks for the purpose of relieving his distress. It is purely a proposition to help and assist the financial institutions of the country which have mortgages on hand and who desire to get rid of them. Some companies have mortgages which have been placed with banks and they desire to get the money to pay the banks. They will probably use some of their mortgages in that way and obtain the money to pay the banks.

It will be a repetition of the story of the Reconstruction Finance Corporation. We hoped that the money available to that corporation would be used for the purpose of restoring to a more normal condition banking facilities, so that a person with ample security might obtain a loan from a bank; but I have yet to find a person who knows of any relaxation in the tightened condition which exists in the banks or the financial concerns of the country in so far as their customers are concerned. The money was used to pay off loans to banks. The money loaned to railroads was very largely used for the same purpose. Now we are going to have a repetition of it in regard to the home-loan banks. There is going to be no great assistance afforded to any individual; no great assistance will be afforded to the poor home owner who is in distress on account of an overdue mortgage. The whole situation is going to bring about a great deal of disappointment.

I believe the most valuable feature of the whole bill is the amendment which provides for the expansion of the currency; that, if adopted, will be more far-reaching and be of greater assistance to the American people generally. For that reason I wish to join with those Senators who feel that we ought to spend a little more time in an effort to have this particular measure adopted, even if it does deprive some one of the opportunity of getting an adjournment for a few hours longer than had been hoped. We have other legislation pending here that ought also to be disposed of before Congress adjourns. I do not know of any particular reason why Congress has to adjourn on a particular day. There is other important legislation which I should like very much to have seen considered and enacted before final adjournment. But we are dealing with this particular subject, and I am going to vote against the motion to agree to the conference report.

Mr. MORRISON. Mr. President, I have favored in every way I could, when the opportunity afforded, the home loan bank bill and the Borah amendment to that bill. I think the bill and the amendment referred to are both good measures and would benefit the country, but the legislative situation seems to be such that if we should proceed as some Senators evidently desire us to proceed we would lose both.

I am of the opinion that for the ordinary home owner the home loan bank bill is the greatest measure we have had before the Congress at this session. It is not a measure the details of which can be discussed with particularity in the time now available; but it is not a proposal to loan money to anybody, as the Senator from Nebraska and the Senator from Florida seem to think. It is a proposition to set up a new branch of the banking system with the money of the members of such branch, all the Government doing being to furnish, as it did in the case of the Federal reserve system, the original capital necessary to inaugurate the system. Then, out of the reserves put up by the members who join the home-loan bank system loans are to be made under, I think, sound safeguards to members of the system.

The members of the Committee on Banking and Currency thought the measure perfectly safe, and I myself think it is. I do not know how some mysterious money vampire is going to get anything out of it, as has been suggested by the great Senator from Nebraska. Nobody can get any money out of it except those who join the system and put up, according to the business done with the system, the reserves prescribed by the provisions of the bill. Those who get much will put much in it, and they will be able to get only a percentage of the very carefully ascertained value of the mortgages discounted or deposited as collateral.

Mr. President, the home owners of this country are in distress unparalleled in our history. Talk about homes and everybody getting new homes! I am not quite that ambitious. In the distressing period through which we are struggling the question is, How many of the people who already have the homes can save them from foreclosures, which are not only destructive to their little savings but result in the loss of their homes?

In the present banking facilities there is not a reservoir or place of any kind or description to which anybody so circumstanced can resort and obtain a rediscount. We have had great concern here to provide some such place, an enlarged and strengthened place, for the mercantile classes, for business, for the railroads, and all that; but our very banking system shuts its doors practically to anything except short-term commercial credit. This bill merely proposes to supplement the existing facilities by a well-worked-out plan so as to provide rediscount facilities for something else beside 90-day or 6-month commercial paper for business in process. Important as it is to provide for such paper and as devoted as I am to the benefits of that system, credits of that kind are not the only ones which should have some regard from the Government of the United States.

Whether homes ought to be mortgaged or not, they are mortgaged by the million. The newspapers are literally crowded with notices of foreclosures. Why? Because the banks must be made liquid under our banking law and system.

In the case of the Reconstruction Finance Corporation which we have set up, a bank borrows money, and what follows? An individual is in distress; the cry is, "Make the banks liquid." How are they going to be made liquid? By selling the homes of the people and the properties of the people that secure the credits that are not business-in-process credits and therefore are not eligible for rediscount in the Federal reserve system. This is merely a proposition to work out a system under which the banks and the insurance companies and the building and loan associations, under the very same principles, will set up a reservoir, as Warburg called the Federal reserve system, where the holders of mortgages may resort for rediscount just as commercial paper is now carried to the Federal reserve system.

Senators prophesy that it will be a failure and that it will result in disappointment. I have examined the testimony of witnesses before the committee. Great banker after banker swore that his bank would gladly join it, put up the reserves, and he believed it would be successful. What else would it do? It would make more desirable, to all banks allowed by law to invest in them, mortgages upon homes. It would make them a more desirable credit and therefore credit easier to be carried. Building and loan association after building and loan association explained that at times they were not pressed in their community, in their region, while in some other region they were.

If they had this general reservoir, linking the whole country together, they could resort to it for loans based on mortgages, keep their building and loan associations healthy, and let them go on and proceed not only to make loans to carry the building of new homes under conditions that warranted it but make it easier to keep from foreclosing and selling out the crippled widow, maybe the minor child, and the feeble old man, so that they will not lose their homes in this hour when the whole country seems to be deeply solicitous for the welfare of all other items of credit, all other people indebted on any other item of credit, except one for a home, for which I feel more solicitude than any other.

People ought not to mortgage their homes; but when the vicissitudes of life and of troubled times frequently force them to do it, and they are mortgaged, it is a pitiful plight they are in. Yet we are to become frightened because some insurance company may join this system and get some money out of it!

Why would they do it? They would do it because the strongest as well as the weakest are in a plight in these terrible times. If the insurance companies were in a fix where they could not carry the mortgages that they have on homes, it would indeed be an additional blight to the home owners of the country; and if they wanted temporary accommodation upon their paper, with proper reserves put up to warrant it under the securities offered, I am sure they would not want it except under circumstances where it would be a blessing to the home owners of this Republic to let them have it.

Mr. President and Senators, I want some expansion. I was even so desperate about it, representing the yearnings and the appeals and the distress of the farmers of my State particularly, that I cast my vote on the subcommittee for the "idiotic Goldsborough bill," as it has been called; and I would do it again rather than to have this country choked to death with the present financial system that we have.

I like the Borah amendment to this bill. I think it is the orderly and the wise way, as pointed out by the great Senator from Virginia [Mr. GLASS], to do this thing; but why try to do it in this way? Why not adopt the report of the conference committee, and give the people of this country, the distressed, the home owners, the blessings of a home loan mortgage bill? Then, if we want to pass the Borah substitute, the Glass bill is on the table with almost a unanimous recommendation from the Banking and Currency Committee. It will not take 30 minutes, with the sentiment of the Senate, to pass it and send it over to the House; and if we want to stay here for a week or two weeks, not having the hope of staying here very long, I believe I would about as soon stay here a week or two longer as not. Let us enact the Glass bill into law separately, and then do our heroics by trying to force the House of Representatives to accept it. But let us not, I pray you, kill this only hope of the distressed home owners of this country, whose homes are being foreclosed by the millions in every section of this Republic. Let us not deny these distressed home owners this boon—this hope, at least—while we have a political parliamentary wrangle because we can not make the House of Representatives do another thing that we think ought to be done, especially when it is not necessary to do it. We can adopt this report, and then I am ready to help pass the Glass bill and send it over to the House, and stay around here, if need be, as long as anybody else will stay to pass it or something better.

Mr. LEWIS. Mr. President, I am not unconscious that I have occupied a good deal of the time of the Senate lately. It has not always been with my willingness. But a sense of duty as to measures pending called me into action. I with sudden precipitancy take the floor because of the threat of great danger in our possible action.

We may leave each other this evening. We may adjourn at midnight. I have often seen such happen in my time, unexpectedly, in the gray dawn of morning on the day of prepared adjournment. I feel the need to speak to you, my fellow Senators, on the fate pending over us as the result of our action this night.

I want to speak to you out of public experience born oftentimes of severe travail, sometimes of desperation and defeat; I must assert to you that I can not be blind to the scenes around me which menace me with a fear and surround me with a sense of danger. Facing the scene I ask myself, Who or what is it that is bringing this unexpected and indefensible situation upon us? What has pushed us to the rim of the flaming crater and to the edge of the abyss?

Let us define our legislative confusion and explain the cause of the complication between the Senate and House committees. Before the Senate is a proposition presented by a Senator of the United States who comes from a Western State which we speak of as Idaho. He tenders it as amendment to a bill that is prevailing here, looking to the shelter of homeless mankind. The adopted amendment is a measure that has in its form and shape one of the finance bills offered by a Senator from the southern State of Virginia that authorizes some form of an increase in money of that which we speak of as the circulating medium, the money necessary to the uses of mankind.

Mr. President, outside of the portals of this building is found a class of humanity called "Bonus Army," who in their conduct, however regrettable, in instances are expressing from their nature something of that universal revolt that is in the hearts of mankind of our whole country. It is a breathing tissue of flame from out of the cauldron of their vengeance. When one shall ask, What is the cause of this, and why is our Nation and our people brought to this verge of disaster where they do not recognize what destruction they are doing to themselves; nor, sir, do they feel the demolishment they visit upon their country? we are therefore justified to ask, Is there not some place to which these distressed surely will address an interrogatory in a few days as to where was the power that could have given relief to the devastation of their country; and then, sir, will not in a fever of chorus demand, Why was that power not put forth in their behalf?

If you shall, in the wail of Patrick Henry, cry, "Peace, peace!" and hear the echo resounding, "You may cry peace, peace, but there is no peace," they are justified in asking what was it that was asked by their representatives in behalf of the people that would give the relief necessary to assure the tranquillity of mankind that may justify release from their miseries, and justice, food, and lodging to their children.

There has ever been, in every country, at certain times, a demand for its money to be so justly expanded that those who earned it by toil or commerce might have some of its enjoyment. Likewise, there has been no time when any land had been crushed under the power either of arms or from revolt against oppression when it was not a question of the manner in which the protesting had been denied the fruits of their labor, or the ownership of the circulation medium they created, and which is the assurance of freedom to industry and the proof of justice distributed.

Hear us to-day as we reflect the words of Robert Peel. It may be that in the musing moments of our friends who find all debate ridiculous, whatever may be its subject, they will recall as something refreshing their memory of history, that it was upon the debate of money—not upon the question of free trade, as is often wrongly placed in history—when Robert Peel tendered the measure by which a certain amount of gold should essentially be of a certain sum and value despite market true value; he soon realized that the Peel Act had created a constriction in money metal and low price for products produced in manufacturing, and by this had awakened England to a form of revolt from those whose small pay, in the sacrifice of their labors, had brought them to where they were on the eve of government revolution. It was then that Disraeli on the one hand and the oncoming Gladstone, with new followers, on the other, were awakening to the cry of Cobden. That also England was amassing, under a cry of bread and pay, to form a system by which those who earned could have that which was their compensation, or those who could not get that which they earned could not be suppressed into poverty, hunger, and death by the monopoly of money and the doubled increase of price of bread and the lessening of its quantity by tax embargo on imports, all of which had been continuously endured by their generation.

Mr. President, here in this body has been the constant cry set forth, from the time we assembled in December, for some form of expansion whereby money may be circulated into the hands of those who could use it for their needs, and give some contentment to their homes. Every time it has been tried there have been found gentlemen on the floor, ever so sincerely guided, who can find a reason why the aid is an offense to mankind. It wounds the senses of the conservative. It has offended the imagination and the gold-standard conception of that which we call the banker. Now I pray that the banker now objecting will not forget what offense he has done to his land. He still demands that he shall occupy the place in the temple of Christ, as well as of man, that he did in a moment when the Master in his malediction cried unto him—

> My house shall be called the house of prayer; but you have made it a den of thieves.

I challenge you, Senators, to recall that in not one single instance of public relief to the Nation in its money hardship have you had the cooperation of these masters of finance who have drawn and appropriated these billions from your people. It is these obstructing financier brokers who were allowed by the Washington administration to take four billions a month—hear it!—four billions a month to gamble with on the stock exchange. You Senators approved the action. You should feel the shame of it. If you dissented from it, God grant you the favor that a faithful master will grant the servant who sought to preserve his trust. Think again of it—four billions a month they took from your money to speculate upon the stock exchanges there in New York, to enrich themselves. They then added as investment fifteen billions of your money for securities of distant lands which were certified here to this tribunal as having no prospect of reward or no hope of return of the cash paid for them, while the millions of those who purchased the securities upon false representation have gone into poverty and languish in misery. Many in America are passing away in hunger and have not even the reflection of the Senators as to their condition, as the public now believes.

And, sirs, I deplore to witness the obnoxious scene of Senators avoiding every opportunity to hear the truth of the miseries. Let a man rise on this floor to speak of these great questions of wrong and right, and we have the repeating of the drama of organized Senators who fancy it is an evidence of their supreme knowledge of all the things in the world by exhibiting in their actions all indifference to debate and their deafness to hearing. This, I assume, is in order that it may be understood that to speak in their presence as though imparting knowledge in their presence is an insult to be resented by the affront of negligence or disturbance as to the matter conveyed in speech—and this is too often preferred in the presence and presented to the Speaker in method so marked in absence of good manners as never would be committed against any citizen a guest of your house.

I speak to the point. These men we speak of as bankers took fourteen billions of American money to distribute to bond sellers. Then added eight more billions of money, and the Government allowed these masters of finance to distribute these vast sums among their favorite bankers in different parts of the world under the fascinating and alluring suggestion of being, as they advertise themselves, financiers international.

Has any of that filched money come back? Where are the repayments of those loans that were allowed these masters who bought stocks and bonds with the American Treasury money? Do you not know that these juggled values now are in the hands of those to whom they sold them, by fraud and deception are in the hands of those who were seduced to purchase them through the false promise and glamor that presented as soon to pay millions of profits, when they who made the lying representation knew it to have no financial existence, but who knew that the Government was tricking the Nation to surrender to its burglars? Has any dollar been returned to those who suffer these losses? Not a cent. Has this Government turned its hand anywhere to bring a legal proceeding against the conspirators to make them respond to that wrong they have committed? Let truth answer—not one action or even yet one demand in behalf of the people wronged and robbed.

The humblest individual in the store or connected with business, having the misfortune to have committed an appropriation against the cash, the treasure which he surrounds, or violated a trust temporarily reposed in him, dare this one do the act, see how quickly he will be seized and sent to jail; but these master criminals, whose bigness of professed importance is certified to them before the world by the fact that they are powerful, have money in vaults—in bonds hidden, if you please, sir—as to these the people seem powerless to punish the miscreants. They go free, ever free, without punishment.

Truly, plate sin with gold the lance of justice hurtless breaks,
Clad in beggar's rags, a pygmy's straw doth pierce it.

Then let me ask, sir, one other question. Has any effort been made by our Government to recover these lost bonds from these master criminals of international design? Has any action been taken to make these bankers return the money they are now keeping and use it to hide from taxes; barricaded within the iron vaults of their seclusion, that they may pay no dues to their Government, and place the cost of the Government wherever they can, upon the miserable, stricken already, who are powerless to resist the further oppression?

Here let us ask what is it that is asked here from this legislation? It is asked that that money which kings of finance so depressed after having withdrawn it to the full extent of their command from the Treasury—their favoritism in the political power of the Government—it is this bill and its amendment asks that a system be put into effect by which money earned by labor and honest genius shall again resume its honest place as master of commerce and servant of man. Seventeen per cent increase from 1929, an increase which at this time would avail much to the relief of the miseries and the burdens that are borne. Seventeen per cent!

Gentlemen speak of what they call inflation. The theory is that you shall blow the air and light from out the body, and when there shall come some system that shall merely return life again to a body made lifeless by the oppression, we ask shall the restoration of smothered life be called inflation?

Where are these gentlemen, eminent bankers, who always find it so convenient to speak of every measure that is introduced on behalf of the people as inflation and dangerous to finance? What thing have they done in an hour like this when, before our very eyes, appears the design and the consummation of a crime they put upon the Republic as they have held it up with its hands in beggary extended to the world to our citizenship to the contempt of mankind?

The President of the United States sought to have an institution comprised of these gentlemen come together and contribute a certain sum of money to repair the breaches. He assured us that the selected bankers would obey the wish. It was but a little while when they responded to the wish. It was to audaciously say that they were under no obligation to pay this money from the funds the President asked. Then they treated him with the insolence that was customary and with the arrogance of that which has become habit. Engorged was this conduct because it is multiplied and exaggerated in money. For that privilege enjoyed the bankers, when asked to come before the Banking Committee and recite the situation of money and its reserve, they laughed with the glee of amused hyenas, kept away from the committee, and refused the fifty million to be lent to them as a salvation to banks and rescue of finance from the destruction these bankers had wrought on the system.

Next came the system of a bank bill called the Steagall bill, and when it was presented through the eminent Senator from Florida [Mr. FLETCHER], the Senator from Connecticut [Mr. WALCOTT,] and the distinguished chairman of the Committee on Banking and Currency, what became of it? They reaped the benefit out of the Treasury. They drew large sums from these banks, which money ought to have gone to those who needed it to build back business, to pay off the debts on the farms, to diminish and relieve the heavy burdens that come to the public, and to banish the lawsuits foreclosing on the homes and agriculture. Did the institution extend aid to the men out of work, away from finance or being where it should have been distributed in behalf of those for whom it was believed the money was being provided? Not at all. Then, since this is the record, Senators know the bill which we have referred to just now, this heralded credit bill. They have done, let us believe, that which, from the information they had, was the best they could do.

We will assume they did everything according to their conscience and their convictions. I am but a humble Member of this body; yet, whatever may be my afflictions, I am at least credited with the ordinary common sense of one who can understand that which appears in the public print of the day. And I ask, What have these gentlemen, masters of finance, done for the small institutions throughout the country that they were supposed to rescue? It is said they have a list to show of the amounts of money they have advanced to what they designate the small banks.

Truly they have in the manner confessed. It was where the large institutions, to which great sums had been advanced, demanded the sums to be advanced to the little banks when the little banks were in debt to the big ones. The big ones influence the loans to the small ones that the small ones could be forced by constraint to pay back the money borrowed to the big banks influencing the loan. This procedure of intimidation and influence left nothing in the little institutions by which they could resupply themselves on the one hand or serve to relieve customers around them and the needy on the other—no farmer rescued, no toiler saved, no bankrupt preserved from foreclosure.

Now, what shall be said, and gravely be said, at a time like this, when we are on the eve of adjournment, when the citizens of the land will be looking to ask, "What have you done for your country?" When the farmer will be confronting you with the wail, "Nothing for me. See, I have suffered, and bade my boy be loyal, and asked all my household still to be Christian." The man with the small merchandise will cry forth "What have you done for me? I am still in debt, with no chance to recuperate." And the big man in the big institution imprudently responding, "We are very sorry, but how can you expect us to lend you money with which to compete with the great business man in your line; and we make him subject to you as competitor. Out with you, audacious usurper."

So one after the other must be responded to. "Behold the house. The hand it brings you is empty; and if you feel they carry something more in your behalf, something hidden, hear the prophet whispering, 'Come close; I have a blade to draw. It cuts away into your breath and you die. It is poison of false promises.'"

Now, sirs, many gentlemen speak of the home bank bill. I gave it my support, although I am utterly opposed to this theory, and I said so on this floor. I think it offers much in promise but very little in fulfillment. But since it was believed and trusted by many, it was something which might come to the rescue of some of the people in this hour, they had a right to try their hope. It had the approval of the very highest of the Government—the President. It was said that there had been evolved legislation without parallel of favor on earth and not any hope of equality with blessings in heaven.

I ask the distinguished and eminent Senators of the West, known to all as typically representative of the people, I ask you, sirs, who do me the honor to be present this moment this question, When a man gets his home, does he not enter some obligation by which he promises to pay for the money advanced? And I ask, If we do not give him any opportunity to get money, how will he get his home that is to be bought by money? What trickery are we playing upon him? What a design of hypocrisy are we perpetrating upon him, and in the very face of the multitude of crying, suffering humanity, we dare perpetrate the fraud with a

glimmering smile upon the face as if we had been heroes in a crime of indecency to mankind.

Sirs, I conclude, I can not believe this measure will be defeated in the House. The Members of the House come straight from the people. They are oftentimes much more representative of the heart of humanity than we of the Senate, who know the Senate to have an advance of time which forbids us from time to time to keep in close touch daily with our constituents. We often turn our attention to other questions which involve international questions of the world and forget the hand reaching out for help at home.

It will not be conceived that the Members of the House will look upon this issue and recognize it as a mere matter of pride of position between parliamentarians of the House on the one hand and the Senate sovereigns on the other. It will not be conceived by our American citizenry that the humanity of the legislators should sink so low, their righteousness and Christian feeling become so dwarfed as to sink to so low a degree. Sirs, let us know—let us confess that there is not one of them—of House or Senate—when they are brought to realize that the measure is one of promise for their constituents, and their only hope, who would want to destroy it and go back empty handed and charged with having a heart that is dry and not one pulse to beat its sympathy with its suffering fellow mankind. Here, sirs, is already the temper of kindness. Here is the voice of justice. Here is the awaiting reward at the hands of a grateful constituency. This is paid the public servant for fulfilling his task and doing his task to man—his duty to God.

It is not likely, sir, merely to carry on the empty contest in question of what may be called the epaulets or who shall wear the gilded slipper, as between the two we will harass to increasing misery the crying needy.

Therefore let us say frankly that the object of our purpose is an increase of money and the possibilities of it for all mankind of America. Let us say that only by granting money under the home bill can the homeless pay the debts that are foreclosing upon their homes and leaving them helpless; that only by distribution of money that these may be left in business; that they may get some help for their children, who are crying for bread and their cradles, and little forms dwarfed by misery and pains of distress.

Have we, then, gotten to the point where such little things as the mere contest of spears of pride which one may hold in one hand and another in another draw his saber of shining gleam destined purely upon the length of the dissolution and with these rapiers of blood and skin shall be the test of the rights of those helpless for whom these representatives of thought, justice, and power were intended to speak and save?

Mr. President, I take the liberty, having occupied time quite beyond my original intent, to say that it is now the time for the Senate to act as the heroes of the legislative drama of life and its fulfilment of life's needs and blessings.

Has not the time come when now the Senate committee should move again to the House with a statement of the relative positions that are now before the public and the necessity to speak out the truth that up to this saving hour, as we are closing the portals, not one thing can be held up before heaven for its blessing or before mankind for its thanks? In this political dilemma and in this misery of mankind let those who are the representatives of the masses, when they shall confront those for whom they speak and to whom they exhibit their empty hands, realize that they will meet in the arena of home-coming broken hearts, tearful faces of the to-morrow's daylight darkened beyond hope, and these are they for whom these legislators came here to serve and yet leave them abandoned and forsaken—without hope in the to-morrow or prayer to be answered at the gates of Heaven.

Is this the fulfilled mission of what makes the representatives in the House or in the Senate? I will assume, in carrying the measure of their duty and tempering the consequences of what they might be, they will remember how on every occasion there has ever risen turmoil and riot and revolution; such has been born of resentment because of this same treatment which I picture here, visited on their own. Regrettable as I have in my heart the necessity to do so, I must cry the warning: "Ye shall reap that which ye sow."

Then, Senators, as Othello addresses you, most reverend seniors, back again to your tasks and to the House committee as your fellows, should they behold the situation, as you try for justification of that which you know to be fair and right and in the face of the exaggeration made against the measure of the eminent Senator of Virginia [Mr. GLASS] and the able Senator from Idaho [Mr. BORAH], whose virtue is shown as having necessity in truth, and having all value in practice. Here we dispose again with a united effort and with a new spirit of Americanism coming to the relief of their fellows, we rejoice in that spirit which belongs in the breasts of them all, that spirit of patriotism for country with which all are animated, and let them do their duty to Almighty God and get that reward for a task well done to man and Heaven.

I thank the Senate.

[Applause in the galleries, increasing until suppressed by the Presiding Officer.]

Mr. SHIPSTEAD. Mr. President, it seems to me pathetic that the Congress should disagree upon this measure when we take into consideration our coming here last December. We found it was just beginning to dawn upon us then the very serious condition in which the country had been placed. It dawned upon us that we were just beginning to realize that we had now to face the consequences of a 15-year period of debauchery and the running of printing presses. For 15 years we ran the printing presses overtime, printing evidences of debt, creating new debts, bonds and stocks and mortgages, without the slightest regard for the means of capacity to pay. As a result we found that we had inflated the credit system until it burst like a bubble in 1929, paralyzing the credit structure to such an extent that production almost ceased and commodities almost failed to move from one part of the country to the other or in the avenues of trade.

So we started out to remove the resulting chaotic condition and we have been busy all winter enacting legislation having for its purpose the creation of more debts, again running the printing presses to create more debts in order that we may meet the consequences of a condition where the country is sinking in a sea of public and private debts.

It is very significant that so far we have been able to agree upon no method by which we could create a means of payment of debts. Many measures have been suggested by various Members of Congress having for their purpose the means of creating a means of payment. Various proposals have been called methods of inflation and hands are raised in holy horror at the word by men who kept silent during the greatest destructive inflation in the history of the Nation, the inflation of the credit structure from 1920 to 1930.

What are we going to do with this tremendous amount of public and private debt, which can not be paid under the gold-standard value of the dollar? The so-called Borah amendment is a very mild effort to meet the situation in part. The so-called Goldsborough bill, as I understand it, would direct the Federal reserve banks to do what they have been doing for some time—to go into the market and buy Government securities in order to fill the banks with money. It is quite evident that that system of reflation or inflation or expansion of the currency has not had the expected effect. If the banks had done that two or three years ago, before the avalanche of descending price levels had advanced so far, it undoubtedly would have had considerable effect.

I do not understand why the House of Representatives should be so jealous of the Goldsborough bill, because, as I understand it, the Federal Reserve Board have the power and authority now to do what that bill would direct them to do. The Borah amendment is an additional method of providing means of payment by issuing currency by the national banks based upon Government bonds in the amount of the capital and surplus of the banks. If there is anything dangerous in that to the amount of $994,000,000, I beg

Senators to remember that the warning comes from sources which initiated the policy of the credit inflation that has almost ruined the business institutions of the country. I think it is high time that the Congress of the United States and the Government of the United States cease bowing to their knees before the throne of these racketeers in the banking houses of New York. I think it is high time the Government of the United States cease to be a rubber stamp for the New York banks, who have shown that they are not fit to conduct the financial policies of the country.

I do not understand the home loan bank bill. I can not see where it is going to help matters. I think it comes here as a result of what has gone before. In 1926 the commercial bankers came here and asked for the passage of the McFadden bank bill. They asked to be given the privilege of increasing the amount of loans upon real-estate mortgages. They said they must have that privilege in order to be able to compete more fully with the State banks who had that privilege. I was so bold as to venture to suggest to them at that time that I thought the policy by which they took their depositors' money and invested it in long-term securities and tied them up would lead them into eventual trouble; that they had no business to tie up their depositors' funds in long-term loans of that character. I venture to say that they have discovered that they are in trouble now. The home-loan banks may afford facilities where they can unload some of the mortgages that they hold on real estate, where the funds of the depositors are frozen in long-term credit on which they can not realize. But that is an entirely different matter.

Mr. President, I was very anxious to have this little bit of financial legislation, known as the Borah amendment, agreed to because of the fact that the credit system has broken down; it is not now functioning. I have letters from responsible people who say that there is no money in circulation in their local communities. One man wrote me and said, "We have only some worn-out silver certificates."

The palliative pieces of legislation we have passed this winter I fear will have only a temporary effect to restore a credit system that can not be restored by the methods we have pursued. I feel that the measures we have passed will only stave off the inevitable day of reckoning, the collapse that must come because of the refusal of the Congress to furnish a means of payment, a medium of exchange, somewhat in proportion to the debts that have been created during the last 15 years. For that reason, so far as this type of legislation is concerned, I am frank to say that the Borah amendment is the only piece of legislation with any character that has been passed by the Senate at this session of Congress.

I ask that at the conclusion of my remarks there may be printed in the RECORD a very able and interesting editorial entitled "The Gold Standard: End or Means?" which is published in the Monthly Review, a magazine published quarterly by the Midland Bank of London, England. I commend it to Senators whose thoughtfulness leads them to study some of these economic questions rather than political questions.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Monthly Review, London, England, June–July, 1932]

THE GOLD STANDARD: END OR MEANS?

It has become almost customary in economic debate to allege confusion of thought in the mind of one's adversary. We ourselves have often in the past been charged with this failing, and shall doubtless be so charged again in the future; perhaps, then, we shall be excused if we suggest, after due deliberation, that the recent report of the gold delegation set up by the League of Nations financial committee suffers from precisely this weakness. Undoubtedly the delegation, composed of men distinguished in finance, administration, or academic life in various countries, has performed a painstaking task of research which is by no means without value. Its conclusions, however, are less readily to be accepted.

To begin, the delegation "records its belief that, at the present stage of world economic development, the gold standard remains the best available monetary mechanism." No extended argument is adduced in support of this dictum; it is laid down and built upon almost as an axiom, though one which gives rise to serious disturbance in the minds of two British and two continental members of the delegation. Passing on from this axiom the report proceeds to recommend, as of vital importance, "the return, within the shortest possible time, to the international gold-standard system." This is too much for Professor Cassell, who frankly regards it as "an open question whether it will be possible in the future to restore the gold standard as an international monetary system." When, however, we search for supporting arguments for the majority conclusion, based insecurely upon a questionable axiom, we find it laid down that, "granted the general acceptance of certain guiding principles, the gold standard is capable of functioning in such a way as to achieve most of the advantages of stability and justice claimed for alternative standards more broadly based on commodities other than gold."

Just what does this somewhat obscure statement mean? Clearly if the "justice" referred to is the justice required in fulfillment of obligations of debtors to creditors it can mean only one thing, a higher degree of long-term stability than has yet been attained in the general level of commodity prices. And just as clearly the gold standard, as operated in the past, has fallen short in precisely that requisite. It has not secured justice; it has not insured stability—at least, not in the degree that orderly world development requires. Even before the debacle of the past three years it was subject to grave complaint on that very account, though it was and still may be open to argument whether any other standard could do better. At this advanced stage, however, there is not the remotest possibility that the gold standard, in the absence of substantial modification, will ever behave differently. It has, indeed, become more and more obvious that stability in the price level can be secured on a gold standard only by strict and intelligent management of the standard. M. Albert Janssen, Sir Reginald Mant, and Sir Henry Strakosch recognize the facts clearly—and a harassed world should be grateful for their realism—when they write, in their note of dissent, "We would only go so far as to say that the gold standard is the best mechanism if properly managed."

The majority of the delegation, however, take no such advanced view. They regard it as the most important guiding principle of central bank operation of the gold standard that, "as a general rule, gold movements should not be prevented from making their influence felt both in the country losing gold and in the country receiving gold." Apparently no distinction is required, in the view of the majority, between gold movements arising from price disequilibria and those having their origin in capital and credit operations. In other words, they recommend a return to a "naturalistic" type of gold standard, similar in essence to that which operated in the half century before the war, ignoring the fact that in every other aspect of economic life the mechanics of that generation have undergone substantial improvement in efficiency and economy of operation. This is retrogression, indeed. It is like trying to solve London's traffic problem by calling for a return to hansom cabs and horse busses. It repeats the mistake of the early postwar years, when the objective of nearly all economic reconstruction was an impossible return to the halcyon conditions of 1913.

Apparently the fact is overlooked that a general and early return to the gold standard is just as likely as before, in the absence of very careful management, to sow the seeds of a calamitous fall in world prices, though it must be remarked that the delegation make some suggestions for economy in the use of the metal. But the fact is that, by permitting gold movements to exercise their full effects at both ends, monetary developments are largely dependent upon the accidents of gold supply, and, just as in the heyday of the gold standard, tend to dictate business conditions in conformity with the abundance or scarcity of gold. We are recommended, then, to subject an enormously increased capacity of production to the fortuitous limitations imposed in a bygone age by the supply of and demand for a single precious metal.

DISTORTED EMPHASIS

Evidently, however, to the majority of the delegation the prospect of a return to this gold standard is so dazzling in its pristine beauty that it may well be regarded as an end in itself. For as means to that end they put forward time-honored recommendations: "The restoration of a reasonable degree of freedom in the movement of goods and services" (in which it appears is included the free movement of capital); and "a satisfactory solution for the problem of reparation payments and war debts." No one will quarrel with these desiderata, despite the vagueness of the qualifying adjectives; indeed, no one doubts that without their fulfillment the world can scarcely expect to recover to anything like the level of prosperity enjoyed in the pre-1929 period. Differences will occur, however, on the question of emphasis. These desiderata are essential as means to world recovery, rather than to a purely secondary end, the restoration of the gold standard in some form or other. The world is learning, more quickly now than ever before, that the gold standard is not an end in itself; it is simply a piece of machinery which must be carefully watched over, adjusted, modified, and conceivably even ruthlessly scrapped, like any other outworn equipment, the moment its efficiency becomes demonstrably inferior to that of some alternative mechanism. We do not say that at the moment such superior alternative has actually been tested and proven; we are merely stating the matter in its proper proportions. By all means let us bend every effort toward greater freedom in interchange of goods and flow of capital; by all means let us achieve a final and socially noninjurious settlement of war debts; but let us secure these for what they are—vehicles to a higher level of general welfare, and not means for a reversion to any particular method of doing one particular job. There is no sense in repairing a car for the mere sake of working the steering wheel.

If the gold standard is to be adjudged on balance and in the long run, the best available monetary aid to rising economic welfare, then clearly it must be placed alongside the other two desiderata as means which can contribute as and when accomplished, to advancing prosperity. But it is quite possible that undue haste in returning to the gold standard, resulting from overemphasis on its own alleged desirability, might undo some at least of the good effects of the other two. Increased freedom of trade and finance and a thorough settlement of the war-debts problem can hardly fail to promote recovery, not only directly, but indirectly as well because of the resultant stimulus to confidence, leading to more rapid consumption of accumulated materials and revived demand for new supplies. But the impetus to recovery thus set in motion can be sustained only if at the same time commodity prices are allowed and even encouraged to rise freely to substantially higher levels. Quite apart from political debts, those of more economic origin, whether internal or international, weigh far too heavily on industry and trade at the present level of prices. There is a grave risk that hasty efforts to return to gold, by steps determined precipitately and repented in enforced leisure, might easily prevent the outstanding essential to world recovery—a rise in commodity prices through abundant and cheap credit facilities hand in hand with improved confidence. Without such a rise in prices the recovery of world prosperity must be deferred sine die, notwithstanding any steps that may be taken to remove the onus of political debts and achieve greater freedom for the international movement of goods and services. To attempt, as the majority of the league delegation recommend, to adjust "the national economic system as a whole, and especially costs of production and costs of living to the international economic and financial position" would be once more to court disaster. The gold standard, if it is to be restored, must be restored without deflation. We can not afford once again to jeopardize the benefits of improving economic and political conditions for the sake of a hurried return to gold.

WISDOM OF BRITISH GOVERNMENT POLICY

For this reason among others the monetary policy of the Government, as more recently demonstrated by word and delegated deed, is vastly superior to that recommended by the majority of the League of Nations experts. Extracting the essence of various statements, direct and indirect, of spokesmen of the Government, we may summarize Britain's policy in monetary affairs under three clauses: First, to maintain, by the provision of cheap and plentiful money, the technical conditions for a substantial rise in the general level of wholesale commodity prices in terms of sterling; secondly, to eliminate as far as possible wide and rapid fluctuations in the gold exchange value of sterling, particularly those due to speculation and "capital flights" this way or that, while allowing exchange rates in the longer run to adjust themselves to altered price-level relationships; and thirdly (in the indefinite future, when the mists have rolled away) to effect final stabilization of the pound.

Leaving aside the third objective, which lies in the remote and uncertain future, it is easy to see that the first two are calculated to give every encouragement to incipient world recovery. The policy is in itself far better and holds out far brighter prospects than one designed to hurry us back to the old gold standard. Further, taken in conjunction with steps toward freer movement of goods and capital and the final adjustment of political debts, it can not fail to bear good fruit. Admittedly, before it can produce full results in respect of material welfare a revival of confidence is necessary. To that revival it makes a contribution of its own to reinforce the more direct effects in the same direction of the two international desiderata. Were this country to embark upon a forced return to gold, any strengthening of confidence due to success in freeing trade and clearing away the entanglement of war debts would be at once nullified and the benefits thrown away. This is so more particularly because Britain occupies at the present time the center of the world's monetary stage.

The Government's monetary policy is, then, properly to be regarded as a vital part of a well-balanced whole. Confidently presupposing its continuance, the best may be hoped for as the outcome of the bold policy laid down at Lausanne with a view to the ultimate settlement of war debts and the equally bold steps which it is hoped will be taken following the Ottawa conference toward greater freedom of trade. The problems to be solved in the task of restoring world prosperity are indeed formidable, but there is no good reason for supposing that they can not be dealt with successfully by the exercise of ordinary courage, intelligence, and honesty. If British statesmen and business men have in fact lost these qualities, then nothing can save this country from a relapse to a far lower level of welfare than that now enjoyed; if, on the other hand, as the facts show, they still possess them, then this threefold policy of our Government in world economic affairs is bound in time to succeed.

Meanwhile it is not merely useless, it is definitely harmful, seriously to consider the when and how of returning to the gold standard. That standard, as operated in the past, has shown itself gravely deficient. It may have potentialities for doing better in the future, but if so the principles of its management and control will need to be much more deliberately considered and elaborately evolved than the urgency of our immediate problems permits. For the present a pure managed currency is on trial; we have yet to see whether it must inevitably run away with us, as the upholders of gold contend. While the tests are in progress Britain should keep herself entirely free from all commitments as to the final form which her monetary system shall take. The choice between a gold, a gold-cum-something-else, or a nonmetallic standard must be deferred until the crisis is past, and then made with an open mind, on the basis of comparative experience and solid material advantage. The Government does well to keep its hands untied on this profoundly important question.

The PRESIDING OFFICER (Mr. FESS in the chair). The question is on the motion of the Senator from South Dakota [Mr. NORBECK].

Mr. NORRIS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dickinson	La Follette	Shipstead
Bailey	Fess	Lewis	Shortridge
Barbour	Fletcher	McKellar	Smoot
Barkley	Frazier	McNary	Steiwer
Bingham	Glass	Metcalf	Stephens
Black	Goldsborough	Morrison	Thomas, Idaho
Borah	Gore	Moses	Thomas, Okla.
Brookhart	Hale	Neely	Townsend
Bulkley	Hastings	Norbeck	Trammell
Bulow	Hatfield	Norris	Tydings
Byrnes	Hayden	Nye	Vandenberg
Capper	Hebert	Patterson	Wagner
Cohen	Howell	Pittman	Walcott
Connally	Johnson	Reed	Walsh, Mass.
Costigan	Jones	Robinson, Ark.	Watson
Couzens	Kean	Robinson, Ind.	
Dale	Keyes	Schall	
Davis	King	Sheppard	

The PRESIDING OFFICER. Sixty-nine Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from South Dakota that the Senate recede from its amendments numbered 46 and 47.

Mr. NORRIS and Mr. VANDENBERG asked for the yeas and nays.

The yeas and nays were ordered, and the chief clerk proceeded to call the roll.

Mr. JONES (when his name was called). Making the same announcement with reference to my pair with the senior Senator from Virginia [Mr. SWANSON] that I made early in the day, I feel at liberty to vote and vote "nay."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING]. I transfer that pair to the junior Senator from Massachusetts [Mr. COOLIDGE] and will vote. I vote "nay."

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I withhold my vote.

Mr. SHIPSTEAD (when his name was called). I have a pair with the Senator from Wyoming [Mr. KENDRICK]. I am informed that if he were present he would vote as I intend to vote. Therefore I feel at liberty to vote, and vote "nay."

Mr. SHORTRIDGE (when his name was called). Again announcing my general pair with the senior Senator from Montana [Mr. WALSH], not knowing his views on this question, I can not vote. If permitted to vote, I should vote "yea."

Mr. STEIWER (when his name was called). With respect to my pair, which has previously been announced, I do not know how the senior Senator from New Mexico [Mr. BRATTON] would vote if present. Therefore I withhold my vote. If permitted to vote, I should vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. I am informed that if present he would vote as I intend to vote. Therefore I am permitted to vote, and vote "nay."

Mr. WATSON (when his name was called). Transferring my general pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Colorado [Mr. WATERMAN], I vote "yea."

The roll call was concluded.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote.

Mr. DALE. Respecting my pair with the junior Senator from Alabama [Mr. BANKHEAD], I withhold my vote.

Mr. BULKLEY. I have a general pair with the junior Senator from Wyoming [Mr. CAREY], but I understand that if present he would vote as I intend to vote. Therefore I am free to vote, and vote "yea."

Mr. FESS (after having voted in the affirmative). I have a pair with the senior Senator from New York [Mr. COPELAND]. I have been informed that I can transfer that pair to the Senator from Wyoming [Mr. CAREY]. I make that transfer and let my vote stand.

Mr. LA FOLLETTE. I desire to announce the unavoidable absence of my colleague [Mr. BLAINE], and to state that he is paired with the junior Senator from Kansas [Mr. MCGILL].

Mr. FESS. I desire to announce the following general pairs:

The Senator from Nevada [Mr. ODDIE] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Wisconsin [Mr. BLAINE] with the Senator from Kansas [Mr. MCGILL];

The Senator from Maine [Mr. WHITE] with the Senator from Tennessee [Mr. HULL];

The Senator from Illinois [Mr. GLENN] with the Senator from Washington [Mr. DILL]; and

The Senator from Vermont [Mr. AUSTIN] with the Senator from Georgia [Mr. GEORGE].

The result was announced—yeas 29, nays 35, as follows:

YEAS—29

Barbour	Hastings	Moses	Tydings
Bingham	Hatfield	Norbeck	Vandenberg
Bulkley	Hebert	Patterson	Wagner
Connally	Johnson	Reed	Walcott
Dickinson	Kean	Robinson, Ind.	Watson
Fess	Keyes	Schall	
Goldsborough	Metcalf	Smoot	
Hale	Morrison	Townsend	

NAYS—35

Ashurst	Cohen	Jones	Robinson, Ark.
Bailey	Costigan	King	Sheppard
Barkley	Couzens	La Follette	Shipstead
Black	Fletcher	Lewis	Stephens
Borah	Frazier	McKellar	Thomas, Idaho
Brookhart	Glass	Neely	Thomas, Okla.
Bulow	Gore	Norris	Trammell
Byrnes	Hayden	Nye	Walsh, Mass.
Capper	Howell	Pittman	

NOT VOTING—32

Austin	Copeland	Hawes	Shortridge
Bankhead	Cutting	Hull	Smith
Blaine	Dale	Kendrick	Steiwer
Bratton	Davis	Logan	Swanson
Broussard	Dill	Long	Walsh, Mont.
Caraway	George	McGill	Waterman
Carey	Glenn	McNary	Wheeler
Coolidge	Harrison	Oddie	White

So Mr. NORBECK's motion was rejected.

Mr. NORBECK. Mr. President, I move that the Senate insist on its amendments and request a further conference with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

The VICE PRESIDENT. The Chair appoints the same conferees as heretofore.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had receded from its disagreement to the amendments of the Senate numbered 1, 2, and 3 to the joint resolution (H. J. Res. 461) making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress, and concurred therein.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

H. R. 9642. An act to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting the public-works program; and

H. J. Res. 461. Joint resolution making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

FARM RELIEF—VOLUNTARY ALLOTMENT PLAN

Mr. NORBECK introduced the following bills, which were each read the first time, and, by unanimous consent, the second time, and referred to the Committee on Agriculture and Forestry:

A bill (S. 4984) to amend the agricultural marketing act so as to make the tariff effective on farm commodities domestically consumed, and to provide a means of preventing undesirable surpluses and balancing production and consumption; and

A bill (S. 4985) to amend the agricultural marketing act so as to make the tariff effective on that part of the production of specified farm commodities which is consumed within the United States, and to provide a means of balancing production and consumption.

Mr. NORBECK. Mr. President, this Congress is adjourning without giving proper consideration to legislation necessary to the welfare of agriculture and the whole country.

The emergency farm relief bill, which I introduced, did not become a law, though approved at one time by the Senate and afterwards by the Agricultural Committee of the House.

I am now looking forward to taking up some permanent legislation at the opening of Congress in December. I have become convinced that a voluntary allotment plan that will make the tariff effective is the key to the whole situation. Two bills have been drafted for this purpose—a short form, which is easy to read and easy to understand, and another form, much longer, that goes more into detail.

I am to-day introducing both bills and ask that they be referred to the Committee on Agriculture and Forestry. The chairman of the committee, Senator MCNARY, has assured me that they will be given early consideration by the committee upon the reconvening of Congress in December.

While the allotment plan is not a new plan, these particular bills are largely the work of Dr. M. L. Wilson, of the State College, Bozeman, Mont. Doctor Wilson has prepared an explanation of the allotment plan, which I ask may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

The plan included in the bill just introduced embodies the best features of all the farm-relief plans and meets all of the objections raised to them. It has the further advantage that it lays the foundation for a system of planning and control of agricultural production and of balancing production with consumption. It limits the tariff benefit to the domestically consumed part of the crop; it makes use of the taxing power and taxing machinery of the Federal Government in a way that has been established by precedent.

The advantages of this plan, stated in more detail, are as follows:

First. Tariff protection is made effective on the domestic consumption of products of which there is an exportable surplus.

Second. Income of farmers are definitely increased, yet there is no stimulus to increased production.

Third. A definite method is provided for farmers to control production and to reduce it where necessary, just as big corporations have always done.

Fourth. No export dumping is involved; hence there is no danger of reprisals or retaliation by foreign governments.

Fifth. No price fixing is involved and there is no interference with present marketing agencies.

Sixth. Consumers are protected, since the special methods provided are not to be used to raise prices of any product above its pre-war purchasing power.

Seventh. There is no compulsion on any individual farmer to join in the plan; those who elect not to share in the benefits are free to produce as much as they please.

Eighth. No new Government appropriation is required, and there is no additional expense to the Treasury.

Ninth. There is no dictation from Washington; instead, administration is decentralized through State, county, and township committees, composed of local representatives.

In addition to these advantages, the plan provides a practical way by which a large volume of new credit would be put into the hands of farmers. This will not only make further seed loans and other special financing unnecessary, but would tend to check deflation. Together with the public works, productive credit, and relief measures which have been suggested in other proposals, it

should help to start an increase in credit in use throughout the country and aid in the recovery from the long depression.

The several elements of the proposal may be briefly outlined as follows:

Commodities to which applicable: The plan applies to those commodities in which there is an exportable surplus, i. e., a production in excess of domestic consumption; and in which prices are below their pre-war parity with commodities which farmers buy. Wheat, cotton, tobacco, rice, and hogs are specifically included; other products may be included following recommendations from the administrative agency to Congress for approval of rates of levy for "tariff-adjustment charges."

Collection of "tariff-adjustment charges": The administrative agency is authorized to levy a "tariff-adjustment charge" upon each unit of the commodity processed, manufactured, or distributed for domestic consumption, to be collected by the Bureau of Internal Revenue from the processor, manufacturer, or distributor at some point in the marketing process to be designated by the board. The charges are not to exceed 42 cents per bushel on wheat, 5 cents per pound on cotton, 5 cents per pound on tobacco (or equivalent charges on finished products), one-half cent per pound on rough rice, or 3 cents per pound on live hogs. In addition, the price plus adjustment charge is not to exceed the 1910–1914 purchasing power of these products. Portions of the commodity consumed by the producer or used for the production of articles for export are exempt from tax; and portions used for low-order domestic uses may be wholly or partly exempt. Funds so collected are to be paid into a special "domestic allotment account" in the Treasury, and to be recorded separately for each commodity.

Voting by producers: The board is authorized to conduct national votes of producers of each product to determine (1) whether they wish the board to put the plan into operation for their product, (2) whether they are willing to cooperate with the board in putting it into effect, and (3) whether they wish the board to require producers who receive "tariff benefits" to reduce their acreage or production and, if so, by how large a percentage. There can be a vote each year as to the desired amount of reduction for that year.

"Tariff benefits" to producers: The funds derived from the tariff adjustment charges on each commodity are made available for paying tariff benefits to the producers of that commodity. These benefits are to be paid to producers, at the rate of so much per bushel or per pound on the domestic-consumption allotment of each producer, according to the net yield of the tariff-adjustment charge. The allotment of the domestic consumption to each producer for this purpose will be worked out by State, county, and township committees cooperating with the board, and will be based upon previous acreages and average yields.

Allotment contract with producers: Allotments will be made only to those producers who in return will sign a contract not to increase acreage, or to reduce acreage if the board decides that a reduction is desirable, after considering both economic prospects and the vote of the producers of the product. It will not be a violation of the contract, however, for a farmer to increase his acreage, if he arranges with some other farmer to reduce his acreage by an equal amount below the amount specified in his contract.

The tariff benefits will be paid from the domestic-allotment account to individual producers in annual payments at the end of the marketing year through the State and county committees. On rented farms the checks will be drawn jointly to the owner and tenant. As soon as the allotment contracts are signed, banks and credit corporations can lend farmers up to 90 per cent of the probable amount of their benefit payments for the current crop year. The board will announce the probable payment to be made per bushel or pound to determine these loan values. Producers' notes secured by such contracts will be eligible for rediscount by Federal reserve banks.

Freedom of individual farmers: Each farmer has full liberty to decide whether he wishes to participate in the plan, regardless of whether he has voted or how he has voted. If he accepts the tariff-benefit payment, he agrees to control his production in accordance with the wishes of the majority of producers; if he would rather increase his production, he loses his right to share in the tariff-benefit payments.

Readjustment of allotments: Whenever a farm is sold or rented to a new tenant the allotment will be charged accordingly; that is, the allotment right goes with the land rather than with the man. Allotments can be redistributed in later years if changes in conditions warrant shifts in production between areas.

Publicity of allotments: In prorating the domestic allotments in any county to the farmers of that county the county and township committees will be guided by sworn statements of individual farmers, made on their ballots and on additional reports. These individual reports will be published in full in the local papers, and any individual will be free to question the accuracy of any farmer's report. This "honor system" of reporting, with publication and investigation of informal complaints as a check, has worked well in local assessment in many counties and will simplify the task of the local allotment committees.

Unclaimed benefits: Allotment benefits which are not claimed by farmers who prefer not to sign the contracts will remain in the allotment fund until a reserve has been accumulated and then will revert to the general receipts of the Treasury.

INDIVIDUAL FARM ILLUSTRATION

The way in which the plan would work may be illustrated in the case of an individual wheat grower whose 1932 crop is now in the ground. Take a man whose average acreage for the last five years has been 100 acres and whose average yield was 20 bushels an acre. His base production would then be 2,000 bushels. If the domestic allotment to his county was equal to 60 per cent of the base production for all the farmers in that county, this farmer would then receive an allotment of 1,200 bushels as the amount upon which he would receive payment of tariff benefits. He would sign a contract with the county committee that he would not plant more than 100 acres the next year (unless he "swapped" acreage with some other contracting farmer), or that he would reduce his acreage (up to 10 per cent reduction) if a general reduction were decided upon. As soon as the contracts were signed he could take his copy to the bank and borrow up to 90 per cent of its probable value upon it, or about $430.

As soon as his 1932 crop was ripe he would harvest it and sell it in the usual way to his local elevator or cooperative, receiving payment in full at the prevailing price, based upon the world market just as it is now. Then, at the end of the season, the local allotment committee would certify that he had kept his contract by not planting a larger acreage for harvest in 1933 than the 100 acres specified; and the farmer then would receive, by a check, the full payment of his tariff benefits. If these came to 40 cents a bushel, that would be $480 coming in at the end of the marketing year. If he had borrowed on his contract, the check would go first to the bank and he would receive the balance above the loan advance.

If a 5 per cent reduction in acreage had been decided upon for 1933, our farmer would be so notified by the local committee, and he would have to show them that he had planted no more than 95 acres for the new crop before his allotment would be paid.

Or if, with the 100-acre limit, our farmer wanted to grow 150 acres of wheat in 1933, he would have two alternatives: Either he could withdraw from the plan and lose his right to receive benefit payments for the year or he could arrange with some other farmer to plant 50 acres less than the amount specified in this second farmer's contract and to transfer the right to plant the balance to the first farmer. In the latter case he would not lose his right to the benefit payment, since his action would not be increasing acreage above the total on which the board was planning.

Assuming that wheat would sell at 50 cents a bushel at the farm in 1932, our farmer's income on a crop of 2,000 bushels would work out as follows:

Income without the plan in operation: 2,000 bushels, at $0.50	$1,000
Income with the plan in operation:	
2,000 bushels, at $0.50	1,000
Tariff benefits on 1,200 bushels	480
Total wheat income	1,480

The amount of the benefit payment would be the same no matter whether the farmer had a crop failure or a bumper yield. If he had a bad year and produced only 800 bushels on his 100 acres, he would still get the benefit payment on 1,200 bushels, which would provide a form of crop insurance; while if he had a bumper crop and had 3,000 bushels to sell, the benefit payments would still be just the same, on 1,200 bushels.

FEASIBILITY OF THE PLAN

Taken as a whole, the plan has three parts: The collection of tariff-adjustment charges, the payment of tariff benefits to producers in proportion to their domestic allotments, and the control or reduction of production through the contracts with producers. It is the most comprehensive and most feasible plan which has yet been presented for improving the position of the farmer. It meets all the practical objections which have been made against former plans. It secures the results aimed at by the bills proposed by the general farm organizations without the serious difficulties inherent in their proposals. We believe that as soon as they understand the measure they will accept this bill as a substitute for the ones they have proposed.

Since wheat prices would still be left undisturbed at the world level, use of wheat for feeding chickens, hogs, and other livestock would not be interfered with; the surplus would not be increased as it would if wheat prices were raised too high for feed use, as they might be under some of the other plans which have been proposed.

On cotton, tobacco, and rice the plan would work much as has been outlined here for wheat except that the domestic allotments on tobacco might be worked out separately on burley, dark-fired, etc., so as to adjust the production of each to its own demand. When the scheme was applied to hogs it might be necessary to control corn acreage, as well as production or sales of hogs, so as to prevent the reduction in hog surpluses from leading to a new surplus of beef or lambs. Such questions would be worked out as the proposal was developed in operation.

BURDEN OF THE TARIFF-ADJUSTMENT CHARGE

The tariff adjustment charges, collected from the processor or manufacturer, would mostly either be absorbed by them or by other concerns in the process of distribution, or be passed on to the consumer. In some products, such as tobacco, where the cost of the raw material makes only an insignificant part of the retail price of the finished product, the charge might be largely absorbed by the manufacturer with little difficulty. In other products most of the charge might be passed on to the consumer. Even there the farmer now receives such a small part of the re-

tail price that even if all the charge was passed on there would be little extra burden upon consumers.

In the case of wheat, for example, the farmer is now receiving about three-fourths cent out of the 7-cent average retail price of a pound loaf; in cotton goods the cost of the raw material is only a small fraction of the retail price, perhaps only 10 per cent; in rice the farmer receives about 23 cents out of each dollar spent by the consumer; while with hogs the farmer receives about 25 cents from each dollar the consumer pays for pork and lard. Even if all the cost were passed on, an increase of 25 per cent in the returns to the producer would increase retail prices by not over 6 per cent, and not all the cost would be passed on.

In some products, especially hogs, the higher retail price might have a slight tendency to reduce consumption and cause increased exports. Any harmful effects of this on world market prices would be prevented by either of two ways, (a) by reductions in production in the following year, which would compensate for the effect of the modest price advance on consumption, and (b) by minor stabilization purchases by the Farm Board, to be held off the market until those reductions in production had become effective. In this way the plan would absolutely prevent export dumping and the demoralized world prices and foreign retaliation which would go with dumping and instead would help stabilize world markets as well as our own.

The stabilization operations of the Farm Board provided under the agricultural marketing act can not be permanently successful, for the act does not provide any effective device for controlling production. This new plan provides the necessary arrangements by which production can be controlled. With definite ability to control subsequent production, the Farm Board could then safely go ahead and make minor stabilization purchases when needed in especial circumstances, knowing that production in subsequent years would be reduced to an extent that would enable the board to dispose of its purchases without loss.

Under the plan as proposed there is little or no opportunity for the tariff-adjustment charge to be taken out of the producer instead of being paid by middlemen and consumers. The price paid to the producer remains the world market price, just as it is now; the charge could be passed back to the producer only by beating down the world market price. The provisions for controlling production and for minor stabilization purchases where temporarily necessary would effectively prevent this; the effect of the plan would be to give producers a pre-war purchasing power for that part of their production needed for the domestic market.

The provision limiting the extent to which prices may be raised automatically prevents farmers from using this new power to extort an undue advantage from other groups. They may raise their products to a normal exchange relationship with other products but no higher. Incidentally, it should be noted that this is granting farmers far less advantage than other groups have enjoyed in the past. Tariff measures or other devices to help particular groups have never carried any automatic provision to protect consumers from extortionate prices. Our present proposal will give farmers their fair income but no more.

PROBABLE NET BENEFITS TO PRODUCERS

As has already been indicated, the payment of tariff benefits would be only a small part of the advantages to be derived from this plan; the control of production and the elimination of depressing surpluses would be even more important in the long run. However, some idea of the immediate effect which the plan would have on farmers' incomes at once may be obtained by working out what the collections from the tariff-adjustment charges would be. Since consumption of cotton, tobacco, and other products are now low because of the depression, these estimates have been prepared as maxima and minima, the former based on normal consumption and the latter upon present consumption under depressed conditions. All these estimates are based upon the consumption on which tariff-adjustment charges would probably be paid, leaving out quantities used for seed, feed, home farm consumption, and export, which would pay no charge.

Estimated tariff benefit payments

To producers of—	Minimum	Maximum
	Million dollars	*Million dollars*
Wheat	180	200
Cotton	115	160
Tobacco	35	45
Rice	5	6
Hogs (and beef, through competition)	300	400
	635	811

The producers of these five products received under $2,000,000,000 from their 1931 production, and will receive still less in 1932 unless some aid is provided. It is evident that the immediate increased income which might be obtained for farmers through this plan would be of material assistance in helping them through the depression and in improving as well the financial position of banks, insurance companies, local governments, local business men, and all those whose welfare is intimately tied up with the welfare of farmers.

The provision for bank loans on allotment contracts would enable farmers to receive much of this increased income at once, long before most of the tariff-adjustment charges had been collected. If this proposal were put into operation during the summer of 1932, farmers might be able to borrow half a billion dollars from banks. This immediate increase in credit in use, together with the effect of relief measures which have been proposed for other groups, would be of general assistance in checking the long decline in prices and in helping start the beginning of recovery in prices and in business activity.

Control of production: The long-time advantages of this plan are even more important than the short-time advantages. The plan provides for the first time a definite method by which farmers can decide to restrict or to reduce production, and that decision can be made effective. Ordinarily when farmers agree to reduce production those who keep their word suffer from their smaller volume, whereas those who fail to reduce or who increase reap all the benefits. Under this plan that is no longer true; the men who control their production share in the tariff benefit payments, while the men who increase production receive only the export price. The plan therefore provides an effective and yet a democratic method by which production can be reduced and agricultural surpluses can be controlled. Even if the plan did not provide any immediate cash benefits at all this feature alone would improve the position of farmers in the long run.

There are over 6,000,000 farmers; their lack of any organization to plan production has resulted so far in ruthless competition among them, in overproduction, and in demoralized prices. This plan provides a means through which farmers can cooperate in planning production, just as they are already authorized to cooperate in marketing. It is not in any sense a socialistic step. The steel industry, the aluminum industry, the copper industry, and many others have long controlled their production through their large corporate organizations. Only the farmers have been unable to control their own operations. This plan provides a mechanism through which farmers can secure for themselves some of the same advantages which the planning and control of production have given to other producers under our present capitalistic institutions.

STUDY OF GOVERNMENTAL EXPENDITURES

Mr. McKELLAR. Mr. President, I ask unanimous consent for the immediate consideration of Senate Resolution 279. I will say that it requires no appropriation, but merely continues the committee that has been in existence at the present session.

Mr. GLASS. I desire to ask if it would involve the displacement of the pending joint resolution?

The VICE PRESIDENT. It would not. The Chair is advised that it will be necessary to discharge the Committee on Appropriations from the further consideration of the resolution.

Mr. McKELLAR. I ask that that be done.

There being no objection, the Senate proceeded to consider the resolution submitted by Mr. McKELLAR on the 15th instant, which was read, as follows:

Resolved, That the subcommittee of the Committee on Appropriations heretofore appointed to consider and report economy measures, namely, WESLEY L. JONES, HIRAM BINGHAM, L. J. DICKINSON, KENNETH MCKELLAR, SAM G. BRATTON, and JAMES F. BYRNES, be, and the same are hereby, appointed by the Senate of the United States to continue the study of governmental expenditures and report at the next session of Congress its recommendations as to what modifications, if any, should be made in the provisions of the so-called economy act enacted at this session; also what further economies in governmental expenditure can be wisely effected either by the reduction of appropriations or the abolishment or consolidation of existing departments, bureaus, or independent establishments of the Government.

Mr. McNARY. I did not catch the nature of the resolution.

Mr. McKELLAR. It merely continues the economy committee for the purpose of continuing its work.

The VICE PRESIDENT. Without objection, the resolution will be agreed to.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, July 16, 1932, that committee presented to the President of the United States the following enrolled bills and joint resolution:

S. 4569. An act relating to loans to veterans on their adjusted-service certificates;

S. 4780. An act to provide that advances under the Reconstruction Finance Corporation act may be made to producers of livestock, including poultry, and to dairy farmers, and may be made for crop planting or crop cultivation, including summer-fallowing, during the year 1932;

S. 4912. An act to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's

Fair Centennial Celebration), to be held at Chicago, Ill., in 1933;

S. 4976. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the South Fork, Forked Deer River, on the Milan-Brownsville Road, State Highway No. 76, near the Haywood-Crockett County line, Tenn.; and

S. J. Res. 206. Joint resolution making available to the Banking and Currency Committee of the Senate certain information in the possession of the Treasury Department and the Bureau of Internal Revenue.

SALE OF LANDS IN THE DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 4712) entitled "An act authorizing the sale of certain lands no longer required for public purposes in the District of Columbia," which were, on page 1, line 6, after "part," to insert "to the highest bidder at private sale"; on page 2, line 2, after "States," to insert ", and also not less than the appraised value after an appraisal of its value is first made"; and on page 2, to strike out all after line 5 down to and including "sold," in line 7.

The VICE PRESIDENT. The Chair calls the attention of the Senator from Kansas [Mr. CAPPER] to the action of the house on this bill.

Mr. CAPPER. I move that the Senate concur in the House amendments.

Mr. TRAMMELL. Mr. President, I desire to ask a question about the conference report. May I ask the chairman of the committee what the amendments are? There was something about private sale of property, as I understood.

Mr. CAPPER. The amendments provide for sale to the highest bidder at private or public sale. The bill refers only to three small tracts of land here in the District of Columbia. The District government agrees that it is to the interest of the District to sell these lands. There is nothing whatever of a controversial nature in the bill. It is not of major importance at all.

Mr. TRAMMELL. The bill as amended authorizes either private or public sale, does it?

Mr. CAPPER. Yes; but to the highest bidder.

Mr. TRAMMELL. I think it ought to have been restricted to public sale. I do not like these star-chamber sessions for the sale of public property; but, of course, I can not remedy that situation now.

The VICE PRESIDENT. The question is on the motion of the Senator from Kansas.

The motion was agreed to.

NEGOTIATION OF TREATY WITH CANADA RELATIVE TO LOAD LINES

Mr. JONES. Mr. President, will the Senator yield to me for a moment?

Mr. GLASS. For what purpose?

Mr. JONES. I have a Senate resolution which I should like to pass.

Mr. GLASS. It will not displace my motion?

Mr. JONES. No; I should not want it to displace that at all.

Mr. ROBINSON of Arkansas. Let the resolution be read.

Mr. JONES. I will state that under article 2 of section 2 of the international load line convention, arrangements may be made between countries that have narrow channels by which they can be relieved of putting the load line on vessels. Puget Sound and the waters there between Canada and the United States are very narrow channels. This resolution asks the President to enter into an arrangement on the subject with Canada.

Mr. GLASS. It will involve no discussion?

Mr. JONES. No; no discussion.

Mr. GLASS. I yield.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read the resolution (S. Res. 265), submitted by Mr. JONES on the 9th instant, as follows:

Resolved, That the President of the United States be requested to negotiate a treaty in conformity with article 2 of section 2 of the International Load Line Convention of 1930, between the United States and Canada, whereby the vessels of each of said countries shall be exempted from the provisions of the act entitled "An act to establish load lines for American vessels, and for other purposes," approved March 2, 1929, so long as they shall remain in trade between ports on Puget Sound and adjacent waters of British Columbia and southeastern Alaska.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered by the Senate and agreed to.

NOTIFICATION ADDRESS BY HON. THOMAS J. WALSH

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD the formal address of the senior Senator from Montana [Mr. WALSH], as permanent chairman of the Democratic National Convention at Chicago, notifying the next President of the United States, Gov. Franklin D. Roosevelt, of his nomination.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

NOTIFICATION ADDRESS BY HON. THOMAS J. WALSH, OF MONTANA, PERMANENT CHAIRMAN OF DEMOCRATIC NATIONAL CONVENTION

Governor Roosevelt, it becomes my pleasing duty as the chairman of this Democratic National Convention and of its committee specially designated for that purpose, formally to notify you of your nomination by it for the office of President of the United States, arrived at on Friday by a vote of 945 out of a total of 1,135½ votes.

The action thus taken was but the confirmation of the choice registered from time to time in the election of delegates and in the expression of State conventions in all quarters of our common country—notwithstanding the spirited rivalry of aspirants who met the highest standards of statesmanship.

PRAISES ROOSEVELT'S RECORD

This honor comes to you, if I may be permitted to say so, as the reward of an unblemished life, a spotless reputation, a high devotion to the public weal, and a capacity for public service, exhibited in exalted official positions in the most trying times and under the most exacting circumstances.

The success with which you have during the past three years and more administered the affairs of the Imperial State of New York as its governor has led to the well-grounded hope that, embracing ardently the principles of our historic party, you may pursue the course and find a way as the Chief Magistrate of the United States through which its mighty energies may again be unloosed and applied at unslackened pace.

One contemplates in awe the situation that confronts us—too harrowing in its detail, too notorious to require recital—to dwell on here.

BLAMES REPUBLICAN PARTY

An eminent American journalist, returning from Europe some months ago, said that while in America the question is asked, "When will the depression end?"; in Europe the question is asked, "Can capitalism survive?"—meaning the prevailing economic system.

If it can or does, it will be only by its more complete democratization. If it totters now, it is because of the abuses which have been developed in it and which the Republican Party has done so much in this country to tolerate, condone, and even promote.

The Democratic Party has never professed to be an insurer of prosperity. It modestly assigns to the bounty of Heaven our free institutions and the virility of our people, the material blessings we have hitherto enjoyed, the just distribution of which our Government may mar or protect, but the substance of which it can not bestow.

POINTS TO TASK AHEAD

It need not be expected of you accordingly or of any administration of which you shall be the head to shower blessings on a smiling land. All that may be looked for is that you and they will intelligently and courageously see that the restorative processes of enterprise, industry, frugality, and thrift shall have free play and that monopoly and other forms of covert robbery are not unmolested.

I venture to pledge you on behalf of this great convention and the constituencies represented by the delegates comprising it their loyal, cordial, and enthusiastic support in the coming election in which even our political adversaries admit we can not fail except we blunder.

Confident that they get no comfort out of your nomination, we greet you now as our leader for the restoration of wise government on the lines conceived by the founder of our party, expressed as to present-day problems in the platform adopted by this convention.

SOPHIA A. BEERS—CONFERENCE REPORT

Mr. HOWELL. Mr. President, will the Senator from Virginia yield that I may present two conference reports?

Mr. GLASS. I yield for that purpose.

The VICE PRESIDENT. The Senator from Nebraska submits a conference report, which will be read.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 811) entitled "An act for the relief of Sophia A. Beers," having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "$4,000"; and the Senate agree to the same.

R. B. HOWELL,
FREDERICK STEIWER,
Managers on the part of the Senate.

LORING M. BLACK, JR.,
J. BAYARD CLARK,
U. S. GUYER,
Managers on the part of the House.

Mr. HOWELL. I move that the Senate agree to the report.

The VICE PRESIDENT. The question is on the motion of the Senator from Nebraska.

The motion was agreed to.

ESTATE OF ANNIE LEE EDGECUMBE

The VICE PRESIDENT. The Chair lays before the Senate another conference report submitted by the Senator from Nebraska, which will be read.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2437) entitled "An act for the relief of the estate of Annie Lee Edgecumbe, deceased," having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment numbered 1.

That the Senate recede from its disagreement to the amendment of the House numbered 2 and agree to the same.

R. B. HOWELL,
ARTHUR CAPPER,
Managers on the part of the Senate.

LORING M. BLACK, JR.,
J. BAYARD CLARK,
U. S. GUYER,
Managers on the part of the House.

Mr. HOWELL. I move that the report be agreed to.

The report was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, informed the Senate that Hon. JOHN MCDUFFIE, a Representative from the State of Alabama, was designated Speaker pro tempore of the House.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 811. An act for the relief of Sophia A. Beers;

S. 2437. An act for the relief of the estate of Annie Lee Edgecumbe, deceased; and

S. 4712. An act authorizing the sale of certain lands no longer required for public purposes in the District of Columbia.

PROHIBITION—CONSTITUTIONAL AMENDMENT

Mr. GLASS. I ask for a yea-and-nay vote on proceeding to the consideration of the joint resolution dealing with prohibition.

Mr. NORRIS and Mr. BROOKHART addressed the Chair.

The VICE PRESIDENT. The motion to proceed to the consideration of the joint resolution is debatable. Is there further debate?

Mr. NORRIS. Mr. President, I desire to make a motion with reference to this joint resolution.

The VICE PRESIDENT. That motion is in order at this time, before the roll is called, and before any action is taken.

Mr. NORRIS. I understand that the Senator from Virginia [Mr. GLASS] has the floor. I do not want to take him off the floor.

The VICE PRESIDENT. No; the Senator from Virginia has just asked for the yeas and nays.

Mr. BROOKHART. Mr. President, before the Senator makes his motion, I should like a little time for discussion.

Mr. NORRIS. I will make my motion. It will be debatable, as I understand.

The VICE PRESIDENT. It will be.

Mr. NORRIS. If the Senator will let me make the motion, he can debate that motion.

I move that the joint resolution referred to by the Senator from Virginia be referred to the Committee on the Judiciary.

The VICE PRESIDENT. The question is on the motion of the Senator from Nebraska.

Mr. BINGHAM and Mr. BROOKHART addressed the Chair.

The VICE PRESIDENT. The Senator from Iowa.

Mr. BINGHAM. Mr. President, will the Senator from Iowa yield to me?

Mr. BROOKHART. For how long?

Mr. BINGHAM. About a minute.

Mr. BROOKHART. Very well. I do not want to yield the floor.

Mr. BINGHAM. Mr. President, I was just going to ask the Senator from Nebraska if he would not withdraw that motion. I should like to have the motion of the Senator from Virginia, that we take up this matter, prevail. I hope the Senator from Nebraska will permit us to discuss the matter which the Senator from Virginia has offered. He has made a motion to take something from the table. I hope the Senator will withdraw his motion.

RADIO ADDRESS BY MRS. JESSE W. NICHOLSON

The VICE PRESIDENT. The Senator from Iowa has the floor.

Mr. BROOKHART. Mr. President, I ask to have printed in the RECORD the address of Mrs. Jesse W. Nicholson, president of the National Woman's Democratic Law Enforcement League, and editor of The Woman Voter over a nation-wide hook-up July 4, 1932.

The VICE PRESIDENT. Is there objection?

Mr. TYDINGS. Mr. President, did I understand that the name was Mrs. Jesse Nicholson?

Mr. BROOKHART. Yes.

Mr. TYDINGS. I object.

Mr. NEELY. So do I, Mr. President.

The VICE PRESIDENT. The Senator from Maryland and the Senator from West Virginia object.

Mr. BROOKHART. Mr. President, this is an address by Mrs. Jesse W. Nicholson, of Chevy Chase, Md., president of the National Woman's Democratic Law Enforcement League and editor of The Woman Voter, over a nation-wide radio hook-up at Indianapolis, Ind., July 4, 1932.

Mr. TYDINGS. I object again, Mr. President.

The VICE PRESIDENT. The Senator can read it if he desires.

Mr. BROOKHART. The Senator seems to be full of objections to-day, so I will read this speech. [Laughter.] I hope he will stay and listen to it all the way through. It will do him good.

Mr. GLASS. May I inquire if it was paid for, because this lady was employed at a salary in the last political contest we had of a national nature?

Mr. BROOKHART. I did not contribute anything to the salary. I do not know anything about that.

Mr. BROOKHART proceeded to read the address. During the reading,

The VICE PRESIDENT. The Senator from Iowa will suspend until the Senate is in order.

Mr. BROOKHART. If we could get the Senator from Maryland to listen, I would not care so much whether the others did or not.

The VICE PRESIDENT rapped for order.

Mr. BROOKHART. Mr. President, since the Senator from Maryland will not stay and listen to this speech, I again ask unanimous consent to have it inserted in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The address follows:

The Republican and Democratic National Conventions have closed, one adopting a moist, straddling plank, while the other adopted a wringing-wet plank.

One could not have witnessed either convention without asking:

"Where is our civilization that was built by men and women of brains and patriotism, striving through past centuries for the attainment of exalted ideals in civil government?

"Where is the strength, the dignity, the majesty of the law that had its first birth in England's Magna Charta over 700 years ago and long afterwards in America's Declaration of Independence and the Constitution of the United States?"

From what we saw there we are forced to ask, Is it possible that the citizens of this country have descended from those superb heights of victory in law achievements to the darkness and helplessness of the jungle of lawlessness?

Have our officers ceased to be men? Have the courts lost their power? Has the rock of our Government dissolved into shifting sand? The soul of our Nation has fallen asleep in the arms of Mammon. Money has become the god of our people.

In our mad rush for wealth the law has lost its sovereignty. Men and women in high places defy statutes and constitutions and cast them aside as mere scraps of paper.

No well-informed person could sit through those two conventions without coming to the conclusion after seeing in the boxes representatives of the Power Trust, Wall Street, and the international bankers—there no doubt to see their wishes carried out—that they had joined hands with the rabble in an unholy alliance that will prove disastrous in this country sooner or later.

In many parts of our country, the judiciary is looked upon with contempt—justice is at a premium. Judges are in control of powerful political machines—particularly in the large cities—until to-day the very foundations of our Government are tottering.

We have reached the crucial stage in the development of democracy. We have now come to the place where we must choose between lawlessness and civilization—for it is impossible for both to endure under the same form of government.

In this critical hour, the country is looking to American women, when men have chosen to raise the question of the Constitution and its laws, which must be settled—not by Liquory Digest polls, propaganda, or harangue from the galleries composed of gangsters and the underworld in political conventions, but by the same judgment and quick action of a majority of the thinking people of this country.

My friends, American sentiment can not be measured by biased newspapers and boisterous demonstrations like we have witnessed in the two great conventions. It took the moral forces 100 years to write the eighteenth amendment into the Constitution. Shall we by our votes in November give up that which has been the greatest achievement of all time? Shall America repeal the only law now protecting our homes and our children?

One of the opponents of prohibition appearing before the Democratic resolutions committee begged the committee to let millions vote on this question now, who have not had an opportunity before to vote on it.

What a ridiculous statement. Why, my friends there are millions living to-day who have never had an opportunity to vote on any other amendment in the Constitution or the ten commandments.

Shall we repeal all these—that the present-day generation may have an opportunity to vote them out, or vote them in?

Already the 1932 campaign has begun—politicians are trying to deceive you by saying that the Republican convention has given us a dry plank in their party platform.

A vote to submit the eighteenth amendment to repeal is a wet and not a dry plank. The party platform planks are generally designed for the moron—unthinking American—and not for the intelligent voters.

"Woe unto them that decree unrighteous decrees and that write grievousness which they have prescribed."

The carrying of these national conventions to that city of Sodom and Gomorrah, famous for its gangsters, which we saw in all their glory, should be a forewarning to us.

A city whose press is censored, only the opponents of morality and decency being able to get a line into the newspapers. Only one side given. And I warn these news pervaders that they are sowing a whirlwind—that sooner or later they will have to reap.

These political invisible powers that control the press and are working to bring back liquor are not fooling us. For we remember how these same conditions prevailed long before we had prohibition. We haven't forgotten when these same liquor interests had the stranglehold upon our civilization and the alien industry.

And how they raised their corruption funds.
And how they organized their following.
And how they manipulated labor.
And how they boycotted big business.
How they dishonored womanhood.
And how they overrode the law.
And how they degraded politics.

And how they now are bent upon breaking down the Constitution of our country.

And who to-day have one of the most powerful liquor lobbies at the Nation's Capitol they ever had before prohibition.

Do not let either political party trick you into voting for repeal of the eighteenth amendment by their joker in the platform which was designed by the liquor advocates to catch and fool you.

There is no such thing as submitting the eighteenth amendment to the people direct, as our form of government is not a pure democracy but a representative republic, and there is no provision for the national submission of any question to the people direct.

We have never had a vote upon the tariff, upon taxation, or any other question, not even upon the declaration of war. Why should we have it on the eighteenth amendment?

It is only in States that questions are submitted to a direct vote of the people, and in the States no other question has been voted upon so widely or repeatedly as prohibition.

If prohibition is repealed, what is to take the place of it? All our adversaries will say is to turn it back into the States. You are all familiar with this State rights on the liquor question. You recall when we had county and State option how we had to drive the liquor traffic out entirely because they would not respect the rights of the counties and the States, and in order to have "home rule" our people had to drive the liquor traffic out of the United States. So came the eighteenth amendment.

What assurance do they give us if the eighteenth amendment is repealed we will not have these same conditions back again, only worse, for with airplanes and automobiles it would be easier to ship liquor into States now than before we had prohibition?

Don't tell me if Uncle Sam, with all his power, with the Army and the Navy, can't enforce any law we have made that any State can do better.

Oh, yes; our opponents promise that the saloon shall not come back. Why not? If Uncle Sam can not enforce the eighteenth amendment, he can not prevent the saloon from coming back.

The wets were against the going of the saloon, and they are not adverse to its return. If you bring back liquor in any form, you are going to have the old saloon back in full glory—not as an outlaw, but operating under the law—with the Stars and Stripes flying over everyone as their protection.

The politicians in both parties are trying to fool us. The roads they would lead us on have been recently oiled with fine promises, but roads recently oiled are often slippery when wet.

It is a travesty on justice that these millionaire bankers who have brought on this, the greatest depression of all ages, should now focus attention upon how we can get a glass of beer, when our people are starving and want bread.

Prohibition is being used as a smoke screen to deceive us. This invisible oligarchy rules this country.

They have brought on this depression. These eastern capitalists have joined hands with the gangsters and the underworld to wrest the control of politics from the South and the West. It is Main Street against Wall Street. They say let the people speak—yes, through boss-ridden conventions.

These bankers who have manipulated the stock markets and made millions overnight, bringing ruin and chaos in our country—driving millions to an early grave, after persuading the people to buy—have sold short.

No wonder some of them become suddenly sick when they are forced to come to Washington to testify to the part they have played in trying to wreck our Government, and then use prohibition as a smoke screen to hide their rascality.

We challenge these high priests of finance. We women do not intend to see our civilization sink to lower levels simply to help these bankers and big business in their financing of the liquor interests.

We warn them to listen to the rumblings before it is too late. We are at war—make no mistake about that—war to a finish in which American woman must do her part.

Just so long as you elect candidates to high office who will do the bidding of these evil forces, just so long will we have these conditions.

The old parties as now constituted, are not the parties of Jefferson and Lincoln—for the people, of the people, and by the people; but they are of the machine, by the machine, and for the machine.

Jefferson said: "Were I to begin my administration again the first question I would ask of those seeking office would be, 'Is he addicted to the use of ardent spirits?'"

Lincoln said: "Liquor might have defenders but no defense." Let us, therefore, declare our independence from these machines. Down with the machine government—down with their satellites, the gangsters."

When men and women are willing for public office to sell their very souls, and rob us of our most precious heritage, let us rob them of the fruits of office. Unless we crush them now they will crush us for daring to oppose them.

During the World War we had traitors to our country and our flag, just as we have traitors to our Constitution to-day. To whom did our constituted authorities turn in that emergency—to American women, who stood the test and helped us win that war.

Again in this critical hour American women, of the right sort and kind, must be mobilized in this crusade for justice and righteousness.

Let us go back to our homes with a new declaration and a new emancipation and a determination not to be stampeded into voting for a party machine.

No home is safe now nor will any home be safe if the present alliance of the rich and the rabble succeed. We have seen while in Chicago how these gangsters have come into the churches and public meetings and tried to break up our meetings, with no interference from the officers of the law. Is this the kind of leadership you want?

Shall these enemies of our country get a firmer hold upon our civilization with the help of big business?

I appeal to the women of America, women—one-half the electorate—who have never had an opportunity to be heard, to join with the decent mothers of America to rid this country of these gangsters. Think of your own children and your homes.

We women have asked for no office; we went before the resolutions committee of both parties asking them to preserve the law that will protect our homes and our children.

Their answer has been that we must with them work to repeal the greatest law that was ever passed for the sake of humanity.

Women, if you are not willing after this ultimatum from these old boss-ridden parties to fight now to the last ditch and risk everything on the altar of faith to preserve our Magna Charta and drive these money changers from the temple, it will be too late after they have a firmer grasp upon our civilization. Your country calls you to serve; what is your answer?

Hear the cry of Baby Lindbergh, who was snatched from the bosom of his mother—whose father brought so much honor to our country. This father of all fathers, who had a right to expect the protection for his child and his family. Such a tragedy in civilized America.

O God, give us a leader for such a time as this. Speak through the women of America. Let them rise up in righteous indignation and defeat these enemies of our Nation. And like our forefathers, who faced the contempt of thousands, the hostility and suspicion of friends, working to make America a better place to live in.

Dreaming of a day when their children would be born into a country where liquor and its curse would not be known.

Dreaming of the day when the laboring man would no longer be robbed of his earnings by a blood-soaked aristocracy of brewers and distillers.

Dreaming of a day when their women would be liberated from the fear and awfulness of drink-soaked husbands and drink-wrecked children.

To bring this dream to pass they toiled—toiled incessantly, and poured out their money and talent, many of them dying in the fight, killed by their incessant fighting.

To-day they are speaking through Baby Lindbergh—begging us not to give up the fight.

They are passing on the torch to us, pleading to the women of America to carry on. Carry on. And we must not surrender nor fail them.

A RECKONING—TWELVE YEARS OF REPUBLICAN RULE

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have published in the RECORD an article from the Yale Review of the issue of June, 1932, entitled "A Reckoning—Twelve Years of Republican Rule," by Walter Lippmann.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A RECKONING—TWELVE YEARS OF REPUBLICAN RULE

By Walter Lippmann

During the coming campaign the Democrats will proclaim from every platform that the Republicans are responsible for the hard times. The question which I shall venture to examine here is in what sense and in what degree this charge can fairly be brought.

It is not an easy question to answer. For it is not enough to point out the devastating contrast between the Republican promises in 1928 and the hard actualities of unemployment, deficits, and bankruptcies in 1932. If, for example, the causes of the trouble lay in circumstances over which the Republican Party had had no control, if the country had been visited by a calamity of nature or by unpredictable misfortunes originating in the outer world, all that fairly could be said about the promises of 1928 would be that they were foolish. The Republican régime of the last 12 years is not necessarily responsible for the present calamity merely because it claimed the credit for the preceding prosperity. The truth might be that, like Chanticleer, the Republicans crowed, imagining in their vanity that they had caused the sun to rise.

Since men are hungry in the presence of unsalable surpluses of all desirable commodities, it is clear enough that the country has not suffered a calamity of nature but a breakdown in the management of its wealth. Our question, then, is whether the breakdown can justly be ascribed in a decisive sense to policies which the Republican Party has sponsored during its 12 years of power. In answering this question in the affirmative it is not necessary to show that the Democratic Party would have avoided the breakdown or that it now knows how to mend it. The fact is that the Republican Party has ruled the country during the whole postwar era. It has ruled it with certain policies. If those policies have brought disaster, it is useful to know that, though the Democrats might have done no better.

For what must concern us most of all is not the outcome of the next election, nor the fate of individual candidates, but the controlling ideas of the postwar era. We have lived for the last 12 years under a system of policies, and at the end we are in great trouble. It is that system of policies that I propose to discuss.

Let us begin by naming and describing briefly certain cardinal policies of the Republican régime. First, in order of time, we may put the decision of 1921 to withdraw abruptly and completely from European affairs. This decision at once undermined the peace settlement. For the Allies could never have dictated that settlement but for the victory which our intervention in Europe made it possible for them to win.

Since the decision to withdraw was reached after the treaty was signed, but before it could either be revised or made effective, it followed that Europe was condemned to a long period of political instability. An attempt to enforce the treaty of Versailles was inevitable once the vested rights of the victors had been established. Resistance to the treaty was inevitable as soon as the coalition which dictated it was dissolved. Revision of the treaty, though inevitable, was certain to be a long and contentious process once the stabilizing and moderating influence of the strongest and most disinterested power had been removed.

There can be no serious doubt, therefore, that the abruptness and completeness of the American withdrawal left Europe with a new constitution which would not voluntarily be fulfilled, could not be enforced, and had to be revised by prolonged agitation and maneuver. The Republican decision of 1921 entailed a long period of European instability. For it left Europe not with a peace but with an armistice.

Second, in order of time, was the decision to erect tariffs which would effectively close the American market to the importation of European manufactured goods. This was not, I believe, the avowed purpose of the Fordney-McCumber tariff. But by the Hawley-Smoot Act of 1930 the policy was openly avowed; the American market was to be monopolized and only such raw materials and semimanufactured articles admitted as could not be produced in the United States.

Third, in order of time, was the decision taken to expand aggressively the export of American manufactures. In this policy Mr. Hoover played a leading part, as can be seen by examining the annual reports of the Secretary of Commerce. Thus in explaining "the reasons why we were expanding our exports of manufactured goods," Secretary Hoover said in 1926: "Under the pressure of high wages we have ruthlessly revised our industry with every new invention. Beyond this there is great and cooperative movement in American industry and commerce for cutting out waste in a thousand directions through improved business practice, through simplification of processes and methods. Furthermore, we have had a great advantage, which we must not deny, in that by volume production, made possible through a great domestic market, we have been able by repetitive processes to apply or focus every advance into standard commodities of high quality and low cost of production."

In other words, we were to expand our exports of manufactured goods by underselling our competitors through the economies of mass production. In 1926 Secretary Hoover noted that under his administration of the Department of Commerce there had been held "1,200 group conferences" and that there were 343 committees at work encouraging the methods of mass production. The inevitable corollary of this commercial policy was an increase of capital investment. For the necessary condition for mass production is the use of expensive machinery. In Secretary Hoover's report for 1927 it is pointed out with satisfaction that "an immense increase has taken place in the capital employed in American industry, * * * new issues of capital securities alone totaled more than $6,000,000,000 in 1926."

Thus under Republican guidance, and specifically under Mr. Hoover's active encouragement, immense masses of capital were invested in industries devoted to mass production. The investment was encouraged on the premise that the surpluses thus produced could be profitably exported.

Fourth, in order of time, was the decision to finance this expanded export trade by large-scale foreign lending. For having by our tariff policy closed the American market to Europeans, having decided to thrust our exports into their markets, having determined to compete aggressively against them in the neutral markets of Latin America and of Asia, there were no ways by which they could balance their accounts with us except by sending us their gold and by borrowing from us. The Republican Party had

determined that as a creditor power we should at one and the same time refuse payment by imports and expand aggressively our exports. This feat could be accomplished only by draining the world of gold and by lending the world enough money to cover its debts and its excess purchases.

In his report for 1927 Secretary Hoover pointed out, apparently with pride at the achievement of a new record, that "foreign underwriting by Americans during the fiscal year exceeded that of any corresponding period in the history of the United States." He went on to note that "the excess of exports over imports in 1926–27 was $716,000,000"; that "in part payment for this balance there was a net import of gold of $148,000,000"; he added: "However, the other factors in our international balance of accounts are of vast and increasing importance, and undue significance is not to be attached to the balance in the movement of merchandise and gold alone. As in other recent years, 1926–27 witnessed the great purchase of foreign bonds and other investments for which exports must pay." Secretary Hoover, it is interesting to note, had estimated that our net export of capital was about $600,000,000 that year. Add that to the $148,000,000 gold imported, and it is not difficult to see how foreign countries paid for the $716,000,000 of excess imports. They paid with their gold and with our loans.

There is a fifth major policy, which should in fairness be distinguished from those I have dealt with, though it must be taken into account. It has to do with reparations and war debts. I distinguish it from the others because this policy was inherited from President Wilson's administration.

This policy called for the receipt of several hundred million dollars annually from the European creditors of Germany. All that need be remarked about it in this connection is that the other policies I have enumerated were superimposed upon this prior claim. The refusal to participate in the making of a final settlement of the war, the adoption of a policy of virtual exclusion against European imports, the aggressive expansion of exports of mass production, and the encouragement of huge private lending to Europe and other lands were all subsequent to the decision to collect war debts.

Now, I think it can justly be said, as it was said innumerable times by all sorts of critics, that these five policies were a composite of folly. A case can be made for each of them separately, perhaps for two or three of them together. But no case can be made for them all collectively.

It can be argued, for example, that the highest interests of the American people call for a policy of national isolation. Or it can be argued that their interests require that they become the world's banker. But what kind of statesmanship is it which encourages a people to become the banker of an unstabilized world? If it was wise to let Europe stew in its own juice, it was folly to invest enormously in Europe. If it was wise to invest, then common prudence required that the diplomatic power of the United States be used to provide some security for those investments. It can also be argued that since we are so largely self-sufficient, we are justified in monopolizing our markets. Or it can be argued that because of our natural advantages we are specially equipped to develop a great export trade in manufactures. But what can be said of the statesmanship of men who seek to monopolize the home market, to invade all foreign markets, who in order to do such patently contradictory things encourage the export of American savings into a world which already owes large governmental debts, which is politically insecure, which is without the means to repay what it borrows?

All that can be said to mitigate the responsibility of those who administered this system of policies is that for a while the system worked in such a way as to subvert the judgment of American bankers and industrialists and to intoxicate the voters with the fumes of a great inflation. For unhappily the system of policies did not break down at once. The worst feature of it was that it first produced a boom and by that boom turned the inevitable breakdown into a gigantic disaster.

Thus the instability of Europe, which our abrupt withdrawal had made inevitable, which our subsequent foreign policy did nothing to abate, produced such insecurity in Europe that capital fled or was destroyed by inflation. As a result interest rates rose. It was the high yield of European bonds that tempted the inexperienced American investor first into Europe and then, as his appetite grew, into South America. The prospect of large commissions plus the high-powered salesmanship of inexperienced and often intemperate American bankers did the rest. The money was provided to make an unworkable system work.

The policy of exclusive tariffs and of aggressive exports superimposed upon our creditor position siphoned gold into the United States. This gold, plus the gold brought here by capitalists fleeing from Europe, provided the basis for a stupendous credit inflation by the American banks. It was this credit inflation that financed the expansion of mass production, that financed the export of its surpluses, that financed the real-estate booms which accompanied the industrial expansion, that financed the stock-market speculation, that financed the swollen expenditures of cities and States, that financed their installment buying. This inflation was repeatedly blessed by the Treasury and by the White House. It was, in fact, the prosperity of 1928.

It was this same inflation in the United States which brought the foreign lending to an abrupt end about 1928, since more money was to be made in the stock market than out of foreign bonds. It was the suction of gold from Europe by our bull market, by our excess of exports over imports, and by the service of the huge public and private debts that once no more money could be borrowed forced a contraction of credit abroad and set the slowly declining commodity prices of the postwar decade spinning in a vicious spiral of deflation.

As prices sank, the structural weaknesses of the postwar economy were uncovered. For that economy rested upon the assumption that nations could sell without buying and repay loans by borrowing. The net result of the system was the creation of a mountain of gold debts payable by debtors who could not profitably exchange the goods they produced. The producers of goods had borrowed in order to expand exports into markets that did not really exist. They were able to continue only as long as credit could be manufactured to disguise the fact that they were not really selling their surpluses. When no more inflation was possible the producers found themselves underneath an unsupportable burden of debt.

The history of the depression is in essence the history of efforts to make a workable adjustment between the old debts and the new price level. The record of the Hoover administration in meeting this problem has been the logical result of its previous policies.

Believing that the postwar system of the Republican Party was structurally sound, the administration first met the depression by urging the country to make no adjustments. Business men were advised to maintain prices and wages. The administration set the example by using public money to peg agricultural prices, by increasing its own expenditures, by reducing its own revenues. From the autumn of 1929 to the spring of 1931 the administration threw the whole weight of its influence and example against a readjustment of costs. Yet in this time the price level was sinking rapidly, which meant that profits were disappearing and that the burden of fixed charges was growing heavier and heavier.

By the spring of 1931 the deflation of prices, acting upon the crazy structure of postwar international finance, brought on a series of financial crises in various countries of Europe. Then the administration realized that the collapse was endangering not merely employment and profits but contractual obligations as well. Beginning with the Hoover moratorium of June, 1931, the administration was forced to jettison one by one the main parts of the old structure.

The attempt to maintain wholesale prices by price agreements or by resorting to the Treasury had already failed. The expanded export business had already dwindled, though under the influence of the financial crisis it was virtually shut down by tariffs and other devices. In the moratorium Mr. Hoover threw overboard the war debts. Then he withdrew his objection to the open reduction of wage rates. Then it was admitted that taxes would have to be increased; then that governmental expenditures ought to be cut. By the winter of 1932 nothing was left of the old structure except the fixed charges and the contractual obligations.

Wholesale prices, retail prices, artificially expanded exports, swollen governmental expenditures, the Mellon tax reductions, the old wage rates, not to mention the big profits and the dividends and the high stock quotations—all these elements of the proud structure had fallen. All that remained of it was the debts. On this ultimate line—in defense of the validity of their gold contracts—the administration is, as this is written, making its final stand.

To that end, to the support of the great mass of private credit, it has mobilized the public credit. To that same end, to obtain an adjustment between gold prices and gold debts, it has amended the banking laws to permit the Federal reserve system to attempt a "reflation" of prices—I employ the current euphemism. For unless gold prices can be made to rise, no amount of public credit in sight can permanently sustain the debts incurred during the boom. To this same end the administration has finally, after acquiescing in a deficit of over $2,500,000,000 in 1932, committed itself in principle to a balanced Budget. For the policy of reflation—that is, of deliberate manufacture of bank credit—could command the confidence and cooperation of bankers, investors, and other creditors only if there were some assurance that the Government itself would not absorb all the new credit created.

The course pursued during the depression has been to adhere to the past as long as possible and to give reluctant and tardy consent under irresistible pressure to a readjustment by deflation. But as the readjustment has always been slower than the deflation of gold prices, the country has never been able to stabilize. The medicine was never strong enough by the time the doctor made up his mind to administer it. In the end, after suffering all the pains of deflation without enjoying any of the benefits, the deflationary policy has been reversed. For by the spring of 1932 it had become quite plain that the American democracy would not permit itself to be crucified upon a cross of gold.

So, as this is written, a great effort to raise gold prices is under way. I do not attempt to forecast the chances of success though a success is greatly to be desired. It is important to realize what is at stake. It is the final effort, barring some unforeseen break of good fortune, to make good in terms of gold the great mass of debts which, in addition to some useful buildings and machinery, are the world's chief heritage of the boom. If the Federal reserve policy fails, either because it is attempting the impossible, or because it is being attempted too late, or because it is not implemented with sufficient boldness, the alternatives are quite clearly a deep deflation through bankruptcy, foreclosure, unemployment, and wage reductions, or else a scaling down of all debts by a devaluation of the currency.

But even if the deflation is successful in the sense that the bulk of gold debts is thawed out, it is difficult to see how a resumption of profitable enterprise can be maintained while the major policies of the last 12 years remain in force. For those

policies have brought into being a productive capacity which is geared to aggressive expansion of exports. Those same policies have provoked and encouraged the other nations to erect insuperable obstacles to our exports. The disastrous collapse of the foreign financing, which alone made the system workable for a while, makes it almost certain that for a long time to come our overbuilt plant for mass production must not count upon selling its surplus to foreigners who are furnished the means of payment by American investors.

Therefore, unless the country reverses the policies of the last 12 years, unless it embarks upon policies which will enable goods to be exchanged in international trade, unless it uses its influence to help stabilize Europe and to provide a basis of economic security, we face, it seems to me, a long and protracted period on which we must write off much capital investment and find new occupations for those who as a result will be permanently unemployed. With the best of good fortune we shall in any event have to do these things in some considerable degree. For the régime of economic nationalism, which in the last 12 years we have done so much to provoke and inspire, is not likely to be abandoned quickly.

Protection begets vested interests which are not easy to cancel, and we must probably make up our minds that for some time to come the rest of the world will be as protectionist as we have been and are. Therefore, the prospect of exporting our surpluses is not a good one. But even if the world were to move toward a condition where there was again relative freedom of exchange, it would still be a fact that under the influence of the inflation we have organized ourselves to take a larger share of international trade than the world will permit us to have. The conclusion seems inescapable that during the postwar era we misdirected much of our productive energy and misinvested much of our capital.

A period of social readjustment is, therefore, in prospect. For in the last decade, under the influence of the five policies I have been describing, the development of the American economy has been gravely perverted. The present crisis is not merely a low point in an ordinary business cycle. It is a structural dislocation brought on by contradictory and destructive governmental policies.

What I have been saying constitutes a severe indictment of the statesmanship of the Republican Party. To refute it one would have to show that exclusive tariffs, aggressive exports, lavish lending, and political instability are a sound composite of policies which it was wise and prudent to pursue. No one, I think, can show that. Therefore, regardless of what one may think of any one of these policies, regardless, that is to say, of whether one believes in political isolation, or in high protection, or in expanding exports, or in foreign investment, these policies as an interlocking whole can and must be unreservedly condemned. One or two of them might stand alone, but taken together they are a program of disaster.

If, then, the policies are to be condemned, how far may the Republican Party be held accountable? I think it should be held accountable. For though it is true that these policies had the support of a large majority of the American people, there is no responsible government unless the party in power is held responsible for the policies it initiates and maintains. That millions participated in the folly does not excuse those who led them into it. That bankers and captains of industry avidly seized the opportunities for folly does not diminish the ultimate responsibility of those who by their political unwisdom created those opportunities. All these considerations count only in that they should make us charitable in our personal comments. But I am not charging that the Republican Party has been wicked. I am not proposing that its responsible leaders be punished. I am arguing merely that the Republican policies have been a composite of destructive contradictions and that for these policies the Republican postwar régime can and should be called to account.

Nor does it relieve the Republican leaders of their responsibility to point out that the whole world crisis is not of their making, and that every other administration in every other country has committed grievous mistakes. The United States is in diplomatic weight the greatest power in the world. In financial power it has been the chief creditor nation of the postwar era. In economic importance, relative to the economy of the world, it is about half of the capitalist system. Therefore, the responsibility of those who conduct America's affairs is immense, and those who have exercised power may fairly be judged by the consequences of their deeds.

PROHIBITION—CONSTITUTIONAL AMENDMENT

Mr. WALSH of Massachusetts. Mr. President, I ask unanimous consent that we proceed without further debate to have a vote upon the motion of the Senator from Nebraska.

Mr. BROOKHART. Mr. President, I object for a moment.

The VICE PRESIDENT. The Senator from Iowa objects.

Mr. BROOKHART. I now ask to have inserted in the RECORD the statement of the National Prohibition Board of Strategy for release Monday, July 4, 1932, at Chicago, Ill.

The VICE PRESIDENT. Is there objection?

Mr. TYDINGS. Mr. President, inasmuch as the lady in the last campaign was one of the Hoovercrats, and now poses as an autocrat, I object.

Mr. ASHURST. This is a different thing.

Mr. BROOKHART. I will start to read this statement, and if the Senator from Maryland does not remain in the Chamber I will have it inserted in the RECORD in his absence, as I did Mrs. Nicholson's speech.

Mr. BINGHAM. Mr. President, will the Senator yield to me before he begins to read? I desire to make a point of order against the motion of the Senator from Nebraska, that he can not move to send a resolution to a committee when the resolution is not before the Senate.

The VICE PRESIDENT. Will the Senator give the Chair a minute to look at Rule XXII?

Mr. GLASS. Mr. President, I fervently hope that the eagerness of the Senator from Connecticut to vote on this question may be gratified.

Mr. BINGHAM. Yes, Mr. President; and I fervently hope that the efforts of the only Senator on this side of the aisle who has indicated his intention to be the ally of the Democrats in this campaign, who has moved to send this joint resolution to the committee so that the Democrats need not vote on it, may be withheld by a point of order.

The VICE PRESIDENT. Let the Chair rule.

The Chair rules, under Rule XXII, that the motion to commit can not be made until after a vote is had on taking up the joint resolution, and that is not yet before the Senate.

Mr. NORRIS. Mr. President, does the Chair hold that when there is a resolution on the desk it is not in order to move that the resolution be referred to a committee?

The VICE PRESIDENT. The motion now pending is to proceed to its consideration, and the Senate would have to dispose of the first motion before the other one could be made.

Mr. NORRIS. Mr. President, it will be about as long as it is short, I will say to the Senate. If the motion prevails, immediately, under the ruling of the Chair, I will renew my motion to refer the resolution to the committee. I do not know that it makes any particular difference. I realize the Senator from Iowa has the floor, and I have not any right, probably, to say what I would like to say now, but this debate has been going on, for instance, the point of order and the remarks made by the Senator from Connecticut, in violation of the rules of the Senate, and at a time when the Senator from Connecticut did not have the floor. I am not going to violate the rules of the Senate that way. I will wait, being a conservative, until the matter properly comes before the Senate, and then I will have something to say in reply to the Senator from Connecticut, who talks out of order, and is so wild in his ideas that he will not confine himself either to the rules of the Senate or to parliamentary law.

Mr. WALSH of Massachusetts. Mr. President, in order that we may proceed to transact the business of the Senate, I ask unanimous consent that the speech which the Senator from Iowa requested to have printed in the RECORD be printed in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. BROOKHART. Mr. President, there were two of them, one with reference to each of the national conventions.

The VICE PRESIDENT. Without objection, they will both be printed.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

STATEMENT BY THE NATIONAL PROHIBITION BOARD OF STRATEGY
JULY 4, 1932

The results of the recent national political conventions were not such as to eliminate the prohibition issue from the 1932 campaign. Therefore the Board of Strategy, created by the National Conference of Organizations Supporting the Eighteenth Amendment, including in its membership officers and leaders of the national temperance organizations and general church denominational temperance boards, in the interest of the retention of the eighteenth amendment and the defense of the Constitution against the lawless liquor attacks, offers to the people its evaluation of the platforms adopted by the conventions.

We are opposed to repeal. We are opposed to the submission of any repeal or modification proposal which would destroy or weaken national prohibition. The prohibition forces of the Nation will, to the very limit of their ability, preserve, protect, and defend that salutary governmental policy.

Proof of the benefits of the eighteenth amendment is evidenced by unimpeachable testimony from governmental records, social-welfare agencies, and other authoritative sources. Those benefits are in proportion to the extent of observance and the degree of enforcement.

While we recognize the fact that national prohibition has not had the degree of observance and enforcement to which it is entitled, we are, nevertheless, convinced that this national policy of government has accomplished more and has been far more successfully enforced than any other policy of liquor control which has ever been tried. Experience has demonstrated that any other method for the mitigation of the evils of the liquor traffic would unquestionably foster greater evils and create more formidable difficulties of administration and enforcement than those with which the Government has been compelled to deal under the eighteenth amendment.

The violation of the prohibition law and the evils attendant thereon by no process of reason or logic can be properly chargeable to the law. Such evils are the natural product of the nefarious traffic which in all its long history has scoffed at law and defied government. No Federal or State regulatory law has ever received from the liquor traffic willing respect or observance. That traffic is inherently lawless and has always challenged popular government. The very success of the law to-day is primarily responsible for the highly organized and heavily financed propaganda against it. Those who flout the Constitution and disobey the prohibition law will not obey the restrictions which would necessarily be a part of any regulatory law which might supersede the eighteenth amendment.

THE REPUBLICAN PLANK

The platform plank on the eighteenth amendment adopted by the Republican Party convention declares for obedience to and enforcement of the law and the preservation of gains admittedly accomplished under the eighteenth amendment. It declares against nullification, nonobservance, referendums without constitutional sanction, the submission of a mere repeal amendment, and any "backward step." The plank declares that prohibition has been and is a nonpartisan question. It does not pledge nominees or members of the party to follow any specific course, declares against the "evils inherent in the liquor traffic," and pledges the party and its nominees to enforcement.

With that portion of the plank we heartily agree.

The plank further declares that Congress should submit a substitute amendment which would give the people an opportunity to decide whether they will retain the eighteenth amendment unchanged or adopt a substitute permitting the several States to legalize the sale of intoxicants as their citizens may determine subject to the power of the Federal Government to protect those States where prohibition exists and to safeguard citizens everywhere from the return of the saloon and its attendant evils.

To this portion of the plank we are opposed as we are to the submission of any repeal or weakening modification of the amendment. This plank, however, does not declare any party preference as between the eighteenth amendment and the substitute proposed, but leaves that to be determined by the people in the event Congress submits such a proposal.

The Republican platform neither pledges the party power nor binds the Members of the Congress to vote for any such submission. Lest its general utterances calling for party loyalty be taken to extend to the imposition of a duty to vote to submit, the declaration on the eighteenth amendment gives specific release by the direct statement that "no public official or member of the party should be pledged or forced to choose between his party affiliations and his honest convictions upon this question."

THE DEMOCRATIC PLANK

The platform plank adopted by the Democratic Party convention declares specifically for the repeal of the eighteenth amendment and demands that Congress propose such repeal to ratification conventions in the States. It urges the party, in case the eighteenth amendment is repealed, to cooperate in the enactment of statement measures to prevent the return of the saloon, and demands that the Federal Government protect the States against importation of liquors in violation of State laws. It also declares for the immediate modification of the Volstead Act to legalize beer and other alcoholic beverages permissible under the Constitution for beverage purposes.

This plank would eliminate the eighteenth amendment in its entirety from the Constitution and would open the floodgates to wholesale and uncontrollable violations of the law.

AGAINST RATIFICATION BY CONVENTIONS

Both platforms provide for ratification by State conventions. We oppose the convention method for ratification of constitutional amendments as untried, entirely unprotected by election laws and corrupt-practices acts and directly inviting all forms of jobbery and machine control.

In this emergency we urge the friends of the eighteenth amendment to unity of effort and against ill-advised and ineffective political movements tending to waste their energies and resources, dividing and diverting them into channels that would serve only the enemies of our cause.

We urge all friends of the eighteenth amendment to devote their best efforts to the election of dry candidates to both Houses of Congress and to the State legislatures.

The board of strategy at an early date will recommend and publish the procedure and active steps to be taken in the conduct of the campaign.

STATEMENT OF THE NATIONAL PROHIBITION BOARD OF STRATEGY
JULY 15, 1932

We favor the retention of the eighteenth amendment unchanged. We are opposed to any modification or amendment which would remove the brand of the criminal from the traffic in beverage intoxicants and which would legalize that traffic in any form.

We fully agree that the question of prohibition should be settled by the votes of the people, who under the Constitution have the right to vote in the election of Senators, Congressmen, and legislators, which officers after the election are charged with the power to vote for or against the submission or ratification of amendments to the Constitution.

The eighteenth amendment was embodied in the organic law by the votes of Senators, Congressmen, and State legislators, all elected by the people in the constitutional manner.

The question of the retention, modification, or repeal of the eighteenth amendment should likewise be determined by vote of the people in senatorial, congressional, and legislative elections.

We urge our people to meet unwaveringly the serious obligation which has been thrust upon them in the coming election for President, Vice President, Senators, Congressmen, governors, and State legislators by voting for those candidates who believe that prohibition ought to be the law and by opposing openly and vigorously the proposals which have been made for modification or repeal of the eighteenth amendment and the weakening of the Volstead Act.

That our people may have clear, definite information as to the attitude on prohibition of all candidates for President, Vice President, Senators, Congressmen, and State legislators, we strongly advise that the record and present attitude of all such candidates on the question of submission, modification, or repeal of the eighteenth amendment or the weakening of the Volstead Act or of the State prohibition enforcement laws, be secured and published, in order that the position of such candidates may be clearly indicated in present and future elections.

It may be taken for granted that as a result of the 1932 general election either the Republican or Democratic candidates for President and Vice President will be elected. We therefore present herewith the record, public declarations, and attitudes of the candidates of those parties for President and Vice President.

Herbert Hoover: While Secretary of Commerce he said: "There can be no doubt of the economic benefits of prohibition. Viewing the temperance question only from this angle, prohibition has proved its case."

In his speech of acceptance at Palo Alto, Calif., on August 11, 1928, he said:

"I do not favor the repeal of the eighteenth amendment. I stand for the efficient enforcement of the laws enacted thereunder. Whoever is chosen President has under his oath the solemn duty to pursue this course.

"Our country has deliberately undertaken a great social and economic experiment, noble in motive and far-reaching in purpose. It must be worked out constructively. * * *

'Modification of the enforcement laws which permit that which the Constitution forbids is nullification. This the American people will not countenance. Change in the Constitution can and must be brought about only by the straightforward methods provided in the Constitution itself.

"There are those who do not believe in the purposes of several provisions of the Constitution. No one denied their right to seek to amend it. They are not subject to criticism for asserting that right."

In his inaugural address, March 4, 1929, discussing disrespect and disobedience of laws, he said:

'It is only in part due to the additional burdens imposed upon our judicial system by the eighteenth amendment. The problem is much wider than that. Many influences had increasingly complicated and weakened our law-enforcement organization long before the adoption of the eighteenth amendment. * * * It must not come to be in our Republic that it can be defeated by the indifference of the citizen, by exploitation of the delays and entanglements of the law, or by combinations of criminals.

"Of the undoubted abuses which have grown up under the eighteenth amendment, part are due to the causes I have just mentioned, but part are due to the failure of some States to accept their share of responsibility for concurrent enforcement and to the failure of many State and local officials to accept the obligation under their oath of office zealously to enforce the laws."

In sending to Congress the Wickersham report, January 20, 1931, he said:

"The commission by a large majority does not favor the repeal of the eighteenth amendment as a method of cure for the inherent abuses of the liquor traffic. I am in accord with this view. I am in unity with the spirit of the report in seeking constructive steps to advance the national ideal of eradication of the social and economic and political evils of this traffic, to preserve the gains which have been made, and to eliminate the abuses which exist, at the same time facing with an open mind the difficulties which have arisen under this experiment. I do, however, see serious objections to, and therefore must not be understood as recommending, the commission's proposed revision of the eighteenth amendment which is suggested by them for possible consideration at some future time if the continued effort at enforcement should not prove successful. My own duty and that of all executive officials is clear—to enforce the law with all the means at our disposal without equivocation or reservation."

In his acceptance speech he will doubtless deal further with this subject.

During the presidency of Mr. Hoover, Federal enforcement of the prohibition laws has steadily advanced and has attained a higher degree of efficiency than in any other period since the adoption of the eighteenth amendment.

Charles Curtis: An active participant in the fight for local and later national prohibition since 1885. He has announced no

change from the position he took January 25, 1928, when in a letter addressed to Senator BORAH he wrote:

"I, personally, favor a plank referring to the eighteenth amendment and the laws enacted to carry it into effect, and I favor a plank pledging the nominee to a fair, vigorous, and faithful enforcement of them. In my opinion it is the greatest moral issue of all ages, and public sentiment demands that both of the political parties declare themselves unequivocally upon it; " adding:

"I am opposed to a policy which will allow any State to determine for itself the alcoholic content of beverages to be manufactured, sold, and transported throughout the country; but I believe the States should join with the officers of the United States in enforcing the laws of Congress, as was contemplated by the constitutional amendment."

In his speech of acceptance, August 19, 1928, he referred to his past record, saying: "My own record shows clearly that I believe in and practice enforcement of the law; " adding: "Not only am I heartily in favor of faithfully enforcing all our laws but, further, I am opposed to the repeal of the eighteenth amendment or of the Volstead Act." This position he repeatedly emphasized during the 1928 campaign.

FRANKLIN D. ROOSEVELT

On October 25, 1928, he declared, concerning the reenactment of the State enforcement act repealed several years earlier: "There is no practical advantage in enacting another Mullan-Gage law as a part of the statutes of New York. That is the way I feel about it. That is where I stand."

On September 9, 1930, as a candidate for reelection as Governor of New York, he declared that he indorsed the Democratic State platform of 1928, which platform favored repeal of the eighteenth amendment.

On March 31, 1931, he signed a bill requesting Congress to call a national constitutional convention to repeal the eighteenth amendment.

In his acceptance speech at the Chicago convention, July 2, 1932, he said:

"This convention wants repeal. Your candidate wants repeal, and I am confident that the United States of America wants repeal. * * * I say to you now that from this date on the eighteenth amendment is doomed."

He further said:

"That admirable document, the platform which you have adopted, is clear. I accept it 100 per cent," which includes his indorsement of all the provisions of the Democratic convention plank on prohibition.

JOHN N. GARNER

As a Member of the United States Congress he voted for the Webb-Kenyon bill; against the Jones-Works District of Columbia bill; for the Alaska prohibition bill; for the Jones-Randall bill; against the Sheppard District of Columbia prohibition bill; against the prohibition food control bill; for the proposed Igoe amendment to the Volstead Act; for the Volstead Act; but is recorded as not voting for the act over the President's veto.

He summed up his present position and past record on June 21, 1932, by giving to the press this brief statement:

"When the prohibition amendment was proposed I, as a Member of Congress, voted against it.

"I have never believed it sound or workable, and it should be repealed."

We present the foregoing statement for the careful consideration of the voters of the United States.

The VICE PRESIDENT. The question now is on the motion of the Senator from Virginia that the Senate proceed to the consideration of Senate Joint Resolution 202.

Mr. ASHURST. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. BLAINE's name was called). Again making the announcement as to the pair of my colleague with the Senator from Kansas [Mr. MCGILL], I wish to announce that if present he would vote "yea."

Mr. MCKELLAR (when Mr. BRATTON's name was called). I am authorized by the Senator from New Mexico [Mr. BRATTON], who is unavoidably absent, to say that if present he would vote "yea."

Mr. BULKLEY (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. CAREY], but I understand that if present he would vote as I intend to vote, and I am therefore free to vote. I vote "yea."

Mr. WALSH of Massachusetts (when Mr. COOLIDGE's name was called). My colleague Mr. COOLIDGE is unavoidably absent. If present, he would vote "yea."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if he were present he would vote as I am about to vote. I vote "yea."

Mr. FESS (when his name was called). I have a general pair with the senior Senator from New York [Mr. COPELAND]. I am not able to obtain a transfer, and therefore I am not permitted to vote. If I were at liberty to vote, I would vote "nay."

Mr. HOWELL (when his name was called). On this question I have a pair with the junior Senator from Massachusetts [Mr. COOLIDGE]. If I were at liberty to vote, I would vote "nay."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. If he were present and voting, I understand he would vote as I shall vote, and therefore I vote "yea."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING]. Not knowing how he would vote, I withhold my vote.

Mr. MCNARY (when his name was called). Announcing my pair again with the Senator from Mississippi [Mr. HARRISON], I withhold my vote.

Mr. MCNARY (when Mr. ODDIE's name was called). The junior Senator from Nevada [Mr. ODDIE] is necessarily absent. If he were present, he would vote "yea." He has a pair with the junior Senator from Arkansas [Mrs. CARAWAY].

Mr. STEIWER (when his name was called). Again announcing my pair with the senior Senator from New Mexico [Mr. BRATTON], not knowing how he would vote, I withhold my vote. If I were permitted to vote, I would vote "yea."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. WAGNER (when his name was called). I desire to announce the unavoidable absence of my colleague [Mr. COPELAND]. If he were present, he would vote "yea." I vote "yea."

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. SMITH]. Not knowing how he would vote, I transfer that pair to the junior Senator from Wyoming [Mr. CAREY], and vote "yea."

The roll call was concluded.

Mr. WAGNER. I desire to announce that the Senator from Louisiana [Mr. LONG] is necessarily absent. If present, he would vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Nevada [Mr. ODDIE] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from California [Mr. SHORTRIDGE] with the Senator from Montana [Mr. WALSH];

The Senator from Vermont [Mr. AUSTIN] with the Senator from South Carolina [Mr. BYRNES];

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER];

The Senator from Illinois [Mr. GLENN] with the Senator from Washington [Mr. DILL];

The Senator from Maine [Mr. WHITE] with the Senator from Tennessee [Mr. HULL], and

The Senator from Colorado [Mr. WATERMAN] with the Senator from Wyoming [Mr. KENDRICK].

Mr. DALE. Respecting my pair with the junior Senator from Alabama [Mr. BANKHEAD], I withhold my vote.

Mr. CONNALLY. On this vote I have a pair with the senior Senator from Missouri [Mr. HAWES]. If he were present, he would vote "yea," and if I were permitted to vote I would vote "nay."

Mr. BLACK. I desire to announce that my colleague [Mr. BANKHEAD] is necessarily absent. If he were present, he would vote "yea."

Mr. GORE (after having voted in the negative). I am reminded that I have a pair with the senior Senator from Louisiana [Mr. BROUSSARD] upon this question. I therefore withdraw my vote. If the Senator from Louisiana were present, he would vote "yea," and, as indicated, I would vote "nay."

Mr. TYDINGS. I wish to announce that if the junior Senator from Kentucky [Mr. LOGAN] were present he would vote "yea." Also that the Senator from New Mexico [Mr. BRATTON] is necessarily absent. If present, he would vote "yea."

The result was announced—yeas 37, nays 21, as follows:

YEAS—37

Ashurst	Fletcher	Metcalf	Trammell
Bailey	Glass	Moses	Tydings
Barbour	Hayden	Neely	Vandenberg
Barkley	Hebert	Patterson	Wagner
Bingham	Johnson	Pittman	Walcott
Black	Jones	Reed	Walsh, Mass.
Bulkley	Kean	Robinson, Ark.	Watson
Bulow	LaFollette	Schall	
Cohen	Lewis	Shipstead	
Davis	McKellar	Stephens	

NAYS—21

Borah	Frazier	Morrison	Smoot
Brookhart	Goldsborough	Norbeck	Thomas, Okla.
Capper	Hale	Norris	Townsend
Costigan	Hastings	Nye	
Couzens	Hatfield	Robinson, Ind.	
Dickinson	Keyes	Sheppard	

NOT VOTING—38

Austin	Copeland	Howell	Smith
Bankhead	Cutting	Hull	Steiwer
Blaine	Dale	Kendrick	Swanson
Bratton	Dill	King	Thomas, Idaho
Broussard	Fess	Logan	Walsh, Mont.
Byrnes	George	Long	Waterman
Caraway	Glenn	McGill	Wheeler
Carey	Gore	McNary	White
Connally	Harrison	Oddie	
Coolidge	Hawes	Shortridge	

So Mr. GLASS's motion was agreed to; and the Senate proceeded to consider the joint resolution (S. J. Res. 202) proposing an amendment to the Constitution of the United States relative to the eighteenth amendment, which was read, as follows:

Resolved, etc., That the following is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three-fourths of the several States:

"ARTICLE —

"SECTION 1. Article XVIII of the amendments to this Constitution is hereby repealed. The sale of intoxicating liquors within the United States or any territory subject to the jurisdiction thereof for consumption at the place of sale (commonly known as a saloon), and the transportation of intoxicating liquors into any State, Territory, District, or possession of the United States in which the manufacture, sale, and transportation of intoxicating liquors are prohibited by law, are hereby prohibited. The Congress and the several States, Territories, and possessions shall have concurrent power to enforce this article by appropriate legislation.

"SEC. 2. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress."

Mr. BINGHAM. Mr. President, I desire to offer an amendment in the nature of a substitute for the amendment proposed by the Senator from Virginia, and which, after it is read at the desk, I would like the privilege of explaining.

The VICE PRESIDENT. The Secretary will read:

The legislative clerk read as follows:

Resolved, etc., That the following is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three-fourths of the several States, which conventions shall be composed in each State of delegates elected by a majority vote of the electors of the State:

"ARTICLE —

"Article XVIII of the amendments to this Constitution is hereby repealed. The power to regulate or to prohibit the manufacture, sale, or transportation of intoxicating liquors is reserved to the several States, except that no State may prohibit the transportation of intoxicating liquors in bond across its territory if such liquors are shipped in interstate commerce between points wholly outside the territorial limits of such State. The Congress shall have the power to regulate the sale or transportation of intoxicating liquors in interstate or foreign commerce in a manner not to abridge or deny the powers herein reserved to the several States."

Mr. BINGHAM. Mr. President, I desire to state the difference between my substitute and the resolution offered by the Senator from Virginia. I am extremely glad it has been brought before the Senate at this time, notwithstanding the remarks of the Senator from Mississippi yesterday, wherein he repeatedly stated that the Democratic platform did not mean that anything was to be done before the 4th of next March. Fortunately, he is absent at this time, so he has not been obliged to be put on record in the vote. He repeatedly stated yesterday that when the declaration in the Democratic platform was made nobody thought it meant "immediate," as meaning "now," that everybody realized it was put there merely to be voted on in November, and that nothing would be done unless the Democrats won the election, and then, after the 4th of March, if an extra session were called, we might take it up. Otherwise, it would not be taken up until a year from next December.

Fortunately—and I congratulate the Democrats present—they did not agree with the Senator from Mississippi, and with their votes this measure is now before the Senate, and at last we have before us the opportunity of securing the repeal of the eighteenth amendment, which has been proved to be the most colossal failure of any experiment in history.

Mr. President, the resolution offered by the Senator from Virginia in the first place does not carry out either the platform of the so-called "frenzied political assemblage" held in Chicago under the auspices of the Democratic National Committee or that which he denominated as "something far worse" which was held in Chicago a couple of weeks previously. Both of those conventions adopted a platform calling for conventions where the right of the people to be represented should be protected, and providing that the conventions should be representative. In the resolution offered by the Senator from Virginia there is no provision whereby the conventions may not be gerrymandered. In the substitute which I have offered it is specifically stated that the conventions must be elected by a majority of the people in each State. So much for the way in which it is to be adopted.

In the second place, the amendment to the Constitution offered by the Senator from Virginia in one bold sentence repeals the eighteenth amendment. "Hooray," says everybody. "We want to get it repealed. That will bring back prosperity. That will carry out what the Democratic platform declares should be done immediately." But in the very next sentence his resolution says that the Federal Government will prevent intoxicating liquors from being sold where they are to be consumed in a place commonly known as a saloon. It may be claimed that that does not prevent liquor from being sold in hotels. We have had appeals from the hotel association of the United States that the eighteenth amendment might be repealed in order that their business might not be ruined by speak-easies, in order that they might be permitted to sell intoxicating beverages in whatever States decide they might be sold.

In the next place it might prevent the sale in restaurants, for restaurants are not denominated saloons. Every one who really believes in the repeal of the eighteenth amendment and who does not believe that when both conventions went on record as favoring the repeal or change of the eighteenth amendment, they were merely acting as "frenzied political assemblages"—everyone who agrees with that would consider that a restaurant is not a saloon; and yet in the technical description of this police regulation which the Senator from Virginia expects to write into the Constitution of the United States, we are told that intoxicating beverages may not be sold where they are to be consumed; that is to say, in a place commonly known as a saloon. I understand that the Senator from Virginia holds that intoxicating liquors might be sold in restaurants.

Very well, what about speak-easies? Are speak-easies commonly called saloons? I have never heard them called saloons, although they ought to be called saloons, I submit. But the people who believe in the eighteenth amendment, the people who believe in prohibition, the people who think because they do not see any saloons on the streets that there are no saloons and that any attempt to change the eighteenth amendment means the return of the saloon do not consider speak-easies as saloons. They can not consider speak-easies as saloons, otherwise they would not be constantly harping on the fact that if we modify the Volstead Act to permit the sale of beer it would mean the

"return of the saloon." The Democratic convention called for immediate modification, knowing that can not be done. Why not? Because it would mean the return of the saloon. "The return of the saloon!" Consequently it is fair to say there is no saloon to-day in the eyes of the worthy people who vote dry. The Senator from Virginia has told us repeatedly that he is really opposed to repeal, although he has offered the amendment.

Mr. President, under a technical definition of the amendment, it either means what it says or it does not mean what it says. If it means that the Federal Government is to prevent the sale of intoxicating beverages where they are consumed, then it means no relief at all, because they could not be sold in hotels, they could not be sold in restaurants; and if distributed by a peddler, by a distributor who sold them in the home and received money from the home owner, they could not be sold in the home where they were to be consumed. I know the Senator from Virginia considers such an interpretation ridiculous because the home is never referred to as a saloon, although under the eighteenth amendment and the Volstead Act as it exists to-day thousands of homes in the United States have been turned into speak-easies. But they are not saloons. Oh, no! We have done away with the saloon. The saloon has been banished and must not be returned. It is to be the business of the Federal Government to see to it that liquor is never sold anywhere where it is consumed.

But what about speak-easies? As I have said, under a strict interpretation of the amendment proposed by the Senator from Virginia liquor could not be sold in hotels, in restaurants, or in speak-easies; but surely that is not what it means. What he is trying to do is to say to the American people, "Here is an amendment which will prevent the return of the saloon." It either means what it says or it does not. If it means what it says, then liquor can not be sold in hotels or restaurants. If it does not mean what it says, then liquors can be sold in speak-easies.

The agitation against the eighteenth amendment, the agitation against the Volstead Act, has been based on several things. In the first place, it has been based on the fact that many States and many communities have realized that here is a business going on, which is to-day the most prosperous business in the United States, namely, the illicit selling of liquor and beer to people whose thirst still exists and who do not believe there is anything immoral in their temperate consumption of alcoholic beverages.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from New York?

Mr. BINGHAM. I yield.

Mr. WAGNER. I am asking the question at this time because the Senator is discussing the resolution offered by the Senator from Virginia, in which an effort is made to legislate in a way which I think is objectionable.

Mr. BINGHAM. That is just what I said.

Mr. WAGNER. The Senator himself has the following provision in his proposed amendment:

> The power to regulate or to prohibit the manufacture, sale, or transportation of intoxicating liquors is reserved to the several States.

If the eighteenth amendment is repealed, does not that power become repossessed by the States?

Mr. BINGHAM. That is true.

Mr. WAGNER. Then it is an entirely gratuitous statement that ought not to be in the resolution.

Mr. BINGHAM. Possibly that is so. It is perfectly true that it does so rest, but in order to allay the fears of some people that it would not so rest this is written into the amendment to make it perfectly plain that it does.

Mr. WAGNER. I do not see whose apprehensions would be assuaged, because the Supreme Court of the United States has decided that so definitely that every one, every student of the Constitution or of government, knows it to be a fact. That it should be reiterated in the Constitution it seems to me is unnecessary.

Mr. BINGHAM. The Senator is a distinguished lawyer and was a member of a very distinguished bench in the greatest State in the Union, and of course it is perfectly plain to him. If he will read the last sentence in my amendment he will also say that the Federal Government to-day has the power to regulate interstate commerce and to regulate foreign commerce in these matters. But all of the people of the United States are not lawyers; all of them are not distinguished members of the supreme court of a great State; and it is in order to express to them clearly what this means that the language has been put in the amendment. I quite agree with the Senator that had the language been left out the meaning would be the same to a lawyer or to a distinguished judge in a great court; but we are going to submit something—at least I hope we are—to the people of the United States, and there are millions of people who are not lawyers and tens of millions who are not great judges, and they will wonder what becomes of the power. Therefore that language has been put in. If the Senator wants to strike it out, I am perfectly willing, only I believe that it will be easier to get the people of the United States to adopt a genuine repeal amendment if these clauses, which I agree with the Senator are unnecessary from the point of view of a strict constructionist, are left in it. That is the reason for leaving them in—to show to the people exactly what it means.

Mr. WAGNER. May I ask the Senator further what is meant by the second provision of his proposed amendment? Is it intended to limit the power now in the Congress in the matter of regulating interstate commerce?

Mr. BINGHAM. It is intended to limit the power of the Federal Government to interfere in a matter which should belong to the States themselves. We have had long enough experience with the eighteenth amendment to know that when the Federal Government attempts to say to a State that it must or must not do something connected with the habits of the people it will fail. The Senator knows that as well as I do. There is a provision in the amendment proposed by the Senator from Virginia that on the one hand sweeps out and wipes out the eighteenth amendment; on the other hand, it immediately gives an order to the Federal Government to see to it that there shall be no more saloons in any State whatsoever.

If the Federal Government has not that ability to-day, it will never have it under any amendment, and how has that worked? It has worked in such degree that the investigators for the Wickersham Commission and everyone who has gone out really to investigate the matter tells us there are thousands of speak-easies or concealed saloons. They are not called saloons. Oh, no. We have done away with saloons, and we must not do anything to bring saloons back. But actually there exist thousands of speak-easies in great cities. We have learned that through bitter experience, through the intoxication of young people arrested and brought to trial in the police courts. There are five times as many young people arrested for intoxication now as there ever were in the days before prohibition.

We have learned when the Federal Government attempts to say that liquor must not be sold in a State that once sold it, when the Federal Government attempts to say there shall be no beer or wine or liquor consumed on the premises in cities where a majority of the inhabitants are willing to have it consumed on the premises, that the experiment is a failure and that it can not be carried out. Yet in the very face of that record the Senator from Virginia, in an effort to clear the Democratic Party of any charge that it did not mean what it said when it claimed it was in favor of the repeal of the eighteenth amendment, here in the very last hours of the session, with a resolution pending to adjourn this very day, proceeds to call up an amendment to the Federal Constitution which in one breath repeals the eighteenth amendment and in the next breath restores it and makes it the business of the Federal Government to see to it that there shall not be restored in any of these great cities a place where liquor may be sold on the premises.

The proposal is perfectly ridiculous. All one has to do is to look at the facts and figures to see that it is ridiculous. If the Federal Government to-day under the eighteenth amendment can not keep thousands of children from becoming drunk and being arrested in the city of Cleveland, that would seem to demonstrate how ridiculous it is. There were 16,000 of them under the age of 25 arrested there last year for drunkenness. With all the powers of the Federal Government and all the powers of Ohio itself and of the city of Cleveland, they could not prevent liquor from being sold, so that 16,000 young people were arrested for drunkenness. How will the Federal Government be able to do it under this amendment?

The only answer is that the only way to carry out a sumptuary law is to leave it to the States and the cities themselves. In the city of London during the last 14 years, while we have been trying an experiment with prohibition, they have been going on carefully regulating the sale of liquors in various places. They have closed them at a certain hour. They do not permit them to be open on Sunday. They do not permit them to be open at unseemly hours in the night. As a result, in London without prohibition the number of persons arrested for intoxication during the past 15 years has fallen off by 50 per cent, and that in a country which did not try the experiment of prohibition; whereas in this country, under the noble experiment of prohibition, right here in Washington under the nose of the Federal Government, with all the power of the Federal Government and all the persons in Congress who always vote dry no matter how they may be otherwise, we have had thousands of speak-easies raided, and yet the number of arrests for intoxication has doubled in the past 15 years under prohibition; whereas in the great city of London they have been reduced by 50 per cent.

Mr. President, what we want to do is to go back to the time when arrests for intoxication were on the decrease. Under local option, under State regulation, any State that wanted to be dry, any community that really wanted to be dry, could be dry; but under this so-called noble experiment there has been too much temptation otherwise. It has been found impossible for the Federal Government to stamp out places where liquor is sold. To be sure, we are told the saloon has gone. The Senator from Virginia proposes an amendment to the Constitution providing that the saloon should not return; but the saloon has not gone. Do Senators not know that? Have not all the prohibitionists told us that the sale of beer must not be authorized, because, forsooth, it would mean the return of the saloon; and have they not told us how dreadful it would be to have a return of the saloon?

The Senator from Virginia proposes an amendment to the Constitution that prevents the return of the saloon, but how about the speak-easy, Mr. President? No one will deny that the speak-easy exists in all the big cities in great numbers. No one will deny that the number of young persons arrested for intoxication has increased rather than diminished since we have tried the experiment of prohibition. How are we going to do away with that condition? How are we going to protect coming generations? It is not by adopting any amendment such as that offered by the Senator from Virginia; it is by adopting an amendment such as that offered by the Senator from New York [Mr. WAGNER], who has offered an amendment which has no conditions attached to it. It is exactly like the one which I have offered as a substitute except that it is shorter. Mine is a little more explanatory, in that it provides that the Federal Government shall still have the power to regulate the sale of intoxicating beverages and their transportation in interstate commerce and in foreign commerce. It is a little clearer statement of the purpose to protect the wet States against the dry States and the dry States against the wet States.

The amendment of the Senator from Virginia proposes that no wet State which is surrounded by dry States shall have the right to ship its wines across the dry State to other States that may want them. For instance, supposing the State of California was surrounded by dry States, under the amendment proposed by the Senator from Virginia, there could be no transportation across those dry States. The right of the State of California to sell its wines to the people of New York or Connecticut who might want to buy it would be forbidden, because, under the Senator's amendment, transportation in a State which is dry would be forbidden. My amendment explicitly provides that no dry State shall prevent two wet States from engaging in interstate commerce in alcoholic beverages if they so desire.

Mr. WAGNER. Mr. President, will the Senator from Connecticut yield to me?

The PRESIDING OFFICER (Mr. JOHNSON in the chair). Does the Senator from Connecticut yield to the Senator from New York?

Mr. BINGHAM. Not just now. We have been endeavoring to secure the repeal of the eighteenth amendment, in the first place, in order that we might protect our young people against the evils of the speak-easy; in order that in the course of time we might again have in the United States such a condition that the number of persons arrested for intoxication would be steadily diminishing.

I have been told that in the State of Indiana, prior to prohibition, under regulations adopted by the State of Indiana, which placed a high license on all saloons—I think it was $1,000 on each saloon; with provisions that there should be no screens, no barriers, to prevent anyone seeing who was taking a drink inside, and various other regulations—the State derived a considerable revenue, and intoxication was steadily diminishing. Then came prohibition; the screens went up, the revenue went down, and all regulations were wiped out except that nobody should have a drop to drink. They laughed at that; they went in back of the screens, people of any age took all they wanted to drink, and intoxication increased. That is one of the reasons why we want the eighteenth amendment repealed.

I have a letter from a distinguished citizen of an important town in New Jersey, in which he states that before prohibition they had two saloons; they were well regulated, no young people were permitted in them, liquor was never sold to anyone under 21 years of age; their young people were protected; but, under prohibition, he states that there are more than 50 speak-easies in that town. Not one of them denies any young person, no matter how young, the opportunity of buying liquor; the young people are debauched; and he further says that the present condition is far worse than the previous condition.

I was talking the other day with a distinguished citizen of a city in New England, where there is a large foreign population, and where, I was told by him and his friends, that it is possible to buy liquor, beer, and various intoxicating beverages in any number of places. I mention that because that is the sentiment of the town. Yet he tells me that there is not a hotel or restaurant or a country club within 10 miles of that city or within the city limits that will grant permission for the holding of a high-school dance, because of the conditions that would prevail if such permission were granted. The people in that town, although to-day they can buy all the liquor they want, desire prohibition done away with because they believe that it has caused the demoralization of their young people.

Mr. President, the amendment proposed by the Senator from Virginia will not take care of that situation at all. It will not take away from the Federal Government the doing of the impossible, as has been proved by the experience of the past 10 years. It will make it the duty of the Federal Government to go into each community and see what places may be denominated saloons. I presume the Senator will state that a speak-easy would be denominated a saloon, although it is not so denominated to-day.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield to the Senator.

Mr. WALSH of Massachusetts. I ask the Senator would he prefer a constitutional amendment, which would simply provide for the repeal of the eighteenth amendment?

Mr. BINGHAM. That is what I have offered, Mr. President.

Mr. WALSH of Massachusetts. The Senator's proposed amendment contains an explanation?

Mr. BINGHAM. I have offered that as an amendment to the amendment proposed by the Senator from Virginia. It has two or three sentences in it to explain what it means.

Mr. WALSH of Massachusetts. I asked the Senator if he thought it could be adopted by the States, would he prefer the proposed amendment declaring alone for the repeal of the eighteenth amendment?

Mr. BINGHAM. That is what I have proposed in the amendment offered by me.

Mr. WALSH of Massachusetts. As I read the Senator's amendment, it has several sentences attached to it by way of explanation of the rights of the National and State Governments.

Mr. BINGHAM. I do not think the Senator was present when the Senator from New York [Mr. WAGNER] suggested that those sentences were practically unnecessary, because the Federal Government had that power to-day.

Mr. WALSH of Massachusetts. Has the Senator withdrawn those sentences?

Mr. BINGHAM. I stated to the Senate in the absence of the Senator——

Mr. WALSH of Massachusetts. Let me put my question a little differently. There are three proposals—one a flat statement declaring for the repeal of the eighteenth amendment, which I understand to be the so-called Wagner proposal; second, the Senator's proposal which declares for the repeal of the eighteenth amendment and also has some explanatory phrases. Am I correct?

Mr. BINGHAM. That is correct.

Mr. WALSH of Massachusetts. Then there is a third proposal, that of the Senator from Virginia which seeks to link with the repeal of the eighteenth amendment the assurance of the nonreturn of the saloon and protection to the dry States against the importation of intoxicating liquors from the wet States.

If I have stated correctly the three proposals, I ask the Senator if his first choice is what is my first choice, namely, an amendment proposing a flat repeal of the eighteenth amendment and nothing else?

Mr. BINGHAM. I think I stated when the Senator was absent that the reason why I preferred the amendment which I have offered is that I thought it was more likely to be adopted, because it would assure the people who voted for it, who are not as familiar with the Constitution as is the distinguished Senator from Massachusetts and as is the distinguished jurist, the Senator from New York [Mr. WAGNER], as to the power of the Federal Government to control interstate commerce and foreign commerce and to protect the States in interstate commerce.

If we should adopt the proposed amendment offered by the Senator from New York, of which I am in favor—and the same provision is in my amendment, with explanatory sentences—I fear many people, not knowing the power actually possessed by the Federal Government, would be frightened and, therefore, that there would be less chance of securing its adoption. That is the only reason why I favor certain sentences in my proposed amendment, so as to encourage those who fear the oppression of the dry States by the wet States or the wet States by the dry States to believe that their rights would be respected.

Mr. WALSH of Massachusetts. I have asked the Senator these questions to see how far we are apart. Personally, I favor the amendment which simply states the proposal to repeal the eighteenth amendment. That is my first choice. My second choice is the Senator's proposed amendment. My third choice is the amendment proposed by the Senator from Virginia; but I am as sure as that I am standing here that 36 of the 48 States will never ratify a proposed amendment that does nothing more than provide for the repeal of the eighteenth amendment. Therefore, I think we have got to be practical about it and that any other course than using some such words as those employed by the Senator from Virginia in his proposed amendment, although I dislike very much to have them in the amendment because they are in derogation of the power of the States, would result in nothing but postponing, delaying endlessly the repeal of the eighteenth amendment. So it would seem advisable from the practical standpoint to include in a proposed amendment for repeal, a promise that the saloon will not come back.

Personally, I do not think we ought to have to do that, but there is no use in spending time needlessly, and we will never get 36 States to agree to a flat proposal merely to repeal the eighteenth amendment, because in every pulpit and on every stump in the country we will be confronted with the saloon issue, and it will be said that the repeal of the eighteenth amendment means the return of the saloon in New York and in Massachusetts and in Wisconsin and in Connecticut. Therefore, I fear we will never get an amendment adopted that does not go beyond a flat repeal.

So I agree with the Senator that it is necessary, as a practical matter, that some explanatory words be used and some concessions be made, but personally I regret that the situation in the country is such that we can not end this debacle by simply a flat declaration favoring the repeal of the eighteenth amendment.

I thank the Senator for permitting me to make these observations.

Mr. BINGHAM. I feel, Mr. President, that the plank of the Democratic platform favoring the repeal of the eighteenth amendment and the Volstead Act, with the adoption of which the distinguished Senator from Massachusetts had so much to do, favors the one thing that will save this country. Repeal is the one thing that will restore prosperity; it is the one thing that will put hundreds of thousands of men to work; it is the one thing that will furnish a market for 100,000,000 bushels of grain; it is the one thing that will furnish a market for 7,000,000 tons of coal; it is the one thing that will put hundreds of locomotives and thousands of freight cars to work; it is the one thing that will give the automobile truck factories in Michigan and in other States orders for hundreds of automobile trucks; it is the one thing that will turn the corner of the depression. As I have repeatedly stated on the floor of the Senate, I admire that plank; when it was announced in Chicago I acclaimed it, and I came back immediately to the floor of the Senate and did all I could to secure the immediate adoption of part of it, believing honestly and sincerely that when the Democrats said "immediately" they meant immediately, and that they did not mean what the Senator from Mississippi stated yesterday they meant, namely, some time in the future, after the next election; that after they obtained a majority here, after the 4th of March, if the country wanted what they offered, then they would vote for it.

Mr. MORRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from North Carolina?

Mr. BINGHAM. I am sure the Senator from Massachusetts had no such idea when he voted for it; and he has shown it by his votes on the floor of the Senate in the last two or three weeks.

I did not start that measure in any effort to put the Democratic Party in a hole. I have been charged with that repeatedly on this floor; and, of course, in these days of political charges I am expecting any kind of unfair charge, even from my friend the Senator from Virginia or other Senators, that what I was doing was merely in the endeavor to reelect myself. If that is all they think of repeal, they have shown it by their criticisms. If that is all their real sincerity in desiring the modification of the Volstead Act and the repeal of the eighteenth amendment, they have shown it by their charges against me. They have shown it in the speech of the Senator from Mississippi last night, wherein he stated, most inexplicably to me:

> We know what we are about. We were clear cut and direct in what we said our plank would be. We knew, when we adopted it, what we were doing. We expect to go before the country on

that proposition, and we are going to live up to it. If we are intrusted with power by the people from New Jersey, and by the citizens of this country, after the 4th of March, we will live up to the platform.

Oh, yes, Mr. President; it was adopted to win the election, "and if we win the election, after the 4th of March we will live up to it." But the Senator from Massachusetts and the Senator from New York did not interpret it that way. I did not interpret it that way. I have been working for two years trying to get modification of the Volstead Act through. The first year it slumbered in committee, and I could not even get a hearing. The second year we succeeded in getting a hearing, and for several weeks all the time the drys wanted was allotted to them, and a sufficient amount of time allotted to the wets, and we took 600 printed pages of hearings; and the committee voted as they were expected to vote beforehand, those who had previously declared themselves as drys voting dry, and those who had previously declared themselves as wets voting wet.

That report was made to the Senate, and it was on the calendar for two months; and when I heard the news from Chicago I rejoiced, because I thought sincerely there was now a chance to get the Volstead Act repealed and to get the corner turned in regard to prosperity, and I immediately took steps to press, for all I was able to do, that immediate modification. I believed it could come.

I took a list of the Senators in this body, and in the presence of several of my friends in the press gallery we went over it, and we counted as favoring it those on this side of the aisle who had previously voted for modification, and we took on the other side of the aisle those who had previously voted for it. In the case of those who had not declared expressly against it, like the Senator from Texas and the Senator from Virginia and the Senator from Arkansas, we did not expect them to change their oft-pronounced views; but we did think that we had enough on the other side of the aisle to accept the statement of the Democratic platform. It was one of the greatest disappointments I have received when in the course of the debate it became apparent, and through the newspapers it became known, that there was going to be no effort to get a real vote on it, and I was accused of playing personal petty politics.

Mr. KING. Mr. President——

Mr. BINGHAM. Of course in a campaign one may be accused of anything; but I ask those who respect my word to take my word for it when I say that I honestly thought we could get that immediately done. I believed we would be able to do it. I believe that had there been more Senators here who did not interpret the platform as does the Senator from Mississippi we could have seen this country on the way to prosperity before many months have passed. We could have seen thousands of men put to work. We could have seen hundreds of thousands of bushels of grain in demand, and millions of tons of coal put to work, and the wheels of industry turning. We could have seen the Government revenue increased. We were told by the Commissioner of Internal Revenue that the very day after this was passed, so simple was it, he would have been able to collect Government revenue from it.

Mr. MORRISON, Mr. LEWIS, and Mr. KING addressed the Chair.

The PRESIDING OFFICER. Will the Senator from Connecticut yield to the Senator from North Carolina first?

Mr. BINGHAM. We were told by men in the colleges, distinguished professors, that in the course of time it would lead to an improved condition on the part of the young people over whom they had jurisdiction. We were told by heads of schools and colleges and various universities, who had not the slightest interest in the liquor business—so often referred to by the Senator from Idaho as though that was something that contaminated anybody that touched it—we were told by persons who had not the slightest concern with it, whose only concern was with the young people and their morality and their sociability and to get away from the present situation, where they seemed to find insidious pleasure in drinking cocktails and hard liquor, that the passage of this modification would really lead to better circumstances and a better condition.

Mr. LEWIS. Mr. President——

Mr. BINGHAM. We were told that repeatedly, and I believed it; and the evidence that was presented before us on the part of various judges of the municipal courts of this land was to the effect that never before had there been so much intoxication on the part of young people as under this iniquitous act.

The amendment as offered by the Senator from Virginia will not do any good. I am surprised that the Senator from Massachusetts should say it is the best we can get. If that is adopted, on the very next day we shall have to begin to see if we can not repeal it.

Mr. WALSH of Massachusetts and other Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from North Carolina?

Mr. BINGHAM. I think the Senator from North Carolina has been patiently asking the longest time to interrupt me. I yield to him.

Mr. MORRISON. Mr. President, I just wanted to inquire of the Senator, if the benefit that he contemplates will come to the country in the way of increased prosperity by the repeal of the eighteenth amendment and the prohibition laws, whether that does not contemplate a greatly augmented consumption of intoxicating liquors, whisky, and so on, and an increased traffic in them. Otherwise, how would it give so many more men employment—though they might be more desirable characters—than is the case now, when he seems to be contending and trying to establish that more liquor than ever is sold, and the country is more demoralized than ever?

Mr. BINGHAM. No; I did not claim that more liquor than ever is being sold and I do not think that was the position taken by the constituents of the distinguished Senator from North Carolina in the recent primaries. [Laughter.]

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Illinois?

Mr. BINGHAM. I yield to the Senator.

Mr. LEWIS. I hesitate to break into what I might call the uninterrupted flow from the crystal fount; but I should like to ask the Senator from Connecticut if he, in referring to the amendment he tendered touching the Volstead law, does not refer to the amendment he tendered to the bill known as the home bank bill? Is it not that amendment to which he alludes, which, tendered to the home bank bill, was subsequently referred upon a motion merely to the Judiciary Committee for division, one part into a beer bill, the other part into a bank bill? Is not that the amendment to which he alludes? Did he ever tender in the last two days, and does he mean to lead the public to understand that he did tender, a distinctive measure on beer, purely as a measure of beer, singly and solely, which could have been voted on by this body as nothing but a measure of beer?

Mr. BINGHAM. Yes, Mr. President; that was offered some two years ago, as I stated.

Mr. LEWIS. Two years ago; yes. I was speaking about two days ago. There is a difference between two days and two years.

Mr. BINGHAM. That bill was before the committee for a year without being considered, and finally was reported out and was on the calendar, and was objected to every time it came up by some Senator or other. It was not until the Democratic convention led everybody in the United States, with the exception of the Senator from Mississippi [Mr. HARRISON], to believe that they meant "immediate" when they said "immediate" that I believed that the time had come to press it; but we were then in the very closing days of the session, and the only way, under what we were told by the leaders of the House of Representatives, in which we could get it considered was by putting it as a rider on some House bill that the House must consider.

I have never before offered as a rider to another bill a bill in which I was interested, except in two or three minor

cases, as the Senator may recall in the instance of a decoration for a distinguished aviator, or something of that sort; and I did not like to do it, but it was the only way in which we could get it done. It was the only way in which we could get the House to vote upon it. Had the Democrats in the Senate and in the House been willing to believe that their party platform meant immediate modification when it said so, we could have had it, and it would have gone up to the President, and it would have then been up to him as to whether or not we might have had it.

Mr. LEWIS. What bill does the Senator say? To what bill does the Senator say he tendered the rider?

Mr. BINGHAM. The Senator will remember, because he was——

Mr. LEWIS. Yes; I remember it, and I should like the Senator to remember it and state it so that his countrymen may know it.

Mr. BINGHAM. Everybody knows that the only bill that was before us——

Mr. LEWIS. What was it?

Mr. BINGHAM (continuing). That there was any opportunity to get the House to consider, the only bill that there was any opportunity to offer it to as an amendment, was the home loan bank bill. I stated at that time that it was appropriate as an amendment to that bill because it would permit at least 100,000 persons to start to buy their homes and to pay their debts on them, whereas the bill itself gave them a chance only to borrow more money, and heaven only knows where they would get the money to pay it back.

Mr. LEWIS. That is the bill to which the Senator claims he offered the amendment; is it not true? That is the bill to which the Senator alludes now?

I hope the Senator has not been stricken with dumb silence by virtue of the consciousness on his own part of the incongruity of his own statements.

Mr. BINGHAM. Oh, no.

Mr. LEWIS. Will he please reply?

Mr. BINGHAM. The Senator's vocabulary is at least twice as beautiful and twice as large as mine. His knowledge of the English language and the classics——

Mr. LEWIS. It is not vocabulary I seek but veracity. [Laughter.]

Mr. BINGHAM. The Senator's wit is also faster than mine; but the Senator will have some difficulty in explaining to the country why he alone, of all the wets on the other side of the aisle, was so meticulous in regard to placing an amendment on a bill to permit people to borrow money to build their homes that he could not, forsooth, bring his conscience to the point of voting for something that would give them more money to pay for the homes which they have already bought, instead of losing them.

Mr. LEWIS. I could not bring my conscience to vote for something which could do nothing for anything, which was the amendment of the Senator.

Mr. BINGHAM. The Senator will have considerable explaining to do about his vote. I realize that.

Mr. LEWIS. I am not, as the Senator from Connecticut is, a candidate for office; and if I were I should have no difficulty in facing my people, such as the Senator seems to have in anticipation in facing his.

Mr. BINGHAM. In that case I do not quite understand why the Senator from Illinois is so anxious to explain to the people of the country just what the bill was, the amendment to which, proposed by me as an amendment to the Volstead Act, he voted against.

Mr. LEWIS. It is my desire that they may know the truth from the public records, rather than the complications which the Senator ever presents when he makes an argument.

Mr. BINGHAM. If there is anyone who is endeavoring to complicate the situation, it is the Senator from Illinois.

Mr. President, of course, if we can not have the amendment offered by the Senator from Virginia amended so as to take the Federal Government out of the States, I shall have to vote for the amendment, because it is a step in the right direction. The next day after I vote for it I shall have to start an agitation for a further amendment. I believe that half a loaf is better than no bread, although I doubt if this is even half a loaf. Drafted by a lifelong dry, who has frequently boasted that he never saw anything pleasurable in a glass of wine or a glass of beer, who admits that he does not know the percentage of alcohol that may be considered intoxicating, who has stated that one platform plank was adopted by a frenzied political assemblage and that the other platform plank was adopted by an even worse frenzied political assemblage, this amendment, offered in order to get the Democrats out of a hole by a Senator who himself does not believe in the repeal of the eighteenth amendment, is not going to fool anybody.

As I say, if we can not get it amended so as to take the interference of the Federal Government out from the States, where the Federal Government has done so much harm, if it is offered as a measure of some relief, I shall have to vote for it, greatly as I regret it. But it may be some measure of relief.

It is not in itself operative. It will require a second or junior Volstead Act to carry it out, and I believe that the sentiment of this country is such that before very long we will have a majority in both Houses of Congress that will refuse to pass any enforcement act for such an amendment, just as we have refused to pass any enforcement act regarding some other amendments to which I might refer, but do not desire to, because I do not wish to cloud the issue on this question.

Mr. President, as I stated, the eighteenth amendment and the Volstead Act have failed, because we have thought that the Central Government might go into any community and stop the saloon in that community. In the face of all the evidence, the Senator from Virginia claims that if this amendment be written into the Constitution, we can satisfy the people that the saloons will not return.

How about the speakeasy? Is that to return, or is it to be driven out, or is it to stay just as it is? I can assure the Senator from Virginia that if the history of the past 12 years is any criterion, there will be just as many speakeasies in the big cities, where they desire people to have alcoholic beverages, as there are to-day.

Mr. GLASS. Mr. President——

Mr. BINGHAM. There may be no open saloons—there are no open saloons to-day—but there will be just as many speakeasies, because this experiment has shown what every student of history has known, that when a great central government attempts to place its laws over the people of a community in regard to their manners and customs, which they have inherited from their parents, and which they do not believe to be wrong, although it may make them illegal, it can not make them immoral, and it can not make them give up those manners and customs, unless the people in the community, by a majority of public opinion in that community, determine that it is immoral and undesirable.

I yield to the Senator.

Mr. GLASS. The Senator seems to speak with intimate knowledge and convincing authority of speakeasies. What is a speakeasy?

Mr. BINGHAM. The Senator from Virginia ought to know.

Mr. GLASS. Why ought he to know? He never came within a thousand miles of one, so far as he knows. Why ought he to know?

Mr. BINGHAM. I have never been in a speakeasy.

Mr. GLASS. Then what is a speakeasy?

Mr. TYDINGS. Mr. President, if the Senator will yield to me, I would like to give a definition.

Mr. GLASS. Is not a speakeasy a concealed saloon, an illicit saloon? I have had that impression, but the Senator is an authority on the subject. Let him tell us what a speakeasy is.

Mr. BINGHAM. There is no question about it; but all these drys, all these people who want prohibition, all these people who do not want the eighteenth amendment repealed—like the Senator from Virginia, who would object to its real repeal—think the saloon has been done away with.

and that we must not do anything to restore the saloon, when actually we have concealed saloons, but they are not actually known as saloons. The Senator from Virginia tells the representatives of the press that his amendment would not prevent the sale in restaurants. Just where he draws the line——

Mr. GLASS. No; I did not tell the representatives of the press anything of the sort.

Mr. BINGHAM. Very well, Mr. President; then the Senator——

Mr. GLASS. The Senator ought to be more careful in his assertions of alleged facts here on the floor.

Mr. BINGHAM. There is nothing doubtful about the alleged fact that he was so reported in the press, and now, when the Senator from Virginia says he did not say it, I hope the press will take notice of the fact that the Senator from Virginia did not state it, and therefore that his amendment would prevent the sale of liquor or beer in saloons.

Mr. GLASS. In saloons; yes.

Mr. BINGHAM. In restaurants.

Mr. GLASS. No; I did not say that. [Laughter.]

The VICE PRESIDENT. The Chair admonishes the occupants of the galleries that there must be no demonstrations.

Mr. BINGHAM. It would prevent the sale of beer or wine or liquor in restaurants, I ask the Senator?

Mr. GLASS. I said nothing of the kind.

Mr. BINGHAM. Is the Senator denying both statements?

Mr. GLASS. I am pretty nearly prepared to deny every statement the Senator has made since he began his speech. [Laughter.]

Mr. BINGHAM. I have no doubt of that whatever. The Senator has himself in a bad hole. The Senator has himself in a place where he states that he never said that his amendment would prevent the sale of alcoholic beverages in a restaurant, and now he says that it would prevent the sale of alcoholic beverages in a restaurant. If that is not a hole, I do not know a hole when I see one. [Laughter.]

Mr. GLASS. I said, Mr. President, just the reverse of what the Senator attributes to me. I said it would not prevent the sale of intoxicating liquors in hotels or restaurants.

Mr. BINGHAM. Then the press reported the Senator correctly, and a few moments ago the Senator said that he had never made any such statement. Now the Senator admits he did say such a thing.

Mr. GLASS. The Senator from Connecticut is in such a confused state of mind that there is no use in my debating further with him.

Mr. BINGHAM. I do not blame the Senator from Virginia for being irritated, Mr. President. I am not surprised. He has offered an amendment to the Constitution in which he says, in the first place, that he is for the repeal of the eighteenth amendment. That sentence is clearly expressed. In the very next sentence the vivacious Senator from Virginia proceeds to write a police regulation, in which he retains the Federal Government in the duty of policemen in every city, to see that there shall be no intoxicating beverages sold where they are consumed, in places commonly called saloons.

Of course, a restaurant is not commonly called a saloon. I never heard a speakeasy commonly called a saloon, although everybody knows that it really is a saloon, and everybody knows that a restaurant where one goes regularly to buy beer or wine might be called a saloon, just as a speakeasy might be called a saloon. But the advocates of the eighteenth amendment and the advocates of the Volstead Act have so repeatedly told us that we must do nothing to restore the saloon that I assume from what the Senator from Virginia places in his amendment that he thought that the saloon had been abolished and that we must do nothing to permit the return of the saloon.

Mr. President, the evidence is overwhelming from all over the United States that, notwithstanding the eighteenth amendment and the Volstead Act, the amount of intoxication has increased since before prohibition. Every time that statement is made somewhere some member of some dry organization gets up and says that it is not true that the amount of intoxicating beverages has been increased in its consumption, and, of course, that is true.

Mr. BROOKHART. Mr. President——

Mr. BINGHAM. The amount consumed is not so great, for in the days before prohibition there was a large amount consumed temperately by people who never became intoxicated and who can not get it to-day and who have to do without it. But that is not what anybody claims—that the amount is the same or greater. What they claim is that the number of arrests has increased in cities where prohibition has been adopted and has diminished in cities like London, where there has been no prohibition.

Furthermore, the remarkable fact is that in New York City——

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Iowa?

Mr. BINGHAM. No. The remarkable fact is that in New York City, which is commonly called the wettest city in the country, where those who are familiar with it tell us that there are any number of places where intoxicating beverages may be bought at any hour of the day or night, the wettest city in the country, according to the drys themselves in New York City, the amount of intoxication, as registered on the books of the police court, has diminished. That is the extraordinary feature, that in a wet city the amount of intoxication has gone down.

Mr. President, before I conclude I want to call attention to some remarkable sentences in the very interesting political address delivered yesterday by the senior Senator from Mississippi [Mr. HARRISON], part of which was aimed at the senior Senator from Utah [Mr. SMOOT] and a part of which concerned the eighteenth amendment and the plank of the Democratic platform. I think these linguistic and oratorical gems should be extracted from the maze of this rather long and extremely brilliant address. I am only sorry that the Senator from Mississippi is not here. I do not ordinarily refer to Senators in their absence, but he did me the honor of making some references to my position during my unavoidable absence yesterday, so I trust that neither he nor anyone else will object to my culling these beautiful gems of political thought from his address, particularly in regard to the matter now under discussion.

In reply to something said by the Senator from New Jersey [Mr. KEAN] the Senator from Mississippi said:

> Does the Senator think we are so foolish, that we know so little about politics, as to pass a beer proposition here at this session of Congress?

Now who is playing politics? Now who is placing the interests of the country and the modification of the Volstead Act above any immediate value it might have for the benefit of a political party at the polls?

> Does the Senator think we are so foolish, that we know so little about politics, as to pass a beer proposition at this session of Congress?

Of course not. It might take away an interesting plank, an interesting offer at the polls. It might prevent some Senators from going to their constituents, Senators like my good friend the smiling Senator from Maryland [Mr. TYDINGS], saying, "Vote for me and we will get immediate modification of the Volstead Act." Certainly, if we had it now, it might take it away from the Democratic Party in November. What a strange thing that would be. Who is playing politics? The Senator went on to say:

> Does the Senator think that if there is any advantage to come from the modification of the Volstead law within constitutional limitations in the coming election we are going to give it all away by voting for modification at this time?

My friend the senior Senator from Arizona [Mr. ASHURST] shakes his head. Certainly not.

Mr. ASHURST. Mr. President——

Mr. BINGHAM. They are not going to give away any such advantage as that by voting for modification now.

The country can wait for its beer until the 4th of March, next. We are not going to vote for it now. That might destroy an issue in the coming election.

Mr. ASHURST. Mr. President, I voted against his amendment simply, solely, and only because I believed it would have been a violation of the Constitution of the United States.

Mr. BINGHAM. No, Mr. President; not at all. I thought the Senator said on one occasion that he had changed his views from formerly a dry to now a wet because his party had gone wet, and that if he could find out what his party meant when it advocted immediate beer he would vote for immediate beer. When I called his attention to three Senators from his party who were at Chicago, two of whom were on the committee, and that they had said 2.75 per cent was what they meant by constitutional beer, would he vote for it? Oh, no; he was not satisfied with that. He wanted it to go to the Judiciary Committee, which has for years had before it various proposals for modification of the Volstead Act and has never reported one of them.

Mr. ASHURST. Since the Senator has drawn me into this——

Mr. BINGHAM. I appreciate that fact. I apologize to the Senator. I withdraw my remarks.

Mr. ASHURST. No apology is necessary, but I want the RECORD to show that my vote against his beer amendment was simply, solely, and only because I believe, and I believe the overwhelming weight of evidence was to the effect, that 2.75 per cent beer is intoxicating, and therefore under the present Constitution not permissible.

Mr. BINGHAM. Alas and alackaday! Now we know how much help those of us who would really like to have a glass of beer will get from the Democratic Party when they will not even let us have that slop known as 2.75 beer which was permitted under war-time prohibition.

The Senator from Mississippi went on to say:

So, if the resolution for the repeal of the eighteenth amendment is proposed by the Congress in March—

This is to be determined by the election in the fall and by the people of the country if they believe the Democratic plank is right and show it by their votes. Then when we come back in December we will take up the matter, said the Senator from Mississippi. He went on then to say:

If the resolution for the repeal of the eighteenth amendment is proposed by the Congress in March, I dare say it will take some months—indeed it may take a year or more, or several years, before the requisite number of conventions of the States shall have adopted the proposition. In the meantime, in the interim, before the eighteenth amendment shall have been repealed, we pledge ourselves, in this plank of the Democratic platform—and we expect to go before the country on that proposition during this campaign—that on the 4th day of March, or as soon thereafter as possible—

In other words, probably the 4th of the following December, unless the President of the United States should call an extra session—

On the 4th day of March, or as soon thereafter as possible, we will modify the Volstead law within the constitutional limitations.

According to the Senator from Arizona [Mr. ASHURST] it will be something less than 2.75 per cent, but the Senator from New Jersey then said:

It does not answer my question because the Senator from Mississippi says on the 4th day of March and the platform says "immediately."

The Senator from Mississippi replied:

Oh, the platform says "immediately."

"Oh, the platform says 'immediately,'" said the Senator from Mississippi. Oh, the plank says "immediately," does it? He was out there, but he just discovered that the platform said "immediately," and so he expressed great surprise.

Oh, the platform says "immediately."

And the Senator from New Jersey said:

Therefore the Senator repudiates the Democratic platform.

The Senator from Mississippi said, "Immediately"!

Oh, yes; "immediately;" and then he went on to say:

That plank was not adopted for the guidance of Congress at this session at all.

Of course not, Mr. President. It is nearly 16 years since a political convention adopted a platform while Congress was sitting and had to come back to carry out something that they said in that platform should be done immediately. They argued that the Congress was still in session.

The Senator from Mississippi went on to say:

"Immediately!" That plank was not adopted for the guidance of Congress at this session at all. That platform was adopted for candidates of the Senate and the presidential and vice presidential candidates to run on.

Of course it was. It was adopted for the candidates in wet communities to run on, but not to vote on at this time. No, indeed, Mr. President. Then the Senator from Mississippi went on to say:

No one ever dreamed that the question would come up in this session of Congress.

Of course no one ever dreamed it would.

And from a Democratic standpoint it would be a foolish thing for us to try to take action now.

Of course that is the reason they sent it to the committee presided over by the Senator from Nebraska [Mr. NORRIS], because it would be a foolish thing to take action now.

Then the Senator from Mississippi went on to say:

Let those who want to modify, whether it be in Connecticut or up in Rhode Island or in New Jersey, those who want the Volstead law modified, vote the Democratic ticket, vote for the platform that insures that.

And now listen, Mr. President:

And after the 4th of March, if they will give us enough votes here, we will put it over for them.

"If we win, we will put it over;" otherwise we will continue to vote to send it to the Committee on the Judiciary, where it will slumber peacefully as long as possible in order that there may be no embarrassment to anybody to know whether he really wants to vote to have beer now or at some distant day in the future.

Mr. TYDINGS. Mr. President, I want to say a few words on the merits of the eighteenth amendment, and I hope I will not be drawn into a political discussion. After all, we are to consider an amendment to the Constitution of the United States, and in that consideration we must rely upon the results which have followed from our experience in the matter to enable us to determine how we shall vote in passing upon a new amendment dealing with the subject.

I shall vote, if I have the opportunity, for a straight, unadulterated, and unembellished repeal of the eighteenth amendment. I do that because I have faith in the people of each State to set up a form of liquor control in each and every State in the Union, and I believe that no State will permit a return of the saloon. Any Senator who proposes to write into the Constitution a provision saying that the saloon shall not come back says in effect that he has not faith in local self-government and State responsibility. That is what is wrong with the eighteenth amendment. We took a local matter from the States of the country and made it a national problem, and it has taken 13 years to find out our mistake, and yet the same people want to hang on to a vestige of that mistake.

I have had considerable to say at times about prohibition. I will make a statement now which I have made over and over again. I am not interested in getting liquor for the people of Maryland or New York or any other part of the country. What I am interested in is letting them be the masters of their own fate in their own States without the interference of the Federal Government.

The control of intoxicants in a country as big as this is not a national matter. Our country is thirty-three times the size of Great Britain, sixteen times as large as Germany, fourteen times the size of France, with Italians and Frenchmen, Englishmen and Poles, Scandinavians, Russians, and all sorts of national and racial derivations. Obviously, to

put all the people into one strait-jacket, with all our diversions of climate and industry and background and viewpoint and traditions, never could work.

It was doomed for failure, not since the Democratic candidate said it was doomed for failure from this moment on, but it was doomed from the moment it was enacted. All it took was sufficient time to show the absurdity, the lack of logic, which brought about its adoption. I admit that those who voted for it were inspired by the finest of motives and sublime idealism that they could do away with the curse of liquor by saying in effect that it would be illegal to have it in America. They thought they would prevent drunkenness; they thought they would help women whose drunken husbands came home at times, after having squandered their wages in saloons, and often mistreated their wives and children and often neglected them. But did it work? Did it stop it? Did it help the women? Did it eliminate the saloons or empty the jails? We have the biggest prison population in America to-day we have ever had in proportion to our total population. Every jail in the country is full. The Federal jails are so filled with prohibition prisoners that we have had to farm them out in the State, city, and county jails.

Has it helped the young? Right here in the city of Washington in the last 10 years five times as many persons under 21 years of age have been arrested for drunkenness as in the 10 years preceding prohibition.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House still further insisted upon its disagreement to the amendments of the Senate Nos. 46 and 47 to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

HOME-LOAN BANKS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives further insisting upon its disagreement to the amendments of the Senate numbered 46 and 47 to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

Mr. BORAH. Mr. President, I have no objection to the Senator from South Dakota [Mr. NORBECK] submitting a motion, but I want time to consider it.

Mr. NORBECK. The House has again rejected the Glass-Borah amendment, this time by a smaller majority—156 to 102. I move that the Senate insist on its amendment. We requested a conference the last time, but the House did not grant it. I renew my motion that the Senate request a further conference with the House and that the Chair appoint conferees.

The VICE PRESIDENT. Does the Senator from Maryland yield for that purpose?

Mr. TYDINGS. I yield provided it does not bring on any debate and I do not lose the floor; otherwise I feel that I should go on in my own time with my remarks.

Mr. BORAH. Mr. President, I suggest that the Senator from Maryland go ahead for a few minutes.

Mr. NORBECK. Mr. President, will the Senator yield for another matter that will not lead to any debate?

Mr. TYDINGS. Very well; I yield, provided I do not lose the floor.

INTERNATIONAL TRADE IN AGRICULTURAL PRODUCTS

Mr. NORBECK. Mr. President, I send to the desk a resolution, to which I am sure there will be no objection, and ask for its immediate consideration.

The VICE PRESIDENT. Let the resolution be read for the information of the Senate.

The resolution (S. Res. 280) was read, as follows:

Whereas information on international trade restrictions on farm products is needed for the proper consideration of measures for farm relief; and

Whereas information on such subjects is already being accumulated by Government agents: Now, therefore, be it

Resolved, That the Senate request the United States Department of Agriculture and the Federal Farm Board jointly to investigate the restrictions which now exist upon international trade in major agricultural products throughout the world, the measures which are now being undertaken in the several countries to protect the economic position of their farm producers, and the effect, if any, these restrictions and measures have had upon the prices of farm products and the welfare of American farmers, and to report to the Senate upon these matters by the next session of Congress.

The VICE PRESIDENT. Is there objection to the immediate consideration of the resolution?

Mr. KING. Mr. President, I am not sure whether I apprehend the meaning of the resolution. I inquire of the Senator whether the resolution contemplates an examination by the agencies referred to of the tariff laws, their effect upon international trade and commerce, or just what fields are they to explore?

Mr. NORBECK. We think they could take a few hours off and give us the information from the department. We could have gotten it without the resolution, but we know we can get it better with it.

Mr. McKELLAR. It does not carry any appropriation, I understand?

Mr. NORBECK. No.

Mr. GORE. Mr. President, the Tariff Commission has already done a good deal of investigating of this subject, as has likewise the Department of Commerce. Does the Senator think that would be inadequate for his purpose?

Mr. NORBECK. This is broad enough to make sure that we will get all the information we want.

Mr. KING. Mr. President, with the explanation made by the Senator, I have no objection; but if those agencies interpret the resolution to impose upon them——

Mr. TYDINGS. Mr. President, I yielded for the purpose of the Senator introducing his resolution, but I am in the middle of my discourse and I do not wish to yield further.

The VICE PRESIDENT. The Senator from Maryland declines to yield further.

PROHIBITION—CONSTITUTIONAL AMENDMENT

Mr. McKELLAR. Mr. President, will the Senator from Maryland yield to me before he proceeds further?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Tennessee?

Mr. TYDINGS. I yield for a question.

Mr. McKELLAR. The Senator said something about emptying the jails. I just want to read a very short statement and ask the Senator from Maryland what he has to say about it.

In the Washington Evening Star of to-day I read:

NASHVILLE JAIL EMPTY FOR FIRST TIME IN MEMORY

NASHVILLE, TENN., July 16.—The city jail was empty yesterday, the first time in the memory of police and jail officers that no cell was occupied.

All the doors in the building stood open, while turnkeys and other attendants sought cool spots to escape the heat.

Mr. TYDINGS. Mr. President, there are probably two answers. I may say humorously that the people of Nashville have gone over to Chattanooga where conditions are better, or else they are broke.

Mr. McKELLAR. At any rate, the jail there is empty.

Mr. TYDINGS. Mr. President, it is really regrettable that we do not comprehend what is involved in the eighteenth amendment. As I said a moment ago, those who projected it into our National Constitution, in my judgment, were impelled by the finest motives, but it has not worked; it could not work in a country like this. When we have a chance to change it, shall we keep a bit of its philosophy, which has not been successful, by retaining a police regulation as a part of the Constitution? I shall not vote for the proposed amendment to the Constitution offered by the Senator from Virginia, even as a last resort. I shall vote for the straight-out repeal of the eighteenth amendment, because I have faith that the people of the United States, in their respective States, can handle this question better than we can handle it for them.

My State is supposed to be an antiprohibition State. Aside from local pride, let me recount how it is situated to-day in this period of unrest and unbalanced budgets. First of all, we have a 10 per cent surplus in our Treasury. Our

tax rate has been reduced; our bonds sell as high as the bonds of the Government of the United States itself. We have more beds for tubercular patients in our State institutions than has any State or any country in the world outside of New Zealand. Ninety-eight per cent of the people of Maryland live within 2 miles of an improved highway. There is less distress in Baltimore, in my judgment, than can be found in any other city of comparable size.

We did all that without the help of the Federal Government. Compare the picture of the Federal Government itself with that of the so-called wet State of Maryland, and I will say that Maryland ought not to be tagging after the Federal Government; the Federal Government should be tagging after Maryland.

If we are competent to manage our own affairs in the State of Maryland so well, we can handle the liquor question better than the Senate or the House of Representatives or the President or the National Government can handle it for us.

If we shall adopt an amendment which does not meet with the support of the people of the States, we shall only go through another era of just what we have gone through. Prohibition is not a national question. It never should have been put in the Constitution; it never should have been taken from the control of the States. Prior to the adoption of the eighteenth amendment State after State was going dry by the vote, the support, and the will of the people; city after city was making more restrictive laws concerning the sale of intoxicants. The very year before the eighteenth amendment was adopted the little town in which I live voted the saloon out of existence there, and as an humble member of the legislature, and against the liquor ring in my State, I sought then to give the people of Havre de Grace a vote upon the question whether or not they wanted liquor sold there. That is the same principle for which I am contending to-day, to give the people of each State the right to govern themselves within their State borders and let the Federal Government confine its activities to interstate matters only and stay out of the realm in which it has no business or place whatsoever.

Are the people of the State of California unable to take care of their own affairs without the help of the Senator from Kansas, the Senator from Virginia, and the Senator from Maryland? I believe the people of California, through their representatives, can govern themselves just as well as we can do it for them. This whole proposition was wrong in its philosophy; it was a tissue of sophistry from top to bottom; and I appeal to Members of the Senate who are convinced that national prohibition has not been a success that we may retrace our steps back to the days of State rights when we were rapidly approaching temperance, for since that time we have gone in the opposite direction. All teaching of temperance has ceased; the old temperance societies have gone out of business. Wherever there was a saloon there are three speakeasies; wherever there was crime there is more crime; wherever there were graft and corruption there is more graft and corruption; wherever there was a waste of public funds there is more waste of public funds; wherever there were crowded jails there are more crowded jails; wherever there were minors arrested for drunkenness more minors are being arrested for drunkenness. If national prohibition had worked, I would still be opposed to it, because it seeks to teach with the policeman's club and the bayonet to drive into mankind the virtue of temperance—not by education, not by teaching, but through force. Any advance in progress which is obtained by force is not worth a continental; it is building out of sand. There is only one real kind of progress in human affairs and that is by the development of character and self-reliance and the progress which comes from evolution, teaching and training and self-restraint which are inside the individual and which can not be beaten into him by clubs and bayonets and jails and laws and fines.

I am afraid that we will try to carry water on one shoulder and wine on the other in deciding upon this matter. I am afraid that we are going to temporize with the Constitution once more; that we are going to leave in the Constitution a police statute while repealing the eighteenth amendment; that we are going back over the long trail once again until we come here 10 or 15 years from now and again find out that in our desire to regulate the saloon we have not regulated it as it can be regulated by the respective States.

I have every confidence that the people of Virginia can handle their liquor problems through their representatives much better than can the Senate and the House and the President or the National Government can handle them for the people of Virginia. I know that we can handle our affairs better in Maryland. What Senator will rise on this floor and say that without the aid of the Federal Government his people are unable to deal successfully with this question? Is there one?

Mr. SHEPPARD. Yes; I say so.

Mr. TYDINGS. The Senator from Texas says that without the help of the Federal Government the people of Texas are unable to deal adequately with the liquor question. I have no objection in the world to the Federal Government prohibiting shipments of liquor in interstate commerce into States which have gone dry. I think that is proper. Does the Senator from Texas mean that after the Federal Government has gone that far it should go still farther?

Mr. SHEPPARD. Yes, indeed; I do.

Mr. TYDINGS. Well, the Senator's philosophy and mine are entirely different.

Mr. SCHALL. That is true. [Laughter.]

Mr. TYDINGS. I do not need the Federal Government to bludgeon the people of my State to heaven; they will get there themselves if given the opportunity. [Laughter.]

Mr. President, in conclusion let me say that my first choice is the amendment which will shortly be offered by the Senator from New York [Mr. WAGNER], which simply says:

> The eighteenth amendment to the Constitution of the United States is hereby repealed.

My second choice is the amendment offered by the Senator from Connecticut. I do not like it, but it is not very objectionable. I have no third choice, and I shall vote against the repeal of the eighteenth amendment unless we get something that really repeals it. I do not want to half repeal it or three-quarters repeal it or nine-tenths repeal it; I want to repeal it completely and give the control of this question back to the States and to the people thereof from whom it should never have been taken, for they can handle this question for themselves a thousand times more efficiently than we can handle it for them.

Let me say a final word. What is the Government? It is nothing but a society of people; that is all. Do we want to give them the right to be the masters of their own fate in their respective States? What State outside of Texas—and I take issue with the statement of the Senator from Texas—needs help with which to run its internal affairs?

Mr. BROOKHART. Mr. President——

Mr. TYDINGS. I yield to the Senator from Iowa.

Mr. BROOKHART. Let me say to the Senator that every State that has prohibition needs protection from the wet States around it.

Mr. TYDINGS. I hope the Senator from Iowa understands that I am willing to give every dry State in the Union all the national protection it may ask to prevent the shipment of liquor within its borders from wet territory. That is a regular Federal function. Congress is given the power to regulate interstate and foreign commerce under one of the clauses of the Constitution; but where, outside of that, would the Senator have us go?

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Idaho?

Mr. TYDINGS. I will yield to the Senator from Idaho in a moment. I should like first to have an answer from the Senator from Iowa.

Mr. BROOKHART. The Senator has repeated about one hundred and seventy-five times that he wanted to repeal the eighteenth amendment straight.

Mr. TYDINGS. Yes.

Mr. BROOKHART. Without any protection to the States?

Mr. TYDINGS. No; because they already have such protection under the interstate and foreign commerce clause of the Constitution. Among the 18 powers conferred upon Congress is the power to regulate interstate and foreign commerce, so that we can take care of Iowa, if it wants to be dry, without a constitutional amendment; and an act providing protection has already been passed and has been tested in the courts and held to be constitutional.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Idaho?

Mr. TYDINGS. I yield.

Mr. BORAH. I have before me a copy of Senate Joint Resolution 164, which the Senator says he favors as his second choice to the direct repeal of the eighteenth amendment as provided in the joint resolution offered by the Senator from New York. Is there anything in Senate Joint Resolution 164 except direct repeal?

Mr. TYDINGS. That is the very point I made. I do not think the additional language is necessary, but it is not harmful and, couched in the language it is, I would take it as a last resort; but I prefer the unadulterated repeal even to that.

Mr. BORAH. I think it is harmful. We certainly do not desire surplusage, ambiguity, and double meanings in the Constitution.

Mr. TYDINGS. I have not read it very carefully, I will say.

Mr. BORAH. The joint resolution reads in part:

> The Congress shall have the power to regulate the sale or transportation of intoxicating liquors in interstate or foreign commerce in a manner not to abridge or deny the powers herein reserved to the several States.

Congress has that power, or will have it just as soon as the eighteenth amendment shall be repealed. The provision I have just read adds nothing whatever to it.

Mr. TYDINGS. That is right; that is my contention.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield first to the Senator from Idaho, and then I will yield to the Senator from Kentucky.

Mr. BARKLEY. I want to ask the Senator from Idaho a question.

The VICE PRESIDENT. Does the Senator from Maryland yield for that purpose?

Mr. TYDINGS. Very well.

Mr. BARKLEY. My attention has been called to the fact that during the Taft administration the then Attorney General, Mr. Wickersham, rendered an opinion holding the Webb-Kenyon law to be unconstitutional. Later the Supreme Court held that it was constitutional, with several dissenting votes, among them Mr. Justice Holmes and Mr. Justice Van Devanter. There are now only three members of the Supreme Court who were on the bench at the time the Webb-Kenyon Act was passed on. I realize the force of the suggestion that the Supreme Court has already held the law to be constitutional, but, in view of the change in the personnel of the court and the strong dissenting views at that time, if the court with its new members should have changed its views on that subject sufficiently to reverse their opinion in the previous case, then where would the Government be with reference to the protection of dry States?

Mr. BORAH. This particular clause would not add anything whatever to the power which is now expressed in the interstate-commerce clause. May I read it to the Senator again?

Mr. BARKLEY. Yes.

Mr. BORAH (reading):

> The Congress shall have the power to regulate the sale or transportation of intoxicating liquors in interstate or foreign commerce—

Undoubtedly the Congress now has that power. There is no dispute on that proposition; and nothing in the decision relative to the Webb-Kenyon Act would in any way detract from that power as expressed in the interstate-commerce clause.

Mr. TYDINGS. Has the Senator concluded his interrogation?

Mr. BORAH. No; I was going to ask another question.

Mr. BINGHAM. The Senator did not read the whole sentence.

Mr. BORAH. I did not read the whole sentence; but the balance of the sentence adds nothing to it and detracts nothing from it:

> The Congress shall have the power to regulate the sale or transportation of intoxicating liquors in interstate or foreign commerce in a manner not to abridge or deny the powers herein reserved to the several States.

That is repeating the first proposition.

Mr. BINGHAM. But it also refers to the second sentence in the article.

The VICE PRESIDENT. Does the Senator from Maryland yield?

Mr. TYDINGS. I am afraid I may lose the floor. I should be glad to yield to the Senator from Idaho, but obviously I can not yield to two Senators at the same time.

Mr. BORAH. Then it says, in line 3:

> The power to regulate or to prohibit the manufacture, sale, or transportation of intoxicating liquors is reserved to the several States.

That would be absolutely true if the eighteenth amendment were repealed.

Mr. TYDINGS. I think the Senator's comments upon the amendment are my own thoughts, namely, that we already have the power therein expressed when the eighteenth amendment is repealed. I can not see any real harm in it, but it is not good policy to put parts of the Constitution together which are unnecessary.

Mr. BORAH. The first provision of this article is:

> Article XVIII of the amendments to this Constitution is hereby repealed.

After that is accomplished, after it is repealed, then the States have power—

> To regulate or to prohibit the manufacture, sale, or transportation of intoxicating liquors—

That is undoubtedly true—

> except that no State may prohibit the transportation of intoxicating liquors in bond across its territory.

That is true now if Congress says it must not do so. It adds nothing to the first sentence of the amendment.

Mr. TYDINGS. Mr. President, the views of the Senator from Idaho and my own are in consonance.

Now, Mr. President, I want to make a very humble and perhaps not strong appeal to the Members of the Senate who do me the honor to listen to these parting words to restore this Government to the philosophy upon which it was founded and came to its great estate.

After the 18 powers are conferred upon Congress our Constitution says:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people.

My friends, we fought Great Britain for no other reason than to get local self-government. We did not fight because of taxation without representation. We fought for the right to govern ourselves; that is all. And men will fight for that right whenever it is called into question.

This country is too large to try to run it all from Washington. Why, this very amendment offered by the distinguished and learned and able Senator from Virginia has in it the vestige of bureaucracy. It will still provide for a smaller force, perhaps, than we have now to carry out the policing of the saloons, to see whether liquor is being consumed at the place where it is sold. We shall not be very far away from the old philosophy of the eighteenth amendment.

I appeal to you, Senators, to restore to the people of Connecticut, of Rhode Island, of California, of Virginia, of Louisiana, of Kansas, of Maine, and of the other States the right to settle this question as they think best, in line with the conditions that exist in their respective States, which they know far better than we do. If we do not do that, if

we keep some part of the eighteenth amendment, no matter how fine the motive may be for retaining it, we are only keeping a vestige of the very bureaucracy about which we are complaining now, and which has failed so dismally; because if we say that liquor shall not be sold at the place of consumption, if that becomes a part of the Federal Constitution, it is the duty of the Federal officers to enforce it, and we will have our Federal agents usurping the police powers of the respective States all over again.

Do not be deluded. The people of this country will see through it. There are only two courses open on this question, in my judgment. One is to give control of this matter to the Federal Government. The other is to give it to the States. We can not give it to both of them and get any sound or just or rational solution of this very difficult problem.

Prior to the adoption of national prohibition we were approaching—slowly, I will admit, but surely and accurately—temperance, and perhaps, away off, ultimate prohibition in approximation. Since we have had the eighteenth amendment State agencies have thrown off the yoke one after the other and turned the whole matter over to the Federal Government. What leads you to believe that again they will not throw off the yoke if this amendment is adopted and say to the Federal Government, "You have in your Constitution a provision that liquor shall not be sold in the place where it is consumed. We can not enforce it. It is sold in speakeasies. You enforce it. Our police force will not deal with it," and we shall be right back in approximation to where we are to-day.

Let us be honest with this thing. Let us come true blue on it.

I know there is a great group of people who feel that if the eighteenth amendment is repealed, the saloon will return. I do not believe the saloon will return in a single State of this Union. First of all, it would be silly for the so-called wets to let it return; and I will fight its return in Maryland, if we repeal this amendment, with every bit of force and energy at my command, because, in my judgment, it will no sooner return than we will adopt prohibition again after a period of 15 or 20 years, and have to go through this whole sickening experiment over again. I do believe that in my State and in every other State the people who complain against national prohibition will find a better solution than that which existed prior to the adoption of national prohibition.

I appeal to you to return this question to the States, and return all of it to the States, and let the Federal Government confine its activities to keeping contraband from coming in over the border, and preventing shipments from wet States into dry territory, but leave the respective States within their own borders to set up a system of liquor control behind which public sentiment can be rallied; and in the end we will get law and order and a stability and a result which we will not get by having half of this in the Constitution and half of it out.

My final word is, the Federal Government, on the one hand, or the States on the other, must, in the last analysis, deal with this question.

If we are going to take it away from the Federal Government, then let us put on each State the entire responsibility for what happens within its own borders. Let us not give it the responsibility and keep part of it in the Federal Constitution for the National Government, because, if we do, when the new system is put into effect we will have the same situation against which the country seems in rebellion to-day.

I therefore shall vote for the Wagner amendment, and, if that is defeated, for the Bingham amendment; not that I like the language of the Bingham amendment as well as that of the Wagner amendment, but if those two are defeated I shall not vote for the Glass amendment, because I see a police statute remaining in the Constitution which has no place there. It should be a complete grant of authority; and I can see another Federal agency going out in the respective States, paid for by the taxpayers all over the country, run by the Federal Government, which will be as ineffective as is the present one.

Mr. MORRISON. Mr. President, after the 4th day of next March, when the Senator from Connecticut [Mr. BINGHAM] and I visit this body to enjoy the privileges so generously accorded ex-Senators here, I do hope that he will feel as good at heart over having gone down trying to distance all comers in championship of legalizing the liquor traffic in the United States as I feel at having gone down standing for the eighteenth amendment and against legalizing the liquor traffic in any respect in the United States.

Senators seem to think that this matter is all about over, and, the two great political parties having placed a bridle upon the voters of the United States, that the eighteenth amendment is gone, and that we are going to have some sort of place where whisky can be legally dispensed to the people of the United States.

Mr. President, I do not desire to enter into a formal discussion of the subject in the legislative situation the Senate now is in; but I do think some voice ought to be lifted here on this occasion in behalf of those millions throughout this great Republic, who still think as I think that the eighteenth amendment was a great, solemn, well-considered action of the American people, acting through regular constitutional processes; that it was not an experiment, noble or otherwise, but the solemn determination of the great people of this Republic to place in the organic law of this land a fixed and determined purpose to outlaw the damnable traffic in whisky in the United States.

The Senator from Connecticut asserts in one part of his argument that we are drinking worse than ever, that there is demoralization and wreck everywhere; and in the next part of his argument he asserts that if we could abrogate the eighteenth amendment we would use millions more bushels of grain at once, and start an industry that would result in abounding prosperity throughout this distressed country. The Senator can not sustain both arguments. He may take either horn of the dilemma he pleases; but either whisky is not being sold in any such volume as the Senators from Connecticut and Maryland think, or repealing prohibition will not bring prosperity, because they are using the grain now.

The gentlemen who think as they think say they want to repeal prohibition to diminish the consumption of whisky. They assert that it is being sold at so many places and in such immense quantities that, in order to save the girls and boys of our land, they must legalize it and diminish the number of places at which it is sold.

Mr. President, it is all assertion. They say that it is demoralizing the girls and boys. I assert—and I have as much right to assert it as they have—that no law placed upon the statute books of this Nation in all time has done so much for the health and the morals and the happiness of the people of this Republic as the eighteenth amendment and the prohibition laws.

I want to say to the Senate, and through it, as far as my feeble voice shall go to the country, that the political parties of this country have no right to bridle the free thought of the people of this Republic. Yes; you enjoy a great apparent victory; but were it not for the fact that the two great parties deserted the prohibitionists of this country and put liquor planks in your platforms, through which you think you will take the mind and the conscience of the great hosts who belong to the Republican Party and the great hosts who belong to the Democratic Party and make them think as the machines of the two parties want them to think who had the power to write the platforms of the parties, you would not stand a chance, and there would not be any such hurry and boast and confident sweep of those who want to legalize the sale of liquor in the United States.

I shall trespass but a short time, Mr. President and Senators. But I want to say this, that there is talk about returning to the States all this power. How did the Federal Government get the power? They obtained it by the free grant of the sovereign people of the States after half a century

of discussion, and it was as clean and righteously arrived at a determination as the people of the States ever made in the history of this Republic.

There was no corruption in bringing about those judgments. The fight for it was led by those who preached the sermons and said the prayers of this Republic, not the corruptionists, not the boodlers, not the great money lord who wanted the power to sell liquor in his hotels in order that he might have profit. No; it came from the prayerful consideration of the great hosts which made up the great home life of this Republic, and it was not an experiment. They granted the power freely to this Republic; and while there has been effort at nullification all about over the Republic; while there has been organized a damnable political effort to assassinate it from the beginning by great, corrupt, and dirty political machines, nevertheless, it has blessed America. Talk about drunkenness. About the time we passed the eighteenth amendment there was hardly a law against ordinary drunkenness anywhere in this Republic. It was made a crime to get drunk along about the same time.

When I was a young man down in North Carolina, I was defending a fellow for being drunk, and the court, of its own motion, suggested that unless they proved that he was also disorderly, there was not any law against being drunk there, and it was so throughout the country. They assert that it has caused crime. I deny it. How do they attempt to prove it? With statistics of violations of statutes of a regulatory character which did not exist before.

I assert that the whisky being drunk now is not doing half the harm it used to do, with the hell holes called barrooms, whisky distilleries, where men went and drank and drank until they went down in health and in mentality, until they were finally found in the back end of a dive somewhere, if still alive, beaten up and drunk and ruined.

Yes; the little devilish drinking that some of the young people do now is not half so bad; and I want to assert now that I am as good a Democrat as ever wore a shoe, and I expect to stay in my party and support my party's ticket; but as to the liquor plank in it, I do not believe in it, and I would be a liar if I said I believed in it, as millions of other Democrats in this country would be if they said they believed in it.

One can not be made to believe in it by a party resolution and a party convention. While I do not want to prolong the discussion here, I shall stand ready, in the campaign that is to come, because, after all, political parties will finally have to let the people whom they think they have bridled have a vote on it, and when that time comes I shall be ready, proudly and boldly, to debate with anyone in defense of the eighteenth amendment and the necessary laws to carry it out, with any champion of legalizing the liquor traffic of any party who desires to engage in debate.

HOME-LOAN BANKS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives still further insisting upon its disagreement to the amendments of the Senate Nos. 46 and 47 to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

Mr. NORBECK. Mr. President, again I remind the Senate of the fact that the Senate asked the last time for a conference, and the House paid no attention to it. I therefore move that the Senate insist upon its amendments.

Mr. BORAH. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. CAREY]. I transfer that pair to the junior Senator from Kentucky [Mr. LOGAN] and vote "nay."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN], which I transfer to the junior Senator from Wyoming [Mr. CAREY], and vote "nay."

Mr. JONES (when his name was called). Making the same announcement with reference to my pair as heretofore, I vote "yea."

Mr. KING (when his name was called). I have a general pair with the junior Senator from New Mexico [Mr. CUTTING]. I transfer that pair to the senior Senator from Missouri [Mr. HAWES] and vote "yea."

Mr. McNARY (when his name was called). Again referring to my pair with the Senator from Mississippi [Mr. HARRISON], I withhold my vote.

Mr. SHORTRIDGE (when his name was called). Making the same announcement as to my general pair with the senior Senator from Montana [Mr. WALSH], I refrain from voting. If permitted to vote, I would vote "no."

Mr. STEIWER (when his name was called). With reference to my pair previously announced, I am now informed that the senior Senator from New Mexico [Mr. BRATTON] would, if present, vote as I shall vote, and therefore I am free to vote. I vote "yea."

Mr. THOMAS of Idaho (when his name was called). Making the same announcement as before, I vote "yea."

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. SMITH]. On the home loan bank bill there is a special arrangement of pairs between the Senator from South Carolina [Mr. SMITH] and the Senator from Colorado [Mr. WATERMAN], and that leaves me free to vote. I vote "no."

The roll call was concluded.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Wyoming [Mr. KENDRICK];

The Senator from Nevada [Mr. ODDIE] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Maine [Mr. WHITE] with the Senator from Tennessee [Mr. HULL]; and

The Senator from Vermont [Mr. AUSTIN] with the Senator from South Carolina [Mr. BYRNES].

Mr. DALE. Referring to my pair, heretofore stated, I withhold my vote.

Mr. LA FOLLETTE. I wish again to announce the unavoidable absence of my colleague [Mr. BLAINE], and the fact that he is paired with the junior Senator from Kansas [Mr. McGILL].

The result was announced—yeas 37, nays 26, as follows:

YEAS—37

Ashurst	Costigan	La Follette	Sheppard
Bailey	Couzens	Lewis	Steiwer
Barkley	Fletcher	McKellar	Stephens
Black	Frazier	Morrison	Thomas, Idaho
Borah	Glass	Neely	Thomas, Okla.
Brookhart	Gore	Norbeck	Trammell
Bulow	Hayden	Norris	Walsh, Mass.
Capper	Howell	Nye	
Cohen	Jones	Pittman	
Connally	King	Robinson, Ark.	

NAYS—26

Barbour	Hastings	Moses	Tydings
Bingham	Hatfield	Patterson	Vandenberg
Bulkley	Hebert	Reed	Wagner
Davis	Johnson	Robinson, Ind.	Walcott
Dickinson	Kean	Schall	Watson
Goldsborough	Keyes	Smoot	
Hale	Metcalf	Townsend	

NOT VOTING—33

Austin	Copeland	Hull	Smith
Bankhead	Cutting	Kendrick	Swanson
Blaine	Dale	Logan	Walsh, Mont.
Bratton	Dill	Long	Waterman
Broussard	Fess	McGill	Wheeler
Byrnes	George	McNary	White
Caraway	Glenn	Oddie	
Carey	Harrison	Shipstead	
Coolidge	Hawes	Shortridge	

So Mr. NORBECK's motion that the Senate insist upon its amendments Nos. 46 and 47 was agreed to.

THESE ETERNAL CONTESTS

Mr. SCHALL. Mr. President, before final adjournment I would like to express my appreciation and gratitude to the Committee on Privileges and Elections, who to-day unanimously dismissed the complaint filed by Einar Hoidale seek-

ing to unseat me and seat himself. I feel that they leaned over backwards to be just to the gentleman who filed the complaint in giving him 45 days more in which to try to draw another complaint. If he could not draw a complaint in 18 months that would hold water, can he in 22 months?

The filing of this so-called contest 18 months after the election is, of course, on its face not regular. Neither is it regular that Einar Hoidale, seeking to fill my place, is at the same time a Democratic candidate to Congress for the House of Representatives in the coming election. Perhaps he "could be happy with either, were t'other dear charmer away." In order to thoroughly understand the why of these eternal contests it is necessary for one to get a glimpse of my whole political fight in the State of Minnesota.

Mr. President, I have always been a Republican—a Lincoln Republican, though. My father was a Lincoln Republican and fought under and voted for Lincoln. In 1912 I left the Republican Party to follow Theodore Roosevelt and HIRAM JOHNSON. They were my kind, and still are. This, of course, was sacrilegious to a certain element of Republicans.

In 1914 I had the audacity to run independently or on the Progressive ticket for Congress. There was no machinery by which to get on the Progressive ticket except by independent action, the signing of a petition by 500 voters who had not participated in the primary election. By this means I became a candidate for Congress in the tenth congressional district. My Republican opponent was slated as an undoubted winner by a large majority. The press of the State entirely ignored me. Not a Twin City daily paper printed my name. They did print the name of the Republican and Democratic candidates, and in one instance a Minneapolis paper went so far as to say there was also a Progressive running but the name was carefully omitted.

I had the names of a few Progressives in the different counties of the district. I wrote them and called upon them, asking them to get up a meeting, but they refused for one reason or another. I tried to hire halls for the purpose of speaking to the people of the district but found they were taken for the very time I wanted them, though afterwards it was brought to my attention that they were not.

Finally in desperation I decided that the only method I had of getting my cause before the people was to go directly to the voters. Nor could that be done in orthodox ways. No orthodox way was open to me. The sole alternative was to speak in the open.

At that time the candidate who did not "hire a hall" was in contempt of every conventional decency of politics. A farmers' picnic or a county fair was respectable, but for an office seeker to hold street meetings was not only undignified but degrading.

I knew the popular feeling, but it was that or defeat.

Just a little encouragement at that time, I believe, by some of the people who thought they were the powers that were and are and be might have dissuaded me not to run, but the treatment I received at that time so enraged me that I decided I would do what I could with the only means I had to force a show-down at any cost.

To me it seemed more than a matter of going to Congress. My self-respect was at stake.

I do not blame anybody for the failure to be active in my behalf. It was a peculiar situation in which there was little that any one could do. Without my speaking, the assistance of however many so-called leaders of their communities would not have carried me through. When I did adopt the method of street-corner speaking it negatived all that others might have attempted.

I made 237 speeches outdoors and, despite the betting of 20 to 1 against me, when the votes were counted it was found I had been elected by 1,407 votes. My friends all over the State, outside my district, and in other States wrote me, surprised I had been elected. They did not even know I was running. The newspapers announced that an unknown by the name of TOM SCHALL had been elected and explained that in the best of regulated politics these accidents sometimes happened.

It was the common people, the plain folks, the every-day men, who were responsible for my election. The rich, the powerful, the elite, the dainty had opposed me. I had won in spite of them. No one had a 5-cent piece invested in my congressional seat, no gang, clique, organization, man, or corporation had any strings on me. No maker of public men ever thought it possible for me to get to Congress in the first place, and so paid no attention to me.

My opponents were sure that my election was a mistake, which they could easily rectify in the next election, and that I had won through sympathy.

I thought then, and 18 years of congressional work have confirmed me in the idea, that Congress is not an eleemosynary institution and that the voters do not think of it in that light. I have never asked a vote through sympathy. I did not need it then, for I was making more money in the practice of law than the Government paid me as Congressman, and there has never been a time since that I could not have stepped out into the practice of law with more money as compensation than the salary of Congressman or Senator.

Thus through the providence of circumstances I came into Congress as a most independent Member, as my record will bear out.

I resolved then, and have through the many years of my service confirmed that resolution, that so long as I remained in Congress I should continue that independence with the light that God gives me to see the right, regardless of consequences as foreseen by the petty vision of selfish men.

I believed that if I were to be the instrument for further and higher service that I should in some way be given the sign, and the way provided for a part in that higher work, free and independent from selfish control or manipulation.

Gratitude alone, if nothing else, should prompt me to do my best to represent the ordinary folks. The tenth district was composed of seven rural counties and three wards of the city of Minneapolis. The three wards were labor wards; so if I were to truly represent my district, my study and effort should be to advance the cause of the worker and laborer, to put on a basis of equality with other industries the agricultural industry.

This I did so consistently that I have been able in every succeeding campaign, including my senatorial campaigns and up to date, to announce without fear of contradiction that my labor and farm record is 100 per cent.

In 1916 Roosevelt went back into the Republican Party and I tried to follow him but my filing in the primaries for a Republican nomination was refused and I was forced to again run independently. The people elected me by a plurality of better than 9,000.

In 1918 I was urged by my friends to become a candidate for the United States Senate. Opposition to the senior Senator Knute Nelson offered inducement if I would announce myself as a candidate for that high office. I had no idea of taking such a step, feeling sure that outside of the people of my district whom I had been able to reach by speech. I was little known, since the papers had kept me and anything I had done carefully repressed.

I wondered at the time why a delegation of Minneapolis men who I knew had vigorously opposed me during my last two elections had come all the way to Washington and seemed suddenly so friendly.

They avowed that I had made good and that they never understood me before, and they wanted to see me back in the Republican Party, where I belonged.

I retorted that I would not be allowed to file on the Republican ticket, for the same situation existed now as two years ago, and if there was any foundation to the refusal to let me file two years ago it was certainly of the same vital effect to-day.

They thought the secretary of state could be persuaded to accept my filing. I reminded them that the supreme court would have thrown me out had I insisted on filing on the Republican ticket two years ago. They opined it could all be ironed out satisfactorily.

I can see now what I could not believe then, that they were determined to keep me from filing for the United States

Senate by making the path so smooth and straight for the regular Republican nomination to Congress that the line of least resistance would naturally lead me to accept that nomination.

I offered my filing. I found with no little surprise it was accepted with alacrity. My Republican opponent, whom they evidently had not taken into their confidence, frothed at the mouth.

Believing that he knew something of the attitude of the supreme court, he immediately proceeded to have them erase my name as a Republican candidate. But "the best-laid schemes o' mice and men gang aft agley," and behold, the supreme court decided that I was a Republican, giving me the distinction and honor of being the only Republican in the State to date vouched for as such by the highest law-giving power of that State. I doubt if any Senator here can show better credentials of Republicanism.

Had I been defeated in the primaries for the nomination, under our law, I could not have filed independently for that same office, but I would not have been prevented from filing independently for the United States Senate. It was necessary in order to block my being a candidate for the United States Senate to see to it that I secured that Republican nomination for Congress in the tenth district, which I did almost unanimously. I was elected by a majority of over 26,000.

In the next two campaigns I was not only personally a Republican, but nominated and elected as a Republican.

My majority was more than 42,000 in 1920, and in 1922 it was above 50,000. These last two elections were after the women had been given the suffrage. That I held the respect and confidence of the Members of the House is evidenced in that they placed me on the Rules Committee, where I served for 8 of my 10 years in the House. This committee is the most powerful committee in the House, being the nozzle through which all legislation must get to the floor.

One vital lesson I had learned, that politicians and newspapers were not absolutely necessary to a continuance in office, and that attitude expressed by voice and vote in the House was the constant cause for predatory interests seeking, by fair or foul means—mostly foul—my defeat.

Every Congressman looks longingly toward "the other end of the Capitol." Twenty-five of you have been successful. Such an ambition is natural. But my trip to the trenches in 1918 also had something to do with my seeking a Senate seat in 1924.

What I sensed while abroad crystallized into a firm conviction that it would do our country irreparable harm for us to mingle at all intimately in European affairs. Europe was not American nor ready for Americanism.

Subsequently I saw our international influence taking forms which, it seemed to me, were mightily dangerous. This danger has been completely demonstrated through facts oozing into light since the war, and accounts for our present depression. The League of Nations covenant had been overwhelmingly defeated by a vote of the people, but the tendency on the part of administrations still appeared to favor that intertangling alliance. The Great War had left a big brood of such new issues.

There are only 96 Senators. As one of them I could at least do my mite in this troubled field.

The personal advantages of a Senatorship were obvious.

Its prestige was greater; it was for a 6-year term—a most important consideration, because then one would not be compelled to give so much time to campaigning that should be devoted to public work, and its traditional freedom of debate permitted no gagging when duty prompted one to speak.

It was the highest office in the gift of a State.

Senators and governors are generally the result of much consultation with and among the powers that be.

I have never asked anybody if I might do this or that. All of my elections have been like elopements—without "parental consent"—or forgiveness, afterwards.

Minnesota is not different from many other Commonwealths in that she has political powers that should be consulted if one wishes to choose the easy way.

Had the nomination for Senator depended upon the convention method, as manipulated in Minnesota to-day for the purpose of electing delegates to national conventions, I doubt if I could have gathered a hundred delegates who would have favored me.

Our primary system, while not eliminating the influence of professional politicians, does operate to prevent their absolute dominance and this dominance would be still less if the voter in the primary would be given one ballot containing the candidates of all the different parties.

With the discovery that I was ahead for the Republican nomination in 1924 there began a series of attacks upon me, which still continue, of the type with which special interests have too often made the shame of our national politics. I won the nomination and the election in the orderly way legally prescribed for political parties and the people to make their choice. Then followed five other combats with forces determined that I should not be a United States Senator.

This persecution is still prevalent, as evidenced by the contest which has just been dismissed. It left me so broken that normal strength and spirit have but recently returned. Mrs. Schall, too, suffered the same crushing injustice of it all.

First was the attempt to deprive me of the Republican nomination to the Senate in 1924. I could recite many instances of high-handed piracy, but the final incident of that primary will suffice to tell the story. If I had not discovered it, I would have lost by 300 votes. One thousand eight hundred and three votes had been withheld from me. After forcing a correction, the result was 1,500 in my favor.

Second, a contest was instituted to deprive me of the nomination. It was the expectation of my predatory-interest opponents not that they could discredit the nomination but that, by involving the issue in a judicial tangle, I might be weakened for the election.

All their charges were so obviously false that the court ordered a dismissal.

I well understood how desperate would be the contest for election. There were several vital elements in the situation each of which seemed determinative, and all against me.

To have won the Republican nomination did not mean the support of the self-appointed pseudo-Republican dominant in that organization. Those in control of the party machinery were my enemies. I did not play the game according to their code. They desired my defeat, and that it should be so decisive that I would never again be in their way.

The Farmer-Labor forces were then at the crest of their political popularity. They already had the other Minnesota senatorship, in the person of Dr. HENRIK SHIPSTEAD. Their candidate against me was Magnus Johnson, who also enjoyed the prestige of a senatorship. In the previous special election to choose a successor to the late Knute Nelson, Mr. Johnson had won an easy victory, beating with the underground aid of the old Republican machine a very popular governor, J. A. O. Preus, the Republican, by somewhere around 100,000.

Magnus Johnson was a picturesque character. During his stay in the Senate he was given more publicity, perhaps, than ever came to such a public official in this generation. The papers of State and Nation overflowed with personal references to him.

The attitude of almost the entire press toward me, on the other hand, was, as it had always been, one of silence or slander.

A study of the primary result revealed that there was an overwhelming support wherever I was acquainted. I won the nomination because of my own district and the city of Minneapolis, the two congressional districts that knew me most intimately. Also it was apparent that the few places

where I was able to speak in the primary campaign had returned substantial pluralities.

Obviously it was necessary to speak, speak, speak.

That had won for me; it was the only conceivable way to win this larger opportunity for public service.

In this senatorial campaign between the primary and the election I made 278 speeches, 248 in the country and 30 in the cities.

Mrs. Schall was with me. She drove our car all over the State. She kept a map of Minnesota and everywhere we spoke she would set down a cross. It was curious to see what a slight impression these 248 crosses made upon that great State, and yet when the returns came in it was these crossed places that gave me such an overwhelming vote that, if I had not had them, I would have been defeated. I carried my own county, Hennepin, by over 40,000. I carried only 17 counties out of the 87.

During the last two weeks, the most strenuous of all, I spoke with a fever that some days reached 104.

Then, for 48 hours, I watched the doubtful returns coming in. When my election was assured the illness took command. I went to bed. For months I was under a doctor's care.

I have never had money with which to fight my campaigns. I have fought them on the street corners and I have used my blood instead of money to win them. You would naturally think, Mr. President, that men with just a pinch of sportsmanship, just a little red blood in their veins would say, "Well, here is a clean square fighter; he has gone out and beaten us, despite our manipulations and conniving; let us at least acknowledge him; let us fight him to the last ditch but when he has been declared a victor by the undisputed votes of the sovereign people, let us not condemn him and soil our hands with mud and our lips with dirty lies and perjury." Anything to beat TOM SCHALL! Why? Because he has been independent, irrespective of what they would like to have him say or do.

The next two years were so terrible that I thought more than once that the readjustment to blindness would be a preferable personal tragedy.

In an undoubted legal way, the sovereign people had nominated and elected me to the Senate. My political enemies had already attempted twice to nullify the result of that primary. Now I had to face, not one, but three attacks upon the validity of my election.

It seems incredible that these shrewd men should have believed it possible to substantiate the various charges against me. Perhaps they only thought to break my spirit. More probably they had in mind the election of 1930, when they again made desperate attempts to defeat me, and nearly two years after election filed another smear contest, which the Privileges and Elections Committee has to-day unanimously dismissed. These constant contests, however baseless, require time, energy, and attention that should be directed into needed and useful channels. The same predatory interests are back of this contest as were back of the 1924 contest, though this time their solicitations are couched in the name of a so-called Democrat, Einar Hoidale, but the actual force is reactionary predatory interested pseudo-Republicanism.

The first of these three attacks in 1924 was an investigation, by the Hennepin County grand jury, of my election in Minneapolis, conducted by Floyd Olson, county attorney, who had been a candidate for governor on the same ticket with Senator Johnson. After exhaustive hearings no ground for action could be found.

The second was a contest before the Senate. That dragged through many months. The subcommittee conducting the inquiry reported a complete exoneration of me. Senator NEELY was the Democratic member of that subcommittee, and I cite him as Exhibit 1 to anyone of you Senators who may be casually interested to know what a farce it was. The whole Committee on Privileges and Elections approved that verdict. Later the Senate of the United States voted unanimously to dismiss the contest in the following words:

(1) The evidence does not show that any violators of the liquor laws were induced to contribute money or did contribute any money for the expense of contestee's campaign for election or that the contestee received or expended any such funds.

(2) There was no testimony offered to show that contestee expended any money during his campaign for election as United States Senator or in the primary which preceded it. There was no testimony to show that contestee received any money during the campaign preceding the election of November 4, 1924, or at the primary immediately before it.

Certainly this should have ended the persecution, but there followed a third attack.

During my 10 years in the House my record had been 100 per cent for the common folks. I had been a Theodore Roosevelt Republican, which did not cause them to look upon me kindly, but over and above that I had been instrumental while in the House in making certain water-power interests who have for many years dominated Minnesota politics pay back taxes to an amount of over $3,000,000, and I had also been instrumental in blocking water-site grabs in my State.

It was necessary for these business interests, as they saw it, to get me out of the United States Senate. If there be any doubt of the character of the attacks made, I refer you to recent disclosures before the Federal Trade Commission in reference to the length to which these utility companies will go in eliminating any person or anything or even a thought that gets in their way; where they secured professors to give their lectures in the schools and preachers in their pulpits, bought and controlled newspapers and even printed the very texts of the schoolbooks, and spent huge sums of money in devious and unfair methods to accomplish their end at any cost. These interests were in control of the State administration, and therefore it was an easy matter for them to secure in the State senate the passage of a resolution for another smear investigation.

It mattered not that the investigation was res adjudicata by the United States Senate, that the village of Mud Lake had as much right to investigate my election as the Minnesota State Senate did. The plan was to smear me and everything was greased and in readiness to do the job thoroughly through reports of the hearings through the newspapers.

In those proceedings the real truth of the conspiracy came to light. Again I was vindicated—by the unanimous vote of the Minnesota Senate.

The conspiracy was completely shown up through one of their own witnesses who became so ill that he thought he was going to die and who had called in the priest and taken the last sacrament and made a confession. He was advised by Father Gagne, of Minneapolis, to go on the witness stand and tell the whole truth. He testified that $30,000 had been offered him to get me and that he and his associates had figured out just what they were to say and wrote it down so they could all have the same story. The witness produced the document which fatally coincided with the previous testimony. This testimony completely frustrated the plans for my destruction, and the committee especially selected "to get my political hide" were forced to make a report exonerating me. This report was unanimously approved by the entire State senate in April, 1927.

But the ambush against me was to go on. These forces prevailed upon the governor, Mr. Theodore Christianson, whom I had helped to elect in 1924 not to become a candidate for the United States Senate in 1928, pointing out how easy it would be to take me in 1930. They argued that the tremendous machine he had already built up through his appointive power would be only augmented by another two years in the governor's chair. With this great political machine of better than 10,000 personnel, nearly all the newspapers in the State, together with the public utility money power back of them, there would be no doubt of the outcome. It was plainly evident that he had been built up with the one object of defeating me. The "fine Italian hand" of all the special interests I had fought in the House and Senate was at work. My destruction must be made sure. Their slogan was: We must beat him now or we never can. The present dismissed complaint brought by

their man, Einar Hoidale, is the unsportsmanlike echo of that slogan.

The politicians and enemy newspapers were confident of victory, but to their dismay, when the votes were counted, I had been nominated on the Republican ticket by approximately 100,000. There was great newspaper display and chattering of controlled politicians that the governor was immediately going to file a contest. The obvious intent was that such announcements would help to smear and weaken me in the coming election, and furnish a flimsy excuse for the governor's contemplated action. My decisive victory should have satisfied any honest, sportsmanlike man or woman. But the soulless forces directing the opposition were only stimulated to more and more outlay, reports carry it to $2,000,000, to defeat me in the election. They had induced my late opponent, our Republican governor, Mr. Theodore Christianson, to support the Democratic candidate. They hoped that with him and the same opposition I had had in the primary, they would leave only as a glaring example of me, my political demise.

It seemed almost anomalous to me that such a large group of old guard Republicans could actually and openly support the Democrat, Mr. Einar Hoidale, in face of the fact that I had supported the Republican Party in prior elections, had supported Harding, Coolidge, and Hoover, and Coolidge had stated on various occasions to different people of Minnesota that I had done more than any other man in carrying Minnesota for him in 1924.

A prominent northwest Republican newspaper, the Minneapolis Journal, Wall Street's mouthpiece, which admits its high moral standard, led the goosestep procession of city and village Republican papers, about 600 in all, into the fold for my Democratic opponent, Mr. Einar Hoidale, who was attorney for Governor Christianson's friend and appointee as chairman to the securities commission, Mr. Nelson, when he was tried in the United States court and sentenced to 20 years in Leavenworth for his actions as a member of the governor's securities commission. Christianson and Hoidale are as like as two peas in a pod. One had labeled himself Republican, the other Democrat, and both are now candidates for Congress. One is tall, fat, and sleek; the other tall, thin, and cadaverous; but both are willing boys, both highly resourceful, both politicians of the same pod, and their political nourishment comes from the same root. All but 17 papers were counted among those who followed the Minneapolis Journal, whose unholy leadership against me only succeeded in defeating the Republican candidate for governor. The pseudo-Republicans were sorry that they had won. The Democrats were sorry they had lost.

The deadly sort of campaign carried on against me can be shown in this one illustration of which there were many. The Minneapolis Journal just before the fall election published a full page of absences showing me absent from the Finance Committee, of which I had never been a member, when they had the agricultural schedule in the tariff bill before them. The same absence mark could be set down against any of you Senators who are not members of that committee. This was the kind of untruths with which they counteracted my real record. Seeing the complete record of absences before him and not knowing the extent to which my enemy newspapers would stoop in their effort to destroy me politically, any voter not realizing the motives of this great moral newspaper might be bewildered. This sheet of the Minneapolis Journal was sent to the newspapers of the State as an extra sheet to be delivered with their paper at the expense of Uncle Sam's mail, for these papers are sent free through the mails to any subscriber in the county in which they are published.

Senatorial requirements called me back to Washington after the primary election, and while there news came to me from all sides that I was being marked for slaughter. My friends remonstrated with me for not doing something about all this Republican undercurrent against me, but unfortunately, for one who does not possess the necessary money and facility for publicity, this is not an easy matter to accomplish within the short time remaining before election.

As fall approached I made arrangements to come back to Minnesota and just as I had arrived word reached me from Washington that my son, Douglas, had met with a serious accident. Political capital was made out of this tragedy in prominent editorials in a manner which the Minneapolis Tribune said editorially had never been duplicated for sheer savagery.

To quote the Minneapolis Tribune for October 14, 1930:

> The Dawson Sentinel, published and formerly edited by Governor Christianson, has for many years had a quasi-administration prestige among Republican weeklies throughout the State.
>
> Naturally the nomination of Senator SCHALL over the governor by some 97,000 votes in the last primary gave the Dawson Sentinel no pleasure whatever. Since then it has been one of the most enthusiastic followers of the Journal in the interests of "clean politics," which is to secure its victory by the election of the Democratic candidate for the United States Senate. Animated solely by its idealistic yearning for "clean politics," the Dawson Sentinel had the following to say editorially:
>
> "And now SCHALL's son smashes his car into an oil truck at Washington. We expected something like that to happen about the time SCHALL reached Minnesota. The 'Poor Blind Tom' racket is about worn out. A new sympathy gag must be played. But it won't work. He has fooled the people before, but he can not continually fool them, as he shall find out on November 4."
>
> For sheer savagery we don't know of anything in the annals of "clean politics" that exceeds this. Even the desired end of "clean politics" hardly justifies accusing a candidate of deliberately having his son's arm and leg broken for political purposes and gloating over a "new sympathy gag."

The brutality of the editorial about my son can best be described by saying that he is still, 22 months after the accident, practically bedridden from it.

These influences were so strong and so subtle that they even bored their way into the very committee chosen by all of us on the Republican State ticket to conduct our campaign.

As a result, 10 days before election many county chairmen all over the State and their appointed precinct captains came out openly for my Democratic opponent, Mr. Hoidale. My picture and any reference to me was carefully left off the literature circulated. They were cognizant of my lack of means with which to counteract this last-minute grand double-cross. But they had overlooked the radio; I had not.

With the use of the radio and the help of loyal friends we carried on the battle as best we could and finally election day overtook us, when every candidate had to rest his case in the hands of the Minnesota voter. I constantly prayed God to help me in this unequal fight. With God in your heart, no amount of injustice, slander, and false representation can break your spirit.

Little did I know that on that election day my political foes had 250 men in St. Paul transported from precinct to precinct, about a hundred in all, to vote, where they had arranged for registration in advance. My habitual enemy, the Minneapolis Journal, on election night at 20 minutes to 8, 20 minutes before the ballot boxes were opened, announced in an election extra that my Democratic opponent had a 20.000 lead over me in Minneapolis.

Early election returns from the Twin Cities bore out this fact as truly as if the Journal had had access to the report of the election returns even before the time prescribed by law for the ballot boxes to be opened and counted.

Some precincts showed more votes than there were voters registered. When the final returns were all in the vote showed the people of Minnesota had again conclusively elected me United States Senator. So conclusively that even Governor Christianson, however much he hated to do it, was compelled to indorse my certificate of election.

A candidate for another office in the same election had a recount of the ballots in Hennepin County wherein, out of curiosity, the senatorial vote was checked. It was found in 7 wards out of 13 in Minneapolis that I had received less than one-third of the ballots cast for me. My votes had been miscalled for my opponent. To illustrate: A precinct in the first ward gave me credit for 35 votes and the actual count should have been 102 votes. A precinct in the seventh ward gave me credit for 37 votes. The actual count should have been 153 votes. But despite the miscalled and misre-

corded votes, my vote was so overwhelming in the rural district that I won.

In their efforts to defame my character they have filed this contest—another fake contest, which has been dismissed, as the other contest was dismissed, by the man who was not only my opponent and seeks by this contest to displace me but who is a candidate on the Democratic ticket for Congress in the House at this very time. Which place do his mentors or controllers really want him to have?

This contest was filed for the purpose of injuring my standing as a Senator and my influence in behalf of my constituents. They well know there is not one scintilla of truth to support their slanderous allegations. They complain that I violated the corrupt practices act of Minnesota, yet this very act under which they are making complaint stipulates that their complaint should be filed within 30 days. They file their contest, not in the courts of Minnesota where it is specified it should be filed, but here in Washington, 18 months after election, not for the purpose of a real contest but for the purpose of the newspapers and the smear it was thought it would give me. The complaint is only a duplicate of the complaint that was filed against me in the 1924 election, with variations of names and dates, and the forces back of it are the same. The people all over the State have been bunked by their racketeering for money, using this pretended contest as a stalking vehicle, and some action had to be taken to satisfy them. For instance, they had a letter sent out all over the State stating former Senator James Reed was going to conduct the contest against me. When Senator Reed saw this letter he immediately wrote the committee sending it out a complete repudiation of their statement.

In short, the contest amounts to this: That Mr. Hoidale, on account of the things that he pretends to have imagined about me—because he does not claim in his oath to have actually received any information at all to justify what he has imagined—he asks the Senate of the United States to expel me and seat him. He asks this body to consider as true the things he pretends he has imagined, to conduct an inquiry as to whether or not his conclusions about which he has no knowledge are true.

Mr. Hoidale is a lawyer and three other lawyers sign his petition. They must know and do know that such a pleading is not good in any court of the land. This petition was written for the newspapers and copies sent to the newspapers weeks before it was filed in the Senate. This is a belated petition sworn to 17 months and filed 18 months after the election of 1930, in substance explaining to the United States Senate that one Einar Hoidale, the defeated candidate against me, has been unable to find any evidence against me but that he has concluded that the Senate might be able, if it would only undertake the job, to find evidence against me that would cause that body to expel me. People who have fixed opinions without any evidence to justify them are insane.

Immediately after the election returns were in, the State central Democratic committee, at the request of poor loser Mr. Hoidale, having found his marked deck did not do the job, appointed a committee to thoroughly investigate if there was any excuse or chance of bringing a contest. That committee reported unanimously that there was not. Yet Mr. Hoidale requests the Senate to spend $50,000 to seat him in my place by conducting a silly, fishing investigation. Knowing he has furnished no facts for them to go on and realizing that the Senate will not be fooled twice in the same place, he is meanwhile running for a seat in the House of Representatives vociferously advocating reduction of Federal expenditures.

The private wrong to me only points the public menace. It has a meaning, I believe, which goes deeply into matters of the greatest public consequence. In politics, I made my own decisions, particularly with respect to running for office. That is the unforgivable affront to the powers that be. As to a Senatorship, certainly they should have been consulted. My continued persecution is a punishment for independence. They will not tolerate my disposition to regard the most desirable public positions as in no way at their disposal. They can not adjust themselves to the idea that a blind man, without money, without organization, without newspapers, without any of the apparent requisities should have captured and held this most desirable office of the State when scores of "worthy" men, anxious to propitiate the powers that be, are among the wishful brethren.

I can not believe that my enemies do feel toward me individually as their conduct would indicate. I think rather, that they are the pawns of a ruthless and remorseless system. That system is what all Americans should most thoughtfully consider.

It is this kind of unequal strife that is breaking down the hope in the rising generation that any youth can become President or fill high public office. The system must be broken or Federal office will continue largely a matter of bestowal by the few who finance or otherwise control "party machines."

I ask that there be printed in the RECORD the letter from the Senator from California [Mr. SHORTRIDGE].

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 16, 1932.

IN THE MATTER OF THE PETITION OF EINAR HOIDALE CONTESTING THE ELECTION OF THOMAS D. SCHALL AS A SENATOR FROM THE STATE OF MINNESOTA

The Committee on Privileges and Elections of the Senate, to whom was referred the above petition, have considered the same, as well as the reply, in the nature of a demurrer, filed by said SCHALL, and have reached the conclusion that said reply should be sustained and that said petition should be dismissed; and said reply in the nature of a demurrer is hereby sustained and said petition is hereby dismissed, unless the petitioner shall on or before the 1st day of September, 1932, file with the committee an amended petition and make more specific his allegations with respect to contributions received by said SCHALL, by whom said contributions were made, and the amount or amounts thereof; also set forth the several items of expenditures made by said SCHALL and not reported by him, to whom payments were made, and for what purpose; also set forth the names of the particular postmasters to whom promises were made and from whom contributions were received as a condition of support for appointment to or retention in office.

For the committee:

SAMUEL M. SHORTRIDGE, *Chairman.*

FAIR TRADE BILL

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Christian Science Monitor on the fair trade bill.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PRICE CUTTING OR PRICE CONTROL?

One of the most intricate puzzles of economic reasoning that confronts Congress is the one involved in the Capper-Kelly bill, which proposes to empower manufacturers in competitive lines to control by contract the retail price at which their goods are sold.

Advocates of the measure—and according to Representative CLYDE KELLY they include independent retail merchants as well as manufacturers—declare it is necessary in order to prevent what they call predatory price cutting. This consists of selling a standard article at a reduced price, perhaps even below cost, in order to give the customer a possibly fictitious impression that he is making a similar saving on other goods he is thus induced to buy. A manufacturer who has built up a reputation for his product and a loyal organization of dealers at an established price has some grounds for complaint when a price cutter thus undermines the public estimation of the value of his goods.

Objections to the price control bill—and they have been vigorously voiced—are along the line that it would stifle competition and tend to increase prices. True, a retail price governed by the manufacturer would remove the possibility of price competition between dealers handling the same article. But it is hardly to be supposed that all manufacturers without exception would launch their own trade-marked, advertised, and price-stamped brands. A considerable portion of industry probably would continue content to concern itself only with the wholesale price. This section of manufacture would form an adequate source of supply for retailers who wished to challenge the fixed-price brands.

Hence, the assumption that the price control bill would allow manufacturers to charge the consuming public practically whatever they wished seems rather far-fetched. It overlooks the fact that the competition most effective in the interests of the consumer to-day is not merely competition between dealers, but also competition between substitute commodities and services. There is, to be sure, a serious contingency to be considered if to this price-control contract there should be added some permission for price control by trade associations; but that is a bridge to be crossed when the question of antitrust law revision is reached.

On the contention that unjustifiable prices sometimes are built up by high-pressure advertising and that a familiar name does not always assure the best quality, a representative of Consumers' Research (Inc.), of New York, gave telling testimony at a hearing in Washington recently. Such organizations as this, a testing bureau maintained by consumer subscribers, offer a most effective method of holding advertising abuses in check.

Some have urged that if price control is to be permitted, the Government should exercise some authority over the prices. Better, however, would be some agency, either governmental or cooperative, that would provide standards and reports by which consumers might judge for themselves the relative value of branded and unbranded goods.

With some such safeguards, it would seem not unreasonable to give the small or medium sized manufacturer the prerogative he had prior to a Supreme Court decision in 1911, and which the largest manufacturers in some lines now enjoy by means of agency contracts or sales on consignment which retain title to the goods until they are bought by the consumer.

INTERRELATIONSHIP OF AGRICULTURE AND INDUSTRY

Mr. CAPPER and Mr. NORRIS addressed the Chair.

The PRESIDING OFFICER (Mr. KEAN in the chair). The Senator from Kansas.

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Henry Ford on the interrelationship of agriculture and industry. The article was printed in a recent issue of Michigan Farmer.

In this instance it seems to me Mr. Ford has grasped and enunciated some fundamental principles of economics. He may not have worked out the solution of our present economic maladjustment in the program he suggests, but what he says is well worth the careful consideration of the Senate and the country.

I hope every Senator will read this article. It seems to me to be very much worth while. I congratulate Mr. Ford on his grasp of the weakness of our monetary system; also on his realization of the important part that chemistry can play in developing a balanced economic system in this country.

I send the article to the desk for printing in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HENRY FORD ON FARM AND FACTORY

Danger to our country is to be apprehended not so much from the influence of new things as from our forgetting the value of old things. At present, much that is blamed on the new thing—the machine—should perhaps be blamed on our forgetting what we had before the machine came, namely, the land. The two belong together; they can not live apart; there is no antagonism between them; they must be reunited.

I do not look for less but more use of machinery. If the world is to have even a minimum supply of goods, it must utilize the machine. The people will never willingly forego the help which the machine gives them in their work.

Besides, machinery makes more jobs. It enables every one to enjoy inexpensively the comforts and conveniences of modern living conditions. As for overproduction, we have never yet had a sufficient production of all the things which the family needs. It would be splendid if the world should seriously attempt to overproduce everything that everybody needs! We should then discover that our present machine facilities could not even catch up with the need. Give the world a money system that makes it easier for goods to flow from man to man, and all the factories on earth could not begin to supply a tenth of the demand.

But it is possible to expect of the machine more than it can do. We can not eat or wear machines. If the world were one vast machine shop, it would die. When it comes to sustaining life, we go to the fields. The machine may help us plant, cultivate, harvest, grind, and bake the grain for bread. The machine may weave and cut and sew for clothing. The machine may transport these necessities for our use. In doing so, it serves in partnership with the land. And it is that relation and balance which I am urging upon our people to-day.

Ten years ago we started seven village industries on small water-power sites, all within 20 miles of Dearborn, our purpose being to combine the advantages of city wages with country living. The experiment has been a continuous success. Overhead cost has been less than that in the big factory, and the workers will not hear of going back to the city shops. As they are free to till land in the growing season, throughout these trying times, they have all remained self-sustaining. Their security is produced by machine and farm, not by one alone.

While this experiment has fully justified itself, I have felt that it is only a step in the right direction. Excellent as village industries are, they do not really bring industry and agriculture together. For a long time now I have believed that industry and agriculture are natural partners and that they should begin to recognize and practice their partnership. Each of them is suffering from ailments which the other can cure. Agriculture needs a wider and steadier market; industrial workers need more and steadier jobs. Can each be made to supply what the other needs? I think so.

The link between is chemistry. In the vicinity of Dearborn we are farming 20,000 acres for everything from sunflowers to soybeans. We pass the crops through our laboratory to learn how they may be used in the manufacture of motor cars, and thus provide an industrial market for the farmers' products. I foresee the time when industry shall no longer denude the forests which require generations to mature, nor use up the mines which were ages in the making, but shall draw its raw material largely from the annual produce of the fields. The dinner table of the world is not a sufficient outlet for the farmers' products; there must be found a wider market if agriculture is to be all that it is competent to become. And where is that market to be found if not in industry?

I am convinced that we shall be able to get out of yearly crops most of the basic materials which we now get from forest and mine. That is to say, we shall grow annually many if not most of the substances needed in manufacturing. When that day comes, and it is surely on the way, the farmer will not lack a market and the worker will not lack a job. More people will live in the country. The present unnatural condition will be naturally balanced again. Our foundations will be once more securely laid in the land.

The day of small industry near the farm will return, because much of the material grown for industry can be given its first processing by the men who raised it. The master farmer will become, as he was in former years, master of a form of industry besides.

An old Roman said that corn was never so plentiful in Rome as when the men who ruled the state were those who also tilled the fields. It will be so with our people when those who fabricate the utilities of the world are those who raise the raw material from the fields.

One thing is certain—we must go on—present conditions can not be stabilized—life goes on. I suppose that in 1632 there were people who urged that the world had gone far enough and that it should be halted and hardened into the pattern of 1632. And again in 1732, others thought that a line should be drawn and conditions stabilized. In 1832 the same proposal—it is always made—every generation makes it. Suppose the world had halted at any of those dates! Are we to declare that 1932 is the date at which development must cease and the world be stabilized just as it is? It can not be done. Life would burst any barriers we might raise against its on-going. We do not yet control all the materials out of which to assemble a world that is worthy to endure unchanged. Our times are primitive. True progress is yet to come. The industrial age has scarcely dawned as yet; we see only its first crude beginnings. We are pioneers, and pioneering has its hardships. This generation is composed of economic pilgrims, passing out of less desirable conditions into what we hope shall be more desirable ones. That is the meaning of these times. We are not going back, and false prosperity is not soon coming back. It would be well to interpret present conditions in this light and help each other in the good old pioneer way, as we pass through them. We are going to renew our stake in the land; for the land is the foundation of the economic security which we seek.

We are still in the early stage of world making. To stabilize conditions at a given point or to reject progress because it brings problems with it, is impossible. We need to plan how to pass through necessary changes with the least human hardship. Economic changes must come and it is possible for men to be in a position to welcome rather than dread them. With factory and farm as partners, with one foot on the soil and one foot planted on industry, we should be in a position to hail the new epoch without fear. The land would protect us from needless anxiety.

Mr. KING and Mr. NORRIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. NORRIS. Mr. President, it seems to me I am entitled to recognition. I addressed the Chair before the Senator from Kansas did.

The PRESIDING OFFICER. The Chair recognized the Senator from Kansas.

Mr. NORRIS. I have no objection to that. I am not finding fault with that. When he got through, however, I thought I should have been recognized.

The PRESIDING OFFICER. The Senator from Kansas was first on his feet. Now, the Chair recognizes the Senator from Nebraska.

Mr. NORRIS. I thank the Chair very sincerely.

PERSONAL STATEMENT BY SENATOR SCHALL

Mr. KING. Mr. President, will the Senator from Nebraska permit me to make an observation in connection with the case just referred to by the Senator from Minnesota as a member of the committee?

Mr. NORRIS. Yes.

Mr. KING. I thank the Senator.

Mr. NORRIS. I hope the Senator will not take up very much time.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. KING. I hope the Senator will permit me to proceed at this time, as I am using the time of the Senator from Nebraska.

Mr. WAGNER. I merely want to offer an amendment; that is all.

The PRESIDING OFFICER. The Senator from Nebraska has the floor. Does he yield?

Mr. NORRIS. I yield to the Senator from Utah.

Mr. KING. Mr. President, as the ranking Democratic member of the Committee on Privileges and Elections, which committee has just been referred to by the Senator from Minnesota, I desire to state that the committee appointed a subcommittee, of which I was a member. The subcommittee considered the petition filed by Mr. Hoidale, and the demurrer or reply submitted by the Senator from Minnesota [Mr. SCHALL].

The subcommittee considered the pleadings and reported to the full committee, which, after considering the pleadings, reached the conclusion that the allegations that may be regarded as material were too general in character to call for further proceedings, and dismissed the petition filed by Mr. Hoidale, but permission was granted to file an amended petition within a fixed period.

If no amended petition is filed, the committee, when it meets in December, will submit a final report upon the contest. No intermediate report will be filed.

Permit me further to state that there was no partisan discussion in the committee, and the action taken by the full committee was unanimous.

PROHIBITION—CONSTITUTIONAL AMENDMENT

Mr. NORRIS. Mr. President, I think the Senators who desired to talk have all had ample time to say what they wanted to say. I am going to speak for only a few minutes.

I think it has been demonstrated by what Senators have said that the pending joint resolution proposing an amendment to the Constitution, together with the substitute offered by the Senator from Connecticut [Mr. BINGHAM], ought to be referred to a committee. The proper committee to which all such amendments are referred is the Judiciary Committee. I am not particular about it, however. If Senators would rather some other committee would have it, I shall offer no objection whatever.

But, Mr. President, I want to call attention to the fact that I think this is the first time in the history of the United States when it has been proposed to amend the Constitution of the United States without referring the resolution to a committee. If any member of the committee knows of an instance where such a thing occurred and we took it up practically by unanimous consent, I should like to have him interrupt me and tell me when it happened.

I am very much grieved at this terrible development of radicalism in the Senate of the United States. Here we have by a vote of 37 to 21 taken up for consideration an amendment to the Constitution of the United States that never has received the consideration of a committee of this body. That can not be accounted for in any other way than that this terrible idea of radicalism has taken possession of men and men's souls. In this august Chamber, where I have so often heard the Constitution defended by the very men who now want to change it by unanimous consent, I am dumbfounded that such a thing could occur, and I am raising my voice now in the hope that I may bring back my colleagues to a little more of a conservative idea of what should be done when we try to amend the Constitution of the United States.

Why, Mr. President, if it had been suggested by the Senator from Idaho [Mr. BORAH] or by the Senator from North Dakota [Mr. NYE] or by any of those other fellows who used to be called radicals that we should amend the Constitution of the United States by unanimous consent, the Senator from Connecticut [Mr. BINGHAM] would have had a fit; and he would have had it without any beer, too. [Laughter.]

Now we see the conservative element turning to radicalism. They control the Senate 37 to 21; and the poor conservatives like myself are in a minority, getting smaller and smaller all the time, while this rage of radicalism is growing and growing and growing. It has taken possession of the two great political parties; and for the first time in the history of the world, when two parties have passed resolutions on a certain subject, it is suggested that in order to carry out the commands of those political parties we must obey the mandate by unanimous consent.

I wonder how many Democrats, looking over the history of their country in the various campaigns they have had, where they have made pledges and have been successful in the election, when they undertook to carry out the pledges that they had made, ever heard of an attempt being made to do it by unanimous consent.

When all the reforms that the Democrats like to talk about occurred in the reign of President Wilson, when you made certain promises as to what you would do if you were put into power, and you proceeded to carry out some of your pledges and boasted about it, can a Democrat point to a single one of them that was carried out by unanimous consent? Was it not always true that those bills were referred to a committee?

Take the Federal reserve act, for instance—one of the pledges in the Democratic campaign when Woodrow Wilson was elected. When the Senator who now wants to amend the Constitution by unanimous consent was chairman of the Banking and Currency Committee, did he try to do it by unanimous consent? He was a conservative then. He did not try to do it. Did anybody try it here with the great ex-Senator from Oklahoma, Mr. Owen, who was then chairman of the Banking and Currency Committee of the Senate? Did he try it? It never occurred to him. It never was suggested by anybody; but they introduced the bill. It went to the committee; first to the committee of the House of which the Senator from Virginia [Mr. GLASS] was the able chairman. Then when it came to the Senate it went to the Banking and Currency Committee presided over by Senator Owen, and after weeks of consideration and hearings, both in the House committee and in the Senate committee, the bill was reported; and, finally, after months of time it was put into law.

Those were the days of conservative statesmen. Oh, I am so sorry that they have all passed away and I am left standing almost alone as a conservative!

Mr. GLASS. Mr. President——

The PRESIDING OFFICER (Mr. TOWNSEND in the chair). Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. NORRIS. I yield to the Senator.

Mr. GLASS. I suggest that the Senator ought not to be quite so despairing in his disparagement of me and my radicalism if he will just reflect that I am not trying to amend the Constitution by unanimous consent. I am just proposing to submit to the people of the 48 States an opportunity to amend the Constitution themselves.

Mr. NORRIS. Why, Mr. President, that is a great deal worse than a law. The Constitution of the United States is the fundamental law of the land. I have tried to amend it several times, time and time again. One particular amendment, known as the "lame-duck" amendment, has been up here many times; and I have listened to the Senator from Connecticut [Mr. BINGHAM], the present radical, rise in his place and deprecate the idea of amending the Constitution—the work of our forefathers, Mr. President—now in the hands of radical Senators. I never dreamed that I was going to live to see the time that my country, and particularly the Senate, was going over to the control of the radicals. If I had suggested that we amend the Constitution by unanimous consent, the next day the papers of the whole world would have given that as an illustration what radicalism had grown to be in the United States Senate. Now, pleading for conservative action, pleading that we may respect that document adopted by our forefathers, which so many of you present radicals have said was something sacred, and that it was something which never ought to be tampered with by the hands of man, I beg you now to be conservative for a little while. Come back to the fold of

conservatism, come back to my position, come back to me and forget your radicalism.

I hope that what has been going on in Russia has not affected the Senators here in the United States. I hope that that wave of bolshevism that controls part of the world now has not taken possession of the Senate. I hope Senators will not become hysterical in radicalism. When we want to amend the Constitution, let us follow the way our forefathers have always followed in this great body.

Mr. President, as a last appeal, I move that the pending resolution, together with the substitute offered by the Senator from Connecticut, be referred to the Committee on the Judiciary.

Mr. WAGNER. Mr. President, I desire to offer an amendment to the amendment.

Mr. NORRIS. Mr. President, I include that amendment in my motion, that the resolution, the substitute offered by the Senator from Connecticut, and the amendment to the substitute offered by the Senator from New York, be referred to the Committee on the Judiciary.

Mr. WAGNER. Mr. President, I thought perhaps the Senator would not include my amendment, because it is rather simple, and I do not think it could be classed among those constitutional amendments which the Senator has been discussing.

Mr. NORRIS. Mr. President, I listened for an hour to the Senator from Connecticut, and he took the amendment which the Senator from Virginia wanted to get up by unanimous consent and tore it all to pieces, argued that it did not mean this, that it did not mean that, and there was nothing in it that suited him. Then he offered as a substitute another amendment, which starts out:

> That Article XVIII of the amendments to this Constitution is hereby repealed.

That is less than two lines. Yet there are 10 lines following that, every word of which is meaningless if we should adopt the first 2. This great orator, who is not here at present—he has earned a vacation; there is no doubt about that—this great orator has offered 10 lines to explain a line and a half, not a single word necessary if we leave out the first line and a half. It says, following what I have read:

> The power to regulate or to prohibit the manufacture, sale, or transportation of intoxicating liquors is reserved to the several States.

That would be true if we repealed the eighteenth amendment. Every schoolboy knows it. But the Senator from Connecticut does not know it. The great educator, the great orator, the great representative of beer, does not seem to know it yet.

All of that is unnecessary. Is there anybody who does not know that if we repeal the eighteenth amendment, then the power to regulate liquor all goes back to the States, where it was before? He says further:

> Except that no State may prohibit the transportation of intoxicating liquors in bond across its territory if such liquors are shipped in interstate commerce between points wholly outside the territorial limits of the State.

All of which would be the law, all of which is the law, the minute the eighteenth amendment is repealed. All of which has been held to be the law by the Supreme Court of the United States. There is no question about it. It is absolutely unnecessary. Then he goes on:

> The Congress shall have power to regulate the sale or transportation of intoxicating liquors in interstate or foreign commerce in a manner not to abridge or deny the power herein reserved to the States.

There is only one word in that which might be called new, and that is the word "sale." But if Congress can not regulate it so as to interfere with the right of the State, then that word drops to the ground and becomes of no consequence. So, after putting in a line and a half, there are 10 lines of surplusage.

Mr. President, I could take up the amendment offered by the Senator from Virginia, but it is unnecessary. We have found already that these great statesmen, these radicals, do not agree with each other; and now comes the Senator from New York with a third proposition, showing that, as a matter of fact, this is not really a thing which ought to be done by consent.

I therefore ask for a vote upon the motion to refer all of them to the committee.

Mr. GORE. Mr. President, I always dislike to differ with the junior Senator from Virginia [Mr. GLASS]. His experience and accumulated wisdom always give me pause. But I desire to explain why I did not vote to take up the joint resolution which he introduced.

I do not mean to discuss at this moment the merits of that joint resolution nor the merits of the substitute offered by the Senator from Connecticut; nor, indeed, do I intend to discuss the merits of the eighteenth amendment itself. I will limit my observations to a word or two explaining my opposition to the consideration of this question at this moment.

The Democratic and the Republican Parties agree upon one point, and upon one point only, in respect to the eighteenth amendment. The two great political parties agree that the people of the several States should be afforded an opportunity to change the eighteenth amendment.

That is as far as the agreement goes. They do not agree as to the character of that change. They do not agree as to the character of the constitutional amendment which should be submitted to the several States for their ratification or their rejection.

Mr. President, the Republican Party has declared in favor of modifying the eighteenth amendment. The Democratic Party has declared in favor of repealing the eighteenth amendment. That difference may be regarded as fundamental. The issue is clear-cut. That issue has been joined between the two major political parties in this country. That issue has been submitted to the American people as to a jury. The coming election will be in the nature of a referendum upon this question.

On the 8th day of next November the American electorate will return a verdict upon that issue. The verdict will be in favor of Mr. Hoover, in favor of the Republican Party, in favor of modification, on the one hand, or else that verdict will be in favor of Mr. Roosevelt, in favor of the Democratic Party, in favor of repeal.

When that verdict is returned it will serve as a sort of commission, it will serve as a sort of mandate, to Senators and Representatives. I see how many a Senator and many a Representative would feel justified in voting for modification on the one hand, or in voting for repeal upon the other, after the sovereign sense of the American people had been expressed upon that point, who would hesitate to do so pending that decision.

Mr. Hoover and his friends, many of them, will appeal to the voters to support Mr. Hoover and modification, and thereby oppose repeal. Mr. Roosevelt and his friends, many of them, will appeal to the voters to support Mr. Roosevelt, to support repeal, and thereby to oppose modification.

The Republican platform was adopted several weeks ago. President Hoover has submitted no special message urging this Congress to submit to the several States a constitutional amendment proposing modification of the eighteenth amendment. Nor have Senators on this side heckled or harried Senators on the other side, urging them to press or importune the President to take a hand in this controversy now, and to press this Congress to decide this issue at this time pending the referendum in November next.

The President has refrained from submitting any recommendations to this Congress based upon the declaration in the Republican platform touching the modification of the eighteenth amendment. I think the President is acting within the limits and bounds of propriety.

It must be at least conceivable to President Hoover that he may not be elected in November, that the verdict may be against him, that the verdict may be against modification, that the verdict of the people may be in favor of repeal and Roosevelt, and if it should be, in what light would it place the President to have attempted intervention now, to have attempted to prevail upon Congress to submit a constitutional

amendment of one kind, when, within a few months, and as a result of this referendum, the sovereign people should register a contrary wish by their votes?

It is hardly conceivable that Governor Roosevelt will not be elected President of the United States. He has declined, according to the press, to intervene in this situation, well, I think, within the dictates of propriety.

For the moment, and for the argument only, let us imagine that Mr. Roosevelt should never become President of the United States, that the verdict should be in favor of Hoover and modification and against Roosevelt and repeal. In the light of such a verdict, what would be said of him if, at this time, he had urged the Congress, pending this referendum, to submit a constitutional amendment, based on the Democratic platform, which, in the course of events, was not ratified but was rejected by the sovereign electorate of this country. I do not think that this Congress, pending the referendum, is under any obligation or mandate to submit a constitutional amendment proposing either modification or repeal. Let us abide our time, and let us hear the voice of the people. While it may not be the voice of God, it is at least the voice of our sovereign master.

Mr. President, I wish to have read into the RECORD at this point an extract from the Democratic platform of Oklahoma, upon which I was elected.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

> We pledge the people of Oklahoma that if the Democratic candidates for United States Senate and Congress are elected, they will oppose the repeal of the eighteenth amendment or any effort to weaken the Volstead law, unless and until the people themselves, by their expressed will, shall have otherwise directed.

Mr. GORE. Mr. President, I will only add that the phrase beginning "unless and until the people" was inserted at my instance. I do not intend to discuss my personal views at this time, nor this platform pledge which for the present and until properly modified or repealed I shall take and treat as binding. I agree with the Senator from Massachusetts [Mr. WALSH] that no amendment can ever be submitted or ratified which does not give solemn assurance that the saloon will not rise from the dead. The American people have thought that the saloon is dead and they do not intend for it to rise from its grave. I think myself that the bootlegger and the bartender ought to be buried side by side in the selfsame cemetery. But I do not mean to discuss or elaborate my views at this moment. I apologize to the Senate for trespassing thus long at this time.

Mr. HATFIELD. Mr. President, I ask unanimous consent to send to the desk a resolution which I would like to have the clerk read for the information of the Senate.

The PRESIDING OFFICER. Without objection, the clerk will read the resolution for the information of the Senate.

The joint resolution (S. J. Res. 210) authorizing a preference to domestic articles in the administration of the emergency construction and relief act of 1932 was read the first time by its title and the second time at length, as follows:

> *Resolved, etc.*, That unless the interest of the United States will not permit, contractors, subcontractors, or other agents, paid from funds made available by the emergency construction and relief act of 1932, shall purchase and supply, and shall certify to the head of the department or other Government establishment concerned that they have so purchased and supplied, for use in, on, or about the work or services for which such funds are made available, articles and materials grown, produced, or manufactured in the United States, although such articles or materials may cost more, if such excess of cost be not unreasonable.

Mr. GORE. Mr. President, I hope the Senate will forgive me for trespassing again upon its time, but I can not allow this resolution to be adopted or even to be considered without making one observation upon it. It is merely an effort to "sock the taxpayer." The resolution relates to the so-called relief bill. That measure appropriates hundreds of millions of dollars to feed the hungry and to clothe the naked. Appropriations have been made out of the Treasury of the United States, out of the pockets of our taxpayers, for gratuities and doles and alms.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from West Virginia?

Mr. GORE. I do not yield at the moment. Every dollar of this money is to come out of the pockets of the American taxpayer and is to be bestowed upon the beneficiaries of our charities with nothing in return, and yet the resolution proposes that when we extend charity to the suffering, to the hungry, and the naked, we shall pay more for the things bought than those things are worth. Shall the hungry pay more for bread and shall the naked pay more for clothing than the things are worth in the market place? That is a gift, a gratuity, a dole to the producers and the vendors of the American articles and commodities described in the resolution.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Virginia?

Mr. GORE. I yield.

Mr. GLASS. I consented to have the resolution read with the distinct understanding that it would not cause any discussion. I suggest to the Senator from West Virginia that he withdraw the resolution.

Mr. ROBINSON of Arkansas. Mr. President, I do not understand that the resolution is pending or that the Senator from West Virginia asked consent for its consideration. It was merely to be read for the information of the Senate.

The PRESIDING OFFICER. That is the understanding of the Chair. Senate joint resolution 210, introduced by the Senator from West Virginia [Mr. HATFIELD], will be referred to the Committee on Banking and Currency.

Mr. GORE. Then in discussing the pending joint resolution providing for an amendment to the Constitution of the United States, I desire to venture this one further observation on the subject of the resolution of the Senator from West Virginia. The resolution applies to foreign goods in our markets. When being bought either for charity or for construction purposes, foreign-produced goods which have run the gantlet of our customhouses, which have scaled tariff walls and tariff rates as high as Haman's gallows and have gotten within the confines of the United States, shall still be pursued, shall be marked, shall be frowned upon, and competing goods produced here shall be bought at a higher price. Of course, everyone desires American goods to be purchased for purposes of this sort when they can be purchased upon equal terms.

This proposal is in line with the fallacy we so often hear that foreign goods brought into our markets displace American labor. The foreign goods which the Senator from West Virginia has in mind have been bought with American goods. American goods produced here have been exchanged for those foreign goods. The American goods which were so exchanged were produced by American labor. Is there any reason for discriminating against American labor which produces articles exported abroad in favor of American articles which are produced and consumed at home? A man produces wheat in Nebraska, which wheat is exchanged for foreign goods. Does not that wheat give employment to American labor? Cotton is produced in Texas and exchanged for foreign goods. Does not that cotton produced in Texas give employment to American labor?

Some Senators seem to think that articles must be produced and consumed at home in order to afford employment to American labor. That is one of the fundamental troubles in this country to-day, that we have forbidden our country and others to exchange surplus goods with each other. We close our own doors to keep the foreign surplus out, and at the same time we close our doors to keep the domestic surplus in. The world is suffocating to-day beneath the burden of such surpluses.

Mr. GLASS. Mr. President, I feel so completely out of place in the Senate when it has been transformed into an elocutionary institute that I hardly know how to comment further upon the proposition now pending. Frankly, I had not expected, and do not now expect, that the Senate will

come to a decision on the joint resolution which I have introduced. Nevertheless, I am very earnestly in favor of this particular method of submitting the question of the repeal or retention of the eighteenth amendment to the various States, to be by the States determined.

I agree entirely with the brief remarks made by the Senator from Massachusetts [Mr. WALSH]. Unless there are mutual concessions in the consideration of the proposition, there is not going to be any submission of this question whatsoever to the States for determination. As already pointed out, the Republican Party in its national convention at Chicago said definitely:

We do not favor a submission to the issue of retention or repeal.

If the Representatives in Congress and the Senators who regard the party platform act upon that proposition and the Democrats act upon the simple proposition of bare repeal or retention, how are we ever going to get the question before the States? It would be impossible, because, as I have pointed out, only twice since the era of reconstruction has any political party had a two-thirds majority in both branches of Congress, and very rarely has either of the political parties had a two-thirds majority in either branch of Congress.

I called up the joint resolution frankly to test the sincerity of the Senator from Connecticut [Mr. BINGHAM], who has persisted in making a petty political issue of the question. He seems utterly unable—I am sorry he is not here to hear me say so—he seems utterly unable to divest his mind and disposition of the poison of politics in considering a grave question of interest to all the people of this country. He not only has manifested a political bias that is indefensible, but in his last remarks he revealed a sectional bias that is unworthy of any Senator on this floor, covertly threatening—and we have had that to face before now—covertly threatening Senators from Southern States with legislation designed to subordinate people of his own race to people of an inferior race in the South unless we come to his view of the prohibition question. That is what the Senator did.

I want to inquire what the Republican Party meant in its platform declaration by saying that the question of repeal or retention must be submitted—

Subject always to the power of the Federal Government—

Not of the respective States, but—

Subject always to the power of the Federal Government to protect those States where prohibition may exist and safeguard our citizens everywhere from the return of the saloon and attendant abuses.

I should like to inquire what the Senator from Connecticut himself meant by his minority report to the Republican National Convention when he said:

Should the eighteenth amendment be repealed, we pledge our best efforts through the enactment of such measures in the several States as will actually promote temperance effectively, abolish the saloon, whether open or concealed, and bring the traffic under control.

The Senator has ripped off his own disguise. He does not want to protect the States against the return of the saloon apparently. He appears to desire an unbridled dispensation of liquor. He objects to the alleged police provisions of the amendment I offered. He has got three police provisions in his own proposed amendment. The way he designs to protect the people of the respective States from the return of the saloon, from the sale of liquor to be drunk where sold in places commonly known as saloons is by persuasion of the people of the respective States. He does not propose to give us any constitutional guaranty whatsoever or to reserve within the Federal Government the constitutional right to prevent what every party has declared it wants to prevent—the return of the saloon.

Everybody knows that is perfectly ineffective. The Republican National Convention knew it was perfectly ineffective and therefore rejected and repudiated the suggestion of the Senator from Connecticut and insisted that the question of submission should always be attended with the reserve power in the Federal Government to prevent the return of the saloon.

The Senator says I have declared for the repeal of the eighteenth amendment. The Senator does not lack intelligence. He knows perfectly well that I have made no such declaration. I have simply proposed to the 48 States the question of the repeal or retention of the eighteenth amendment. That does not bind me in the slightest degree—nor does it bind any Senator here who may vote for the proposition—to vote for repeal of the eighteenth amendment. It simply commits me in favor of submitting the question; and I say frankly that should it be submitted, as some Senators have proposed, I shall not only vote against it but shall go into my State and use my very best efforts to defeat the proposition unless we are going to have it submitted with the reserved constitutional right of the Federal Government to protect the States against the return of the saloon and against the interstate shipment of liquor from wet to dry territory.

I frankly say that if it were an original proposition it would be opposed to my judgment to put the eighteenth amendment in the Federal Constitution. I agree thoroughly with former President Wilson that this police regulation had no place in the Federal Constitution; it would not have gone there but for the gross disregard of the rights of the States by the liquor interests. The States were dealing effectively with the problem at the time that the eighteenth amendment was adopted and had they been left to their own devices and resources I venture to say the prohibition of the unbridled license and sale and transportation of liquor in the respective States would be to-day under much better control that it is.

I have been a lifelong "dry," so to speak, theoretically and actually; I do not know the taste of intoxicating liquors of any description; but I have never been a zealot and I deplore the fanaticism that has been manifested here to-day by the Senator from Connecticut just as I scorn the fanaticism of some of the people who call themselves "drys."

It was the excesses of the liquor traffic, the brewers and the saloon keepers, that brought on Federal prohibition; and more recently it has been the excesses of certain clerical fanatics, themselves devoid of character, whose effrontery in assuming to speak for the moral sentiment of this country which has created this terrific reaction against prohibition. Sad to relate, the reaction has also been against genuine religion and against the churches which are supposed to voice the religious sentiment of this community.

I want to warn those gentleman who now think they are in the majority and seem disposed to tolerate nothing but their method of submitting this question that the divergence of opinion which has manifested itself here in the Senate this day should convince anyone of the difficulty of submitting the question at all. Certainly it is going to be impossible to submit it unless some regard is paid to those of us who despise the saloon system, who remember not only all its intemperance but its profanity, its vulgarity, and its attempt to seize and exercise political authority.

INTERNATIONAL TRADE IN AGRICULTURAL PRODUCTS

Mr. NORBECK. Mr. President, the Senator from Utah advises me that he has withdrawn his objection to the resolution offered by me a while ago, and I ask unanimous consent that it may be considered at this time. It is merely a resolution asking the department for information.

The PRESIDING OFFICER. The resolution will be read.

The Chief Clerk read the resolution (S. Res. 280), as follows:

Whereas information on international trade restrictions on farm products is needed for the proper consideration of measures for farm relief; and

Whereas information on such subjects is already being accumulated by Government agents: Now, therefore, be it

Resolved, That the Senate request the United States Department of Agriculture and the Federal Farm Board, jointly, to investigate the restrictions which now exist upon international trade in major agricultural products throughout the world; the measures which are now being undertaken in the several countries to protect the

economic position of their farm producers; and the effect, if any, these restrictions and measures have had upon the prices of farm products and the welfare of American farmers, and to report to the Senate upon these matters by the next session of Congress.

Mr. KING. Mr. President, will the Senator yield?

Mr. NORBECK. I yield.

Mr. KING. It may be that we are trying to yoke together a horse and a cow, if I may use a concrete example, by using the word "jointly." I think it may be unwise. I suggest to the Senator that after the word "jointly," he insert the words "or severally."

Mr. NORBECK. I am very glad to accept the suggestion.

Mr. McKELLAR. Mr. President, may I ask the Senator if the adoption of the resolution, either now or later, will require an appropriation?

Mr. NORBECK. No; it will not.

Mr. McKELLAR. With that assurance, I have no objection to the present consideration of the resolution.

Mr. GORE. Mr. President, would the Senator object to inserting a provision that the Department of Commerce and the Tariff Commission shall lend assistance in the execution of this task?

Mr. NORBECK. I should be pleased to add such a provision.

Mr. GORE. I think it would greatly abbreviate and economize the work.

The PRESIDING OFFICER. Is there objection to the consideration of the resolution, as modified?

The resolution, as modified, was considered and agreed to, as follows:

Whereas information on international trade restrictions on farm products is needed for the proper consideration of measures for farm relief; and

Whereas information on such subjects is already being accumulated by Government agents: Now, therefore, be it

Resolved, That the Senate request the United States Department of Agriculture and the Federal Farm Board, jointly or severally, to investigate the restrictions which now exist upon international trade in major agricultural products throughout the world; the measures which are now being undertaken in the several countries to protect the economic position of their farm producers, and the effect, if any, these restrictions and measures have had upon the prices of farm products and the welfare of American farmers; and to report to the Senate upon these matters by the next session of Congress: *Provided*, That the Department of Commerce and the United States Tariff Commission shall lend their assistance in the carrying out of said investigation.

ECONOMIC SITUATION OF HOG PRODUCERS

Mr. NORBECK. I submit another resolution along the same line and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The resolution will be read.

The Chief Clerk read the resolution (S. Res. 281), as follows:

Whereas numerous plans have been proposed for increasing farmers' incomes from the production of exportable products; and

Whereas hogs are used for the production of exportable products, and in consequence of low demand have suffered exceedingly low prices during the past winter; and

Whereas little information is available as to the way in which measures proposed for farm relief would assist the corn and hog producer: Now, therefore, be it

Resolved, That the Senate request the United States Department of Agriculture and the Federal Farm Board, jointly, to investigate the economic situation of hog producers, the way in which various of proposed plans for farm relief (including the equalization-fee plan, the export-debenture plan, the domestic-allotment plan, the voluntary domestic-allotment plan, and such other plans as the two agencies may wish to include) would probably offset or improve the position of hog producers, both in the short and long run, and to report thereon to the Senate by the next session of Congress.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Utah?

Mr. NORBECK. I yield.

Mr. KING. Does not the Senator think that the Farm Board is very poorly equipped to make this investigation? The Agricultural Department, with its Bureau of Economics, and the Department of Commerce, with its Bureau of Foreign and Domestic Commerce, are, I think, far better equipped to obtain the information than is the Farm Board. Moreover, it is to be hoped—and I think there is basis for the hope—that the Farm Board will exist no longer than perhaps the 5th of March of next year.

Mr. NORBECK. I have only two suggestions. There will be a Farm Board when we convene again. If the suggestion had been made a week ago, it would have carried more force, but I find that the Farm Board has taken over quite a large staff of economists, and are especially well equipped to obtain some of the desired information.

Mr. KING. I do not quite agree with the Senator, but I make no objection to that. I do suggest, however, the words "either jointly or separately."

Mr. NORBECK. I accept the change.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

Mr. BINGHAM. Mr. President, will the Senator explain what he means by "the short and long run"?

Mr. NORBECK. I think if the Senator will get his dictionary and apply to those words the same rule that he does to any others, he will get the information.

The PRESIDING OFFICER. The question is on agreeing to the resolution as modified.

The resolution as modified was agreed to, as follows:

Whereas numerous plans have been proposed for increasing farmers' incomes from the production of exportable products; and

Whereas hogs are used for the production of exportable products, and in consequence of low demand have suffered exceedingly low prices during the past winter; and

Whereas little information is available as to the way in which measures proposed for farm relief would assist the corn and hog producer: Now, therefore, be it

Resolved, That the Senate request the United States Department of Agriculture and the Federal Farm Board, jointly or severally, to investigate the economic situation of hog producers and the way in which various proposed plans for farm relief (including the equalization-fee plan, the export-debenture plan, the domestic-allotment plan, the voluntary domestic-allotment plan, and such other plans as the two agencies may wish to include) would probably offset or improve the position of hog producers, both in the short and long run, and to report thereon to the Senate by the next session of Congress.

PROHIBITION—CONSTITUTIONAL AMENDMENT

Mr. WALSH of Massachusetts. Mr. President, I wish to express very briefly some views that I entertain concerning the proposed amendments to the Constitution now under consideration, all of them relating to the repeal of the eighteenth amendment.

I think all who are devotedly interested in bringing about the repeal of the eighteenth amendment agree that the best and most satisfactory way, from the standpoint of restoring State rights, would be the submission of an amendment for a flat repeal of the eighteenth amendment. I favor such an amendment to the Constitution. I fear, however, that there is grave possibility of a division of sentiment among those who are desirous of submitting this proposition to the States which may long postpone favorable action if we fail to consider certain important aspects of this problem.

I inquire, what brought into the Constitution of the United States of America the eighteenth amendment? Who doubts the answer to be this—the saloon? What is the reason for the agitation in America to-day against the eighteenth amendment? The illicit saloon or speakeasy; the inability of the Federal Government to enforce the Volstead Act; the inability of the Federal Government to suppress the sale and transportation of intoxicating liquor. The sentiment in America to-day, as I understand it is, in view of the failure of national prohibition to accomplish or promote temperance, to bring into the open the sale, manufacture, and transportation of intoxicating liquors under State control.

Mr. President, in my humble judgment—and I dislike to believe it—it is absolutely out of the question to consider getting favorable action toward the repeal of the eighteenth amendment unless in the repeal proposal is a constitutional assurance that the saloon will not be restored in the several States that may favor the manufacture and sale of intoxicating liquors. I am for ending present obnoxious conditions more than I am for delaying action indefinitely by in-

sisting upon restoring full State control over this question. I am willing to go part way toward surrendering State rights in order to get rid of what I think is an intolerable national condition. I am ready, if necessary, to obtain repeal—to assure the public that evils that led the Nation to turn to national prohibition will not be revived but will be constitutionally outlawed.

Let us consider some facts. To submit a constitutional amendment it takes a two-thirds vote in the House and Senate. It then takes the approval of 36 States to ratify.

How are we going to get a two-thirds vote in this Chamber? What Senator from dry States will contribute to the necessary number? We have had the roll called on minor wet-and-dry questions again and again. What has been the result? Twenty-five wet votes out of 96. Now, as between two propositions for an amendment to the Constitution—one declaring for flat repeal and the other for flat repeal with a promise that the saloon will not be restored in the several States—what is going to be the record here? What is the use of deceiving ourselves? We will still have 25 for flat repeal; and all the rest of the Senate, if they are willing at all to submit this proposition, will vote to submit it upon the basis of a promise and an assurance to the American people that the saloon will not be restored.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from New York?

Mr. WALSH of Massachusetts. I gladly yield to the Senator from New York.

Mr. WAGNER. I am just a little puzzled at the statement made by the Senator. He said that we shall have to assure the dry States that the saloon will not return in their States.

Mr. WALSH of Massachusetts. Oh, no; I did not say that. We shall have to assure every man, woman, and child in America that there will be no saloon in any State in order to get an amendment through, in my judgment.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Idaho?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. BORAH. Does the Senator believe that after we once legalize the sale of intoxicating liquor in the United States it will be possible for the National Government to supervise the places where it shall be drunk?

Mr. WALSH of Massachusetts. I appreciate some difficulties are involved in that; but I do say that we will never get a repeal amendment adopted by the people of America unless there is contained in that constitutional amendment some assurance that there will not be a restoration of the saloon in those States that vote to become wet.

Mr. BORAH. I agree with the Senator.

Mr. WALSH of Massachusetts. I thought the Senator would.

Mr. GLASS. Mr. President, let me inquire of the Senator from Idaho, if we constitutionally reserve the power in the Federal Government to deny to the States the right to license the sale of liquor to be drunk where sold, in a place commonly known as a saloon, could a State issue such a license?

Mr. WALSH of Massachusetts. Of course the State could not, in violation of that stipulation in the Federal Constitution.

Mr. BORAH. The amendment which is now before us undertakes to supervise, as I understand, upon the part of the Federal Government, the place where it shall be drunk so that it shall not be drunk in the same place where it is sold. Is not that true?

Mr. GLASS. Commonly known as a saloon; yes.

Mr. BORAH. Mr. President, if the Senator from Massachusetts will pardon me just a moment——

Mr. WALSH of Massachusetts. I am very glad to yield to the Senator.

Mr. BORAH. The reason for advocating the repeal of the eighteenth amendment at the present time, stronger than any other reason that I know of, is because the National Government can not enforce the liquor law. At this time, they say, although the sale of liquor itself is prohibited, the National Government can not prevent its sale and prevent its being drunk in the same place where it is sold. They say that there are thousands of speakeasies running practically open in New York, in Detroit, in Chicago, and that the National Government can not so execute the law as to prevent it from being sold and from being imbibed at the very places where it is sold. Now, if we legalize the sale of intoxicating liquor so that it may be sold legally, will it be practically possible for the National Government to say that it shall not be drunk at a particular place?

Mr. GLASS. I do not propose in my amendment to legalize the sale. I propose to refer that matter to the States themselves, and they may determine whether they will legalize the sale or not; but if they do legalize the sale under the amendment that I propose, they are prohibited from legalizing the sale in the place commonly known as a saloon, to be there drunk.

Mr. BORAH. That makes the National Government the supervisory power over the State as to the manner in which it shall sell it and as to the place where it may be drunk.

Mr. GLASS. Undoubtedly. That is what I design to do.

Mr. BORAH. I know; and I agree entirely with the able Senator from Virginia in the objective which he has in mind. If I could solve the question of protecting the States that want to be dry and at the same time preclude the return of the American saloon, this problem would be simplified for me; but after nearly two years of rather earnest effort to work out a scheme by which we can control the place of drinking the beverage after we have made it legal to sell it, I do not believe it can be done. If we legalize the sale of liquor, the saloon will come back.

Mr. GLASS. Then ought we just to let conditions remain as they are and as they are described to us and make no effort in the world to solve the question?

Mr. BORAH. No, Mr. President; but I take the position that if we are going to legalize the sale of intoxicating liquor——

Mr. GLASS. I am not going to do that in the Constitution. I am going to leave that entirely with the States.

Mr. BORAH. Exactly; but you are going to give to the States the power to legalize the sale of intoxicating liquor.

Mr. GLASS. We do not give them any power. They will have that power after the repeal of the eighteenth amendment.

Mr. BORAH. In other words, we take off the ban of illegality, and leave the States to exercise the power of selling liquor.

Mr. GLASS. But we circumscribe the authority and power of the States as to where the liquor shall be sold.

Mr. BORAH. To my mind, when we find it impossible upon the part of the National Government to prevent liquor being sold at a certain place, and to control the method of its being drunk when it is illegal, we will find that it is absolutely impossible if the States desire to have it legally sold.

Mr. GLASS. Is it not possible—indeed, is it not probable—that those persons and institutions within the States which are authorized under the laws of the States and under the permission of the Federal Constitution to sell liquor for consumption will cooperate pretty vigorously with the Federal Government in preventing the liquor being sold where it is not authorized to be sold and drunk?

Mr. BORAH. Mr. President, at the present time a number of the States have refused, and more and more are refusing, to cooperate with the National Government in enforcing the law when it is made illegal.

Mr. GLASS. I am not talking about the cooperation of the States. I am talking about the people who are authorized under the laws of the States and permitted by the Federal Constitution to sell intoxicating liquors. They will cooperate with the State governments and with the Federal Government to prevent persons not authorized under the law to make sales from doing it, just as in the old days the

saloons, through very self-interest, cooperated with the Government to prevent moonshine sales of liquor.

Mr. BORAH. And with very little success.

Mr. GLASS. Oh, a great deal of it.

Mr. BORAH. I do not wish to trespass longer upon the time of the Senator. I close by saying that it is my judgment that once we legalize or permit the States to legalize the sale of intoxicating liquor we will have to depend upon the people of that State alone as to whether or not there shall be a saloon in the State. We can not, by a provision in the National Constitution, control the matter or prevent in that way the return of the saloon.

Mr. FLETCHER. Mr. President, may I ask the Senator a question.

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Florida?

Mr. WALSH of Massachusetts. I do.

Mr. FLETCHER. Does not all of this lead to the proposition that in order to have prohibition we shall have to have the cooperation of the Federal Government and the States? Shall we not have to have that cooperation on the part of both?

Mr. BORAH. Yes; and the unfortunate part of it is that it is the kind of cooperation which rests entirely upon the voluntary disposition of either sovereign, and the State can not be compelled to cooperate if it does not want to.

Mr. SHIPSTEAD. Mr. President——

Mr. GLASS. Nothing that may be attempted can be more ineffective than that which we now have, according to the representations of those who have inquired into the problem.

I do not pretend to assert or to believe that the suggestion I have offered is ideal. It may not be effective; but if it is not effective, somebody with more mental acumen than I possess ought to undertake to offer something that would be more effective. I do not think we ought to go on in the present condition, particularly when the people of this country are undoubtedly demanding a submission of this question to them for decision.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Minnesota?

Mr. WALSH of Massachusetts. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. It seems to me we have greatly overestimated the power and authority of both the National and State Governments.

In the last analysis, all enforcement of law depends upon the local community, the last unit of the democratic system of government or the republican system of government.

Unless the local community will of itself support the law, the enforcing power of the State or Federal Government is futile, it is helpless, and that, in my opinion, is the great mistake in the national prohibition law, because it places authority far away from the local community, and it is therefore ineffective. In the last analysis, a law must be enforced by the local community, the county, the municipality, or the township.

Mr. WALSH of Massachusetts. Mr. President, I think the Senator is correct. In the last analysis we must rely upon the several States to support the inhibition against the return of the saloon.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. WAGNER. It has been stated here time and time again that the public opinion of the country is against the restoration of the saloon, and I agree with that proposition. If that is so, will not the public opinion of a State assert itself so as to prevent the return of the saloon, even when the matter is under the regulation of a particular State?

Mr. WALSH of Massachusetts. That is not the point. The moment a flat-repeal amendment is submitted to the electorate of a State, that moment the argument against it will be, "Here is a move toward the return of the saloon." It will be announced from the pulpits of America, it will be proclaimed by every dry leader in America. It will be urged by women's clubs that the women must protect their families against the return of the saloon. It will be the one dominant argument to defeat the flat repeal of the amendment; and that is why, in order to remove that argument, I am willing to concede that in the submission amendment there be a provision that will destroy that argument by providing that the Federal Government will, in so far as it has the power, prevent or preclude the return of the saloon in the several States when control is restored to them to sell and transport intoxicating liquors.

Mr. GLASS. Mr. President, the primary consideration, the consideration which precedes the suggestion made by the Senator, is getting submission at all.

Mr. WALSH of Massachusetts. Exactly; and after getting submission, if we favor repeal, getting it repealed.

What I am concerned about is eliminating and removing present deplorable conditions from American life. When I am thinking in that direction, I have to consider how to get the American people to repeal as soon as possible the present amendment. I submit that without assurance of the nonreturn of the saloon you could not in this body, and you could not in the House, get a two-thirds vote for flat repeal.

I desire flat repeal—I believe that is the ideal thing to do—and I coincide and agree with every word and the splendid Democratic sentiments expressed by the Senator from Maryland, but I believe it is impossible; it is impracticable; it can not be done. The saloon and the word "saloon" mean so much to the American people that we will never get a submission through the Congress, to say nothing of a vote in 36 States for repeal, unless we put in the proposed amendment a promise and an assurance that the saloon is not going to return. It is because I want to get results, I want to get action, that I am willing to concede that which is in a measure an infringement of the absolute rights of the several States.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. TYDINGS. I realize the force of what the Senator says; and while it is not my idea of the solution, may I suggest to him that I think the amendment offered by the Senator from Virginia ought to read slightly different.

Mr. WALSH of Massachusetts. I think that is true. I am not arguing in favor of the language of any particular proposal.

Mr. TYDINGS. May I suggest to the Senator that the way the amendment now reads, it provides, "The sale of intoxicating liquors within the United States," and so on, "for consumption at the place of sale is prohibited." That will mean a police statute in the amendment. I will suggest, if we want to do that, that it should be amended so as to read, "The Congress shall have power to regulate and prohibit the consumption of intoxicating liquors at the place of sale." In other words, I would rather give the Congress a grant of power to do this than to put a police statute in the Constitution.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. BORAH. The Senator would have the liquor question, then, in every Congress which should convene.

Mr. ASHURST. And all the time.

Mr. TYDINGS. May I say, if the Senator from Massachusetts will yield to me a moment——

Mr. WALSH of Massachusetts. Certainly.

Mr. TYDINGS. Even if the amendment as worded is adopted, Congress will have to pass, or should pass, an enforcement act, and we know that the Volstead Act has been in politics ever since it has been offered, and I believe that this amendment would bring another Volstead Act, so called, into politics. But my main objection to the amendment as drawn is that I do not believe it is good policy to take a charter of authority and clutter it up with police regulations; that we ought to grant to Congress the power to eliminate the saloon, rather than bar it in the Constitution itself. That is one of the main objections of a great many people to the present amendment; and I feel that we should

grant to Congress the power to prevent the return of the saloon, rather than put a police statute in the new amendment, if one is adopted.

Mr. WALSH of Massachusetts. Mr. President, may I, for the sake of further impressing the importance of a provision guaranteeing the precluding of the saloon in the several States, analyze the groups in America which are interested in this question?

There are four groups of people, as I see it, interested in this problem. The first group are drys, all of them, and against submission. The second group are drys, but who are willing to submit the question to the American people. The third group are wets who seek submission. And, lo and behold, we find this group divided into two groups, one who say they will take nothing but a straight, flat repeal, and another who say they will only grant repeal plus assurance that the saloon shall not be restored.

I take the position—wanting action, wanting favorable results to come about quickly, because I believe present conditions demand it—that I am willing to concede, for the sake of getting early action and getting a favorable verdict from the American people, a constitutional amendment which will guarantee against the return of the saloon.

What ardent wet, what man who wants to get rid of present conditions, can refuse that concession to those people in America who think present conditions are intolerable, but who never want to see the saloon return?

I think we must make that concession regardless of how ardently we believe in State rights or how sincerely we believe that this problem ought to be left exclusively to the States to handle in their own way.

Mr. President, let us not forget, bad as present conditions may be, much as we prate about the failure of national prohibition, that the word "saloon" is distasteful, is nauseating, is in the minds of many people in this country a word which represents a cancer on the social and political life of the country.

Speakeasies may be bad, but saloons, open saloons, regulated and controlled, where liquor is sold publicly, drunk on the premises, where those who engage in the business participate in politics, and sometimes join hands in corrupting politics—do not forget for a moment that the American people have not lost the old picture of the saloon that brought us national prohibition. It means no repeal of the eighteenth amendment if we attempt to go before the American people on a proposition merely of flat repeal.

Because I want the States to go back to the handling of the liquor traffic in the open, under public control, without the abuses of the saloon, taking advantage of the progressive manner in which the handling of this issue has been inaugurated in some of our neighboring countries—it is because I want that day to come, and come speedily, that I am willing to concede that this amendment to the Constitution should provide a guaranty, as far as language may give it, that the saloon will not return.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. GLASS. May I, at this particular point, put into the RECORD, as a last word, the definition of a saloon for the particular information of some of my collegiate friends who seem not to know the meaning of "saloon"?

Mr. Webster defines a saloon as, "A place where intoxicating liquors are sold and drunk; a grog shop." The term is used commonly of a place where there are no lodgings or regular service of meals as in a hotel.

I think it is important to know what the definition of a saloon is.

Mr. WALSH of Massachusetts. I thank the Senator, and I thank the Senator from Arizona, who yesterday read a similar definition from one of the dictionaries.

Mr. President, I want to say to my dear friend the Senator from Maryland, and my friends the Senators from Ohio and New York, for whose interest in this subject and loyal devotion to the efforts to bring about a repeal of the eighteenth amendment they are deserving of the praise and gratitude of their fellow citizens, that I hope they will not feel that I am one whit less devoted to State rights, and one whit less desirous and anxious for a flat repeal than they, but, as a practical question, we must accept something less. We must precede our efforts for repeal by assurance that the saloon is not to be restored. Knowing my fellow Senators, I do not hesitate to say that when the roll is called between an amendment that is a flat repeal and an amendment that is flat repeal plus nonreturn of saloon, Democrats and Republicans from dry States will have to, because of the force of public opinion, vote for that kind of an amendment which guarantees that the saloon will not return, and we four with a few others will be here, a hopeless minority, voting for what we believe to be ideals of State rights.

Mr. WAGNER. Mr. President, the dry States were not concerned so much with the saloons as the so-called wet States, because that was a problem of the wet States, but they were concerned with whether or not under the Federal Constitution Congress would have the power to pass legislation which would protect them against the importation into their States of liquor from wet States. We are all agreed now that while there was apprehension about that, even after the Webb-Kenyon Act was passed by Congress over the veto of the President, which was finally declared constitutional, under the Constitution Congress has the absolute power to protect the dry States against the importation of liquors from the wet States, and within the State a dry State has a right, and, of course, will have its own laws. I do not see how the question of the saloon is involved.

Mr. WALSH of Massachusetts. Mr. President, in my humble judgment that factor was inconsequential in the movement in this country for national prohibition. In my judgment, the people of this country got the impression that a saloon—wherever located, in whatever State located, even if the people lived in a State that was absolutely dry and never had seen a saloon—was immoral, that it was a social evil that must be stamped out if the moral life of the country was to be sustained and maintained.

It was the existence of the saloon, no matter where, that led to the movement for national prohibition, which meant not only to keep the dry States dry, not only to keep out of the dry States liquors flowing in from wet States, but more than that and larger than that, a consciousness, a moral conviction, that there was a grave evil, a serious menace in the saloon. I think they exaggerated it. I do not follow them in the extent to which they went in denunciation of the evils of the saloon. Yet it certainly was the dominating and controlling factor, and we might as well admit now as ever that the saloon will never come back into this country again. Even if we get State rights and States should undertake to consider the legalization of the saloon, we would witness again a movement for the readoption of the eighteenth amendment.

Mr. WAGNER. The Senator is acquainted with the public opinion of his State, I am sure, as I am with the public opinion of my State. Is not the Senator confident that the public opinion of his State would have control of legislative action on this question so there will be no return of the saloon?

Mr. WALSH of Massachusetts. I am not so confident. I know one thing, though, that if it is in the Constitution, it will not return, and the Senator and I do not know what the pressure and influence will be in our States five years from now to broaden or expand the methods of the manufacture and sale of liquor. We might begin with the firm conviction and belief that the saloon should not return. I think I would be assuming a tremendous responsibility to make a public declaration that my State or any State, if we pass simply a flat repeal, in five years from now would not advocate the return of the saloon. I do not see how we could promise it. I do not see how we could assert it. I do not see how we could assure it. I do not see how we could promise that we would not go back to the old system. It might be 5 years or 10 years or 25 years, but nobody can promise it. Just now, undoubtedly, the sentiment is everywhere against the saloon's return.

That, I understand, is the thing that troubles the Senator from Idaho [Mr. BORAH]. He does not want that. That is the last thing he wants. If he got assurances and could frame language for a statute and a constitutional amendment that would absolutely prohibit the possibility of the saloon coming back in the several States, without the Federal Government having authority, I understand he would be disposed to vote for repeal of the eighteenth amendment, provided he could also have a guaranty that the dry States would be secure against transportation of liquor from the wet States within their borders.

I want to ask the Senator from New York a question, because I know that he and I are deeply interested in this question and that our constituents are, and that we are both sincerely devoted to obtaining favorable action for repeal. I want to ask him if, in the State of New York, repeal of the eighteenth amendment would not get tens of thousands more votes if the repeal amendment guaranteed nonreturn of the saloon?

Mr. WAGNER. I do not think it would make much difference.

Mr. WALSH of Massachusetts. I will say that in my own State women by the thousands would vote for repeal if they had assurance that the saloon was not going to return; but if the preachers and the pulpiteering politicians told them that a flat repeal gave them no promise of the nonreturn of the saloon to the very street corner where they live, we would have difficulty in getting many votes for repeal. I want to impress upon the Senator that my argument is based upon the practical conviction that the way to bring about repeal, the way to get votes here in the two Houses, the way to get the States to ratify, is to go as far as we can in assurance that the saloon will not return. I am furthermore convinced that if we divide forces, with the Senator from Ohio [Mr. BULKLEY], the Senator from Maryland [Mr. TYDINGS], the Senator from New York [Mr. WAGNER], and myself on one side of the question and other Senators on the other side of the issue, then we can say, "Good night" to repeal. All our efforts will have been for naught and there will be little hope, because the dry anti-saloon group will stay in the trenches until the last hour against a flat repeal. The force of public opinion in many States will compel it.

Mr. WAGNER. I think the women of the State of New York are very confident that public opinion will control that question, and there will be in New York, as I am sure there will be, no legislation that will permit the return of the saloon.

Mr. WALSH of Massachusetts. What promise can the Senator give the women of Georgia and Indiana that in five years from now the New York or Massachusetts Legislature will not permit it? There is no promise, there is no provision, there is nothing in the Constitution, if we have only flat repeal.

Mr. WAGNER. Because public opinion controls these matters anyway. A mere provision in the Constitution as a prohibition law does not control the situation. Unless in a democracy the law reaches the conscience of the people it can not be enforced; and that is the difficulty in attempting to set one standard—a uniform standard—throughout the United States with people of different views, which has been the downfall of this law. I am interested not in liquor but in the problem of government. I think the Senate ought to let the communities themselves determine for themselves what ought to be done. We can rely upon the moral sentiment of a community to see that nothing is done which is destructive.

Mr. WALSH of Massachusetts. My interest, and the Senator's interest, is as quickly as possible to submit the amendment and get it approved. Everybody is for submission to-day. Every political party is for submission. Most men and women are for submission. The question is, When shall we submit it? And the question also is, If we do submit it, will the people approve the change that we hope and expect, namely, repeal?

How quickly can we get it to the people and how can we best have assurance of a favorable verdict? I say the evidence is overwhelming that we can get it approved more readily in the form of a proposed amendment that will give some assurance that the saloon will not return. I say any other proposal means delay, postponement, possible failure, and means years and years more of bootlegging with its evils before there is any actual repeal of the eighteenth amendment. That is my honest conviction.

Mr. President, I have talked longer than I intended. Yesterday the Senator from Mississippi [Mr. HARRISON] made references to a speech which I made in the Democratic National Convention presenting and defending the majority prohibition plank of the Resolutions Committee. In view of his quoting from that speech, I ask permission that my speech may be printed in the RECORD at this point in connection with my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The speech is as follows:

ADDRESS OF SENATOR WALSH OF MASSACHUSETTS TO THE DEMOCRATIC CONVENTION ON PROHIBITION PLANK

Mr. Chairman, the time has passed for debate about the curse which constitutional prohibition has laid upon our land, and the social and economic debacle it has wrought. The country has reached its decision—the eighteenth amendment must be repealed and will be repealed. The eighteenth amendment is doomed.

The immediate question now is, How are we going to get rid of it, and, How soon?

For 12 long years we have witnessed a vain attempt to regulate the habits and control the tastes of the people by force of law—the vain attempt to make men moral by force rather than by religion or example and precept. All human experience demonstrates that such attempts are doomed to failure. We have experienced this failure.

What are the destructive consequences of this constitutional enactment that is neither enforced nor enforceable? We have seen this amendment breed a disregard for all law, which has become the most ravaging menace of our times; we have seen it become the agency through which crime has been financed.

It has corrupted men. It has corrupted government. It has created a class who have set themselves outside the law and brazenly enforced their own decrees and make their own judgments affecting life and property.

There is no need of further recital. The only question I repeat, is when and how we are going to end it.

The issue is repeal of the eighteenth amendment or nullification. It is one or the other. There is no middle ground. Circumstances and conditions beyond the control of any men or set of men, have made it that.

What sham and mockery and humbug to prate about law enforcement and law observance with respect to the eighteenth amendment, as does the Republican prohibition plank, in utter disregard of the realities of the situation. The time has come to realize that the eighteenth amendment is neither observed nor enforced, and the experience of 12 years has demonstrated beyond successful contradiction that the eighteenth amendment will never be observed and can never be enforced.

Political parties do not make issues. Circumstances and events make issues. Parties, if they be courageous, meet issues. The prohibition question is more than an issue to-day—it is one of the greatest issues, and an issue which the country demands be dealt with and dealt with decisively, without equivocation and without delay.

This is the action which your committee on resolutions by two-thirds majority to-day voted to recommend to this convention.

A mere pledge of resubmission, as proposed by the minority plank, does not meet the issue. A pledge to submit the question dodges the issue. Every political party and practically every member of every party, whatever their convictions on this question, now proclaim themselves—to be sure, many of them grudgingly—ready and willing to submit the question of repeal.

That was not the situation a year ago. It was not the situation six months ago. Then the adherents to the eighteenth amendment were opposed even to resubmission—opposed to permitting the American people to register through constitutional process the adverse verdict.

But that opposition has disappeared in the face of prohibition-repeal sentiment, now crystallized and vocal, which has swept over the country like a prairie fire in recent months. To-day the American people take it for granted that the two great political parties favor submission of the question.

That is not enough.

What the American people demand to know from their office-holders and from those seeking office—yes, and from their political parties—is where they stand on this question.

Do they favor repeal, after the question of repeal is submitted, or do they oppose repeal? All candidates in the election in November, and that includes candidates for the Presidency, will be compelled to declare where they stand on this question.

The Republican Party, in its convention in this very hall two weeks ago, straddled and equivocated. There was a proposal; yes; for an amendment to the eighteenth amendment, vague and contradictory in its verbiage, but no declaration by the party of

whether it favored or opposed ratification of such an amendment. No declaration by the party whether it favored or opposed the continuation of Federal prohibition—merely a promise to submit the question. That was evasion, and the country has recognized it as such.

I plead with the Democratic Party not to make the same mistake, not to take refuge in a similar evasion, not to content itself with a mere pledge to submit the question of repeal.

I plead with the Democratic Party to meet the issue squarely; and if we favor repeal, say so in terms that can not be mistaken.

It has been said often, and will be repeated by the minority, that the question of repeal of the eighteenth amendment is a controversial question upon which men's convictions differ, and so indeed it is. It has been said that it is a moral question, and so indeed it is; and then it is contended that since it is a controversial question, and a moral question, a political party ought not to be expected to take sides on the question, but should straddle it or remain silent.

Such contention is without merit—it is unworthy of men and of parties. All issues, all questions within the realm of government are controversial. The tariff question is controversial; disarmament is controversial; adherence to the World Court, cancellation of foreign debts, and a host of other questions of the present hour, questions upon which there is a division of opinion within the political party, and yet no one contends that because there is the division of opinion, and because they are controversial, the party should remain silent.

It is the reverse of that.

There is insistent demand and pressure for party declarations on all such controversial issues, and such party declarations are made, as they ought to be made, in accordance with majority opinion and majority will of the party.

The question of slavery, which rent the country three-fourths of a century ago, just as the question of prohibition is rending the country to-day, was a moral question.

After years of straddle and compromise on the slavery question there came a day when that issue, as a political issue, had to be met and when statesmen and parties had to declare themselves on that question. In my judgment, we are precisely at that point to-day on the prohibition issue.

The platform plank on the prohibition issue which the majority of your committee on resolutions submits to the convention is in the language of the primary-school primer. No one may mistake its meaning. It requires no interpretation. It offers no opportunity for dispute as to its purpose and intent. The first sentence contains eight words. They are:

"We favor the repeal of the eighteenth amendment."

No weasel words, these!

The second sentence reads:

"To effect such repeal we demand that the Congress immediately propose a constitutional amendment to truly representative conventions in the States called to act solely on that proposal."

It has been contended that the "naked" repeal of the eighteenth amendment will deluge the country with liquor without regulation or constraint and bring back the open saloon.

It will do nothing of the kind. Simple and straightforward repeal of the eighteenth amendment, without reservation, automatically restores to the States their own untrammeled rights to deal with the liquor traffic as each State sees fit. That is as it should be.

Congress could and would prohibit and suppress the transport of liquor into such States as still elect to cling to prohibition. No constitutional amendment or mandate is required for that purpose.

But in order that the American people may be further assured with respect to these matters, and in order that they may know that the Democratic Party, though it takes it stand for repeal of the eighteenth amendment, stands also unreservedly against any return of the open saloon, the platform plank which we present to the convention to-day contains this additional pledge:

"We urge the enactment of such measures by the several States as will actually promote temperance, effectively prevent the return of the saloon, and bring the liquor into the open under complete supervision and control by the States.

"We demand that the Federal Government effectively exercise its power to protect States against importation of intoxicating liquors in violation of their laws."

What more need be said than that?

What more should be said or can be said unless we are to embrace the proposition that the Federal Government undertake to invade State and private rights contrary to the principles upon which our Republic was established.

Is not this declaration an honest and sincere pledge to which we may all sincerely subscribe? We submit that it is.

We are all in accord on this phase of the question.

We of the majority also believe that the Democratic Party ought to offer to the country more than its pledge to repeal the eighteenth amendment. Our party ought to call upon Congress for immediate liberalization of the Volstead Act; therefore the final declaration in our majority plank is as follows:

"Pending repeal we favor immediate modification of the Volstead Act to legalize the manufacture and sale of beer and other beverages of such alcoholic content as is permissible under the Constitution and to provide therefrom a proper and needed revenue."

Time does not permit me to argue this question. It requires no argument. It is subordinate to the major and fundamental issue of repeal of the eighteenth amendment; but it is corollary to it, and the clearly indicated course if we truly mean to end present intolerable conditions.

Now, let us examine the plank presented to this convention in the minority report.

Their plank says nothing about liberalization of the Volstead law; that is self-evident.

But what about the eighteenth amendment; where does the minority plank put the Democratic Party on that question?

The declaration of the minority plank advocates what?

Submission of the question.

What question?

Repeal of the eighteenth amendment.

Does it advocate repeal?

It does not.

Does it oppose repeal?

It does not.

The minority plank is neither for or against repeal.

In the main that is the only difference between the minority plank and our plank, but it is a stupendous difference.

Eight words make the difference: "We favor the repeal of the eighteenth amendment."

Where does the Democratic Party stand to-day on that issue? Are we for repeal or against repeal? Are we going to declare where we stand on that issue or are we going to remain silent? The vote of this convention to-day will determine that.

The resolutions committee by a vote of 35 to 17 went on record in favor of an unequivocal pledge of repeal.

Mr. Chairman, we submit this majority report to the convention with the confidence that is begotten of the conviction that courage, truth, and State autonomy is on our side, and that evasion, political timidity, and Federal bureaucracy is on the other side. We confidently expect this convention to ratify the action of the majority of your committee on resolutions.

Mr. JONES. Mr. President, a day or two ago I said I had copies of an analysis of the Republican platform and an analysis of the Democratic platform dealing with the liquor question, made by David Lawrence. He has made a very impartial, unbiased analysis of the two planks. I can see nothing political about it. I think it is a very valuable analysis. I think it ought to be available to all our people. Therefore I ask permission to print in the RECORD his analysis of the two planks of the two political platforms. Those who read it know there is nothing political about it. I think it is absolutely unbiased.

Mr. CONNALLY. Mr. President, does anybody else concur with the Senator from Washington in the view that the analyses are not partisan?

Mr. JONES. I have not asked anybody one way or the other. I am simply telling the Senator my view of it, so far as I am concerned. I do not consider it political at all.

The PRESIDING OFFICER (Mr. SMOOT in the chair). Without objection, the request of the Senator from Washington is granted.

The analyses are as follows:

THE REPUBLICAN PROHIBITION PLANK

(Radio address of David Lawrence, June 19, 1932)

I have been asked by several radio listeners to explain to-night the meaning of the platform plank on prohibition adopted by the Republican National Convention at Chicago this past week. Permit me at the outset, however, to say that I do not wish to be understood as advocating either the Republican platform or the Democratic platform, for I do not consider myself in any sense a political partisan.

I do feel, however, that an analysis of what these platform planks mean may be helpful to those who wish to be partisan. My function therefore is simply one of exposition.

First of all let me express to you my amazement at the comments I have heard about the Republican prohibition plank. One is compelled to think that the text of the planks offered by the majority and the minority either have not been read or the implications of each have been completely brushed aside in favor of slogans and superficial judgment.

Let me remind you that the first half of the prohibition plank was unanimously agreed upon, that this section had and continues to have the full support of Nicholas Murray Butler, Senator BRIGHAM, and all those who later proposed simple repeal of the eighteenth amendment. Here is that part of the plank which was unanimously adopted:

"The Republican Party has always stood and stands to-day for obedience to and enforcement of the law as the very foundation of orderly government and civilization. There can be no national security otherwise.

"The duty of the President of the United States and of the officers of the law is clear. The law must be enforced as they find it enacted by the people. To these courses of action we pledge our nominees.

"The Republican Party is and always has been the party of the Constitution. Nullification by nonobservance by individuals or State action threatens the stability of government.

"While the Constitution makers sought a high degree of permanence, they foresaw the need of changes and provided for them.

"Article V limits the proposals of amendments to two methods: (1) Two-thirds of both Houses of Congress may propose amendments; or (2) on application of the legislatures of two-thirds of the States, a national convention shall be called by Congress to propose amendments.

"Thereafter ratification must be had in one of two ways: (1) By the legislatures of three-fourths of the several States, or (2) by conventions held in three-fourths of the several States. Congress is given power to determine the mode of ratification.

"Referendums without constitutional sanction can not furnish a decisive answer. Those who propose them innocently are deluded by false hopes; those who propose them knowingly are deceiving the people.

"A nation-wide controversy over the eighteenth amendment now distracts attention from the constructive solution of many pressing national problems. The principle of national prohibition as embodied in the amendment was supported and opposed by members of both great political parties.

"It was submitted to the States by Members of Congress of different political faiths and ratified by State legislatures of different political majorities. It was not then and is now not a partisan political question.

"Members of the Republican Party hold different opinions with respect to it and no public official or member of the party should be pledged or forced to choose between his party affiliations and his honest convictions upon this question."

That is the end of the quotation from the section in which all sides agreed, and let me call your attention to the fact that this included law enforcement, plain disapproval of the idea of nullification or nonobservance "by individuals or by State action." It also allows a public official or candidate to differ from the party platform without being forced to choose between his party affiliations and his honest convictions upon this question.

This would seem to me to say that any Republican running for office, including the President himself, is free to differ from the party platform plank on prohibition, a concession which a party platform has rarely ever given before.

Now we come to the section upon which there was a difference of opinion between the majority and the minority in the platform committee and in the convention itself. Let me read the majority proposal which was finally adopted by the convention:

"We do not favor a submission limited to the issue of retention or repeal. For the American Nation never in its history has gone backward, and in this case the progress which has been thus far made must be preserved, while the evils must be eliminated.

"We, therefore, believe that the people should have an opportunity to pass upon a proposed amendment the provision of which, while retaining in the Federal Government power to preserve the gains already made in dealing with the evils inherent in the liquor traffic, shall allow States to deal with the problem as their citizens may determine, but subject always to the power of the Federal Government to protect those States where prohibition may exist and safeguard our citizens everywhere from the return of the saloon and attendant abuses.

"Such an amendment should be promptly submitted to the States by Congress, to be acted upon by State conventions called for that sole purpose in accordance with the provisions of Article V of the Constitution, and adequately safeguarded so as to be truly representative."

That is the end of the quotation from the majority plank. You will note several things in that plank. First, it takes for granted that the people want an opportunity to pass upon a new amendment to the Constitution to take the place of the eighteenth amendment. It takes for granted that the people who do not wish to retain the eighteenth amendment shall have an opportunity to vote on the merits of a new amendment. It would give the people who wish to retain the present eighteenth amendment an opportunity to vote "no" on the proposed new amendment or any repeal amendment to insure the retention of the eighteenth amendment.

In other words, just as the platform planks say, the convention did not wish to limit the proposed referendum to the question simply of repeal or retention but took for granted that if the amendment were to be repealed something else had to take its place. What should that substitute be? The majority insisted that the States be allowed again to deal with the problem as their citizens may determine but subject only to two limitations—one that the Federal power should be exerted "to protect those States where prohibition may exist," and the other that the Federal power be used "to safeguard our citizens everywhere from the return of the saloon and attendant abuses."

Is this not a contradiction, it is asked? How can you return the power to deal with the liquor problem to the States and at the same time interfere to the extent of safeguarding against the return of the saloon? The answer is purely legal. If you concede that each State which has prohibition has a right to be protected against the invasion of the liquor traffic from outside the State, then you are asked to concede that each county or city has the same right to be dry and to be protected against outside invasion, and that if a State law is not enforced so as to protect a local community against wet invasion then the Federal power may be invoked to secure that protection. This is local option plus Federal aid.

But it will be noted the majority plank uses the phrase "safeguard our citizens everywhere from the return of the saloon." This means, of course, that the States will have complete power to deal with the liquor traffic subject to one qualification, namely, that the saloon must not return. To that end the power of the Federal Government would be pledged jointly with the States to prevent a return of the saloon.

Let us now look at the minority plank. It reads as follows:

"We recommend that the Congress of the United States immediately propose an amendment to the Federal Constitution repealing the eighteenth amendment thereto to be submitted in conventions of the people of the several States called for that sole purpose, in accordance with Article V of the Constitution of the United States.

"Should the eighteenth amendment be repealed, we pledge our best efforts toward the enactment of such measures in the several States as will actually promote temperance, effectively abolish the saloon, whether open or concealed, and bring the liquor traffic itself under complete public supervision and control with revenues properly drawn from legalized sources for the relief of the burdened taxpayers."

That is the end of the quotation from the minority plank. You will observe that like the majority it proposes a new amendment to do away with the existing eighteenth amendment, but it does not sanction any continuance of Federal power. It relies upon State laws to keep the saloon from coming back. Indeed, the minority plank makes no provision for the use of Federal power to protect the dry States which may wish to be protected against invasion from wet States. It does not require a constitutional amendment, of course, to do this, as the famous Webb-Kenyon law, passed before the eighteenth amendment was adopted, was considered ample for that purpose. Still the minority plank does not even mention measures like the Webb-Kenyon law as a protection for dry States, and even that law did not protect dry communities in States where State enforcement laws might break down or be repealed.

If the majority plank really means repeal in the sense that a substitute amendment when adopted would automatically repeal the eighteenth amendment, why didn't the platform makers frankly say "repeal"? Well, that is a fair question. The answer is that if you are an employer and for one reason or another find it necessary to write a letter discharging an employee, you do not say, "You are hereby fired; get out," unless, of course, you do not wish to retain the good will of the departing employee. What you usually see written is, "We regret very much that, owing to unforeseen conditions, we shall not be able to avail ourselves of your valuable services."

So the Republican majority thought it more graceful and less offensive to the drys to omit mention of repeal as such and to propose instead a substitute for the eighteenth amendment which in itself means repeal of the old the moment the new amendment is adopted. Remember, it takes wet and dry States to vote to repeal an amendment and 13 dry States can block repeal.

Also, there was another phrase or two which was intended to reconcile the drys and keep their support for the vital point, namely, a substitute for the eighteenth amendment. It read, "While retaining in the Federal Government power to preserve the gains already made in dealing with the evils inherent in the liquor traffic."

You may ask, "What gains?" Well, if you believe the past 10 years has taught us nothing about law enforcement and the tricks and avoidances of bottleggers and those who aid them in breaking the law, then, of course, we have made no gains. But anybody familiar with prohibition law before the eighteenth amendment was adopted and the body of law and judicial decisions set up since then will concede, I am sure, that the experience with the liquor traffic since motor transportation and rum running by boats came into vogue is altogether different than that which we had more than a decade ago. Supposing, for example, the State of South Carolina should decide that it wished to distribute, as it did back in the nineties, all liquor through a State-owned establishment, and suppose rum runners began to hover off the Atlantic coast and land their cargoes for distribution on land by bootleggers cheaper than the State's price list and taxes. Would we deny the State of South Carolina the aid of the Federal Coast Guard to help it enforce the law? Each State could not build a Coast Guard. Twenty-five of our States are bounded by deep water.

Consider also the system of inspection at the Mexican and Canadian borders aimed at smuggling in violation of customs laws. Can we collect revenues to help our governmental budgets if the land and water boundaries are not effectively policed? Enforcement has made gains, but many of the people who read that word in the platform plank were probably not thinking of legal gains but social gains, and they doubtless disagreed that there had been any gains to society from prohibition. The drys answer that the abolition of the open saloon was a gain. The wets say it has been offset by the speakeasy. Both sides agree, however, nowadays that they do not want the saloon back, so if the whole purpose of the Federal power is to prevent the return of the saloon then the difference between the majority and minority planks is a difference in method of enforcement of the wishes of all our people. Such a difference will naturally not be defined in a platform plank as closely as it would be in the actual phraseology of the constitutional amendment to be proposed, or the laws to be passed by the States if the eighteenth amendment were repealed without a substitute amendment.

The issue is plainly drawn. The Republican platform plank proposes that a new amendment shall take the place of the eighteenth, and that such an amendment shall give the States the right to have light wines and beer or whisky to any alcoholic

content the people of each State may desire, but when it comes to distributing these beverages it must not be through open saloons. Well, there are plenty of ways of distributing liquor lawfully without the open saloon. Canada insists liquor must not be drunk on the premises where it is bought. There are, indeed, several plans for legal distribution which do not include the saloon.

It all comes down to this: If you think the States alone should have the power to deal with saloons, and you are not concerned with Federal protection for those communities which wish to remain dry, then your view is expressed by the minority plank. But if you want the eighteenth amendment repealed and in its place an amendment substituted which shall give the States the right to legalize the sale of intoxicating liquors, but with the power of both the State and Federal Governments pledged against the return of the saloon, then the Republican platform proposes that you shall have an opportunity to vote on that question. A convention platform is not, of course, legislation. Even if the minority plank had been adopted, it still would become necessary for a two-thirds vote of both Houses of Congress to pass on the question of repeal or the substitution of a new amendment, and only after that step has been taken can it go to the several States for adoption or rejection.

So the next step really is to elect candidates for Congress who represent the views you desire translated into action, and bear in mind that the President of the United States, whether he be Republican or Democrat, has no vote on the question of repeal or anything else that has to do with the actual adoption of a constitutional amendment, for it is mainly the responsibility of two-thirds of the Senate and two-thirds of the House, without either presidential veto or signature.

When the Democratic prohibition plank has been adopted, I shall be glad to devote a Sunday evening talk to an explanation of its provisions.

THE PROHIBITION PLANK IN THE DEMOCRATIC PLATFORM

Three weeks ago I devoted one of these Sunday evening talks to an exposition of the prohibition plank in the platform of the Republican National Convention, and I promised that I would subsequently explain the prohibition plank of the Democratic platform.

I know there are some who will say that the Democratic plank is so clear and unequivocal that it needs no explanation. Perhaps we should say that the Democratic plank does a better job in its clear appeal for wet votes than does the Republican platform; but I must confess that, being a layman and not a politician running for office, the Democratic plank impresses me as having in it more points that require explanation than its Republican competitor—I mean questions that need to be answered if we are honestly seeking a solution of the prohibition problem and not merely setting up, as both platform planks characteristically do, a device to catch votes during a congressional and presidential campaign.

Let me read the Democrats' plank in full text:

"We advocate the repeal of the eighteenth amendment. To effect such repeal we demand that the Congress immediately propose a constitutional amendment to truly representative conventions in the States called to act solely on that proposal. We urge the enactment of such measures by the several States as will actually promote temperance, effectively prevent the return of the saloon, and bring the liquor traffic into the open under complete supervision and control by the States.

"We demand that the Federal Government effectively exercise its power to enable the States to protect themselves against the importation of intoxicating liquors in violation of their laws.

"Pending repeal we favor immediate modification of the Volstead Act to legalize the manufacture and sale of beer and other beverages of such alcoholic content as is permissible under the Constitution and to provide therefrom a proper and needed revenue."

Upon examining this plank we are led to assume that every Democratic Member of Congress, every Democratic candidate for Congress is committed to vote for the repeal of the eighteenth amendment and no substitute in the way of a modification of the eighteenth amendment. The Democratic Party commits its members, if they obey the platform, to vote for repeal and nothing else.

It also commits every Democratic Member of Congress or candidate to vote for such a change in the Volstead Act as will permit beer to be manufactured and distributed.

But what kind of beer? The public is asked to believe the Democrats meant real beer and not near beer. But is real beer intoxicating? If it is, then any law permitting it violates the Constitution, which says intoxicating beverages may not be sold generally.

The Democratic platform gets around the issue by saying it commits its members to voting only for such a change in alcoholic content "as is permissible under the Constitution."

But does the country want only such beer as is really permissible under the present Constitution or does it want, to use a popular phrase, beer with a kick in it?

Now, there are some Senators who declare that 4 per cent beer is not in fact intoxicating, and therefore any law permitting it would not violate the Constitution.

I can, perhaps, do no better service on this point than to read you to-night extracts from the stenographic record of the debate in the Senate of a few days ago in which grave doubts are expressed as to what is or what is not intoxicating, and hence what would and would not violate the Constitution. Here is what Senator ASHURST, of Arizona, Democrat, said:

"If any Senator, upon his honor as a man, on his judgment as a legislator, after investigation, comes to the conclusion that 4 per cent beer—viz, beer with an alcoholic content of 4 per cent by weight or volume—is in fact intoxicating, that man registers a false oath before heaven when he votes here for that which is denounced by the Constitution. Therefore, if the wettest of wet Senators and if the wettest of wet Democrats reach a conclusion that beer with an alcoholic content of 4 per cent is in fact intoxicating, their honest and direct duty and recourse is to seek a repeal of the eighteenth amendment rather than to violate that amendment. I have not much patience or sympathy with any suggestion that any part of the Constitution should be violated. If 4 per cent beer is in fact intoxicating, I shall not vote for it unless and until the Constitution shall be changed. If it is not intoxicating and will produce revenue, I shall vote for it to-day, to-morrow, or next week."

That ends the quotation from a Democratic Senator, Mr. ASHURST, and now let us hear what Senator BINGHAM, of Connecticut, a Republican, says:

"May I call the attention of Senator GLASS in connection with what he said earlier in the day regarding what was intoxicating and what was not, to the statement of Prof. Francis G. Benedict, director of the nutrition laboratory in the Carnegie Institute of Washington, now located in Boston, Mass., who was called to testify before the committee.

"He stated that he was director of the nutrition laboratory of the Carnegie Institution, located in Boston, and that he had started out in 1907 to discuss the general problems of nutrition, and, among other things, he said:

"'It seemed perfectly fitting to study the nutritive character and quality of alcohol as well as that of proteins, fats, or carbohydrates, for there are several million people, notably in France, who regularly receive each day as many calories in the form of alcohol as they receive in the form of protein.'

"At the conclusion of his testimony, after he had described certain reactions or reflexes caused by a small amount of alcohol, I asked him this question:

"'In the ordinary sense of the word, is the use of beer, as it is used in Germany, intoxicating or not intoxicating?'"

Doctor Benedict replied:

"'I should say, in the ordinary sense of the word, "intoxicating," as ordinarily used by the majority of people, no.'

"Senator BINGHAM. It is not intoxicating?

"'Doctor BENEDICT. They do not get to the point where they can not walk and can not talk.

"'Senator BINGHAM. Do you think when we adopted the eighteenth amendment of the Constitution we referred to these little reflexes in the body, or did we refer to the ordinary habits of people?

"'Doctor BENEDICT. We referred to the ordinary habits of the people.'

"In other words, a distinguished scientist, who had under consideration a reply to a question, stated that beer as used in Germany in the ordinary sense of the word was not intoxicating. I quote him as a distinguished authority in no way concerned with the political aspects of the case.

"Mr. GLASS. I want to inquire, first, whether the Senator's committee accepted this testimony as conclusive. Did it report his proposed amendment with a recommendation that it be adopted by the Senate?

"Mr. BINGHAM. The subcommittee which held the hearings in its report to the full committee said that it 'took extensive testimony from expert qualified witnesses to determine definitely the following.'

"There followed six questions, one of which was:

"Whether or not beer containing not more than 4 per cent alcohol by volume may be considered intoxicating.

"And in its reply to that the majority of the subcommittee, in reporting to the full committee, said:

"'The subcommittee, therefore, concludes that beer containing 4 per cent of alcohol by volume can not be considered an intoxicating beverage.'

"Mr. GLASS. Did your authority and your subcommittee convince the general committee?

"Mr. BINGHAM. I was not a member of the subcommittee, but I was about to say that that report was not accepted by the full committee, which decided that the subcommittee was wrong; but a minority of the full committee signed the report.

"Mr. GLASS. I understand that; I have read all that. I want the Senator to say whether his authority, together with his subcommittee, convinced the general committee, and if the general committee reported the bill favorably.

"Mr. BINGHAM. The Senator knows the answer to his question.

"Mr. GLASS. But I would like to have the Senator give me the answer for the record.

"Mr. BINGHAM. The majority of the committee reported against it.

"Mr. GLASS. Exactly. In other words, a majority of the committee thought that the Senator's proposition, while not involving that degree of intoxication that would put a man on the ground and make him tongue-tied, was sufficiently intoxicating to make him reel, and yet to enable him to say something of an intelligible nature. Is that it?

"Mr. BINGHAM. The majority, consisting of Senators JESSE H. METCALF, WARREN BARBOUR, ROBERT M. LA FOLLETTE, Jr., and ROBERT

J. BULKLEY, signed a report, which is on the calendar and has been for two months, in which they state their belief that the adoption of this measure would—

"Promote temperance, strengthen the law, decrease crime, and generally contribute to the public welfare.

"The majority contends that beer of 3.2 per cent alcohol by weight can not be considered a nonintoxicating beverage. We believe the evidence submitted does not warrant this conclusion, but that the testimony of numerous physicians, scientists, and social workers proves beyond any reasonable doubt that beer of this alcoholic content is not intoxicating.

"There are a large number of affidavits taken for use in a case tried before the Supreme Court, a large number of affidavits of physicians all over the country in favor of the contention that 2.75 per cent beer was not intoxicating."

In answer to this, Senator GLASS, of Virginia, Democrat, says:

"The Senator reads us authority of some man supposed to be qualified to speak, and he tells us that the beer drunk in Germany does not disable a man; that it does not put him in that state of intoxication where he is unable to walk or to talk. Nobody here now knows whether the beer proposed by the Senator from Connecticut is of that sort or not. If it makes a man so tipsy that he can merely reel, but can not walk, I am against it. If it makes a man so tipsy that he may ejaculate, but can not speak intelligently, I am against it. Until some authorized commission, after a careful investigation—not with a view to determining the question one way rather than another, but an authorized commission charged with the solemn obligation of reaching a fair scientific conclusion—determines what is the alcoholic content of an intoxicating beverage, I deny the right of any Senator to undertake to say that I challenge my party platform because I do not vote for what he wants done.

"So far as challenging a platform is concerned, if the purpose of the Senator from Connecticut is to embarrass Democrats upon this question, I want to say to him that he can not embarrass me. I regard my oath and obligation here as to the State of Virginia, and it can not be touched by any frenzied political assembly anywhere on earth. I am going to vote as my judgment and conscience dictate, and not as any party platform may undertake to determine for me.

"But I say to the Senator again he is not constituted as the authority for the Senate, and no other Senator is, and I do not intend to touch the Volstead Act until some authorized commission, after a fair investigation, shall determine the question for us."

If, therefore, we are to judge from the debate in which several Democratic Senators participated, we find that they do not consider themselves literally bound by the Democratic platform and that, on the phraseology of a repeal or substitute amendment, they will vote as they please and in accordance with what they deem to be the views of their constituents.

So far as revenues from beer or other beverages are concerned, both platform planks have left us without a commitment. We have heard much comment about how a repeal of the eighteenth amendment would help us overcome the deficits of the Federal Government. There is no doubt that added revenue could be obtained from this source. But both platform planks, while intimating that needed revenue can be obtained, fail to specify unequivocally that such revenues shall accrue to the Federal Government. If the States are to accept full responsibility for the enforcement of such prohibition as they impose, and both platforms involve some degree of enforcement and regulation to prevent the return of the saloon, then it will be quite logical for the States to preempt such revenues as may accrue. The States have always been alert to impose taxes that appear to be productive, and there is no way at present that overlapping of each other's tax field can be prevented except by constitutional amendment or voluntary agreement. And if burdensome taxes are imposed, history teaches us that speakeasies and surreptitious and unlawful distribution recurs.

Thus there is no absolute assurance under either platform that the Federal deficit will be materially reduced by a tax on beer or other alcoholic beverages; and this is only one of many items that will illustrate to you the point I made at the outset, that there are many unanswered questions about both party planks, and that except for campaign purposes the issue is not so simple as a mere elimination of the eighteenth amendment or modification of the Volstead Act without some program in its place that will convince at least 13 southern or western dry States that they must not block the ratification of the next amendment to the Constitution dealing with the control and regulation of the traffic in intoxicating liquor.

So we may say that as a practical matter neither the Republican platform, which specifically frees its members from such responsibility, nor the Democratic platform actually binds Members of Congress to the idea of making prohibition a party matter and a partisan issue. Those of us who are interested in the solution of prohibition, apart from the vote-catching process that now so intensely occupies the minds of candidates and party managers, can look forward to a constructive approach to the whole question only in the next or subsequent sessions of Congress when the tricks and deceptions of party platforms are not so concretely before us, and when, regardless of party, Congress shall make the first moves toward the objectives agreed upon in both platforms—namely, temperance without the saloon.

Mr. SHIPSTEAD. Mr. President, I want to say a few words before the vote is taken on the joint resolution. Much has been said about the liquor traffic and prohibition under the Constitution. While I am not a constitutional lawyer, I can read the English language at least to my own satisfaction, and I hope some of the constitutional lawyers will not think me presumptuous if I hold some view of my own on the authority of Congress to deal with the matter.

Mr. President, because of the confusion of tongues in dealing with this matter I deem it necessary to say a few words on my own behalf as to why I prefer this joint resolution. It has been customary for men seeking public office and public place to go before the public and assure them that if they can be elected to Congress they will see to it that the people get beer and liquor. I have never seen the logic or the wisdom or the sense in any such kind of campaign. It has always been my understanding that the Congress had no authority or power to deal with the prohibition question so long as it is a part of the Constitution. Congress did not put the eighteenth amendment into the Constitution. Congress can not take the eighteenth amendment out of the Constitution. We come here as the representatives of the various sovereign States. When those sovereign States joined the Federal Union they yielded certain powers to the Federal Government and retained certain powers and certain authority, among which were the powers and the authority that have to do with changing the Constitution. Sitting here as representatives of the sovereign States, we have not been vested with the power of dealing with that question at all. Our sovereign States said in sending us here, "You shall have certain powers; you shall have certain authority to deal with certain questions; but the question of changing the Constitution is one with which you shall have no power to deal, because that we will do for ourselves. We retain that power and we do not delegate it to any Senator or to any Congressman."

The question of prohibition and the eighteenth amendment, its repeal or amendment, is plainly a constitutional question to be dealt with only by the sovereign States. The only way in which it can properly come before the Congress at all is in the form of a resolution providing for the submission of the question to the sovereign States, the only authority that has the power to deal with it. Such a resolution is now here. To refuse to vote to submit the solution of this problem to the only authority that has the power to deal with it by a representative of a sovereign State is for that representative to place himself in a position of superiority to his sovereign and in disobedience to the will of his sovereign that has stated as to this question, "I shall deal with it exclusively; you shall have no power to deal with it."

To refuse to vote to submit a constitutional question to the only authority that has the power to deal with it is not defending the Constitution, which we have sworn to defend, but, on the contrary, it is preventing constitutional machinery from functioning; and, in my opinion, the Senator or Representative who refuses to permit the constitutional machinery to function is violating his oath of office. When we swore to defend the Constitution we certainly took an oath that we would permit it to function. How can it function on a constitutional question unless the representatives of the sovereign States permit it to function?

To carry that idea to its ultimate conclusion, I realize full well that I have no authority, as a representative of the State, to say what my State should do; whether it should repeal or amend the eighteenth amendment. To carry that argument to its ultimate conclusion would mean that I should say, "I will submit this question to my sovereign who sent me here to decide that question according to its own will and pleasure, whether it desires to establish the American saloon or to prohibit it." However, my personal aversion for the American saloon is so intense that I very much prefer to vote for an amendment that will prohibit the return of the so-called American saloon rather than to vote for an amendment that simply repeals the eighteenth amendment and then leaves the door open for the return

of the saloon. I may be guilty in expressing that point of view of lese majeste to my sovereign State, that I sincerely believe possesses the only right and the only power to deal with the question.

Certainly the adoption of the eighteenth amendment has not solved the drink evil. I do not know what the solution is, but, in my representative capacity, I realize, at least to my own satisfaction, that in my sovereign State there reposes the only authority and the only power to deal with it in the last analysis. The power to deal with it has not been delegated to me; it has not been vested in me.

A resolution dealing with the question of submitting the question of the repeal of the eighteenth amendment to the only authority that has the power to deal with it does not even require the approval of the President of the United States. Therefore, it has always seemed ridiculous to me to conduct a campaign for the office of the President of the United States on a question of prohibition or anti-prohibition, when whoever may be elected President has nothing to do with the question at all and has no power over it. All the President is required to do is to enforce the law under the Constitution as the Congress sees fit to say what the law is.

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from New York?

Mr. SHIPSTEAD. I yield.

Mr. WAGNER. Does not the Senator think that the country is entitled to know the views of the candidate for President upon this very important subject?

Mr. SHIPSTEAD. I think the people of the United States are entitled to know the position and the views of every candidate for public office on questions with which those candidates, if elected to office, have power and authority to deal. I can not see where the President of the United States has any authority to deal with the question of the repeal or the amendment of the eighteenth amendment. His duties are confined to the enforcement of the law whatever it may be.

Mr. WALSH of Massachusetts. Mr. President, if the Senator will yield, has not the President the duty of advising the Congress as to the state of the Union, and if he is convinced that the eighteenth amendment is wise and is being properly administered to say so, and, if it is a failure, to say so?

Mr. SHIPSTEAD. I think that is all right; yes.

Mr. BORAH. There is a divided opinion as to that. He might be unsafe in his position.

Mr. SHIPSTEAD. If, in his judgment and conscience, he thinks he ought to deal with it, he ought to deal with it as he deals with any other public question that comes within the authority and power of Congress to enact legislation.

Mr. WALSH of Massachusetts. But to that extent he ought to have an opinion on it.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. TYDINGS. Does not the Senator feel that the country will progress faster and will be led more correctly when the leader of the Nation, regardless of party, speaks out on the great questions about which everyone is thinking?

Mr. SHIPSTEAD. Well, I am so old-fashioned that I think leadership comes from the people. I have never subscribed to the idea that any one individual has sufficient intelligence to do the thinking for the American people. I am so old-fashioned in my ideas—most people think they are new—that I think the President and Congress should be obedient to the will of the people as expressed by the people. I have seen so much of leadership that I have not much confidence in it.

Mr. TYDINGS. Will the Senator yield again?

Mr. SHIPSTEAD. Yes.

Mr. TYDINGS. When the people are divided and are talking about a great public question which is an issue in the campaign, on which they are violently divided and on which there is a plank in the platform of each party, does the Senator not then think that the men who aspire to the highest office on the platforms and represent the parties should speak their opinions on the great public questions in the campaign?

Mr. SHIPSTEAD. I take it for granted that every man will follow his own conscience. I can only repeat what I said, that on questions in which a public official, if elected to office, has power and authority to deal, he should explain his position and his views to the people. I do not think I have anything more to say.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had receded from its disagreement to the amendments of the Senate numbered 46 and 47 to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, and concurred therein.

The message also announced that the Speaker pro tempore had affixed his signature to the enrolled bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, and it was signed by the Vice President.

Mr. BORAH. Mr. President, in view of the action of the House, is there any further action necessary on the part of the Senate?

The VICE PRESIDENT. No further action is necessary.

PROHIBITION—CONSTITUTIONAL AMENDMENT

The Senate resumed the consideration of the joint resolution (S. J. Res. 202) proposing an amendment to the Constitution of the United States relative to the eighteenth amendment.

Mr. BROOKHART obtained the floor.

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Florida?

Mr. BROOKHART. I yield.

Mr. TRAMMELL. I have tried to get the floor for the last hour or two in order to endeavor to have some business transacted by the Senate. I want to ask the Senator from Iowa if he does not think it would be a very good idea to set aside the pending matter and try to consider a measure which we might get through which has already passed the House? We have discussed the liquor question now for about 11 hours to-day, and I do not think there is anybody here who has the least hope that we will get any vote on the proposition before adjournment.

Mr. BROOKHART. I should like to discuss it for about 15 minutes, somewhat along the line of the suggestion of the Senator.

Mr. TRAMMELL. I want to vote on the amendment if it shall come to a vote; I will vote for some reasonable amendment; but we are not headed that way now. We are just headed for a wrangle, with everybody telling about his views and his ideas. I do not imagine anybody has been very much edified by this 11 hours of discussion to-day.

Mr. BROOKHART. Mr. President, the Senator from Michigan [Mr. COUZENS] showed that there have been some 2,000 pages of material upon the liquor question put in the CONGRESSIONAL RECORD at this session. Both of the great conventions spent the major part of their time discussing the liquor question, and we have spent most of this day in the Senate on the liquor question.

Mr. President, this occurs at the time of the greatest depression in the memory of man; all this discussion about booze occurs when there are 10,000,000 people unemployed and perhaps 20,000,000 people needing bread. The situation that demands the real attention of Congress has not had the attention of Congress during this session; the real problem that confronts this country has been ignored; and instead we have fooled away a large part of the time discussing the question of booze, more booze, and all kinds of booze.

Mr. President, a few days ago, on July 9, there was a statement published in Collier's from Owen D. Young which points out the trouble in this country, I think, truly and correctly. He is the first financier I have noticed in the whole country who got it through his square head what was wrong with the country. This is what Mr. Young said:

The farmer's credit is exhausted; his purchasing power is gone; he can not buy the things industry produces; he can not pay for those he has already bought, in fact; and industry stagnates. That, I honestly believe, is the main thing that is the matter with the United States.

That, Mr. President, is the main thing the matter with the United States. But what consideration has that great question received at this session of Congress?

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from South Dakota?

Mr. BROOKHART. I yield.

Mr. NORBECK. I merely wish to ask the Senator from Iowa how long he thinks it will take for the other squareheads to get it through their heads? [Laughter.]

Mr. BROOKHART. Well, it will take until the bonus army reaches probably 200,000, until probably 200,000 or 300,000 more farmers show up, and 300,000 or 400,000 laborers show up, and by that time it will begin to get through the heads, and the skin, too, of some of the people who must talk booze and who see nothing but prosperity in an evil of that kind.

Mr. President, I am not going to discuss the farm problem in detail again. I have done it several times during this session. I am going to refer a little bit to this liquor question.

I want to say, first, that practically every one of the allegations of my distinguished friends from Connecticut and from Maryland about the effects of prohibition is not justified by the facts. Every one of those conclusions is manufactured imaginary stuff that is set up and emphasized continuously for political effect in this country. The Senator from Connecticut will tell you that crime has increased and drunkenness and intoxication have increased under prohibition. I am only going to quote from the World Almanac of 1932 the figures for New York City. They show that for the five years 1912 to 1916 New York City had an average of 23,404 intoxication cases. That was on 5,000,000 of population and a little over. Then in the five years from 1926 to 1930 the same almanac shows it reduced to 12,010, with over 6,000,000 population. That is in the city of New York itself, supposed to be the worst spot in all the United States; and the result of prohibition right in New York City is a tremendous success when you get down to the actual facts. You can go through every one of these cases and you will find the figures come out the same way every time; but you will never get the facts from these people that are talking wet all the time.

They tell you that the young people are drinking more and that there is more drunkenness amongst them. Well, a survey was made of the colleges of the United States, and here is the result and details of 255 of them:

Three reported drinking conditions worse.

Seven reported drinking among students bad.

Eight reported no change.

Forty-seven reported that drinking among students is unknown.

Forty-four reported no drinking among students.

One hundred and forty-six reported a decrease in drinking under prohibition.

Those are the facts all the way through when you get them. There is not a single proposition but that comes out that way when you come down to the honest, truthful facts.

This talk to the effect that drinking is worse and everything is worse is manufactured stuff. It is a dilution of the facts. It is a pollution of the truth. It is a poisoning of the facts. There never was such a system worked up in the history of our country as is worked up at the present time in the United States; and who is responsible for that? The same crowd that are responsible for putting us down deep in this depression, the same crowd that have brought agriculture to this condition, are out now covering up their doings and their acts with propaganda of this sort.

I have here a letter which I received myself just a short time ago from Pierre S. du Pont, and in that letter he said:

If the United States adopted the British system of licensed sale of intoxicating liquor, and if the people of the United States were willing to content themselves with the same amount of liquor per capita as do our British cousins, and if our Federal Government imposed the same rate of taxation as prevails in England, we would have within 10 years collected in taxes sufficient to pay off our entire national debt of some $20,000,000,000; or, to put it another way, we should now have no need for income taxes for the purpose of debt payment, as liquor taxes to the amount of some $2,000,000,000 a year would be available for the current purposes of the Government.

That is the type of financial men in this country that has helped stir up this liquor agitation and put out all this false propaganda against the very great success of prohibition in the United States; and why? First, they want you to forget what they have done to this country to bring it into this depression. Next, they want to tax beer and put that over on the backs of the people who drink beer and crawl out of their own income taxes. That is the selfish, sinister purpose behind all of this prohibition movement in the United States.

Think of $2,000,000,000 of taxes being collected in that way! That means the expenditure of seven to nine billion dollars of the earnings of the people of the United States for booze to collect any such amount of taxes. Any business man who has one grain of sense knows that that would come out of the legitimate business of the country and go into this hellish business that has done more damage to the human race than anything else in all the history of the human race.

Mr. President, everybody in this discussion has said that the saloon is bad. Everybody is looking out for some way to head off this thing called the saloon. What is bad about a saloon? It is not the counter. It is not the chairs. It is not even the spittoons. It is the alcohol that is sold in the saloon in the form of intoxicating liquor. The alcohol is the evil of the saloon; and it is a foolish thing to come around and say, "We will shut out the saloon and let the alcohol in."

Mr. President, nobody denies that there are evils under the prohibition law. There never was a liquor law passed that was not violated by the liquor men. Speakeasies are now described as the present covered-up, secret saloon; but, Mr. President, when Chicago had 7,000 licensed saloons under the laws of the State of Illinois she had 12,000 Government licensed blind pigs running in violation of the laws of Illinois; and a similar situation was true in New York and in Cleveland and in all of these great cities. When we had legalized liquor, we had illegal liquor at the same time.

Mr. LEWIS. Mr. President, do I understand the eminent Senator from Iowa to intimate that there is intoxication in Illinois and the city of Chicago?

Mr. BROOKHART. I did not understand the Senator's question.

Mr. LEWIS. I asked the eminent Senator from Iowa, whose splendid lecture upon the prohibition question is interesting me very much, does he mean to intimate from information or from personal observation that there is such a thing as intoxication in the State of Illinois, or drinking in the city of Chicago? [Laughter.]

Mr. BROOKHART. Well, I was over not long ago at Hull House, and Jane Addams said to me there was no comparison between the conditions in the city of Chicago now with the saloon days, and that most of the drinking was gone even in the worst part of Chicago. I would trust the word of Jane Addams even above that of the very eminent Senator from Illinois. [Laughter.]

Mr. LEWIS. May I ask the distinguished Senator if it is not a fact that while he was delivering a lecture lately in my city of Chicago and calling attention from his point of morality to the fact that if he had his way he would take all the wine, beer, and liquor and he would cast it into the Great Lakes, when some one applauded him in the back of the audience and the eminent Senator from Iowa said, "Oh, my friend, are you, too, a prohibitionist?" and he replied, "No; I am a deep-sea diver." [Laughter.]

Mr. BROOKHART. The story is a good one, but it is an imaginary story. As I remember that story, it is older than the whiskers of the Senator from Illinois. [Laughter.]

Mr. LEWIS. Then, if the Senator has any memory on the subject, and it is to be paralleled by what he has applied to my appendage, I am compelled to say to the Senator that there are some other faces which are very much like certain people's heads—the older they grow, the more devoid of growth they show. [Laughter.]

Mr. BROOKHART. It is too bad that we can not accept the ravages of age.

Mr. President, I want to agree fully with the Senator from Massachusetts upon his claim that this country will never unconditionally repeal the eighteenth amendment. Therefore, I think the Democratic platform is the most desirable platform upon this subject, because it is easier to beat it than it is the other. There is no camouflage about it. We know that the drive is straight for the repeal of the eighteenth amendment. I do not believe 36 States in this Union will ever agree to that.

The repeal of that amendment means sending this country back to chaos so far as the liquor is concerned; and, again, the development of the automobile in this country makes it impossible and unthinkable that we should increase the use of intoxicating liquor in our country, anyway. The reaction from that will be so strong that these men, these Senators and these Congressmen, these politicians, who are agitating for the nullification of the law, will bitterly regret their words.

I say to you who stand on this floor and talk against the Constitution and its enforcement, you are responsible for a large portion of the violation of this law. Take that right home to yourselves. You have no business to come and take the attitude toward the Constitution and law of your country that you have been taking right on the floor of the Senate. You have been encouraging the violators. You have been partners with the bootleggers themselves. Now the time has come, I think——

The VICE PRESIDENT. The Chair must warn the Senator that under the rules he has no right to make reflections of that kind upon a brother Senator.

Mr. BROOKHART. Well, Mr. President, if it is any violation of the rule, I will withdraw it and then see if I can not get the rule amended so that I can put it in. [Laughter.]

So, Mr. President, in conclusion I want to say that we are ready for the fight upon this question. The people who believe in prohibition and in temperance have not surrendered, and they are ready to face you on an election in this country; and when it is over you will find that the eighteenth amendment will not be repealed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 479) making an appropriation for the Federal Home Loan Bank Board for the fiscal year ending June 30, 1933, in which it requested the concurrence of the Senate.

EMPLOYMENT OF LANDSCAPE ARCHITECTS, ETC.

Mr. NORBECK. Mr. President, I am not going to burden the Senate with a speech on prohibition or any other matter. I have a little bill here that has been overlooked that will actually save the Government a few dollars this year. It is a bill giving a little leeway to the Director of Public Buildings and Public Parks in the employment of architects and engineers, so that he does not have to put a whole staff on. He can hire a man for a week or a month or lay him off. Colonel Grant is very much interested in it. The bill has passed the House; and my bill, which was the same bill, was approved by the Library Committee of the Senate. Inadvertently the House bill was referred here to another committee; but with the consent of the Senator from New Hampshire [Mr. KEYES], I ask unanimous consent that it be taken up and passed at this time.

Mr. TRAMMELL. Mr. President, may I ask the Senator if that is the House bill?

Mr. NORBECK. It is the House bill.

The VICE PRESIDENT. The bill will be read.

The legislative clerk read the bill (H. R. 10372) to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants, as follows:

Be it enacted, etc., That the Director of Public Buildings and Public Parks of the National Capital be, and hereby is, authorized to employ in his discretion by contract or otherwise landscape architects, architects, engineers, artists, or other expert consultants, or firms, partnerships, or associations thereof, including the facilities, service, travel, and other expenses of their respective organizations so far as employed upon work for the said director, in accordance with the usual customs of the several professions and at the prevailing rates for such services, without reference to the civil-service requirements or to the classification act of 1923, as amended, and without regard to the restrictions of law governing the employment or salaries of regular employees of the United States, which said employment shall in no instance be for a longer period than one year; and that the expenditures for such employment shall be construed to be included in any appropriation heretofore or hereafter authorized or appropriated for any work of the Director of Public Buildings and Public Parks of the National Capital.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. TRAMMELL. Mr. President, is it contemplated that this will save any money to the Government?

Mr. NORBECK. Mr. President, I thought I made that clear. One of the weaknesses in connection with Government work is to have to employ one steamfitter, one plumber, one carpenter, one painter, when perhaps all that is needed is a handy man all the time, and one of the other men may be taken on occasionally. There is generally a large staff, and they have to be put on the pay roll and draw retirement pay. They are short of funds this year, and that is, I think, why they are here.

Mr. TRAMMELL. I think it is very welcome legislation, if it will save the taxpayers anything. My reason for making the inquiry was that I noticed in the press some time ago about the enormous amount of money that was being expended on account of public buildings, for architects. I feel that we have been recreant in the performance of our duty and not trimming off a million or two million dollars in architects' fees in connection with public buildings, and if this would save money I welcome it.

The VICE PRESIDENT. It will be necessary first to discharge the committee from the further consideration of the bill.

Mr. NORBECK. I make that request.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed.

DUMPING OF FOREIGN OILS IN THE CITY OF DETROIT

Mr. GORE. Mr. President, I ask that the Senate proceed to the consideration of Senate Resolution 274 submitted by me on the 13th instant. I do not think it will require any time.

The VICE PRESIDENT. Is there objection?

There being no objection, the resolution was read, as follows:

Resolved, That the Federal Trade Commission be directed to complete at the earliest practicable date its final report in relation to the dumping or alleged dumping of foreign oil and gasoline, particularly Russian oil, in the city of Detroit, etc.

Mr. GORE. I wish to modify the resolution.

The resolution, as modified, was considered and agreed to, as follows:

Resolved, That the Federal Trade Commission be directed to complete at the earliest practicable date its final report in relation to the dumping or alleged dumping of foreign gasoline, particularly Russian gasoline, in the city of Detroit, etc.

DISTRIBUTION OF DAIRY PRODUCTS IN THE DISTRICT OF COLUMBIA

Mr. KING. Mr. President, I ask unanimous consent, at the request of the chairman of the Committee on the District of Columbia, to present for consideration a brief resolution directing the committee during the recess to investi-

gate conditions with respect to the sale and distribution of milk, cream, ice cream, and other dairy products within the District of Columbia. It is unanimously reported by the committee.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. COUZENS. I object.

ADDRESS BY JOHN A. SIMPSON, PRESIDENT OF NATIONAL FARMERS' UNION

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD copy of an address to be delivered over a national radio hook-up July 23, 1932, by John A. Simpson, president of the National Farmers' Union.

There being no objection, the address was ordered to be printed in the RECORD.

The address is as follows:

PLATFORMS

THE LIQUOR QUESTION

Not because it is of the most importance, nor because it is important at all, I shall compare the platforms of the three parties on the liquor question first.

I have a right to say that it is not important at all for the reason that the President of the United States has no official authority or power over amendments to the Constitution of the United States. Article V of the Constitution of the United States provides the methods by which the Constitution may be amended. First, the authority to amend is vested absolutely in the several States. Second, the authority to propose amendments is vested in Congress and in the legislatures of the several States.

This section of the Constitution provides that when two-thirds of the Members of both Houses of Congress propose an amendment to the Constitution it shall be submitted to the States. This means that in order to repeal the eighteenth amendment the United States Senators from 32 States must vote in favor of the proposed repeal. In other words, there must be 64 of the 96 Members of the United States Senate in favor of submitting the question. I am sure those listening in realize the present utter impossibility of advocates of repeal securing 64 votes in the Senate.

One of the peculiar things about a proposed constitutional amendment is that the action of Congress does not go to the President at all for his signature or his veto. An amendment is a joint resolution of the two Houses and when it has a two-thirds majority in the two Houses that settles the question so far as the submission to the States is concerned. A proposed amendment must be ratified by 36 State legislatures or State conventions before it becomes a part of the Constitution of the United States. In other words, 13 States refusing to ratify an amendment repealing the eighteenth amendment would defeat the repeal.

I know I am right when I tell you that the prohibition question is being used in both the Democratic and Republican Parties as a smoke screen to hide theft and robbery of the common people of the country by the international bankers of the Nation. It is used to divert our minds from real issues. It is used to prevent us from devoting our attention to the job of making the ultra-rich take their hands out of our pockets.

The Republican platform on the liquor question amounts to a promise of submitting the question of the repeal of the eighteenth amendment to the States, and at the same time declares they are against the repeal.

The Democratic platform amounts to a pledge that they will submit the question to the several States and a declaration that they favor the repeal.

The Socialist platform on this question is being submitted to a referendum vote of their members. They will be for or against repeal as the vote of their members may direct.

THE MONEY QUESTION

The most important of all questions facing the people of this Nation, as well as of the world, is the money question. It is my charge that neither of the three parties show any courage in their platforms on this question.

The Republican platform promises to defend and preserve a sound currency and an honest dollar. This evidently means to defend the present system. It means they consider a dollar that now buys 4 bushels of wheat, 10 bushels of oats, 20 pounds of cotton, 15 dozen eggs, and 10 pounds of butterfat an honest dollar.

The Republican platform also declares in favor of an international conference to consider monetary questions, including silver.

The Democratic platform promises to maintain a sound currency at all hazards.

It also favors an international monetary conference to include the rehabilitation of silver.

The Socialist platform promises socialization of our credit and currency system and the establishment of a unified banking system.

A nonpartisan analysis must come to the conclusion that there is no difference in the promises in the platforms of the Democratic and Republican Parties on the money question. Both planks could easily have been written by the international bankers. The Socialist platform is obscure and meaningless.

TAXATION

The Republican platform on taxation says the time has come for a reconsideration of our tax systems—Federal, State, and local—with a view to developing a better coordination, reducing duplication, and relieving unjust burdens.

In spite of the fact that the Republican platform contains more than 9,000 words, yet on taxation they give us no definite idea of the adjustments they expect to make. Their promise is simply a generality that means nothing.

The Democratic platform on taxation promises a blanket reduction in Government expenditures of 25 per cent. This is good as far as it goes, but they make us no promise as to who shall be taxed after they reduce Government expenses 25 per cent. The Democratic platform is the shortest ever written. It contains only 1,396 words.

The Socialist platform on taxation is much better and promises to lay the burden of taxation on those best able to pay through income taxes and inheritance taxes. They also promise a constitutional amendment authorizing the taxing of all Government securities.

AGRICULTURE

The Republican platform promises to help agriculture through a continuance of the Farm Board and its policies. They also agree to help farmers by increasing the tariff on farm products, including substitutes. This latter plank, if honestly carried out, could be of great benefit to farmers. Tariff on jute and silk, both substitutes for cotton, would mean a greatly increased consumption of cotton in this country.

The Democratic platform on the subject of agriculture covers the two bills supported by the Farmers' Union and other farm organizations this session of Congress. It promises a refinancing of farm mortgages at low rates of interest on an amortization plan, giving preference to farms and homes sold under foreclosure. This amounts to an indorsement of the Frazier bill. It further promises enactment of such constitutional measures as will secure to farmers prices in excess of cost of production for their products. This amounts to the Farmers' Union allotment plan for the marketing of farm products. It condemns the extravagance of the Farm Board.

The Democratic platform on agriculture is very satisfactory.

The Socialist platform is equally satisfactory on the subject of agriculture. It promises financing for farmers on long terms and low rates of interest. It promises what amounts to price covering cost of production for farm products.

UNEMPLOYMENT

The Republican platform on employment says, "We recommend the constructive work of the United States Employment Service in the Department of Labor. This service was also enlarged and its activities extended through an appropriation made possible by the President with the cooperation of the Congress. It has done high service for the unemployed in the ranks of civil life and in the ranks of former soldiers of the World War."

This is a meaningless promise to the great army of the unemployed. It simply indorses what now exists in the way of Government aid to the unemployed. Under what exists we now have an army of over 10,000,000 jobless men and women.

The Democratic platform on the question of unemployment declares for extension of Federal credit to the several States to provide work for the unemployed. It also pledges expansion of the Federal program of public works, such as flood control, the St. Lawrence-Great Lakes deep waterways, highways, and other public improvements. They also declare for unemployed and old-age insurance under State laws. This is at least partially a satisfactory pledge on unemployment.

The socialist platform is even more satisfactory. It declares for a five billion appropriation to be used in public works to give the unemployed jobs. It declares for a 6-hour day and a 5-day week without a reduction of wages. It declares for unemployment compensation and old-age pensions for both men and women 60 years and over.

CANDIDATES

REPUBLICAN—PRESIDENT

Herbert Hoover is the Republican candidate for President. He was born in West Branch, Iowa, August 10, 1874. His father was a blacksmith in that town. His father died when he was 6 years old and his mother when he was less than 10. As an orphan boy he was cared for, first, by an uncle, Allen Hoover, who lived in Iowa; then he was sent to an uncle in the Indian Territory, a Mr. Miles; and then he was taken in charge by an uncle, John Minthorne, who lived in Oregon. With less than a high-school education he applied for admission to Leland-Stanford University. With determination and a dogged perseverence he graduated from that institution in 1895. He worked as a wage earner in mines in this country for about 18 months. In 1897 he left the United States. He was employed by a big London mining firm to go to Australia, and from that time on he became one of the greatest promoters of mining and oil corporations the world has ever known.

He promoted scores of these, covering every point of the globe. His major activities were in Australia, China, Russia, Africa, and South America. Among corporations which he promoted and of which he was a member of the board of directors as late as 1913, according to the Mining Manual or Red Book of London of that year, are the following: Babilonia Gold Mine (Ltd.), Burma Mines (Ltd.), Burma Trust (Ltd.), Granville Mining Co. (Ltd.), Great Fitzroy Mines (Ltd.), Inter-Argentine Syndicate (Ltd.),

Inter-Californian Trust (Ltd.), Inter-Russian Syndicate (Ltd.), Inter-Yukon Syndicate (Ltd.), Kyshtim Corporation (Ltd.), Lake View and Oroya Exploration (Ltd.), Oroya Leonesa (Ltd.), Russo-Asiatic Corporation (Ltd.), Yuahmi Gold Mines (Ltd.), and Zinc Corporation (Ltd.).

He continued this work until the summer of 1917, when he was called by President Wilson to come from London to Washington to take charge of the administration of food, as provided in a bill passed about the 1st of July that year.

I think we can excuse Mr. Hoover for many of the mistakes he has made on the grounds that he had been away from this country so long that he was not familiar with conditions. I find as early as 1902 he had established a home in London, England. He himself testified before a committee of the United States Senate in 1918 that he had never voted in this country in his life and that his post-office address and home for the 15 years previous had been London, England. Dr. David Starr Jordan, in his own biography, tells of visits he and his wife made to London. I quote Doctor Jordan as follows: "Hoover's London home was our headquarters. We were his house guests there in 1905, 1910, and 1913, staying for considerable periods and making use of the Hoover car for motor jaunts about England." As a further proof that he established a home in England, I quote from Who's Who, edition of 1916 and 1917, page 1200. In this biography Hoover gives, "Home, Red House, Hornton Street, London, England." As further proof that he had a permanent residence in London, I refer you to the July number of Plain Talk Magazine. On page 3 you will find a photostatic copy of the registration records of the Royal Borough of Kensington, certified by the town clerk, Horace Rapson. This photostatic copy shows Herbert Hoover a registered voter in this borough for the years of 1911, 1912, 1913, 1914, and 1915, giving his residence as Red House, Camden Hill, situated on Hornton Street.

Many farmers in the United States were sorely disappointed in Mr. Hoover as Food Administrator of the crops of 1917 and 1918. April 7, 1917, the price of No. 1 wheat, Chicago basis, was $3.25 per bushel. About this time Mr. Hoover landed in Washington from London. He helped promote the Food Administration bill. He testified before the Senate Agricultural Committee in the hearings on that bill that the price fixed would be a minimum price. The bill as finally passed provided that the President of the United States could name the minimum price for the 1917 crop, while the 1918 crop was fixed by the bill at a $2 minimum, No. 1 wheat, Chicago basis. President Wilson named a price-fixing committee for wheat and placed it in charge of Mr. Hoover. I was present during the deliberations of this committee and had daily contact with Mr. Hoover. My contact with him convinced me he knew little about American agriculture. When the minimum price was set at $2.20, No. 1 wheat, Chicago basis, and I complained to Mr. Hoover it was too low, he told me he never expected it to be over $1.75 per bushel. I told him that I had sold my crop as soon as I heard a man from London, England, was coming to take charge of farmers' products. I told him that just 30 days before I received $2.75 a bushel at the elevator in my home town. Mr. Julius H. Barnes was placed in charge of the United States Grain Purchasing Corporation with offices in New York City. He set up a license system under which no one could purchase wheat without first securing a license from his department of Government. Then these licensees were told that they could not pay more than $2.20, Chicago basis, for No. 1 wheat. Thus what had been promised as a minimum price became a maximum price, and my neighbors in Weatherford, Okla., who kept their wheat until the Government regulated the price received about $1.80 a bushel, where those of us who sold before the Government got control received $2.75 per bushel.

The Government maintains a cost accounting department in the Department of Agriculture. They find the cost of producing an average bushel of wheat, average pound of cotton, pork, or beef every year. Doctor Spillman was in charge of this department in 1917, and his report on wheat shows that the average cost of 1917 wheat was $2.48 per bushel. Thus by restrictive legislation, under the administration of Mr. Hoover, the American wheat farmer was compelled, during the war, to sell his wheat at 68 cents a bushel less than the Government showed was cost of production. The same loss was shown for the 1918 wheat crop.

The most charitable view we farmers can take in this matter is that Mr. Hoover's long absence from this country and his work of promoting big corporations left him completely uninformed on all agricultural questions and the needs of the farmers of this Nation.

Mr. Hoover, as President of the United States, is influenced by those years and years of training in developing big business. In promoting giant corporations he has unconsciously reached a place where he looks at everything from the angle of bigness and greatness. Unconsciously, he has come to a conviction of judgment that all things small are uneconomic. He believes in big-unit farming as against small home-owning farmers. He believes in merchandising on a large scale as against the small-town merchant. He believes in big banking institutions as against the little home-owned bank in every town and hamlet.

When there was danger that the big banks of the cities might fail as had 10,000 little country banks; when there was danger that the big life-insurance companies might collapse; when the railroads of the country were unable to pay their taxes and interest on their mortgages, President Hoover, viewing things as his training had taught him to view them, rushed a bill through Congress appropriating over $2,000,000,000 to save these institutions of big business. In contrast, a million farmers losing and about to lose their farm homes are left without aid. To our President, the importance of saving a railroad completely overshadows the importance of saving the farmers of the Nation.

VICE PRESIDENT

Charles Curtis, Vice President of the United States and candidate for reelection, is 72 years old. He is of Indian blood and reared on an Indian reservation. As a boy he was a horse jockey. He served in Congress and the United States Senate for many years.

His record in Congress so far as agriculture is concerned is mostly good. However, as between agriculture and fidelity to his party he always sacrificed agriculture.

DEMOCRAT—PRESIDENT

The Democratic Party offers as its candidate for President Gov. Franklin D. Roosevelt, of New York. Governor Roosevelt is a member of the famous Roosevelt family of which President Theodore Roosevelt was also a member.

I visited in the home of Governor Roosevelt one Sunday last March. I found him living in the house where he was born. This house is on a farm just out of the little town of Hyde Park. Hyde Park is about half way between New York City and Albany. It is about 80 miles from Hyde Park to New York City and the same distance to Albany. Governor Roosevelt's greatgrandfather built this house. The farm has been in the family for more than 100 years.

I found Governor Roosevelt thoroughly conversant on all agricultural subjects, including a knowledge of the various farm organizations of the past 50 years. He is a member of the Grange, and told me if there were a Farmers' Union near him he would be a member. He understands and believes in our National Farmers' Union legislative program. All this is a very good background for a presidential candidate.

In public life he served for a long time in the legislature of his State. He served under President Wilson as the Assistant Secretary of the Navy. He is Governor of New York, and serving his second term. He was elected the second time in 1930, receiving a majority of 750,000 votes, the largest majority any State officer in the State of New York ever received, either Democrat or Republican.

As governor of New York he has shown himself to be very progressive. He has supported and secured legislation on unemployment to the extent that, outside of New York City, New York State has more nearly solved this question than any other State. He forced through a Republican legislature a 100 per cent increase in State personal income tax rates. He forced a Republican majority in the legislature to accept the principles of State power plants and with the distribution of electricity by private companies rigidly supervised as to rates.

There is no question about Governor Roosevelt being much more progressive than the Democratic platform upon which he runs. In his acceptance speech in Chicago given to the delegates who nominated him, he developed and elaborated on the agricultural and unemployment planks in a way that shows he will interpret them very liberally in behalf of the common people of the country.

For many years I have been a member of the National Popular Government League with headquarters in Washington, D. C. Mr. Judson King is in charge of the headquarters of this organization. I consider him the best posted man in the United States on power questions. The National Popular Government League has as officers such men as Senator GEORGE NORRIS and ex-Senator Robert L. Owen. This organization recently issued a bulletin giving the power record of Mr. Hoover and the various candidates for nomination in the Democratic convention. His report shows President Hoover very friendly to the Power Trust. His report shows Governor Roosevelt very friendly to the people who buy the products of the Power Trust. Mr. Judson King, in this report, gave Governor Roosevelt's record as the best of any of the candidates seeking presidential nomination in either party. You can receive copy of this report by writing Judson King, 637 Munsey Building, Washington, D. C.

If you will watch the press dispatches you will observe that big business everywhere is against Franklin D. Roosevelt. They know that he will not play the part of a rubber stamp for big business. Big business is against any person seeking public office who refuses to be their rubber stamp.

VICE PRESIDENT

The vice presidential candidate on the Democratic ticket is JOHN N. GARNER, Speaker of the House of Representatives. Mr. GARNER has served 30 years in Congress. Before being Speaker of the House he was chairman of the powerful Ways and Means Committee of the House of Representatives.

He was born and reared a farmer and ranchman. He lives in a district composed entirely of country towns, farms, and ranches. There is not a city in his district. He has been reelected every two years for the last 16 years without even making a campaign or sending out printed speeches or any kind of literature under his congressional frank.

His environment has always been such that his sympathies are strictly with the common people. An indication of how he feels toward his position as Speaker of the House is indicated by his act in refusing the car and chauffeur always furnished the Speaker by the Government. He said, "This will cost the Government $5 per day to take me to the Capitol and back when I can go in a taxi for 20 cents."

I have no criticism of the record of JOHN N. GARNER, except he is not as aggressive as the Farmers' Union would like to have a

Congressman be. In my six weeks in Washington I found him to be one of the hardest working Members of Congress. I found him also practicing economy in governmental affairs.

He is a product of the soil—farmer, cowboy, and country lawyer. He is well qualified to fill the position of Vice President of the United States.

SOCIALIST—PRESIDENT

Norman Thomas is the candidate of the Socialist Party for President of the United States. He was a student at Princeton under Woodrow Wilson. Before this he was a worker for Warren G. Harding as a newsboy on the Marion Star at Marion, Ohio. He was a preacher of the Presbyterian faith in his young manhood. He is an author of note and a recognized scholar. He is progressive in his views. He is an orator that holds the attention of even an unfriendly audience.

VICE PRESIDENT

James H. Maurer, of Pennsylvania, is the vice presidential candidate on the Socialist ticket. He has been connected with labor unions all his life. He served a number of years in the Legislature of Pennsylvania, also served for five years as a commissioner in the city of Reading. His record as a public official is good and he is recognized as an honorable citizen and a dependable official.

In closing this part of my talk to-day, I call your attention to the fact that the Mellons, the Morgans, the J. Ogden Mills of this country are all ardent supporters of Herbert Hoover.

I also call your attention to the fact that the Senator Norrises, the Senator Wheelers, the Senator La Follettes of the United States are ardent supporters of Gov. Franklin D. Roosevelt.

"Birds of a feather flock together." "A man is known by the company he keeps."

Again, let me admonish you that prohibition is not a partisan question, neither has it any place in a campaign to elect a President or Vice President of the United States. Do not be deceived by those who rob the common people by letting them get us into a dispute among ourselves over this question that can not be settled in any measure in this election. Rather seek the truth as to which candidates are sound in their economic views on the questions involving the welfare of the common people of the country as against the big bankers of the Nation.

PRESENT CONDITIONS AND FUTURE PROSPECTS

Each month this year has seen conditions grow worse. For the purpose of this radio talk, the 15th of this month, I obtained prices from 10 shipping points scattered over the State of Oklahoma.

I found the average price of oats to be 8 cents a bushel. In other words, one bushel of oats would buy two postage stamps and two post cards. I found the average price of wheat to be 25 cents per bushel. I found an 8-foot grain binder priced to farmers at $250. If a farmer wanted a grain binder, he would have to sell 1,000 bushels of wheat to purchase it.

I found the price of butterfat to be 10 cents per pound. In the grocery stores standard brands of coffee are selling at 38 cents a pound. It takes nearly 4 pounds of butterfat to purchase 1 pound of coffee. Eggs averaged in these 10 towns 6 cents per dozen. For a farmer to buy a good toothbrush he would have to sell 8 dozen eggs, and then he would owe 2 cents. The prices of choice friers in these towns averaged 10 cents per pound, or 20 cents for a 2-pound frier. It takes seven of these nice friers to buy a good pair of overalls. These same friers when served in the eating places in these little towns bring $1 each and in the high-priced eating places of the cities as much as $3 each.

I found cotton selling for 4 cents a pound. I found 1 pound of this cotton made into a shirt bringing $1.60. In other words, a farmer must sell 40 pounds of cotton in order to buy back 1 pound in a shirt.

I found by visting the courthouse in my county that taxes on farms average five times as high as they were 30 years ago.

No wonder railroads are bankrupt and banks are closing their doors, when farmers get 8 cents a bushel for oats, 4 cents a pound for cotton, 25 cents a bushel for wheat, and proportionate prices for all their products.

These are the present conditions. The future gives little hope of improvement. The army of the unemployed increases, which means further reduction in the consumption of farmers' products. Farmers' prices are so low that they have ceased to be purchasers of manufactured products.

THE IOWA FARMERS' HOLIDAY ASSOCIATION

The reports from Iowa lead me to believe that the Farmers' Holiday Association of that State is meeting with success. They not only organize the farmers but they organize the business men of the small towns. The farmers agree not to sell any of their products at less than cost of production and the business men agree that they will buy of the farmers on that basis, at least to the extent of the needs of the town. The organization is spreading to Nebraska, the Dakotas, Minnesota, and Wisconsin. It promises to cover the whole mid-west agricultural section of the United States. Those desiring to know more about this organization should write Milo Reno, Des Moines, Iowa, president of the association.

In conclusion let me urge all farmers to seek admission into their own class organization. Let me urge citizens in every avocation of life to make a most careful nonpartisan investigation of the candidates for President and Vice President in this campaign. I urge you to let nothing but the best interests of the common people of this Nation guide you in arriving at a decision as to whom you will support and vote for.

I am not sure that the National Farmers' Union will be able to have this talk printed and put in pamphlet form. However, if we do, all those writing in requesting copies will be furnished.

Again I thank you for your cooperation throughout the year of 1932 and remind you that I will be broadcasting again the fourth Saturday in each month from 12.30 to 1.30 eastern standard time. The next broadcast will be Saturday, August 27.

Remember all mail should be addressed to John A. Simpson, Kankakee, Ill.

I thank you.

EXCLUSION OF ALIEN COMMUNISTS

Mr. TRAMMELL. Mr. President, we have spent a great deal of time to-day discussing various amendments relative to the repeal of the eighteenth amendment, and I have seen no evidence on the part of anyone who has spoken that has indicated a desire to vote upon this question. The desire to vote has been apparent only on the part of those who have remained silent. A majority of us have remained silent all day and hoped we would get a vote on the proposition. I doubt whether those who have occupied about 11 out of the 12 hours we have been in session, none of whom have assisted in expediting the situation, desire to have a vote, and I do not believe we are going to get a vote on the question before we adjourn.

For that reason I would like very much to get up a bill which has already passed the House, which has been in the Senate for a month, reported favorably by a committee, and, according to my viewpoint, it does not seem that it would require much time.

I refer to House bill 12044, to provide for the exclusion and expulsion of alien communists. I would like very much to get this bill considered, and I request that it be considered at this time.

The VICE PRESIDENT. Is there objection?

Mr. BORAH. I object.

Mr. TRAMMELL. Mr. President, of course the Senator has his reasons for objecting. On the other hand, I have my reasons for attempting to bring this measure before the Senate. I feel that this legislation should pass at this session of Congress. I think there is a very bad influence in this country in the nature of alien communists, who are spending their time trying to prejudice the minds of American citizens by the advocacy of policies very contrary to the American standard of government, and while I firmly believe in the right of freedom of speech and the right of the freedom of the press, that does not mean a license on the part of foreigners to come to this country and preach the overthrow of our Government by violence and force. That is all this measure seeks to correct and to punish—the advocacy by aliens of a policy of violence and of force for the overthrow of our Government. As far as I am concerned, I do not care to encourage that kind of conduct here in this country and think it our duty to stamp out such un-American conduct.

The report that was made by the House committee on this subject—and the bill passed the House more than a month ago—says that upon an investigation it was found that of the communists in this country, 70 per cent of them are aliens—70 per cent, if you please—that 20 per cent of them are naturalized citizens, and only 10 per cent of those who are affiliated with this movement against our Government, our traditions, and the policies of our Republic, and going to the extent of advocating its overthrow by force and violence, only 10 per cent, including both white and black, are native-born Americans.

I do not see why the Senate should not take a few moments to pass this bill. It would give us some very much needed legislation. It is recommended by the Department of Labor; legislation of this character is indorsed by the American Federation of Labor, the American Legion, the Daughters of the American Revolution, and by practically all the patriotic organizations of the United States. Yet you have just rocked along here in the Senate and given it no consideration, and upon every effort to take it up some one Senator

has objected. We have occupied 11 hours to-day in a little moot-court proposition over the liquor question, when I do not think anybody had a hope of getting a vote on it. When we seek to have taken up a matter of serious character like this, involving American policies, the protection of the Government and its citizens, we can not get it considered. It has been lying here for over a month.

I am very generous in the matter of freedom of speech, very generous in the matter of freedom of the press, but I am not generous with aliens who come to this country and remain unnaturalized, going around and preaching false doctrines and the overthrow of this Government by violence, and I think that in protection of our country and the freedom and the liberty which American citizens have always enjoyed we should pass the necessary legislation, which was suggested in the first instance by the Department of Labor, and, as I have said, is indorsed by the American Federation of Labor and the patriotic organizations of our country generally.

These influences can not accomplish anything, and I think that while some people say, "Oh, well, it does not amount to anything; just let them go ahead," I believe it does amount to something. Take the question of the assembly of the so-called bonus marchers in the city of Washington. No one has a greater sympathy for these poor, unfortunate people, most of whom are out of employment, most of whom need assistance from some source. As far as I am concerned I would be willing to have Congress remain in Washington and, in fact, I would be glad to have it do so in order to give them a cash settlement on their compensation certificates; but take the movement of the ex-soldiers coming to Washington, the "bonus marchers," it is claimed, and it is published in the Washington papers, that that movement was inspired by the communists, by the radical element of the communists, and I have never seen that denied. I do not mean that it is directed by them now.

I am very glad and thankful to say that in a general way those who have been at the head of this gathering here since they have arrived in Washington have maintained themselves, as far as I know, in a patriotic way, and they deserve a great deal of credit for the way in which they have handled the situation. Of course, I have no sympathy for the man who says that he is going to have his bonus if he has to have it by storming the Capitol. I do not approve any such conduct as that, and I have been very glad to see that the leaders among the bonus marchers and a large majority of the veterans here have not advocated or approved any such radical or violent proposal as that. They have conducted themselves as true Americans. But, after all, it was published in the Washington papers and throughout the country that the movement was inspired among the communists, the radical elements of the communists. This merely demonstrates the tactics to which the communist will resort.

I do not mean that any goodly number of these men here belong to that organization. It is very plain that they do not, and I am sure that a very large majority of the ex-service men who have assembled here in Washington disapprove of the communist movement, and I guarantee that if a ballot should be taken among these veterans here, whom we all know were faithful to their country, 90 per cent of all of them would approve of the very character of legislation which I am seeking to get enacted here to-night.

I very much regret that we can not have this bill passed upon on its merits.

COST OF BUREAUS AND COMMISSIONS

Mr. HALE. Mr. President, the feeling is very prevalent in the country that our Government is wasting a good deal of money on independent bureaus and commissions. At my request the very competent clerk of the Committee on Appropriations of the Senate, Mr. Rea, has compiled a list of these independent bureaus and commissions, and the amount of appropriations made for them during the current year.

The figures show that there are 73 of these bureaus and commissions, and, leaving out the Veterans' Bureau and the Reconstruction Finance Corporation, the amount we have appropriated for keeping up these various commissions during the current year is $45,722,000.

Mr. NORRIS. Mr. President, does that list include the Interstate Commerce Commission?

Mr. HALE. Yes; it does.

Mr. NORRIS. Does it include the Federal Trade Commission?

Mr. HALE. It does.

Mr. NORRIS. Does the Senator want to abolish all of them?

Mr. HALE. No. I am simply giving the amounts we are spending on these commissions during the current year.

Twelve of these commissions and bureaus take up more than $40,000,000 of the $45,722,188 appropriated, and these 12 are the Civil Service Commission; the Employees' Compensation Commission; the Federal Board for Vocational Education, which includes $10,000,000 which we have appropriated to be divided among the States; the Federal Trade Commission; the General Accounting Office, that is, the office of the Comptroller General; the Federal Reserve Board; the Interstate Commerce Commission; the National Advisory Committee for Aeronautics; the Office of Public Buildings and Public Parks; the Smithsonian Institution; the Supreme Court Building Commission; and the United States Tariff Commission.

The remaining five million and odd dollars appropriated to take care of about 60 commissions and bureaus. I think these figures will prove of interest to the Senate and will show that we are not as profligate in our expenditures as we are accused of being. I ask unanimous consent that the table may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The table is as follows:

Table of independent and semi-independent establishments, boards, and commissions of the Federal Government, showing the acts under which their appropriations are made, the amount of 1932 and 1933 appropriations, and references to the authority by which they were established

Organization	Appropriation act	Appropriations		Authority by which established
		1932	1933	
Advisory Council for the National Arboretum	Agricultural act	$30,000.00	$5,000.00	Created by act of Mar. 4, 1927 (44 Stat. 1422).
Alien Property Custodian				Created by act of Oct. 6, 1917 (40 Stat. 415).
American Battle Monuments Commission	Independent offices act	304,250.00	275,000.00	Created by act of Mar. 4, 1923 (42 Stat. 1509).
Arlington Memorial Amphitheater Commission				Created by act of Mar. 4, 1913 (37 Stat. 882, sec. 14).
Arlington Memorial Bridge Commission	Independent offices act	1,000,000.00	340,000.00	Created by act of Mar. 4, 1913 (43 Stat. 974, sec. 23).
Board of Road Commissioners for Alaska	War Department act	800,000.00	[1] 494,310.00	Created by act of Jan. 27, 1905 (33 Stat. 616).
Board of Surveys and Maps of the Federal Government.				Created by Executive order of Dec. 30, 1919 (No. 3203).
Bureau of the Budget	Treasury-Post Office act	191,000.00	190,000.00	Created by act of June 10, 1921 (42 Stat. 23).
California Débris Commission	War Department act	17,350.00		Created by act of Mar. 1, 1893 (27 Stat. 507).
Civil Service Commission	Independent offices act	1,658,342.00	1,312,370.00	Created by act of Mar. 9, 1883 (22 Stat. 403).
Claims Commission, United States and Mexico	State, Justice, Commerce, and Labor act.	367,000.00	[2]	Created under conventions between the United States and Mexico, Aug. 10, 1923.

[1] This amount included in War Department bill as passed by Senate. Bill now in conference.
[2] Unexpended balance reappropriated.

Table of independent and semi-independent establishments, boards, and commissions of the Federal Government, showing the acts under which their appropriations are made, the amount of 1932 and 1933 appropriations, and references to the authority by which they were established—Continued

Organization	Appropriation act	Appropriations		Authority by which established
		1932	1933	
Commission of Fine Arts	Independent offices act	$9,775.00	$7,800.00	Created by act of May 17, 1910 (36 Stat. 371).
Commission on Navy Yards and Naval Stations				Created by act of Aug. 29, 1916 (39 Stat. 571).
Commission to Recommend Memorials for Arlington Memorial Amphitheater.				Created by act of Mar. 4, 1921 (41 Stat. 1440).
Committee on the Conservation and Administration of the Public Domain.		[2]	[2]	Created by act of Sept. 10, 1930 (46 Stat. 153).
Council of Personnel Administration				Created by Executive order of Apr. 25, 1931 (No. 5612).
Employees' Compensation Commission	Independent offices act	4,730,980.00	4,910,000.00	Created by act of Sept. 7, 1916 (39 Stat. 748).
Federal Board for Vocational Education	do	10,213,981.50	10,231,000.00	Created by act of Feb. 23, 1917 (39 Stat. 932).
Federal Employment Stabilization Board	State, Justice, Commerce, and Labor act.	90,000.00	75,000.00	Created by act of Feb. 10, 1931 (46 Stat. 1084–1037).
Federal Farm Board	Independent offices act	101,900,000.00	[3] 800,000.00	Created by act of June 15, 1929 (46 Stat. 11).
Federal Oil Conservation Board	do	20,000.00	10,000.00	Organized by the President Dec. 18, 1924.
Federal Power Commission	do	318,470.00	326,750.00	Created by act of June 23, 1930 (46 Stat. 797; see also 41 Stat. 1063).
Federal Radio Commission	do	465,380.00	382,000.00	Created by act of Feb. 23, 1927 (44 Stat. 1162).
Federal Reserve Board	do	1,609,200.00	1,692,800.00	Created by act of Dec. 23, 1913 (38 Stat. 261).
Federal Trade Commission	do	1,781,766.00	1,466,500.00	Created by act of Sept. 26, 1914 (38 Stat. 717).
General Accounting Office	do	4,297,620.00	4,262,620.00	Created by act of June 10, 1921 (42 Stat. 23).
General Claims Commission, United States and Panama.	State, Justice, Commerce, and Labor act.	54,000.00	50,000.00	Created under convention between United States and Panama signed July 28, 1926.
George Rogers Clark Sesquicentennial Commission.	Independent offices act	800,000.00	400,000.00	Created by act of May 23, 1928 (45 Stat. 723–4).
George Washington Bicentennial Commission	do	563,195.00	200,000.00	Created by act of Dec. 2, 1924 (43 Stat. 671). Created by act of Feb. 21, 1930 (46 Stat. 71).
Inland Waterways Corporation	War Department act	[1]	[1]	Created by act of June 3, 1924 (43 Stat. 360).
International Boundary Commission, United States and Canada, and Alaska and Canada.	State, Justice, Commerce, and Labor act.	49,790.00	30,000.00	Created by treaty between United States and Great Britain, Feb. 24, 1925.
International Commission on Annual Table of Constants, etc.	do	500.00	[5]	Created by Seventh International Congress of Applied Chemistry in 1914.
International Fisheries Commission	do	36,500.00	25,000.00	Created under treaties between United States and Great Britain, Apr. 11, 1908, and Mar. 2, 1923.
International Highway Special Commission, United States and Canada.	do	2,000.00		Created by act of May 15, 1930 (46 Stat. 335).
International Joint Commission	do	175,355.00	117,855.00	Created under treaty between United States and Great Britain, signed Jan. 11, 1909.
International Prison Commission	do	5,500.00		Organized in 1872 at first meeting of International Prison Congress held in London.
International Water Boundary Commission, United States and Mexico.	do	92,500.00	70,000.00	Created to carry out provisions of several treaties signed in 1884, 1889, 1905, and 1906.
International Water Commission, United States and Mexico.	do	[3] 287,000.00		Created by act of Mar. 3, 1927 (44 Stat. 1403).
Interoceanic Canal Board				Created by act of Mar. 2, 1929 (45 Stat. 1539).
Interstate Commerce Commission	Independent offices act	11,912,513.93	8,048,560.00	Created by act of Feb. 4, 1887 (24 Stat. 383).
Migratory Bird Conservation Commission	Agricultural act	5,000.00	3,453.00	Created by act of Feb. 18, 1929 (45 Stat. 1222).
Mixed Claims Commission, United States and Germany.	State, Justice, Commerce, and Labor act.	65,500.00		Created under agreement between United States and Germany signed Aug. 10, 1922.
Mount Rushmore National Memorial Commission.	Independent offices act	[2]	25,000.00	Created by act of Feb. 25, 1929 (45 Stat. 1300).
National Academy of Sciences				Created by act of Mar. 3, 1863 (12 Stat. 806) (act of incorporation).
National Advisory Committee for Aeronautics	Independent offices act	1,051,070.00	920,000.00	Created by act of Mar. 3, 1915 (38 Stat. 930).
National Board for the Promotion of Rifle Practice.	War Department act	732,770.00	[3] 139,150.00	Created by act of June 7, 1924 (43 Stat. 510) (originally organized Apr. 27, 1903, General Order 61, Headquarters, Army).
National Capital Park and Planning Commission.	Independent offices act	4,000,000.00		Created by act of June 6, 1924 (43 Stat. 463–464).
National Forest Reservation Commission	Agricultural act	500.00	475.00	Created by act of Mar. 1, 1911 (36 Stat. 962, secs. 4–5).
National Memorial Commission				Created by act of Mar. 4, 1929 (45 Stat. 1699).
National Screw Thread Commission				Created by act of July 18, 1918 (40 Stat. 912).
Office of Chief Coordinator (see Budget Bureau)				Created by Executive order of July 27, 1921.
Office of Public Buildings and Public Parks	Independent offices act	5,799,686.37	4,025,933.00	Created by act of Feb. 26, 1925 (43 Stat. 983).
Pan American Sanitary Bureau	State, Justice, Commerce, and Labor act.	28,774.74	29,986.70	Created by Second International Conference of American Republics, 1901–2.
Pan American Union	do	275,836.20	187,367.60	Established in 1890 by First Pan American Conference held in Washington.
Permanent International Commission of Congresses of Navigation.	War Department act	3,000.00	[3] 3,000.00	Created by act of June 28, 1902 (32 Stat. 485, sec. 1).
Perry's Victory Memorial Commission	Independent offices act			Created by act of Mar. 3, 1919 (40 Stat. 1322).
Personnel Classification Board	do	218,850.00	[7] 145,116.00	Created by act of Mar. 4, 1923 (42 Stat. 1488).
Porto Rican Hurricane Relief Commission	do	1,000,000.00		Created by act of Dec. 21, 1928 (45 Stat. 1067).
Public Buildings Commission	do	125,000.00	100,000.00	Created by act of July 1, 1916 (39 Stat. 328), and act of Mar. 1, 1919 (40 Stat. 1269, sec. 10).
Rock Creek and Potomac Parkway Commission				Created by act of Mar. 4, 1913 (37 Stat. 885, sec. 22).
Smithsonian Insitution	Independent offices act	1,215,424.00	1,134,829.00	Created in 1846 under the terms of the will of James Smithson (U. S. C., title 20, secs. 54–55).
U. S. Board of Mediation	do	188,226.65	152,135.00	Created by act of May 20, 1926 (44 Stat. 579, sec. 4).
U. S. Board of Tax Appeals	do	653,640.00	560,000.00	Created by act of June 2, 1924 (43 Stat. 336, sec. 900).
U. S. Bureau of Efficiency	do	200,270.00	159,500.00	Created by act of Feb. 28, 1916 (39 Stat. 15).
U. S. Council of National Defense				Created by act of Aug. 29, 1926 (39 Stat. 649).
U. S. Geographic Board	Independent offices act	10,678.00	9,678.00	Created by Executive order of Aug. 10, 1906.
U. S. Housing Corporation	Independent offices act, 1932; Labor, 1933.	15,000.00	14,000.00	Created by act of May 16, 1916 (40 Stat. 550–554), and act of July 19, 1919 (41 Stat. 222–224).
U. S. Railroad Administration	Independent offices act			Presidential proclamation dated Dec. 26, 1917 (40 Stat. 1733).
U. S. Section, Inter-American High Commission	State, Justice, Commerce, and Labor act.	10,000.00	10,000.00	Created by act of Feb. 7, 1916 (39 Stat. 8).
U. S. Shipping Board	Independent offices act	436,000.00	360,000.00	Created by act of Sept. 7, 1916 (39 Stat. 728–738).
U. S. Shipping Board Merchant Fleet Corporation.		[4]	[4]	Created by act of Sept. 7, 1916 (39 Stat. 728–733) (incorporated Apr. 16, 1917).
U. S. Supreme Court Building Commission	Independent offices act	3,750,000.00	1,000,000.00	Created by act of Dec. 21, 1928 (45 Stat. 1066).
U. S. Tariff Commission	do	1,240,000.00	1,020,000.00	Created by act of Sept 8, 1916 (39 Stat. 795).
Panama Railroad		[4]	[4]	Capital stock authorized to be purchased from French Co. by act of June 28, 1902 (32 Stat. 481).

[2] Unexpended balance reappropriated.
[3] Not to exceed $800,000 of unexpended balance reappropriated.
[4] Indefinite.
[5] Dropped.
[6] Abolished effective July 1, 1932, and duties transferred to International Boundary Commission (act of June 30, 1932).
[7] Abolished effective Oct. 1, 1932, and duties transferred to Civil Service Commission (act of June 30, 1932).

FEDERAL HOME-LOAN BANK BOARD

Mr. JONES. Mr. President, I desire to move to take up a bill which is now on the calendar that has passed the House. A similar Senate bill has been favorably reported, and is now on the calendar. I refer to Calendar 1053, a bill (H. R. 12768) to authorize the closing of a portion of Virginia Avenue SE., in the District of Columbia, and for other purposes. I move that the Senate proceed to the consideration of the bill.

The VICE PRESIDENT. Let it be reported for the information of the Senate.

The Chief Clerk read the bill by title.

Mr. LA FOLLETTE. Mr. President, I wish to appeal to the Senator from Washington to take some other bill as a vehicle for the appropriation for the home-loan banks, because I am very much opposed to this bill. It has been protested very vigorously by citizens of the District, and since the recommendations were made by the Utilities Commission of the District, the gas company has announced that it does not require an additional holder or container for storage purposes and, as I understand it, the matter is to be again reviewed by the Park and Planning Commission and the Utilities Commission before any further recommendation is made. I wish the Senator would pick out some other vehicle for his purpose.

Mr. MOSES. Mr. President, the Senator from Wisconsin need not worry about it. We can do what the Senator wishes by moving to strike out everything after the enacting clause and insert.

Mr. JONES. Yes; we can strike all after the enacting clause and offer as an amendment the bill which I have in mind. That is the amendment which I shall propose to the bill. I move that the Senate proceed to the consideration of the bill to which I have referred.

The motion was agreed to, and the Senate proceeded to consider the bill.

Mr. JONES. Mr. President, I move to amend the bill by striking out all after the enacting clause and inserting the language which I send to the desk.

The VICE PRESIDENT. Let the amendment in the nature of a substitute be reported for the information of the Senate.

The Chief Clerk read as follows:

That for the payment of all authorized expenses of the Federal Home-Loan Bank Board in carrying out the provisions of the act of the Seventy-second Congress entitled "An act to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes," there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $250,000 for the fiscal year ending June 30, 1933, to be available for the purposes and subject to the conditions and limitations specified in such act, including personal services and rent in the District of Columbia and elsewhere and expenses preliminary to the organization and establishment of the banks created thereunder.

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute.

The amendment was agreed to.

The VICE PRESIDENT. The bill is open to further amendment. There being no further amendment, the question is, Shall the amendment be engrossed and the bill be read a third time?

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. COUZENS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Bulow	Fess	Howell
Bailey	Capper	Fletcher	Johnson
Barbour	Cohen	Frazier	Jones
Barkley	Connally	Glass	Kean
Bingham	Costigan	Goldsborough	Keyes
Black	Couzens	Hale	King
Borah	Dale	Hastings	La Follette
Brookhart	Davis	Hatfield	Lewis
Bulkley	Dickinson	Hayden	McKellar
McNary	Pittman	Smoot	Tydings
Metcalf	Reed	Steiwer	Vandenberg
Moses	Robinson, Ark.	Stephens	Wagner
Norbeck	Robinson, Ind.	Thomas, Idaho	Walcott
Norris	Schall	Thomas, Okla.	Walsh, Mass.
Nye	Sheppard	Townsend	Watson
Patterson	Shortridge	Trammell	

The VICE PRESIDENT. Sixty-three Senators have answered to their names. A quorum is present. The question is on the passage of the bill.

Mr. COUZENS. Mr. President, is the bill still open to amendment?

The VICE PRESIDENT. It is not.

Mr. COUZENS. Has it had its second reading?

The VICE PRESIDENT. It has had the second reading, has been read the third time, and is now on its passage.

Mr. COUZENS. I want to discuss the matter for a while to show how little the rules of the Senate have effect when the steam roller gets to working. Of course, everyone knows we are anxious to get away and both Houses of Congress are tired and weary. I hesitate to take up as much time as I would otherwise like to take for the purpose of expressing my opposition to the particular appropriation which is being driven through Congress without any consideration by the Committee on Appropriations or by any committee of Congress. In other words, the bill that has passed both Houses of Congress was simply an authorization.

Mr. President, I want to point out that the Senator from Indiana [Mr. WATSON] has had the bill for seven or eight months. The Senator from Indiana is wholly responsible for the delay in Congress during all this period of time, from the time when it was first suggested last December. It is inexcusable for a Senator who assumes to be the leader of the majority side to hold up an administration measure until this time in the session.

Mr. WATSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Indiana?

Mr. COUZENS. I yield.

Mr. WATSON. Does not the Senator know—and he does know, because he is a member of the committee—that nearly all of the important bills, outside of the appropriation bills, before this Congress came before the Committee on Banking and Currency; that the Reconstruction Finance Corporation bill was handled by that committee. The Senator was there at some of the meetings, if not all of them. Does not the Senator know that the Senator from Virginia [Mr. GLASS] sat as chairman of a subcommittee last summer and when the session began in December he introduced a measure having reference to certain changes in the financial structure of the country and that the committee considered that bill for some six or seven weeks; that after that time a bill was taken up by the Senator from Virginia called the Glass-Steagall bill, which had consideration by the committee for two or three weeks and was then brought into the Senate and passed; that after that another bill sponsored by the Senator from Virginia was considered by the committee, presented to the Senate, was debated some two or three days, and then its further consideration suspended because of other measures being brought before the Senate; that after that the Committee on Banking and Currency took up for consideration the investigation of short selling in Wall Street and considered that for some time?

The Senator further knows that he was chairman of the Interstate Commerce Committee, of which I am also a member, and that he had a good many meetings of that committee, all of which he attended and some of which I attended. The Senator from Michigan all of that time was a member of the subcommittee having the present bill under consideration.

The Senator also knows that he was a member of the Committee on Finance, as I am a member of the Committee on Finance, and that for weeks we considered a measure before that committee dealing with the subject of taxation. There was no time at which the present bill could have been taken up to be considered in a connected way without displacing some other bill of equal or even greater importance.

The Senator well knows that time and again I talked to him about a meeting of the subcommittee of which he is a member. The Senator and I were members of the subcommittee having in charge this particular bill, and, so far as I know, there was no vacant date that we did not meet to consider this bill when we were not considering measures before other committees of great importance.

All important legislation can not be passed during the first few weeks of the session. Some of it must be passed along toward the last of the session. What is the difference how much I delayed? How does that justify my friend from Michigan in delaying now the passage of this bill after it has been considered for days in the Senate, after both Houses have passed it, and now it has come to us for the appropriation alone? Now the Senator is charging me with delaying a bill which he himself is delaying well into the night on the mere matter of an appropriation. Am I not right about that?

Mr. COUZENS. Just a moment, Mr. President. I did not yield to be chastised or called down by the Senator from Indiana.

Mr. WATSON. But the Senator was chastising me.

Mr. COUZENS. I intend to continue to do so within the rules.

Mr. WATSON. I have some rules of my own, I will say to the Senator.

Mr. COUZENS. I will continue to say what I think about the Senator from Indiana, within the rules, I hope.

Mr. WATSON. I shall consider it a decoration of honor.

Mr. COUZENS. I hope it will be such an honor that the Democrats will take care of you in Indiana at the next election. [Laughter.]

Mr. WATSON. I will say to the Senator I will risk that.

Mr. COUZENS. The Senator will have to risk it whether he wants to or not.

Mr. WATSON. Certainly.

Mr. COUZENS. Yes; that the Senator is soon to risk that does not concern me, but when the country knows the type of leadership we have had on this side of the aisle, when that permeates through Indiana, I am quite satisfied with what the Democrats will do with the Senator from Indiana.

Mr. WATSON. I am very happy over the prospect.

Mr. COUZENS. I do not yield to the Senator any further, and I did not yield except for a question. The Senator knows and I know, and I charge now and here that the Senator for five months was vehemently opposed to this bill. Time and again he told me and time and again he told other Members of the Senate that he did not favor the home loan bank bill.

Mr. WATSON. Mr. President, will the Senator yield?

Mr. COUZENS. I will not yield until I get through with my statement.

I venture to say that of the members of the subcommittee appointed by the Banking and Currency to hold hearings on the home loan bank bill not more than one or two of them favored the bill. Now the Senator charges me with delaying this measure at this time of the session. I have not delayed it, except at this time, when the Senator knows a shrewd, slippery, parliamentary trick was used to get over this appropriation. The Senator knows that under Rule XIV, as found on page 18 of the manual, this House joint resolution ought to have been read three times on three different days.

Mr. President, I resent this kind of tactics; I resent the methods that were adopted to secure the passage of this appropriation measure; and I want to say to the Senator from Indiana that if he thinks he has made any progress, politically, or as a leader of the Senate, by resorting to these tricks, then he is very much mistaken.

The VICE PRESIDENT. The Chair will announce that the Senator can not accuse another Senator of "resorting to tricks."

Mr. COUZENS. I will ask the Chair, as a parliamentary inquiry, what is "a trick"?

The VICE PRESIDENT. The Chair is not here for that purpose.

Mr. COUZENS. Then I do not intend to abide by the Chair's decision that the use of the word "trick" is a violation of the rule unless I know what the Chair's definition of the word is.

The VICE PRESIDENT. The Senator will stay within the rules or he will be called down.

Mr. COUZENS. I will stay within the rules, but I will have the Senate pass upon the rules, and not the Vice President.

The VICE PRESIDENT. That is the Senator's right.

Mr. COUZENS. The Senator from Indiana is well known to the country; his methods are well known to the country; they are well known to his colleagues; and those methods will be well known to Indiana by the time November comes around. What I resent is that during all the period of time the Senator from Indiana was chairman of the subcommittee that held hearings there was delay, delay, delay for month after month, and no effort was made to get the bill out of the committee even until the last few days of the session. Then the Congress is held up for hours and hours because of the delay. I just want to take this opportunity to express my views and my resentment of that kind of methods in connection with legislation.

Mr. WATSON. Mr. President, I am at a loss to understand why the Senator has chosen to pour out upon my head the vials of his wrath. I want to say to the Senator that I am not responsible for the parliamentary "trick" of which he speaks. I did not conceive it; I did not originate it; I did not introduce it; but the Senator, for some reason or other, charges me with it, when I had nothing to do with it.

So far as Indiana is concerned, I have been in Indiana politics for 45 years. The people out there understand me, they know about my methods, and I am quite convinced that when the time comes the people of Indiana and not the Senator from Michigan will determine my fitness to come back to the Senate of the United States.

Of course, I court the good will of the Senator from Michigan, as I court the good will of all my colleagues and associates; but, after all, I want to call the Senator's attention to the fact that since this bill came to the Senate he has taken a great deal of time in discussing it, at times reading, reading, reading for hours, when nobody was paying any attention to him, and when he was not discussing the bill. The fact is that the Senator from Michigan has delayed this bill.

The Senator charged that I was not for this bill. I stated in the opening speech I made on this floor—and the Senator heard it—that when this bill was first presented to me there were two phases of it from which I revolted. One was the setting up of an entirely new establishment, which naturally made me shrink, as it does every other man who has my views of government and of governmental functions. The second was that it provided certain machinery that I was not sure would operate successfully. But after I had studied it, after I had talked with bankers about it, after I had talked with Government officials about it, and after I had talked with building and loan association officials and cooperative association officials and other men of similar character throughout the country, I became convinced that it was a workable proposition; and when I became profoundly convinced of it I used every ounce of energy I possessed and every ounce of influence I could bring to bear to secure its passage by this body, and it was honorably done.

Mr. COUZENS. That is a question that we will have to discuss later.

Mr. WATSON. Well, I am discussing it now. It was honorably done. The bill was passed through the House and it was passed through the Senate; it was here for our consideration; and why the Senator now seeks to charge me, in the closing hours of the session, with something sinister, something unwholesome, is more than I know.

I am not going to get into a personal encounter with the Senator. Never in my political experience as a campaigner or on this floor have I said anything derogatory to the character of any man. I do not believe in the argument

of slander or in the logic of vilification. I try to keep above the low miasmatic swamps of personal defamation and conduct my argument from the high plateau of principle and logic; and I have never at any time indulged in slander of any of my colleagues or of any of my opponents or of any of my fellow citizens, and I do not intend now to indulge in anything of that character, even if I had the right within the rule of the honorable Senator from Michigan.

Suppose all he says about that is true, what has that got to do with this bill? The appropriation is here for our consideration; that is the question before us, and not how it got here.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Michigan?

Mr. WATSON. I yield.

Mr. COUZENS. The Senator knows very well that under the rule this measure ought not to have been passed in this manner, and that devious methods outside of the rule were used to get this appropriation through to-night. I just rose purposely to tell the Senator that if he believes that he is making any progress by indorsing as leader this type of legislation and this manner of doing things, he will find out that he makes no progress either here or elsewhere.

Mr. WATSON. Mr. President, I had a number of Senators speak to the Senator after I learned that he intended to object to the consideration of this appropriation.

Mr. COUZENS. I did not have to object to the consideration of the appropriation. The rules themselves provide a method.

Mr. WATSON. It could have been done by unanimous consent.

Mr. COUZENS. Certainly; but I was going to ask that it go over under the rules. That is what the rules are for. I am supposed to be held to the rules, but when the leader wants to rush something through that there is no public demand for and that unbalances the Budget, that he has preached so much about balancing, then I object to the violation of the rules to accomplish that purpose.

Mr. WATSON. I am not talking about balancing the Budget; that is a question to be taken care of hereafter; but word came—and I think the Senator himself told me—that he intended to raise objection to the consideration of this appropriation.

Mr. COUZENS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Michigan?

Mr. WATSON. Yes.

Mr. COUZENS. I said I intended to go by the rules, and the rules require that the measure go over for three different days for reading.

Mr. WATSON. The Senator intended to hold the entire American Congress in session until next Wednesday for the purpose of passing this appropriation. It would have to be read one day and have to be read again the second day and have to be read the third day, and not until——

Mr. COUZENS. May I ask the Senator what the rules are for?

Mr. WATSON. Unanimous consent could have been granted but for the Senator. Nearly everything we do here is done by unanimous consent.

Mr. COUZENS. There was not any reason for unanimous consent because the private beneficiaries of this bill could readily have raised $250,000, so long as they are going to unload their cats and dogs on the Government.

Mr. WATSON. That is another proposition which I will not discuss with the Senator; that has all been gone over; that straw has been threshed. The question before us is, Shall the appropriation bill pass? That is the question; and, while I had not anything in the world to do with this proposition or with bringing it here in this manner, I am for it because otherwise the entire American Congress would have been held for three days, when the Senator knows that everyone wants to adjourn and to go home.

Of course, everybody knows that the honorable Senator was opposed to this bill from the beginning, and intended to use every artifice to which he could resort to defeat it; that he intended, if possible, to hold the Congress here until a majority had dwindled away, and we could no longer secure a quorum. The Senator, I think, will be candid enough to stand up and admit that.

Mr. COUZENS. Oh, no. If the Senator will yield further, I understood that if this appropriation is not made to-night the Congress will adjourn and leave it to private industry, the beneficiaries under the bill, to put up private money. I was advised by prominent Senators on both sides of the aisle that the Congress would not remain over, that if the Congress did not remain here the people who are back of this measure, the private interests, would furnish money instead of the Federal Government doing so.

Mr. WATSON. That is the first time I have ever heard of that. The appropriation was demanded, it was called for.

Mr. COUZENS. Of course that is the authorization in the bill; I do not find fault with that.

Mr. WATSON. Certainly not; but we had to have the money to set up the machinery as the Congress provided it should be set up, in order that the banks should be established and should begin at once to function. I do not repeat private conversations, but I had heard that the Senator had said he did not want this bank set up this summer.

Mr. COUZENS. That is quite true. I did all I could to defeat the bill, and if the beneficiaries of the bill want the bank started now, of course, they could provide $250,000.

Mr. WATSON. I do not expect to discuss my private relations with the Senator which have been pleasant always, and I am very sorry, indeed, for this little rupture of that kindly relationship which I have always enjoyed with him. I have not anything against the Senator; he has a right to run his own way and run the gamut to the limit, so far as I am concerned; but when it comes to a matter of this kind, of great public moment, if I can get it through I will get it through; and I think that nothing is being resorted to here except that which is in accordance with the rules of the Senate of the United States.

Mr. HOWELL. Mr. President, I send to the desk an amendment to this bill and ask that it be read. Then I propose to ask unanimous consent for its consideration.

The VICE PRESIDENT. The bill is beyond the stage of amendment.

Mr. HOWELL. Mr. President, I asked that the amendment might be read, and then I propose to ask unanimous consent for its consideration.

The VICE PRESIDENT. Is there objection to the reading of the proposed amendment? The Chair hears none, and the amendment will be read.

The Chief Clerk proceeded to read the amendment. During the reading,

Mr. JONES. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. JONES. Is that tendered as an amendment to this bill?

The VICE PRESIDENT. The Senator from Nebraska asked unanimous consent to have it read, stating that after it was read he would ask unanimous consent that he might offer it as an amendment. The bill has passed the stage of amendment.

Mr. JONES. I was going to make a point of order against the amendment.

The VICE PRESIDENT. If the Senator objects to the consideration of the amendment, that will end it.

Mr. BINGHAM. Mr. President, in view of the lateness of the hour, and the impossibility of having this put on as an amendment to the bill, I hope the Senator from Nebraska will not feel offended if I object to the reading of the amendment.

Mr. HOWELL. But, Mr. President, I have had unanimous consent for the reading of the amendment.

The VICE PRESIDENT. The Senator from Nebraska has already had unanimous consent for the reading of the amendment.

The Chief Clerk resumed the reading of the amendment. During the further reading——

Mr. TYDINGS. Mr. President, I ask unanimous consent that the amendment may be considered as read in full.

The VICE PRESIDENT. Is there objection?

Mr. HOWELL. Mr. President——

The VICE PRESIDENT. Does the Senator object?

Mr. HOWELL. I object.

The Chief Clerk resumed the reading of the amendment. During the further reading——

Mr. GLASS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. GLASS. I want to know how this measure got before the Senate. What has become of the motion of the Senator from Nebraska [Mr. NORRIS] respecting the joint resolution which I offered?

The PRESIDENT pro tempore. These proceedings are by unanimous consent.

Mr. GLASS. I do not think anybody consents to it.

The PRESIDENT pro tempore. The Senator may demand the regular order at any time.

Mr. GLASS. I would demand it if the regular order would get us anywhere.

The PRESIDENT pro tempore. If the Senator is objecting to the reading, he can object to it at any point.

Mr. GLASS. How much more of it is there? [Laughter.]

The PRESIDENT pro tempore. Two pages. It will not try the Senator's patience much longer.

Mr. GLASS. I suggest to the clerk that he skip. [Laughter.]

The Chief clerk resumed and concluded the reading of the amendment, which was, at the proper place in the bill, to insert:

That the agricultural marketing act, approved June 15, 1929, as amended, is amended by adding after section 10 thereof the following new sections:

MARKETING AGREEMENTS

SEC. 10A. (a) Upon request of the wheat advisory committee, or upon request of any leading wheat cooperative association or other organization of wheat producers, the board shall, or upon its own motion may, investigate the supply and marketing situation with respect to wheat.

(b) Whenever the board finds upon any such investigation—

(1) That there is or may be during the ensuing year a national surplus of wheat; and

(2) That the operation of the provisions of sections 7 and 9 of this act will not be effective to control such surplus because of the inability or unwillingness of the cooperative associations or stabilization corporations engaged in handling wheat to control such surplus with the assistance of loans made pursuant to such section—then the board shall make public its findings and shall arrange for the marketing of all or any part of such surplus by means of marketing agreements with such cooperative associations or stabilization corporations as hereinafter provided. The marketing by means of such agreements shall continue until the board finds that such agreements are no longer necessary or advisable for carrying out the policy declared by section 1 of this act.

(c) Each such marketing agreement shall provide either—

(1) For the withholding by the cooperative association or stabilization corporation, during such period as shall be provided for in the agreement, of all or any part of the wheat delivered to such cooperative association by its members or delivered to such corporation, and for the payment from the wheat stabilization fund provided for in section 10C of the costs arising out of such withholding; or

(2) For the purchase, withholding, and disposal by the cooperative association or stabilization corporation of other wheat, for payment from the wheat stabilization fund of the amount of the losses, costs, and charges arising out of such purchase, withholding, and disposal, or arising out of contracts in connection therewith, and for the payment into the wheat stabilization fund (after repayment of all amounts advanced from such stabilization fund and the deduction of all costs and charges provided for in the agreement) of all profits arising out of such purchase, withholding, and disposal, or arising out of contracts in connection therewith.

(d) The board shall provide in each such marketing agreement for financing the purchase, withholding, and disposal of wheat under any such agreement through advances from such stabilization fund. Such financing shall be upon such terms and conditions as the board may prescribe, but no such advance shall bear interest.

(e) If the board is of the opinion that there are two or more cooperative associations or stabilization corporations capable of carrying out any such marketing agreement, the board, in entering into such agreement, shall not discriminate unreasonably against any such association or corporation in favor of any other such association or corporation. If the board is of the opinion that there is no such cooperative association or stabilization corporation capable of carrying out any such marketing agreement for the purchase, withholding, and disposal of wheat, then the board may enter into such agreement with other agencies but shall not discriminate unreasonably between such other agencies.

(f) During any marketing period fixed by the board, the board may enter into marketing agreements for the purchase, withholding, and disposal of food products of wheat, and all the provisions of this act applicable to marketing agreements for the purchase, withholding, and disposal of wheat shall apply to the marketing agreements with respect to such food products.

(g) Any decision of the board relating to the commencement, extension, or termination of a marketing period shall require the affirmative vote of the majority of the members of the board.

(h) The powers of the board under this section shall be exercised in such manner, and the marketing agreements entered into by the board shall be upon such terms and conditions as will, in the judgment of the board, carry out the policy declared by section 1 of this act.

(i) The United States shall not be liable directly or indirectly upon any such agreements in excess of the amounts available in the stabilization and revolving funds provided for by this act.

EQUALIZATION FEE

SEC. 10B. (a) In order to carry out marketing and price insurance agreements with respect to wheat without loss to the revolving fund, each marketed unit of wheat produced in the United States shall, throughout any marketing period with respect thereto, contribute ratably its equitable share of the losses, costs, and charges arising out of such agreements. Such contributions shall be made by means of an equalization fee apportioned and paid as a regulation of interstate and foreign commerce. It shall be the duty of the board to apportion and collect such fees as hereinafter provided.

(b) Prior to the commencement of any marketing period with respect to wheat, and thereafter from time to time during such marketing period, the board shall estimate the probable losses, costs, and charges to be paid under marketing and price insurance agreements with respect to wheat as hereinafter provided. Upon the basis of such estimates, the board shall from time to time determine and publish the amount (hereinafter referred to as the equalization fee) for each unit of weight, measure, or value designated by the board, to be collected upon each such unit of wheat during the marketing period. At the time of determining and publishing any equalization fee the board shall specify the time during which the particular fee shall remain in effect and the place and manner of its payment and collection.

(c) Under such regulations as the board may prescribe, any equalization fee determined upon by the board shall be paid, with respect to each marketed unit of wheat upon either the transportation, processing, or sale of such unit. The equalization fee shall not be collected more than once with respect to any unit. The board shall determine, in the case of such class of transactions, whether the equalization fee shall be paid upon transportation, processing, or sale. The board shall make such determination upon the basis of the most effective and economical means of collecting the fee with respect to each unit of wheat marketed during the marketing period.

(d) Under such regulations as the board may prescribe, the equalization fee determined under this section shall in addition be collected upon the importation of each designated unit of wheat imported into the United States for consumption therein, and an equalization fee, in an amount equivalent as nearly as may be, shall be collected upon the importation of any food product derived in whole or in part from wheat and imported into the United States for consumption therein.

(e) The board may by regulation require any person engaged in the transportation, processing, or acquisition by purchase of wheat produced in the United States, or in the importation of any wheat or food product thereof—

(1) To file returns under oath and to report, with respect to his transportation, processing, or acquisition of wheat produced in the United States or with respect to his importation of wheat or food products thereof, the amount of equalization fees payable thereon and such other facts as may be necessary for their payment or collection.

(2) To collect the equalization fee as directed by the board and to account therefor.

(f) The board, under regulations prescribed by it, is authorized to pay to any such person required to collect such fees a reasonable charge for his services.

(g) Every person who, in violation of the regulations prescribed by the board, fails to collect or account for any equalization fee shall be liable for its amount and to a penalty equal to one-half its amount. Such amount and penalty may be recovered together in a civil suit brought by the board in the name of the United States.

(h) As used in this section—

(1) The term "transportation" means the acceptance of the commodity by a common carrier for delivery;

(2) The term "processing" means milling of wheat for market or the first processing in any manner for market (other than cleaning or drying) of wheat not so milled; and

(3) The term "sale" includes a sale or other disposition in the United States of wheat for milling or other processing for market, for resale, or for delivery by a common carrier, occurring during a marketing period, but does not include a transfer to a cooperative association or stabilization corporation for the purpose of

sale or other disposition by such association or corporation on account of the transferor; nor a transfer of title in pursuance of a contract entered into before, and at a specified price determined before, the commencement of a marketing period with respect to wheat. In case of the transfer of title in pursuance of a contract entered into after the commencement of a marketing period with respect to wheat, but entered into at a time when, and at a specified price determined at a time during which a particular equalization fee is in effect, then the equalization fee applicable with respect to such transfer of title shall be the equalization fee in effect at the time when such specified price was determined.

STABILIZATION FUND

SEC. 10C. (a) There shall be established, in accordance with regulations prescribed by the board, a stabilization fund for wheat. Such fund shall be administered by and exclusively under the control of the board, and the board shall have the exclusive power of expending the moneys in such fund.

(b) There shall be deposited to the credit of the stabilization fund for wheat (1) advances from the revolving fund as hereinafter authorized; (2) profits arising out of marketing agreements with respect to wheat; (3) repayments of advances for financing the purchase, withholding, or disposal of wheat; and (4) equalization fees collected with respect to wheat and its imported food products.

(c) In order to make the payments required by a marketing or price insurance agreement with respect to wheat, and in order to pay the salaries and expenses of experts, the board may, in its discretion, advance to the stabilization fund out of the revolving fund such amounts as may be necessary.

(d) The deposits to the credit of the stabilization fund shall be made in a public depositary of the United States. All general laws relating to the embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys of the United States shall apply to the profits and equalization fees payable to the credit of the stabilization fund and to moneys deposited to the credit of the fund or withdrawn therefrom, but in the custody of any officer or employee of the United States.

(e) There shall be withdrawn from the stabilization fund (1) the payments required by marketing or price insurance agreements with respect to wheat, (2) the salaries and expenses of such experts as the board determines shall be payable from such fund, (3) service charges payable for the collection of equalization fees, and (4) repayments into the revolving fund of advances made from the revolving fund to the stabilization fund, together with interest on the amounts so advanced at a rate of interest per annum equal to the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation (except postal-savings bonds) bearing a date of issue subsequent to April 6, 1917, and outstanding at the time the advance is made by the board, as certified by the Secretary of the Treasury to the board upon its request: *Provided*, That in no case shall the rate of interest on any such advance exceed 4 per cent per annum on the unpaid principal thereof.

Mr. HOWELL. Mr. President, I rise to call the attention of the Senate to the fact that after all the months this session has occupied we have done not one constructive thing for the farmer.

Agriculture is the basis of prosperity in this country. It is at its lowest ebb. We have known the fact for months, but there has not been the will in the United States Senate or in the House of Representatives to make one effective move for constructive action in behalf of agriculture.

To-day we are right where we were a year ago. We are worse off than we were two years ago; and yet Congress has refused to aid constructively the greatest industry in the United States, upon which 44 per cent of our population are directly and indirectly dependent.

To-day it requires two wagonloads of agricultural products to buy what one wagonload would buy in 1912. So long as this condition exists we can not expect a return of prosperity to the United States. The condition of the foundation of our economic structure is the cause of this depression.

For months Congress has been treating symptoms. We have not been striking at the cause. Now we have before us a home loan bank bill that is to provide a lean-to addition to the structure which we call the Reconstruction Finance Corporation, all in behalf of financial institutions which perchance have loaned money on dwellings. Not a home owner can go to one of these so-called home-loan banks and get a dollar.

In the name of the home we propose to construct this lean-to addition to the Reconstruction Finance Corporation just to aid another class of financial institutions. That is all the measure amounts to. We have talked about building and loan associations, and Senators know that probably in three-quarters of the States of this Union a building and loan association can not hypothecate its mortgages. It is forbidden by law.

But we will provide in this bill, we are told, for savings banks—still another class of financial institutions that wants Congress to come to its aid; and it is they, probably, that will be responsible for the construction of this proposed lean-to, all upon the plea that it is for the home.

Some one has said, What crimes are committed in the name of liberty! What are we proposing to do here in the name of the home? There is still a chance to do something for the farmer, there is still a chance to do something for agriculture, and Congress ought not to adjourn until something is done.

I have offered an amendment to this home loan bill which has for its purpose a determination of the feasibility of a plan to make the tariff effective for agriculture. The bill merely provides for an experiment. It provides that we shall undertake this experiment with just one product, not for the sake of the product but for the sake of the experiment.

Let us do something so that after this Congress adjourns and another year comes at least we will have negotiated another milestone along the road in our endeavor to aid agriculture.

Whenever a plan has been proposed it is urged to be unconstitutional or unworkable. This amendment I have offered is merely the McNary-Haugen bill, which has passed the Senate twice in past years, applied to but one agricultural product, for the purpose of determining, through litigation, if necessary, whether or not it is a legal method of procedure. Why should we not do this much for agriculture?

Mr. President, a Republican Senate has refused to act, and a Democratic House has refused to act in behalf of agriculture. That is the difficulty which will confront the farmer in the coming campaign. The failure to act for agriculture is a bipartisan failure.

There is still time, however, and we ought to stay here so long as necessary to accomplish a result. There is still time to afford a crumb to agriculture. Then, at least, we can go back and say to the farmers of the Middle West, "We are going to try a plan, we are going to have a decision from the courts, we are going to make an experiment with a product that will best lend itself for experimentation." If the experiment succeeds, the door will be opened. The future will be bright.

Should this amendment be adopted, Congress would merely be acting as business men would act in experimenting in business affairs. We would be taking a careful, cautious step. There is nothing hazardous about the proposal. It is a measure, as I have stated, that, including all farm products, has passed the Senate twice and has passed the House once. It is a measure understood by Representatives and Senators alike. Therefore there is no reason why now we should not at least provide for such an experiment. The opportunity is at hand and should be embraced.

Mr. President, I move to reconsider the vote by which the pending bill was ordered to a third reading, in order that this amendment may be attached, and I now ask that that question be considered.

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the junior Senator from Nebraska [Mr. HOWELL].

Mr. HOWELL. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. TRAMMELL. Mr. President, I would like very much to see this motion adopted. This bill was advanced with lightninglike rapidity from the second to the third reading, and it does look as though we might have an opportunity to consider the proposition on its merits.

I realize that it is getting rather late, and there is considerable restlessness and a desire to adjourn; but I do not think this anxiety on the part of the Senate to adjourn is anything comparable to the anxiety and the yearning of the farmers of this country for some relief from Congress. I

frankly admit that the failure of Congress and this administration, going to the executive as well as to the congressional branch of the Government, has been very disappointing.

I heard a group of Senators speaking a little while ago with some Representatives in one of the cloakrooms, and one of those Senators suggested, "What are you going to tell the farmers you did for them at this session of Congress when you get back?" After this little social conversation, it seemed that no Senator and no Representative was able to suggest anything worth while that had been done for agriculture at this session of the Congress.

I have taken the position throughout our deliberations here that we should have considered the situation that confronted us with a broad vision, and that we should have taken into account the situation as it affected agriculture just the same as all other interests in this country. But I am very sorry to say that it looks as though agriculture has been very largely neglected.

That is regrettable. Every citizen realizes the importance of the farming industry of the country, and everyone realizes the farmer's desperate condition and his need for some assistance.

I do not know that I would have suggested the particular character of legislation which has been proposed by the Senator from Nebraska, but, as he has stated, we have gone on record in favor of this legislation heretofore, and in the hope that it may be of some assistance to our farming interests throughout the country, which are sorely in need of encouragement and assistance from the Government, I hope we will adopt the motion and then agree to the amendment.

Mr. NORRIS. Mr. President, it seems to me not only in matters of this kind but of every kind, we ought to take the practical view of the situation. Let us do that now and see what confronts us. Congress has passed this bill suggested by my colleague almost in its present form, although as it passed it applied to other agricultural products besides wheat. This is the McNary-Haugen bill confined to wheat.

We passed it through the Senate more than twice. It once passed the Senate and failed in the House. It then passed the Senate and passed the House, and was vetoed by the President. Everybody knows—it is no secret—that President Hoover is opposed to the principle involved in the McNary-Haugen bill. He always has been opposed to it. He is likewise opposed to the debenture plan which we passed two or three times in the Senate. Through his influence it was killed in conference or in the House.

When he ran for President one of the propositions he laid before the American people was that if he were elected he would do something for agriculture, that he would place the farmer on an equality with the manufacturer, that he would give the farmer the benefit of the tariff. Millions of people believed he would and that he could. He was "the miracle man" then. They took him at his word, and by an overwhelming majority he was elected.

He undertook to redeem that promise, and the result was the present act providing for the Federal Farm Board. That is his baby; that is his redemption of a preelection promise. That is the bill that was going to place the farmer on an equality with the manufacturer.

Through his influence, also, in redemption of another promise we passed a tariff act that was going to put the farmer on a basis of equality with others under the protective tariff. The Farm Board bill was passed and the tariff bill was passed, and those were the President's two promises to agriculture, and I think everybody here knows the result.

Of course, we would not be able to know definitely, but we are practically certain that if this amendment were put upon the bill the bill would be vetoed by President Hoover. I am not criticizing him, and he would have a perfect right to do that, but I want to call attention to the fact that the President is opposed to that kind of legislation; he is opposed to every bill relieving the farmer the Congress has passed in the past.

Go back to the time soon after the war, when we had pending before us here in the Senate, and had the votes to pass it through the Senate, a bill which would have provided for the establishment of a very large governmental corporation to buy farm products from farm organizations, setting up sales establishments all over the civilized world to handle them. It was defeated to a great extent through Mr. Hoover's influence. Again, let me say, he had a right to his views, and I am not objecting to his entertaining them. I am only calling attention to the fact that time and time and time again the Congress, sometimes with a bill ready to go to the White House, at some step in the legislative procedure met the opposition of Herbert Hoover and was defeated.

I get just a little bit tired of men and papers continually saying, "What has Congress done for the farmer?" It has been defeated by the White House in every great farm measure we have tried to enact, or through White House influence.

We might just as well face the fact that we can not get any legislation unless we can muster two-thirds in the House and in the Senate, as long as Herbert Hoover is in the White House. We all know that to be true. I am not telling Senators anything they do not all know.

When the blame, day after day, and by Members of the Senate, even, and by the newspapers of the country, even by the farm interests, is laid at the door of Congress for the failure to enact farm relief, it ought to be carried to the White House.

Right or wrong, I am not even contending that anybody is right, or that anybody is wrong, but particularly as to the measure that my colleague has offered, there is no hope of getting it enacted into law as long as anybody is President of the United States who holds the ideas that President Hoover holds.

I do not like to have put up to me always, day after day, the failure of legislation. I know it is not a beautiful picture. I realize that it is not a nice thing to look at, but it is the truth and everybody knows it.

The Farm Board bill was passed. That is Hoover's bill. I said when it was before us that I was going to vote for it because I had always felt, every time we brought in a bill from the Committee on Agriculture and Forestry that we thought might relieve agriculture, that we always met the presidential influence and went down to defeat at one stage or another. I said then, I often said and repeated it over and over here and elsewhere, that we have done the best we could. In good faith we brought in this bill and that bill. We disagreed among ourselves sometimes about the details. Some of us sometimes had doubts about some of the details. But I realized the condition of stricken agriculture. We knew that down at the bottom of our structure agriculture is foundation stone, and if it is not prosperous the country can not continue in a prosperous condition. So we said, "If this is wrong, if our bill is not right, let some one else bring in a bill."

So when Mr. Hoover had this bill brought in here providing for the Farm Board I said that I did not believe it was going to bring relief to agriculture. There was, in my opinion, one necessary thing that it failed to do. I thought it could do some good if properly managed, but that it would not cure the great evil. I said the board will have to operate on the basis of the world market, and that is the great thing we were up against—the surplus that the American farmer produces, which as we know controls the entire product and thus makes it impossible for the farm producer to get the benefit of the protective tariff. While he must sell in the free-trade markets of the world, everything he buys that goes to make up his cost of living is protected, and thus the farmer has to pay an artificial price. It is unfair, of course; it is wicked as it applies to the farmer.

So I said, and so did others who had worked with me on the various bills which we reported, "Now for once"—and it was the first time—"those who have been opposing our bills have brought in one of their own." I said I was not going to do like the other side had done—just because I could not

get what I wanted, I was going to kick over what they want, but I was going to act in good faith.

I said we would support the bill and get it through. We did. The $500,000,000 of the American taxpayers' money which we appropriated has dwindled away in carrying out that experiment. I do not think it was a very noble experiment even, and yet I can see where, if it had been properly managed, they could have done some good. It should have had a tendency to equalize the great difference between the high and the low market prices of the farmers' product, but after that they always had to deal in the world market, so I did not really expect it.

The only thing that could be said in defense of it is, as has been claimed, that it raised the price of some commodities like wheat, for instance, above the world price. It is true that it did so for a while. Anybody of ordinary sense could take $500,000,000 and go out and invest it in wheat and produce an artificial price in the United States. But the operation is not yet ended. It is not yet time to boast of success because the board still have the wheat. What are they going to do with it? They will continue to hold it as they have, and, of course, it becomes a menace to every bushel of wheat produced. It is held over the market and until it is sold, until we have got through with the operation, it is too early to say whether it is a success or a failure. So I think there is nothing in the claim that it has helped materially because the injury that has come by the holding of a large amount out of the market and the injury that everybody knows must come when it is dumped upon the market yet stare us in the face.

It seems to me that if we want to be practical men, if the country wants us to be practical men, we ought to look the question in the face just as it is. We can not get this experiment tried, and we know it, as long as Herbert Hoover is in the White House. To repeat, he has just as good a right to his idea about it as I have, but he has had his experiment, and it has failed. We have never had our experiment, because through his influence the legislation at some point has been killed.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the junior Senator from Nebraska [Mr. HOWELL] to reconsider.

The motion was not agreed to.

The PRESIDENT pro tempore. The bill having been read a third time, the question is, Shall the bill pass?

The bill was passed.

The title was amended so as to read: "A bill making an appropriation for the Federal Home Loan Bank Board for the fiscal year ending June 30, 1933."

ADDITIONAL BILL INTRODUCED

Mr. NORBECK introduced a bill (S. 4986) to amend section 5219 of the Revised Statutes of the United States, which was read twice by its title and referred to the Committee on Banking and Currency.

ADDITIONAL ENROLLED BILLS PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, July 16, 1932, that committee presented to the President of the United States the following enrolled bills:

S. 811. An act for the relief of Sophia A. Beers;

S. 2437. An act for the relief of the estate of Annie Lee Edgecumbe, deceased; and

S. 4712. An act authorizing the sale of certain lands no longer required for public purposes in the District of Columbia.

SCOTS AND SCOTTISH INFLUENCE IN CONGRESS—AN HISTORICO-ANTHROPOLOGICAL STUDY

Mr. NORBECK. Mr. President, I ask leave to have printed in the RECORD an article on Scots and Scottish Influence in Congress—An Historico-Anthropological Study by Dr. Arthur MacDonald, of Washington, D. C., formerly fellow of Johns Hopkins University.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[Reprinted from the transactions of the Illinois State Historical Society]

SCOTS AND SCOTTISH INFLUENCE IN CONGRESS—AN HISTORICO-ANTHROPOLOGICAL STUDY

(Being a chapter in the scientific study of modern civilized man by Dr. Arthur MacDonald, Washington, D. C., formerly fellow of Johns Hopkins University)

For many years the author has studied unfortunate and unsuccessful individuals in the community, all of whom were in institutions. Such persons are usually classed with the abnormal, but as a matter of fact, probably three-fourths of them (excepting the insane and feeble-minded) are as normal as other people. While it is important to investigate these so-called abnormals and unsuccessful ones, it is much more important to study those who are successful in the community, that is, persons of ability, talent, or genius. The methods of study are the same for both normal and abnormal.

ANTHROPOLOGY OF MODERN MAN

A study of the Scots and Scottish influence in Congress comes under the general head of anthropology, but anthropology of modern man and not of dead, savage, and prehistoric man, to which anthropologists have given almost all their attention.

That the study of modern man is a new direction for anthropological research is shown by the fact that the first scientific investigation ever made of a human being was that conducted upon Emil Zola by some 20 French specialists in anthropology, psychology, and medicine; this was published in 1897.

It may seem strange that anthropology has been occupied so little with the study of modern man. Whatever the cause of this neglect, it is due time that man, as he is now, be studied, if for no other reason than to remove the stigma of our ignorance of human beings as contracted with our much more accurate knowledge of animals.

From the anthropological point of view, history can be regarded as a subject for scientific investigation, with a view of understanding man better and assisting in his development and progress. Here man can be considered both as an individual, organization,[1] nation or group of nations.[2] It is true that other branches, like history and politics have pursued these fields, but unfortunately not always in the scientific spirit. To cite an ancient pun, it is his story, rather than all the facts.

HISTORY OF SCOTCH BLOOD

There is a tradition that the Scotch were originally a Greek tribe. Tacitus speaks of campaigns against the early Scotchmen, called Calledonians, as though often defeated in battle but never subdued. Scotch leaders may be conquered, but the people are very difficult to suppress.

The inhabitants of Scotland, called Scots or Scotch (after a Celtic tribe originally from Ireland) are derived from widely different stocks. The most primitive races were long-headed (dolicocephalic); following these, came a broad-headed (brachy-cephalic) people, tall, with large jaws and faces; the third ingredient is a teutonic long-headed race of lofty stature. From the stone age to the eleventh century, there is evidence of a continuous Scandinavian invasion, entering largely into the blood of the Scotch Highlanders, who are the tallest people in the world, with an average height of 1,746 meters. Their cephalic index is 76.2—77.9. The population of Scotland contains only a small number of non-Scots; in 1911, only 8 per cent were non-Scotch, and more than half of these were Irish. The foreign element is only about one-half of 1 per cent. The mass of the people are Presbyterians.

GENERAL CHARACTERISTICS OF THE SCOTCH

The chacteristics of the Scotch are found in almost all peoples, but some qualities seem to be more dominant in the Scotch than in other nations.

The Scots have been especially noted for three things: Independence, persistence, and zeal for education. Thus, the history of almost any of the Members of Congress with Scotch blood will illustrate these characteristics. The Scotchman sinks his nationality in the country of his adoption; he makes himself at home in all countries and is internationally popular. The Scotch are rational wanderers and good colonizers. It has been predicted that when the North Pole is finally discovered, a Scotchman will be found astride of it.

The Scotch have little fear, can endure great privation and peril, but they are not easy to live with if one does not agree with them. They are not fussy agitators, not visionaries, but cool, calculating, and practical, with hard-headed horse sense. Charlatanism and quackery have no place for the Scotsman.

Their family feeling was intense, yet it had little effusive expression; the men were not given to emotional exhibitions of any kind, yet the Scotchman will make any sacrifice for his family, and if necessary would not hesitate for a moment to give up his life. The Scotch have always accorded woman a very high place.

[1] See Senate Document (by author) No. 532, Sixtieth Congress, first session, where a summary of this study is given.

See a study of the United States Senate (by the author) published in Spanish, under the title of "Estudo del Senado de los Estados Unidos de America," in Revista Argentina de Ciencias Politicas, 21 de Enero de 1913. Buenos Aires, 1918.

[2] "Mentality of Nations" (by author). Open Court, Chicago, August, 1912. Here nations are compared as to their educational and intellectual status.

The Scots were so thorough and persistent that when they went wrong they preferred grand rather than petty larceny, and if it were murder it was generally to hang.

In war if the enemy gave up entirely he was treated with magnanimity. The Scotch had their faults, but they were of force and violence, not of cowardice and treachery; they may have been hard at a bargain, but once made, it was carried out to the letter; their integrity was unquestioned. Their hatred for tyrants was inborn.

SCOTCH AS LEADERS IN EDUCATION

In 1496 popular education was strongly advocated in Scotland, even compulsory education for eldest sons of freeholders and persons of substances was the law.

Scotland recognized the value of Newton's work 35 years before England did. Napier in the sixteenth century of social and ecclesiastical turmoil, was the inventor of logarithms. The supremacy of the Scotch in the British Isles, elementary and secondary education is generally acknowledged. In proportion to population, Scotland has a much larger number of university students than England.

The Scotch-Irish schoolmaster was a familiar figure in the early formative period of American education. The American school system has a Scottish stamp; the American university resembles the Scotch more than the English. The Scotch had such great respect for learning that they would not listen even to a Calvanistic preacher unless he had a classical and theological education.

Of the college men in the Constitutional Convention, more than one-half were of Scotch descent.

SCOTCH IN AMERICA

The first notable Scotch arrivals in America were shipped as prisoners of war, sentenced to be transported to American plantations and sold into service. No man ever came under such discouraging conditions. Yet the Scotch have cut deeper into the history of the United States, probably, than any other nationality, though they have not been the most numerous or boastful.

The Scotch in America have shown practically the characteristics of their mother country. They are persons of few words, dislike of display, quiet and undemonstrative in behavior, but more firm and determined in spirit; cautious and reserved, but energetic and tenacious with a capacity for hard work which with patience, courage, and endurance is liable to result in success. "Vigorous initiative" is a phrase especially fitting the Scotch. Roosevelt in his "Winning of the West" calls the Scotch a "stern and virile people," and speaks of the leaders of national expansion, who had Scotch-Irish as "dominant strains" in their blood.

THE SCOTCH AS POLITICAL LEADERS

Bancroft, a typical New Englander, says that the first voice raised in America to dissolve all connection with Great Britain, did not come from Puritans in New England, nor Dutch in New York, but from Scotch-Irish Presbyterians.[3] It was Patrick Henry, a Scot, who said, "I know not what course others may take, but as for me, give me liberty or give me death." It was John Witherspoon, of New Jersey, James Wilson, of Pennsylvania, and Edward Rutledge, of South Carolina, who were of the 11 Scotchmen who signed the Declaration of Independence. Witherspoon said, "He that will not respond to its accents and strain every nerve to carry into effect its provisions, is unworthy of the name of freeman." On this appeal the Declaration of Independence was signed. It is the handwriting of a Scotchman (who was Secretary of the Congress), publicly read to the people by a Scotchman and first printed by still another Scotchman. Of the 54 members of the Convention for the new nation, 12 were of Scotch descent, but on many occasions they had much more influence than their numbers show. One Scot stood easily at the head, and for intellectual eminence and statesmanship outranks them all; it was Alexander Hamilton, who was a Member of Congress at 25 years of age.

In an original study of the "Distribution of Ability in the United States,"[4] by Senator Lodge, the distinguished author finds that in statesmen Virginia leads, with Massachusetts, New York, and Connecticut closely following; and that as to nationality, the Scotch-Irish and Scotch lead in statesmen.

From 1860 to 1900, there have been in the United States some 80 Senators of Scotch descent; among whom are Blair, Cameron, Cockrell, Logan, McPherson, Teller, McEnery, Vance, Blaine, Breckenridge, Morton, McCumber, and Beveridge.

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SCOTCH INFLUENCE IN THE SENATE OF THE SIXTY-SECOND CONGRESS

English, Irish, and other blood should be studied as to its influence in Congress as well as Scotch blood.

Inasmuch as the Senators who have favored me with the details of their Scotch ancestry have had very different lengths of service, it is impossible to estimate by statistical methods their legislative success or ability. As many of the Senators, however, both Scotch and non-Scotch, were Members of the Senate of the Sixty-second Congress, I shall utilize a detailed study which I made of that Senate, published in Spanish,[5] but not as yet in English.

The Senate of this particular Congress was selected because it might be called a normal Senate. The majority party had been in power for a long while, and the Senate had settled down to what might be called the regular order.

The present study of Scottish influence upon legislation in this Senate is new and an additional chapter to the study in Spanish. Thus opportunity will be afforded for comparison between Scotch and non-Scotch ingredients. Therefore, before presenting the main legislative activities of individual Scotch Senators, it will be more instructive and satisfactory to make an investigation in the Senate of the Sixty-second Congress. While the conclusions drawn apply only to this particular Senate, they are liable to be approximately true of other normal Senates.

SCOTCH MORE PROGRESSIVE AND MORE FAITHFUL IN VOTING

Table 1 gives percentages of attendance at quorum and yea-and-nay calls of the Senate of the Sixty-second Congress as a whole, of its political divisions, and the Senators with Scotch blood similarly classified. It may be noted incidentally that Senators as a body attend yea-and-nay calls 10 per cent more than they do quorum calls, contradicting a statement sometimes made that Senators dodge voting.

TABLE I.—*Quorum and yea-and-nay calls (percentages)*

	Number	Per cent	Quorum	Yea and nay	Increase in voting
The Senate	80	100	59	69	10
Democrats	34	43	55	66	11
Republicans	46	57	62	77	15
Senators with Scottish blood	18	22	57	68	11
Republicans with no Scottish blood	36	79	63	71	8
Republicans with Scottish blood	10	21	60	68	8
Democrats with no Scottish blood	26	77	55	65	10
Conservative Republicans with Scotch blood	5	50	60	63	3
Progressive Republicans with Scotch blood	5	50	60	73	13
Conservative Republicans	34	74	63	70	7
Progressive Republicans	12	26	61	75	16

It will be seen from this table that the progressive Republicans constitute 26 per cent of all Republicans, but that the Scotch progressive Republicans constitute 50 per cent of all Scotch Republicans; that is, Scotch blood flows relative almost double the amount of progressiveness, illustrating the reputation of the Scotch for persistence in demanding independence. It appears also that Scotch progressive Republicans attend quorum calls the same (60 per cent) as Scotch conservative Republicans, but in the yea-and-nay calls they excel the conservatives by 10 per cent. As between Democratic and Republican Senators, the relative number of Scotch is about the same. As between Democrats with Scotch blood and those without, the Scotch answer yea-and-nay calls 3 per cent more.

In Table II will be found percentages as to educational status and geographical position of all Senators with Scotch blood and those without Scotch blood; also, Scotch and non-Scotch Senators can be compared as to previous legislative experience in State legislatures and House of Representatives. In the last part of the table are given averages for frequency of remarks on the floor and number of subjects discussed. Beginning at the top of the table, it will be seen that 37 per cent of Senators with Scotch blood are university men and 52 per cent college men and only 11 per cent with common-school education. These percentages are much greater than those for all Senators and non-Scotch Senators, showing decided educational superiority of the Scotch. Also it will be seen that relatively a very large proportion (61 per cent) of Scotch Senators went to the Western States, confirming the pushing and aggressive nature of the Scotch. The Scotch have distinctly less (10 per cent) previous legislative experience before coming to the Senate than the non-Scotch.

[3] Bancroft, George, History of the United States, vol. 5, p. 11.

[4] Lodge, Henry Cabot—"The Distribution of Ability in the United States," Century Magazine, September, 1891.

[5] Estulio del Senado de los Estados Unidos re America, Revista Argentina de Ciencias Politicas, 12 de Enero de 1918. Buenos Aires, pp. 390–410.

TABLE II.—*Scotch superior in education and knowledge*

Educational, geographical, and legislative divisions	All Senators	Scotch Senators	Non-Scotch Senators
	Per cent	*Per cent*	*Per cent*
University men	25	37	20
College men	47	52	46
Common-school education	28	11	34
Eastern States	2	10	33
Western States	42	61	38
Southern States	29	29	29
Previous legislative experience	64	55	66
Previously in House of Representatives	32	22	35
Reared in rural districts	67	73	66
Reared in city	33	27	33
Professional men	79	89	76
Business men	21	11	24
Breadth of knowledge	(1)	(1)	(1)
Frequency of remarks	166	204	155
Number of subjects discussed	50	60	48
Age in years	59	56	59

[1] Average.

It will be noted that a much higher per cent of the Scotch (73) are reared in the country than other Senators.

As in their educational status, the Scotch stand much the highest, as they show distinctly the largest per cent (89) of professional men and lowest per cent (11) of business men, as compared with other Senators.

In regard to frequency of remarks on the floor, the Scotch average very much the highest (204), and likewise as to average number of subjects discussed they distinctly excel. The author has shown in his study of the Sixty-second Senate in Spanish that in general the best educated Senators stand the highest in frequency of remarks and number of subjects discussed. Frequency of remarks has no relation to long speeches, but indicates broader intellectual interest in legislation. Number of subjects discussed also shows greater breadth of knowledge. The Scotch are, in general, younger than other Senators, their average age being 56, as over against 59, the average of the Senate as a whole.

ESTIMATE OF LEGISLATIVE ABILITY

The schedule and scale of units of value on which an estimate of legislative ability is based are presented in Table III. By a careful examination of this table it will be seen that only 2½ per cent of private bills introduced, 10 per cent of public bills, 24 per cent of joint resolutions and 44 per cent of pension bills were enacted into law. The unit scale of value or of successful legislation is based upon private bills, the most difficult to have enacted into law. If we let 2½ per cent represent units of value, that is, if every private bill enacted into law counts 100 units, then, since 10 per cent of public bills became law every public bill enacted into law will count 25 units, every joint resolution 10 units, every pension bill 6 units, and so on. In short, the scale is based upon the degree of difficulty in passage of bills and resolutions. Thus, if a Senator introduces a private bill and gets it enacted into law, it counts 100 units; if it passes the Senate only, 25 units. While it is true, in exceptional cases, another Senator may get false credit, in the great majority of cases it is not true; also, exceptional cases may balance each other following the general law of averages.

TABLE III.—*Scale of units of value*[1] *and schedules*

Bills and resolutions	Per cent	Reported scale of units	Per cent	Passed Senate, scale of units	Enacted into law	
					Per cent	Scale of units
Private bills	12	20	10	25	2.5	100
Public bills	35	7	30	8	10	24
Joint resolutions			42	6	24	10
Pension bills			50	5	44	6
Concurrent resolutions			67	4	[2] 56	4
Senate resolutions			74	3		

[1] Fractions are omitted in unit scale.
[2] Passing both houses.

LEGISLATIVE SUPERIORITY OF SCOTCH BLOOD

Applying then our schedule of legislative units of value to the political divisions of the Senate of the Sixty-second Congress and to the Senators with and without Scotch blood, the results will be seen in Table IV.

The table shows that Democratic Senators, as a whole, are almost three times less successful in securing legislative results than the Republicans. This, however, is easily understood from the fact that minority parties do not hold themselves politically responsible for legislation. If the Senate were studied when the Democrats were the majority party, comparisons might be made.

It will be seen that the progressive Republicans are distinctly inferior in obtaining legislative results as compared with the conservative Republicans. This doubtless is due mainly to the fact that they do not always vote with their party and naturally could not expect to be assigned to important committees as frequently as those who are strict party men. Moreover, they are younger and have not been in the Senate as long as the conservative Republicans. In addition, their legislative efforts are liable to meet with stronger opposition than the legislative measures of the conservative Republicans.[6]

In regard to the influence of Scotch blood, it will be seen from Table IV that as between Senators with and Senators without Scotch blood there is practically no difference in legislative success, their average units value being nearly the same for both public and private bills. But comparing Scotch progressive Republicans with progressive Republicans not Scotch, thus eliminating the legislative disadvantage of progressivism, it will be seen that the Scotch blood is greatly superior to the non-Scotch, it being 409 units of value over against 298 similar units of value for public and private bills combined. That this legislative superiority of Scotch blood is not accidental is shown further by the fact that conservative Republicans with Scotch blood are distinctly superior in legislative results to conservative Republicans without Scotch blood, the average units of value being 626 over against 525.

TABLE IV.—*Application of unit value*

Political and Scotch divisions of Senators	Average units of values—Bills		
	Public	Private	Both
Democratic Senators	76	121	197
Republican Senators	156	343	499
Conservative Republicans	161	373	534
Progressive Republicans	126	259	385
The Senate as a whole	122	250	372
Senators with Scotch blood	121	251	372
Senators without Scotch blood	123	250	373
Scotch Progressive Republicans	109	300	409
Progressive Republicans, not Scotch	102	196	298
Scotch Conservative Republicans	201	425	626
Conservative Republicans, not Scotch	161	364	525

Practically considered, legislative success in obtaining results is synonymous with legislative ability, otherwise it might throw doubt upon the integrity of senatorial rules and activities.

TABLE V.—*Conclusions as to the Senate of the Sixty-second Congress*

In order to understand better the study of Scottish influence in the Senate of the Sixty-second Congress it will be helpful to state some of the conclusions based upon the history of the legislative activities of 80 Members of that Senate in detail, based upon Table V.

As already intimated, these conclusions apply only to this Senate, yet they create a presumption of their general application to other similar Senates.

As an illustration of the method of estimating the rank of a Senator we will take Senator No. 1 of Table V, who stood the highest in results of public legislative activity.

The units of value for the reporting, passing, and enacting into law bills and resolutions will be found in Table III.

1. The Republican progressives show a higher percentage of attendance at yea-and-nay calls than the conservative Republicans (70 per cent).

2. Senators who are business men have a higher percentage (61) of attendance at quorum calls than professional men (58) but a lower percentage (66) at yea-and-nay calls than professional men (69).

3. Chairmen of important committees show the highest percentage of attendance (66) at quorum calls.

4. In general more than half of the bills introduced in the Senate receive little or no attention.

5. The progressive Republicans held the highest average (240) in frequency of remarks on the floor, the conservative Republicans coming second (167), which is very much lower. The Democrats have a still lower average of 138.

6. Frequency of remarks on the floor increases as the degree of education increases; the average for university men is 233, college men 147, and Senators with common-school education 137.

7. Of the Democrats 35 per cent and of the Republicans 17 per cent are university men, but 54 per cent of the Republicans are college men over against 38 per cent of the Democrats.

8. Senators without previous legislative experience before coming to the Senate show the least legislative success or ability.

These conclusions apply only to groups of Senators, and not to individual Senators.

		Units of Value
Number of public bills reported only	(Column 11)	23× 7=161
Number of public bills passed by Senate only	(Column 12)	44× 8=352
Number of public bills enacted into law	(Column 13)	14×25=350
Joint resolutions passed by Senate only	(Column 14)	2× 6= 12
Joint resolutions enacted into law	(Column 15)	4×10= 40
Concurrent resolutions passing the Senate only	(Column 16)	1× 3= 3
Senate resolutions adopted	(Column 18)	25× 3= 75
Total units of value for public legislative activity		993

[6] For further data on these points, see articles on the study of the Senate in Spanish already referred to.

SCOTCH SUPERIOR IN INITIAL LEGISLATIVE ACTIVITY

Some Senators may not be very successful in obtaining legislative results, due either to their relatively short time in the Senate, or their belonging to the minority party, or their opposition to their own party. But, nevertheless, they may have shown much legislative effort or activity in the way of introducing bills, offering amendments, submitting motions and resolutions, petitions and memorials, or by frequency of remarks on the floor of the Senate. These activities come under the head of initial legislation, as indicated in Table VI.

From a general survey of Table VI, it will be seen that with few exceptions (mostly unimportant) the averages of initial legislative activity for Senators with Scotch blood are distinctly higher than for non-Scotch Senators. Beginning at the top of Table VI, it will be noted that Republicans with Scotch blood show distinctively higher averages than the non-Scotch Republicans in introducing public bills, offering amendments and in frequency of remarks on the floor of the Senate and in number of subjects discussed; but they have distinctively less averages for submitting motions and resolutions and presenting petitions and memorials; these last two forms of initial legislative activity are more of a formal nature. Also, the Scotch Democrats excel the non-Scotch in every form of initial activity except the introduction of private bills.

Eliminating the factor of progressivism, we find that the Scotch progressive Republicans and the Scotch conservative Republicans (especially) are superior to the non-Scotch. Comparing the Northern Democrats-Scotch and the Southern Democrats-Scotch with the non-Scotch, respectively, the Scotch distinctly excel in the introduction of public bills, in amendments offered, in frequency of remarks and number of subjects disclosed; that is, in the most important initial legislative activities.

TABLE VI.—*Initial legislation in Senate of Sixty-second Congress*

Political and geographical divisions and Scotch ancestry	Initial legislative activities in averages							
	Public bills and joint resolutions introduced	Private bills introduced	Pension bills introduced	Amendments offered	Motions and resolutions submitted	Petitions and memorials presented	Number of subjects discussed on floor of Senate	Frequency of remarks on floor of Senate
All Republicans—Scotch blood	34	16	69	33	14	48	59	212
All Republicans—non-Scotch	27	17	73	22	24	69	52	177
All Democrats—Scotch	20	15	48	23	13	42	61	193
All Democrats—non-Scotch	15	23	23	16	7	23	42	121
Progressive Republicans—Scotch	20	14	54	20	13	43	64	204
Progressive Republicans—non-Scotch	24	6	23	25	15	26	64	259
Conservative Republicans—Scotch	48	19	85	46	18	54	56	250
Conservative Republicans—non-Scotch	28	20	85	21	26	79	50	157
Northern Democrats—Scotch	26	20	62	29	14	32	50	160
Northern Democrats—non-Scotch	18	13	43	18	9	49	44	131
Southern Democrats—Scotch	19	11	15	23	13	31	69	211
Southern Democrats—non-Scotch	11	30	17	13	7	9	40	114
Northern Democrats (all)	20	14	47	21	15	45	45	138
Southern Democrats (all)	13	25	16	16	8	15	47	138

NUMBER OF GREAT STATESMEN DECREASING

It is a frequent remark that our modern statesmen do not seem to measure up to those in our early history. This is true, but it is a necessary result of biological law. Though the effects of education and environment are not inherited, they can be handed down to later generations through custom, tradition, and history. So while we do not inherit them through the germ cells, we do receive them from the social organism. In this sense "We are the heirs of all the ages."

DECREASE OF GREAT MEN CAUSED BY MODERN CIVILIZATION

This social inheritance causes the environment to grow more and more complex, while our inherited natures remain unchanged. This produces disharmony and disturbance, and sometimes the elimination of those not able to adapt themselves to new conditions. Our mental and moral environment has come to us with ever-increasing increments, but our inherited natures and abilities have remained fixed. Social heredity has outrun germinal heredity. The struggle between these two forms of heredity, due to the requirements of modern civilization, fortunately is now better understood than in the past.

No modern race of men are equal to the ancient Greeks, who in two centuries produced a galaxy of illustrious men never found since. The average ability of the Athenian race at this period (530 to 430 B. C.) was (according to Galton), on the lowest possible estimate, as much greater than that of the English race of the present day, as the English race is above the African Negro in average ability.

POWER OF MEDIOCRITY DECREASES NUMBER OF GREAT MEN

It has been found that fathers 72 inches in height had sons with a mean stature of 70.8 inches, which is a regression toward the normal stature of the race. Again, fathers 66 inches in height had sons with a mean stature of 68.3 inches, which is a progression toward the normal. This tendency of average height or mediocrity of stature produces the regression or progression to the average or normal type and applies generally because man is subject to heredity in every aspect of his physical and mental make-up.

It has been found that extreme peculiarities of parents are less extreme in children, and that the most gifted parents can not expect to have children as gifted. This is called the law of filial regression, which is a tendency to the average or mediocrity. For ages the mountains have been washing down into the valleys, and while the general level has increased in height the peaks have been disappearing, so that we seem to be slowly approaching a generation of exaltation of mediocrity.

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This study of Scots in Congress is, as already noted, a line of investigation which belongs under the head of Anthropology of Civilized Man, and is a relatively new direction for anthropology.

In order to indicate the varied nature and extent of all such inquiries in a practical way, a list of the author's publications is given. They have proven to be more or less of a pioneer character, and deal with both the normal and abnormal, and in all stages from the lowest idiocy to the highest genius.

The following works and articles are arranged in chronological order. Some have been published by the United States Senate and United States Bureau of Education, and others by private agencies; the majority have appeared in specialistic journals of this and other countries. Many contain bibliographies, some of which are quite extensive:

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SENATE'S STOCK-EXCHANGE INQUIRY

Mr. BROOKHART. Mr. President, I ask leave to have published in the RECORD a speech of Hon. PETER NORBECK, United States Senator from South Dakota, in the National Radio Forum, made Monday night, May 9, 1932.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Every man, woman, and child in the United States has been stung by the bad practices of the stock exchange, which have now taken the form of short selling and bear raiding. The stock-exchange boom burst in the fall of 1929, a couple of years ago. Prior to that there was a steady rise and wild speculation such as was unknown in all history of mankind. The speculators were rigging the market by all sorts of misleading reports, and they were making big profits. They were bulls then; they are bears now. They took large profits while the market was rising; now they are taking large profits while the market is falling.

When they could think of nothing else to sell they would go out and sell shares in themselves. Some of our large bankers would sell shares in their own banks and recommend them highly, at ten times their actual value. Now they are getting the shares back at their own price. The Great War cost us $20,000,000,000. The boys who saw service will be old men before the war debt is paid, but the loss to the American public through the shrinkage of stocks and bonds is many times as large.

Why did you buy stocks and bonds on the market? You did it upon the advice of those in whom you had confidence. They kept going up. By that time you began to feel certain the advice was good, and more advice was freely given. You got it from newspapers, you got it from magazines, and you got it from books. You got it from promoters and got it from professors of political economy. You got it from everywhere. The country was full of people who were willing to misrepresent things to you in order that they might line their own pockets. Some, of course, were simply mistaken. But how easy it is to give the wrong advice when there is a gain connected with the advice.

Anyone who examines the tons of literature, dealing with investments, which appeared in books, magazines, and the daily press during the period between 1924 and 1929 can not escape the conclusion that there was a large measure of direction given to the publicity of speculative security markets. First, they played up common stocks instead of bonds. Then, when the public had digested all the common stock it would take, they changed the tune and started a systematic publicity campaign for investment trust shares. They not only employed high-pressure publicity writers, but men of learning occupying distinguished positions in eastern universities prepared articles which curiously fitted well into the general program of the stock promoters. The committee in investigating has already found where one man, a Mr. Plummer, of New York, paid out over a quarter of a million dollars for ballyhoo articles sent through the public press for you to read and bet your money on. The evidence was undisputed. Canceled checks were brought before the committee, and in some cases the actual contracts for publicity work. This sum he paid out mostly in one year—1924—before the boom had fairly started. Financial writers were not making any big profit in 1924. That is before they bought Ford cars. Later they had Buicks, Cadillacs, and Packards. But the real display of luxury among them did not come until 1928 and '29. The boom burst in the fall of '29.

The present severe depression is largely the result of stock-market operations. The cash flowed into New York from every community. There had never been such a centralization of wealth as that which flowed so freely into Wall Street in 1927, 1928, and 1929. The results, however, are severe. Families are destitute. Suicides are common. Widows and orphans are the harvest. Should we stand idly by? It is admitted that more than 20,000,000 people, most of them heads of families, lost their savings when the boom burst in 1929. Just think of it—20,000,000 families in the United States were affected by these losses! That is, only one-third of the population of this country escaped the direct effect, and they suffered indirectly. In the spring of 1928, a year and a half before the boom burst in Wall Street, the Senate Banking Committee recommended remedial measures, but it was impossible to get the approval of Congress. Even at that time stocks sold at fictitious values, but the public enjoyed the situation. Stocks were going up from day to day, they said. Why disturb such prosperity as that? Technical lawyers argued then as now that Congress had no control over the stock exchanges. We got no support. All we could do was to make a report predicting disaster, and nobody wanted to read that. Bad news was not wanted. Our committee implored members of the Federal Reserve Board to prevent the use of that banking system for speculation. Such a wild orgy might have been prevented, but the board sat with their hands folded and drew their salaries.

The American people had forgotten that what goes up must come down. They knew these shares were not earning much dividend. Many were paying only 1 or 2 per cent, but selling at more than $100. The stock-market operators knew the break was sure to come. The public also should have known that much, but they did not.

One of the large bankers in Chicago referred to the stock market as the worst crap game in the country.

The road to prosperity must be built upon confidence; the confidence is lacking. The Street sold it out for cash. The lambs have been sheared and it takes time to grow more wool.

If you ask me again what is the major cause of the present depression, I again answer you—it was due to the manipulation of the stock market, the booming of the market, and the bursting of the market.

The vicious practices of the market are well known, but they are hard to prove. Mr. Whitney, the president of the stock exchange, was amazingly ignorant of manipulations and pools. For some time he even denied their existence, though there are dozens of books in the library which devote long discussions on the manipulations of a pool. Mr. Whitney drove the committee to seek information from other quarters.

The committee has to get actual proof. Many men come to me who know the New York Stock Market, its ins and outs, its ups and downs, and who are familiar with the methods of robbing the public, but are not willing to testify before the committee. They insist their names must be withheld. They say the system will get them. They will be ostracized; their credit will be curtailed. They will be driven out of business. They will be made bankrupt, and some actually go so far as to express fear of their lives. They tell me the system has so many ramifications. It is even claimed the Chicago gangsters are interested in certain manipulations. It has a string on so many people that it has friends in every place, high or low. The number of manipulators

is small. The lambs are many. In this game, the ninety-nine have no chance against the one—the wolf.

One of the leading operators, who was compelled to testify under oath before the Banking Committee as to stock-market manipulations, frankly expressed fear of his safety and said Capone was a piker compared to these people.

There has been much division of opinion in the committee as to the advisability of proceeding with this investigation and as to what remedy might be applied. One Senator frankly stated in print that Congress should not interfere with this institution or its practices. He shares the views of the exchange—that all the regulating they need is to regulate themselves.

I am happy to say, however, that I believe a majority of the committee are for a real investigation, both of the bulls and the bears, no matter who gets hurt by it, for they believe in the end it will help to restore a better condition throughout the country. I believe a majority of the Senators consider it just as wrong to misrepresent the value of a stock or bond as to sell rotten eggs for fresh eggs.

A generation ago only a few stocks were listed on the market. Property was owned by individuals, not by corporations. To-day the reverse is true. The average man or woman in the eastern section of the United States now owns very little property, except as shares in some big corporation, or bonds on same, and these shares and bonds are being manipulated up and down to the great loss of those who actually own same. I believe that owners of shares should be protected by law, the same as the owners of a home, a farm, or a town lot; they are not so protected now. If your property is in the form of stock or bond, a manipulation of the market may make you poor in a day, even though you are not a speculator. If the market practices had been more fair and the investor had been protected there would not have been such a severe depression; there would not have been so much unemployment. But the manipulators are powerful and they don't intend that anybody shall interfere with their game.

One of the witnesses before the committee declared that the violence of speculation was caused by stupid money in the hands of stupid people.

Some of this stupid money found its way into membership on the New York Stock Exchange. One member, who was a theater ticket agent in 1918, found his way into the exchange in 1920 and at the peak of the bull market had eight memberships among his partners.

The management of one newspaper which has called the investigation "one of the most fantastic affairs that unreason could create" is closely associated with a great bank and a large oil-producing concern, neither one of which would enjoy public examination of its affairs.

Another critical journal has a president who was in the midst of the investment trust movement. One of his pet trusts enjoyed a price range for its shares between $190 and 5 cents.

Testimony before this committee regarding the radio pool showed that brokers participated in the pools and pool manipulations. One of these brokers was the specialist of the stock in which the pool dealt. At least he operated through use of his wife's name. There was no regard for anything except profits. The public was not considered.

This is even a violation of the rules of the New York Stock Exchange—this stock exchange that insists that they should be allowed to govern themselves and that Congress should not undertake their regulation.

A year ago we had one of the largest bankers in the country before the Committee on Banking and Currency. He admitted in his testimony that he had recommended the purchase of Anaconda Copper mining stock to the general public at $140 per share. It is now down to $5 or $10 per share, and this man wonders now why there isn't confidence—confidence in him, confidence in his bank, confidence in Wall Street, confidence in New York.

Can the public be blamed for the lack of confidence in our markets, lack of confidence in our institutions, lack of confidence in our Government, and lack of confidence in themselves?

A method must be found to prevent a repetition of this. Congress does not want to interfere with private business, but Congress may have to do that very thing.

Th New York market boasts of its reform rules, and there are some that can fairly be called so, but often they are traceable to laws enacted by the State of New York to make certain practices criminal. The stock-market reform rules come late and are observed poorly after they have been adopted.

I maintain, however, that the New York Stock Exchange does not and can not reflect the true values of the securities which are traded thereon. As long as the natural and normal laws of supply and demand are denied and while a selected group of powerful individuals can influence values to their own advantage, an honest and equitable exchange for the purchase and sale of securities can not exist.

For a generation, at least, a big cloud has hung over the land—the threat of centralized wealth. The bulk of the national income falls in a very few hands. Their income is so enormous that it gains additional velocity every year, but no force has been so potent in the concentration of wealth as the extreme fluctuations in the stock and bond market—the boom and the bursting of the boom.

It is not only the stock market and the bond market but similar bad practices exist in the commodity market. Wheat and cotton often go up or down without much regard to supply or demand. It fluctuates according to the will of the powerful operators. Traders prefer this kind of a market; they call it an active market, but it is sometimes so active that the farmer goes without pay for his labor and the workingman pays "what the traffic will bear." The middleman gets the bulk of it, but the present investigation is of the stock exchange. If better market conditions can be brought about, it will point the way to certain changes in the farmer's market also.

I feel the need of drastic revision of the stock-exchange practices; the buying public are entitled to full information. They do not have it now.

A pool is formed and a stock issue is taken on. Various methods are used in boosting such stock. It is misrepresented in many ways. You are advised that it has large earnings. You read the recommendation of well-known investment firms. You are even told by your bankers that it is good stock to buy. You receive market letters from New York brokers recommending it highly. It rises steadily and the manipulators profit greatly, but when they have sold it to the public they have no more interest in it. Their support is withdrawn, the publicity ceases, the buying end of the slump starts.

It is a common practice for the buyer to leave his stock with the broker. The broker is called upon by a bear raider who wants to break the market. For a consideration he lends your stock to the raider, who sells short—that is, he sells what he has not got, but he has borrowed some of it. He has options on more of it. He is fairly well protected. He starts out to destroy public confidence and to break its value. He succeeds, and he profits immensely by that.

You will recall the recent Swedish Match Co. debacle. The firm name was Kreuger & Toll. It was after Kreuger committed suicide that the irregularities of the firm were discovered, among which were forged bonds on which they had secured credit.

Is it conceivable that all the selling that took place just before Kreuger's suicide was done by those who knew a great deal more about the situation than the buyer did?

Did they know what was coming?

Did they take advantage of the unsuspecting public and sell them that which they knew to be worthless?

The bear raiders are especially active now. They depress a weak market and ruin the value of other people's property. One witness before our committee admitted frankly that it was "pathetic" the way the public put their money into the stock market—and "pathetic" is the right word.

Many obstacles are thrown in the way of investigation. We are dealing with men who are powerful and high-handed. They are in the habit of having their own way. They don't intend to be interfered with. But Congress has a duty to perform; at least, the duty to put the searchlight on and show the public the real situation. It is a debt we owe to every taxpayer, property owner in the land—yes, to every citizen of the Republic.

President Whitney of the stock exchange wanted to give the exchange credit for saving the country when England went off the gold standard. He said if it had not been for the exchange a moratorium would have been precipitated—in other words, the panic would have been brought on.

It follows that any critical time the New York Stock Exchange can bring on a panic.

Is it possible that so much power is lodged in a voluntary association for profit—operating entirely outside governmental regulations?

It is a century since powerful financial interests of the land, the bank profiteers of this land, said to President Jackson that if they could not have their way a panic would result. He told them if they brought on a panic they would be hung. But Jackson stood his ground and no panic followed.

APPROPRIATIONS FOR 1933, $1,007,353,618.94 LESS THAN FOR 1932—BUDGET ESTIMATES REDUCED $334,294,094.18—BUDGET BALANCED AND OUR CREDIT UNIMPAIRED

Mr. JONES. Mr. President, it is not my purpose to go into a lengthy and detailed discussion in the comparison of the appropriations made at this session for the fiscal year 1933 with the same for the fiscal year 1932.

It gives me great satisfaction to state that we have effected a reduction in the appropriations for the fiscal year 1933 of $1,007,353,618.94 under the same for the fiscal year 1932.

This result is most gratifying to me and compensates for the hard and laborious work of the past eight months in accomplishing this greatly desired result at this particular time. The total appropriations, including regular annual, permanents and indefinites, and deficiencies, have been reduced from $5,618,546,098.18 to $4,761,192,479.24—a reduction of $857,353,618.94. Added to this enormous reduction the $150,000,000 estimated minimum saving on account of the economy bill makes a total reduction of $1,007,353,618.94.

This splendid result has been and is the prime factor toward balancing our Budget. Our house is being put in order, and we are thereby moving toward a self-sustaining basis. It is this more than anything else which makes for the stabilization of our national finances and maintains that which is of most importance and dearest to our country, namely, the maintenance, strength, and unques-

tioned integrity of our national credit. This great country of ours, filled with honest and industrious citizens, will most surely emerge from this depression, and the reduction of over a billion dollars in our appropriations will undoubtedly have a most beneficial effect and give cheer and comfort to our already overburdened taxpayers.

It is with great satisfaction and pride that I call attention to a result never before attained in the history of our country by the Senate of the United States and its Committee on Appropriations. The appropriations for the regular annual and deficiency bills were reduced from $3,315,412,410.40 as passed by the House of Representatives to $3,289,997,142.27 as reported to the Senate, a reduction of $25,415,268.13. The same appropriations were reduced from $3,315,412,410.40 as passed the House of Representatives to $3,292,907,536.20 as passed the Senate, a reduction of $22,504,874.20. This result is eminently satisfactory, and I desire at this time to thank each and every member of the Senate Committee on Appropriations for their aid in accomplishing this result. Without their help this could not have been accomplished.

I fear there exists in the minds of some of our citizens some distrust of Congress. I hope every one of our people will weigh this matter carefully and with fairness in their hearts give due credit to their representatives in Congress for reducing appropriations $1,007,353,618.94. I am unable to think of a better evidence of good faith and honest intention than this.

There exists in the minds of many that Congress can reduce appropriations at will, forgetting that our appropriations are made in pursuance of law. Until these laws are repealed it is indeed difficult to make reductions to the extent many think advisable. In the very nature of things there are appropriations concerning which no great reduction can reasonably be made. Some of them are fixed charges. As an illustration, I mention the following:

Interest on the public debt	$640,000,000
Sinking fund requirements	496,803,478
Veterans' Administration, including permanents and indefinites	1,020,364,000
Naval service, including permanent annual appropriations	318,906,141
Military service, exclusive of nonmilitary items but including permanent annual appropriations	290,575,924
Postal Service	806,104,675
Total	3,572,754,218

At a glance it is easily seen that the reductions in these six items can not be as great as many would expect. Deducting this sum of $3,572,754,218 from our total appropriations of $4,761,192,479.24 for 1933, you have remaining $1,188,438,261.24. Thus it will be observed that the field of reduction is much more restricted than many believe. In a country filled with forward-looking, ambitious citizens it is with much difficulty that appropriations are reduced. Yet in the face of all these obstacles we report to you a saving of $1,007,353,618.94.

Congress has reduced the estimates of the Budget for the fiscal year 1933 from $4,643,945,196.90 to $4,459,651,102.72, a reduction of $184,294,094.18, to which should be added the estimated savings on account of the economy bill of $150,000,000, making a total reduction of Budget estimates of $334,294,094.18.

Since the establishment of the Budget system in 1921, 11 sets of estimates have been transmitted. Congress has effected a net reduction in each of these years, with the exception of one (1930), where there was a slight increase. The amounts of the reductions by years and in the aggregate net are as follows:

Fiscal year 1923 and prior years (67th Cong., 1st and 2d sess.)	$312,361,792.27
Fiscal year 1924 and prior years (67th Cong., 3d and 4th sess.)	10,741,504.15
Fiscal year 1925 and prior years (68th Cong., 1st sess.)	9,024,637.08
Fiscal year 1926 and prior years (68th Cong., 2d sess.)	12,596,495.90
Fiscal year 1927 and prior years (69th Cong., 1st sess.)	6,716,064.34
Fiscal year 1928 and prior years (69th Cong., 2d sess.)	7,752,939.03
Fiscal year 1929 and prior years (70th Cong., 1st sess.)	9,139,989.51
Fiscal year 1930 and prior years (70th Cong., 2d sess.)	[1] 8,142,294.71
Fiscal year 1931 and prior years (71st Cong., 1st and 2d sess.)	25,155,353.30
Fiscal year 1932 and prior years (71st Cong., 3d sess.)	29,368,255.39
Fiscal year 1933 and prior years (72d Cong., 1st sess.)	[2] 334,294,094.18
Total reduction effected by Congress in estimates of appropriations since establishment of the Budget system	749,008,830.44

The fact as shown by the above table that Congress has reduced the Budget estimates $749,008,830.44 is accurate and conclusive proof that our financial affairs are not being handled in an extravagant and reckless manner.

I submit herewith three tables relating to appropriations and estimates to which I earnestly invite the most careful scrutiny of every taxpayer of this country. These tables tell their own story.

The tables are as follows:

(a) Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933.

(b) Comparison of appropriations by acts passed during the first session, Seventy-second Congress, with the Budget estimates therefor, excluding permanent appropriations and private acts.

(c) Recapitulation of appropriations by acts, irrespective of fiscal years, Seventy-second Congress, first session.

[1] Net increase.

[2] This sum includes $150,000,000 estimated saving on account of the economy act.

TABLE A.—*Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933*

[Amounts for each of these years in regular annual appropriation acts, deficiency appropriation acts, special acts, and amounts estimated under permanent appropriations]

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (−), 1933 compared with 1932
Legislative branch:			
Regular annual	$28,901,749.65	$18,706,141.00	−$10,195,608.65
Permanent and indefinite	234,005.00	109,800.00	−124,205.00
Total	29,135,754.65	18,815,941.00	−10,319,813.65

TABLE A.—*Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933*—Continued

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (−), 1933 compared with 1932
Executive offices and independent offices:			
Regular annual—			
Federal Farm Board	$101,900,000.00	(1)	−$101,900,000.00
Veterans' Administration	1,135,892,795.53	$948,799,000.00	−187,093,795.53
Reconstruction Finance Corporation	500,000,000.00		−500,000,000.00
Executive and independent offices	[2] 85,494,708.05	33,747,041.00	−51,747,667.05
Permanent and indefinite	91,021,621.00	81,787,550.00	−9,234,071.00
Total	1,914,309,124.58	1,064,333,591.00	−849,975,533.58
Agriculture:			
Regular annual—			
Department proper	80,435,938.85	[3] 66,766,665.00	−13,669,273.85
Roads, construction	187,500,000.00	108,905,000.00	−78,595,000.00
Farmers' seed, feed, etc., loans	22,000,000.00		−22,000,000.00
Permanent and indefinite	11,618,436.00	11,211,571.00	−406,865.00
Total	301,554,374.85	186,883,236.00	−114,671,138.85
Commerce, Department of:			
Regular annual	54,716,600.70	39,711,408.00	−15,005,192.70
Permanent and indefinite	3,000.00	3,000.00	
Total	54,719,600.70	39,714,408.00	−15,005,192.70
Interior Department:			
Regular annual	70,030,575.53	52,689,374.35	−17,341,201.18
Permanent and indefinite	15,952,500.00	13,921,800.00	−2,030,700.00
Total	85,983,075.53	66,611,174.35	−19,371,901.18
Justice, Department of, and judiciary, regular annual only	51,469,855.81	45,996,000.00	−5,473,855.81
Labor:			
Regular annual	15,782,281.60	12,920,770.00	−2,861,511.60
Permanent and indefinite	9,000.00	4,000.00	−5,000.00
Total	15,791,281.60	12,924,770.00	−2,866,511.60
Navy:			
Regular annual	358,271,936.56	317,583,591.00	−40,688,345.56
Permanent and indefinite	1,839,470.00	1,322,550.00	−516,920.00
Total	360,111,406.56	318,906,141.00	−41,205,265.56
Post Office Department, payable from postal revenues:			
Regular annual	842,928,855.54	805,939,675.00	−36,989,180.54
Permanent annual	200,000.00	165,000.00	−35,000.00
Total	843,128,855.54	806,104,675.00	−37,024,180.54
State:			
Regular annual	18,809,942.54	13,663,792.89	−5,146,149.65
Permanent and indefinite	141,233.00	31,000.00	−110,233.00
Total	18,951,175.54	13,694,792.89	−5,256,382.65
Treasury Department:			
Regular annual	261,819,265.98	250,308,158.00	−11,511,107.98
Capital stock of Federal land banks	125,000,000.00		−125,000,000.00
Permanent and indefinite—			
Interest on the public debt	605,000,000.00	640,000,000.00	+35,000,000.00
Public debt retirement funds	411,946,300.00	496,803,478.00	+84,857,178.00
All other	25,875,084.00	24,719,439.00	−1,155,645.00
Total	1,429,640,649.98	1,411,831,075.00	−17,809,574.98
War Department:			
Military—			
Regular annual	338,948,617.32	289,500,024.00	−49,448,593.32
Permanent and indefinite	1,375,900.00	1,075,900.00	−300,000.00
Total, military	340,324,517.32	290,575,924.00	−49,748,593.32

[1] Reappropriation of $800,000 for administrative expenses.
[2] Includes $35,000,000 for United States Shipping Board Construction loan fund.
[3] Includes $1,000,000 for Century of Progress Exposition.

TABLE A.—*Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933*—Continued

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (−), 1933 compared with 1932
War Department—Continued			
Nonmilitary—			
Regular annual	$111,074,770.00	$106,578,489.00	−$4,496,281.00
Permanent and indefinite	12,929,515.00	11,500,640.00	−1,428,875.00
Total, nonmilitary	124,004,285.00	118,079,129.00	−5,925,156.00
Total, War Department—			
Regular annual	450,023,387.32	396,078,513.00	−53,944,874.32
Damage claims	5,431.14		−5,431.14
Permanent and indefinite	14,305,415.00	12,576,540.00	−1,728,875.00
Total	464,334,233.46	408,655,053.00	−55,679,180.46
District of Columbia:			
Regular annual	46,155,709.38	41,245,622.00	−4,910,087.38
Permanent and indefinite	3,261,000.00	3,252,000.00	−9,000.00
Total	49,416,709.38	44,497,622.00	−4,919,087.38
Grand total:			
Regular annual	4,437,139,034.18	3,153,060,751.24	−1,284,078,282.94
Permanent and indefinite	1,181,407,064.00	1,285,907,728.00	+104,500,664.00
Grand total, exclusive of emergency relief and construction act	5,618,546,098.18	4,438,968,479.24	−1,179,577,618.94
Emergency relief and construction act of 1932		322,224,000.00	+322,224,000.00
Grand total, including emergency relief and construction act	5,618,546,098.18	4,761,192,479.24	−857,353,618.94
Estimated postal revenues	592,500,000.00	725,000,000.00	+132,500,000.00
Grand total, less estimated postal revenues	5,026,046,098.18	4,036,192,479.24	−989,853,618.94
Estimated savings in appropriations for the fiscal year 1933 on account of the economy act		150,000,000.00	−150,000,000.00
Net total, after deducting savings on account of the economy act	5,026,046,098.18	3,886,192,479.24	−1,139,853,618.94

From the above figures, as I have already pointed out, it will be seen that the total appropriations for 1932 were $5,618,546,098.18, while the total appropriations for the fiscal year 1933 are $4,761,192,479.24, or a saving of $857,353,618.94. Added to this the $150,000,000 estimated minimum saving on account of the economy act makes the total savings $1,007,353,618.94.

Table B and Table C follow:

TABLE B.—*Comparison of appropriations by acts passed during the first session, Seventy-second Congress, with the Budget estimates therefor, excluding permanent appropriations and private acts*

Appropriating act	Budget estimate	Appropriation acts	Increase (+) or decrease (−) appropriations compared with estimates
REGULAR ANNUAL APPROPRIATION ACTS			
Agricultural	$188,693,405.00	$175,671,665.00	−$13,021,740.00
District of Columbia	44,094,919.00	41,245,622.00	−2,849,297.00
Independent offices	1,041,395,041.00	982,446,041.00	−58,949,000.00
Interior	[1] 52,840,352.33	45,533,672.33	−7,306,680.00
Legislative	[2] 22,094,022.00	18,673,991.00	−3,420,031.00
Navy	341,677,450.00	317,583,591.00	−24,093,859.00
State, Justice, Commerce, and Labor:			
State	16,683,071.89	13,663,792.89	−3,019,279.00
Justice	53,900,364.00	45,996,000.00	−7,904,364.00
Commerce	44,716,304.00	39,711,408.00	−5,004,896.00
Labor	14,484,397.00	12,920,770.00	−1,563,627.00
Total, State, Justice, Commerce, and Labor	129,784,136.89	112,291,970.89	−17,492,166.00

[1] This sum excludes $4,000,000 transferred to second deficiency bill estimates on account of Boulder Canyon project.

[2] This sum excludes $5,000 transferred to second deficiency bill estimates on account of assistants in the office of the Clerk of the House of Representatives.

TABLE B.—*Comparison of appropriations by acts passed during the first session, Seventy-second Congress, with the Budget estimates therefor, excluding permanent appropriationsand private acts*—Continued

Appropriating act	Budget estimate	Appropriation acts	Increase (+) or decrease (−) appropriations compared with estimates
REGULAR ANNUAL APPROPRIATION ACTS—continued			
Treasury and Post Office:			
Treasury	$269,016,418.00	$250,308,158.00	−$18,708,260.00
Post Office	814,061,987.00	805,939,675.00	−8,122,312.00
Total, Treasury and Post Office	1,083,078,405.00	1,056,247,833.00	−26,830,572.00
War:			
Military activities	301,030,642.00	289,500,024.00	−11,530,618.00
Nonmilitary activities	110,333,120.00	106,578,489.00	−3,754,631.00
Total, War	411,363,762.00	396,078,513.00	−15,285,249.00
Total, regular appropriation acts	[3] 3,315,021,493.22	3,145,772,899.22	−169,248,594.00
DEFICIENCY APPROPRIATION ACTS			
First deficiency, 1932	141,031,184.07	126,250,333.89	−14,780,850.18
Second deficiency, 1932	[4] 22,779,019.61	22,682,369.61	−96,650.00
Total deficiency acts	163,810,203.68	148,932,703.50	−14,877,500.18
Total, regular annual and deficiency acts	3,478,831,696.90	3,294,705,602.72	−184,126,094.18
SPECIAL APPROPRIATION ACTS			
Reconstruction Finance Corporation	500,000,000.00	500,000,000.00	
Emergency relief and construction act	[5] 322,224,000.00	322,224,000.00	
Federal land banks	125,000,000.00	125,000,000.00	
Veterans' Administration:			
Adjusted compensation, etc	203,925,000.00	203,925,000.00	
Pensions	12,750,000.00	12,750,000.00	
Miscellaneous	1,214,500.00	1,046,500.00	−168,000.00
Total, special acts	1,165,113,500.00	1,164,945,500.00	−168,000.00
Grand total	4,643,945,196.90	4,459,651,102.72	−184,294,094.18
Deduct estimated savings in appropriations for 1933 on account of the economy act		150,000,000.00	−150,000,000.00
Net grand total	[6] 4,643,945,196.90	[6] 4,309,651,102.72	−334,294,094.18

[3] This sum excludes $4,005,000 transferred as indicated in notes 1 and 2.
[4] This sum includes $4,005,000 transferred as indicated in notes 1 and 2.
[5] No formal budget estimate submitted. This sum included pursuant to indicated approval by the President in his message of July 11, 1932.
[6] These totals are exclusive of permanent appropriations.

TABLE C.—*Recapitulation of appropriations by acts, irrespective of fiscal years, Seventy-second Congress, first session*

Title of act		Amount
REGULAR ANNUAL ACTS, FISCAL YEAR 1933		
Agriculture		$175,671,665.00
District of Columbia		41,245,622.00
Executive office and independent offices		982,446,041.00
Interior		45,533,672.33
Legislative establishment		18,673,991.00
Navy		317,583,591.00
State, Justice, Commerce, and Labor:		
State	$13,663,792.89	
Justice	45,996,000.00	
Commerce	39,711,408.00	
Labor	12,920,770.00	
		112,291,970.89
Treasury and Post Office:		
Treasury	250,308,158.00	
Post Office	805,939,675.00	
		1,056,247,833.00

TABLE C.—*Recapitulation of appropriations by acts, irrespective of fiscal years, Seventy-second Congress, first session*—Continued

Title of act		Amount
REGULAR ANNUAL ACTS, FISCAL YEAR 1933—continued		
War:		
Military	$289, 500, 024. 00	
Nonmilitary	106, 578, 489. 00	
		$396, 078, 513. 00
Total, regular annual acts		3, 145, 772, 899. 22
DEFICIENCY APPROPRIATION ACTS, FISCAL YEAR 1932 AND PRIOR YEARS		
First deficiency, 1932		126, 250, 333. 89
Second deficiency, 1932		22, 682, 369. 61
Total, deficiency appropriation acts, fiscal year 1932 and prior years		148, 932, 703. 50
MISCELLANEOUS ACTS CARRYING APPROPRIATIONS, FISCAL YEARS 1932 AND 1933		
Veterans' Administration, adjusted-service certificate fund, etc		203, 925, 000. 00
Pensions		12, 750, 000. 00
Emergency relief and construction act of 1932		322, 224, 000. 00
Reconstruction Finance Corporation		500, 000, 000. 00
Capital stock of Federal land banks		125, 000, 000. 00
Miscellaneous		1, 046, 500. 00
Total, miscellaneous acts		1, 164, 945, 500. 00
Total, regular annual, deficiency, and miscellaneous acts		4, 459, 651, 102. 72
PERMANENT AND INDEFINITES, FISCAL YEAR 1933		
Interest on public debt		640, 000, 000. 00
Sinking fund and other debt retirement funds		496, 803, 478. 00
Ordinary permanents and indefinites		149, 104, 250. 00
Total, permanents and indefinites		1, 285, 907, 728. 00
Grand total		5, 745, 558, 830. 72
Deduct:		
Estimated postal revenues, fiscal year 1933	$725, 000, 000. 00	
Estimated savings on account of economy act for fiscal year 1933	150, 000, 000. 00	
		875, 000, 000. 00
Net grand total		4, 870, 558, 830. 72

Classification of foregoing appropriations by fiscal years:	
1933	$3, 886, 192, 479. 24
1932	977, 035, 786. 11
1931 and prior years	713, 591. 57
Judgments and audited claims	6, 616, 973. 80
Total	4, 870, 558, 830. 72

Mr. McKELLAR. Mr. President, by unanimous consent the Senate has heretofore given me permission to submit a statement on the figures concerning appropriations for the present session of the Congress.

These figures concerning appropriations have been prepared by the Appropriations Committees of the Senate and House, and they are hereto attached, at the end of my remarks, as a part of the same.

These figures, I regret to say, are most misleading. They are fairly accurate as affecting departmental appropriations, but so many appropriations are left out that proper explanations must be made.

Left out of the statement is an item of $3,300,000,000 appropriated by means of bonds or debentures for the Reconstruction Finance Corporation. The statement omits $246,000,000 appropriated for the moratorium last fall. It omits $125,250,000 appropriated by bonds or debentures for the home-loan bank system; and it omits $40,000,000 appropriated on Saturday for the Red Cross.

It will be noted in the statement (see p. 15716) that the total appropriations are $4,870,558,830.72. This is wholly incorrect, as the true facts and figures show.

APPROPRIATIONS MADE IN THE PRESENT SESSION

I give the accurate and exact figures:

Strictly departmental appropriations		$3, 145, 772, 899. 22
Interest on the public debt	$640, 000, 000	
Sinking fund and other retirement funds	496, 803, 478	
Ordinary permanent and indefinite appropriations	149, 104, 250	
Total		1, 285, 907, 728. 00
In addition to this, Mr. Hoover recommended, and the Congress granted, a moratorium to European powers of		246, 000, 000. 00

This sum was indeed not appropriated out of the Treasury, but it was appropriated by Mr. Hoover after polling the two Houses, before the money got into the Treasury, and notwithstanding our debtors were ready to pay the money into the Treasury.

In addition to the foregoing, Mr. Hoover recommended during this session of the Congress, and the Congress appropriated:

For veterans	203, 925, 000. 00
Pensions	12, 750, 000. 00
Emergency relief	322, 224, 000. 00
Reconstruction Finance Corporation, out of the Treasury	500, 000, 000. 00

Capital stock, Federal land banks	$125,000,000.00
Home loan bank corporation (last Saturday)	125,250,000.00
Red Cross wheat and cotton (last Saturday)	40,000,000.00
But this is not all that Mr. Hoover has recommended and the Congress appropriated for this session. He recommended, and appropriations were passed, as follows:	
Reconstruction Finance Corporation bonds or debentures	1,500,000,000.00
Addition to Reconstruction Finance Corporation bonds or debentures	1,800,000,000.00
Total	9,306,829,627.22
From the above total there must be deducted Economy Committee savings of	150,000,000.00
This deduction should be made because the Economy Committee law was passed after many of the appropriations had been made, and the reductions made by that committee are required to be impounded in the Treasury; leaving a grand total of appropriations of	9,156,829,627.22

NINE-BILLION-DOLLAR "ECONOMY"

During the entire session Mr. Hoover has been prating about "rigid economy," and yet he has recommended all these appropriations and more. The Congress did not appropriate all that he recommended that it appropriate; but, at all events, it aggregates $9,156,829,627.22. If this is economy, Mr. Hoover is entitled to credit for it. I say it is wicked and vicious extravagance. The majority of the Congress yielded to Mr. Hoover in his demand for these tremendous appropriations. I can only say I voted against the Reconstruction Finance Corporation bill and all items except for actual relief. Of course, I hope it will do some good, but I fear it is another one of Mr. Hoover's "noble experiments."

Of course it may be argued that the Reconstruction Finance Corporation's expenditures are investments, and that the Government will get back its money. It may get back some of it, or it may not. If our experience with the Reconstruction Finance Corporation is the same as it has been with the Federal Farm Board, which was recommended and is being conducted by Mr. Hoover, there will be precious little or no return from this outlay. The Farm Board reports that it has already lost half of the $500,000,000 appropriated for it; but even if the $3,800,000,000 is deducted from the total amount appropriated by this Congress, it leaves $5,356,829,627.22, which is an increase in appropriations over what the preceding Congress appropriated. In other words, with all the savings by the Congress in departmental expenditures, the President's nostrums for relief have made our appropriations vastly more.

TABLE A

Table A of the committee's figures shows a comparison of appropriations by departments and establishments for fiscal years 1932 and 1933. These figures are very misleading. On the face of them they show that the Congress has decreased appropriations $1,139,853,618.94. It is impossible to compare the figures of fiscal years until those years have elapsed, because we have another session of Congress in which to appropriate for the fiscal year 1933. The only way to make a comparison is to take all the items appropriated in the preceding session of Congress and compare them with the items appropriated in the last session of Congress. This shows actual appropriations. When we do this, the figures are found to be very different.

At the last session of Congress we appropriated $5,178,524,967.95. At the session of Congress just closed we appropriated $9,156,829,627.22; or a difference of $3,978,304,659.27, showing how much more the Congress appropriated at the session just ended than in the previous session.

To show how misleading the figures in Table A are, it will be found that the $500,000,000 appropriated out of the Treasury for the Reconstruction Finance Corporation is set down as being appropriated in 1932, and this is true, but it has no place in the previous year's business. In like manner, the item of $725,000,000 of estimated postal revenue is juggled into this statement. Also, $322,224,000 for the emergency relief and construction act, which is a part of the $2,122,224,000 relief fund, is, for some unaccountable reason, taken out of its proper place and put into these figures. It is impossible to compare appropriations for the fiscal year 1932 with the appropriations for the fiscal year 1933 when the fiscal year 1933 is just 16 days old.

So that when the committees report, under Table A, that the appropriations for the fiscal year 1933 are $1,139,853,618.94 less than those in 1932, the figures are wholly misleading, and are of no real value in showing the economies or the lack of economies of the session of Congress just ended.

REAL SAVINGS

The one bright spot in the report is found in Table B, and that is that in the various departments the Congress cut down appropriations recommended by the President and the Budget Bureau the enormous sum of $334,294,094.18. These figures represent actual savings, and it is good to know that there was a saving by Congress in every single department of the Government. The only increases are to be found in the items of interest on the public debt and in the public debt retirement fund. These were made necessary because of the tremendous increase in the national bonded indebtedness.

The actual lessening of these appropriations in the sum of $334,294,094.18 was not due to Mr. Hoover or his administration, but was due to the economy activities of the Congress, made notwithstanding the opposition of Mr. Hoover and his Cabinet.

It is proper to state that when the appropriation hearings were being had before the Appropriations Committee, each of the Cabinet officers appeared, either in person or by letter, and pleaded with the committee not to reduce any appropriations in their several departments under the amounts recommended by the President and the Budget. Some members of the Cabinet appeared before committees time and again, urging that no reductions be made. All the time that these Cabinet officers were protesting against any reduction in their several departments, President Hoover was giving out vague and indefinite statements favoring "rigid economy," and in order to accomplish rigid economy, urging Congress to give him the right to consolidate bureaus, commissions, and departments. Under a bill introduced by Senator GEORGE, of Georgia, this right was conferred on the President as he requested; but, so far as anyone knows, he has never consolidated a bureau or effected a saving thereby.

Reductions in expenditures of the Government were demanded by people in every State in the Union. The fight became so bitter that both Houses of Congress appointed special economy committees to bring about a reduction in expenditures. These committees went to work, and the House special committee made a report bringing about a reduction of $49,000,000 plus. The Senate committee made a report recommending some $240,000,000 of economy. President Hoover undertook to obtain some credit for any reductions that might be made by these committees. He called the committees to the White House and discussed the question with them. His principal desire apparently was, first, to cut the appropriations for the disabled ex-service men about $100,000,000; and he also suggested a plan which he vaguely described as a furlough plan, cutting Government employees some $83,000,000.

The Senate Economy Committee unanimously agreed, after a thorough examination, to recommend a 10 per cent cut in the salaries of all employees; and the President came down and in a message to the Senate personally recommended that the Senate agree to that cut. Then, a few days later, he urged his friends in the Senate to an about-face and to vote against the very 10 per cent salary cut he had recommended, and instead to put in his furlough plan; and the so-called furlough plan was thus passed by the Senate and finally enacted into law.

The furlough plan is wholly Mr. Hoover's plan. It is stated that it will bring about reductions of $150,000,000.

It may or may not. I hope it will. But instead of that plan being responsible for the reduction carried in it, it was enacted in order to get rid of the Economy Committee's 10 per cent reduction plan, which would have saved some $240,000,000 instead of only $150,000,000 as provided in the furlough plan. In my judgment, the furlough plan was taken up by the administration in order to prevent greater reductions. However, the Congress saved $334,294,094.18 after the hardest fight that some of us ever made, against the combined opposition of the administration, led by Secretary Mills.

CREDIT FOR THIS REDUCTION

This reduction of $334,294,094.18 should be credited to the two Houses of Congress jointly. It is true the House economy bill only provided a reduction of some $49,000,000, while the Senate economy bill provided for a reduction of about $240,000,000. However, the result was that in conference the Senate reductions were decreased to $150,000,000 and the House reductions were increased to that figure, so that the relative credit of the two Houses is shown in these figures. The Senate has, in addition, to its credit reductions below the House figures of about $22,000,000 plus. So that both Houses are credited with the splendid result of reductions of more than $334,000,000. I believe it is the first time in history that the Senate ever made reductions under the House figures.

When it is remembered that these economies were accomplished over the combined opposition of the President, the members of his Cabinet, the bureau heads in the city of Washington, and one of the most vicious propagandas sent out by various executive departments here, that reduction constitutes a wonderful victory for those of us in the Senate and House who made the fight for economy.

THE FURLOUGH PLAN

The furlough plan, fathered by the President, constitutes a travesty upon government and upon justice to Government employees. It is unfair, unjust, unequal, and gives rise to what may be the greatest possible favoritism in government. Already, employees are protesting against favoritism shown by bureau chiefs in the granting of furloughs. Already, the employees who joined the President in his clamor for the plan are denouncing it. It is so confused, in fact, that nobody knows exactly what it means. Executive officers of the Government have been trying to interpret it ever since it was enacted, but no two interpret it alike. It is applicable to some departments and inapplicable to others. I feel sorry for the employees of the Government who will have to live under it for a whole year. Already a number of proposals have been made to modify it.

POSTAL REVENUES INCLUDED IN THE STATEMENT

For some reason difficult to fathom, the Appropriations Committees have shown in Table C of their report an item which they deduct, called "Estimated postal revenues, fiscal year 1933, $725,000,000." What this has to do with appropriations is past understanding. It is probably the most remarkable piece of governmental bookkeeping imaginable. How expected revenue can be considered in determining what the appropriations of the Government are is beyond my ken. There is no precedent for it, and no reason for it. We might as well have included income from the tobacco tax, or the income tax, or fees collected by the Patent Office, or income from the Panama Canal, or any other income that the Government might have. The introduction of postal revenues into this report is pure poppy-cock. It can only be regarded as an effort to juggle the figures, and no one reading this report should pay any attention to it. It has no place in any financial report of the Government concerning appropriations.

DEFICITS

It is proper to state at this point that the vast appropriations made by the last session of Congress of $9,156,829,627.22, were made when there was an estimated deficit of 1931 given out by the Treasury Department of $903,000,000, and an estimated deficit of 1932 given out by the Treasury Department of $2,885,000,000. In other words, while we were making this vast expenditure of $9,156,829,627.22, the Treasury was behind in the sum of nearly four billion dollars.

SUBSIDIES

One of the most inexcusable appropriations made by the Congress at the session just concluded was an appropriation for subsidies for transportation of foreign mail by steamship and aircraft, and for inland transportation by aircraft and by air navigation facilities, aggregating $66,709,100. These appropriations were wholly indefensible and wicked. The companies receiving these subsidies were in no sense needy, and were performing no real service to the Government. In addition to that, many of the contracts under which the subsidies were granted were, as I believe, illegal and void. These subsidies are scandalous; and, if the American people could be made acquainted with them, they would not stand for them.

Many millions more of such subsidies are granted in the matter of interest rates, wherein many of these shipping companies were loaned money at rates ranging from one-fourth of 1 per cent per annum to 1 per cent per annum.

I think Senator HALE did a valuable piece of work when he inserted in the RECORD on July 16 the table of independent and semiindependent establishments, boards, and commissions of the Federal Government. There seems to be 73 of these in all. His purpose was stated to show that all of them cost only $45,722,000. Well, even that is a big sum, and in my judgment the most of these 73 commissions and bureaus could be easily abolished.

There is absolutely no need for such organizations as Advisory Council for the National Arboretum and a great many others. The Alien Property Custodian ought to be abolished. The war has been over for 14 years and it is time we put an end to such an organization. There is no necessity for the Arlington Memorial Amphitheater Commission or for the Arlington Memorial Bridge Commission. I am not sure about the Board of Road Commissioners for Alaska, but whatever that commission could do would be better done by some officer of the War Department.

INEFFICIENCY CHARGED AGAINST BUDGET BUREAU

The Bureau of the Budget comes next. It is an outstanding example of inefficiency and waste and extravagance. It has been in existence for 11 years, and every year except one the Congress has appropriated greatly less than the Budget recommended. That exception was in 1930, when the appropriations seemed to have been $8,000,000 more than the Budget estimated. The Bureau of the Budget is just another means of obtaining appropriations from the Congress. In other words, any department head who can come before the Appropriation Committee of Congress with the approval of the Budget Bureau on any estimate has a great deal better chance of getting his appropriations. During the 11 years that the Budget Bureau has been in existence the Congress has reduced appropriations under the Bureau estimates by $750,000,000, almost $70,000,000 a year.

In addition to this, the cost of the running of the Budget Bureau itself last year alone was $190,000. For the whole 11 years of its existence it has cost $2,104,610. The Bureau of the Budget, as now provided, is simply another tax eater. The only way that a Bureau of the Budget could be of any advantage would be to make it a legislative bureau, responsible alone to the two Houses of Congress, and require it to make the most minute investigation as to how all the executive appropriations are expended.

CIVIL SERVICE COMMISSION SAID TO BE HAMPERED

The Civil Service Commission is an important body. If it was left unhampered by the Executive it would be a hundredfold more important, but under various Executive orders

ways are found to employ and discharge men and women in the Civil Service without regard to the real intent of the law. It needs readjustment and it ought to be amended so as to require the Executive to keep his hands off it. The idea of selecting postmasters and other postal employees, for instance, from any one of the three highest eligibles that a Congressman or Senator may recommend is subversive of the whole system. The places ought to be given according to merit without regard to the political end of it.

The Claims Commission, United States and Mexico, could well be abolished and that work done by some one in the State Department. The Commission of Fine Arts is no doubt necessary, but in my service here I have been astounded at some of its decisions.

The Employees' Compensation Commission and the Federal Board for Vocational Education, of course, are perhaps necessary, although both could be more economically and efficiently administered if put under some one of the 10 departments. Just what the Federal Employment Stabilization Board is I do not know.

DISCONTINUANCE URGED OF FEDERAL FARM BOARD

The Federal Farm Board ought to be abolished. It has already cost $250,000,000, and no doubt when its affairs are wound up it will cost the Government more than the $250,000,000. The Federal Oil Conservation Board created by the President in 1930 has no legal place because the President, as I have said, has no right to create a commission.

The Federal Power Commission could be made of immense benefit to the people, but as it usually takes the side of the power companies I am doubtful of its value as at present organized. The Federal Radio Commission is necessary and I hope it will prevent the great radio interests from gobbling up and owning all the rights of the radio which now are, or should be, in the hands of the people. I see that the President has consolidated the Radio Bureau of the Department of Commerce with the Radio Commission and this is well. I am curious to know what economies will be obtained from the consolidation.

The Federal Reserve Board, of course, is necessary and proper; likewise the Federal Trade Commission and the General Accounting Office.

The General Accounting Office is one of the very best of all the independent bureaus. Mr. McCarl, at its head, is an entirely independent and efficient official and so far as I have been able to determine is always on the side of the Government and against various efforts that are made by the interests to impose upon the Government. The General Claims Commission, United States and Panama, of course, should be turned over to one of the departments.

VARIOUS OTHER AGENCIES ARE TERMED USELESS

The George Rogers Clark Sesquicentennial Commission should be abolished at the earliest possible moment. The monument will be completed within a short time. The same is true of the George Washington Bicentennial Commission. The Inland Waterways Corporation is a useful piece of governmental machinery and should be maintained. Next comes the International Commission of Annual Tables of Constants, and so forth, the International Boundary Commission, International Fisheries Commission, International Highway Special Commission, International Joint Commission, International Prison Commission, International Water Boundary Commission, International Water Commission, Interoceanic Canal Board. All these are absolutely useless commissions and by all means should be abolished. There is no reason in the world why, if any question should arise as to the matters now in the hands of such commissions—if there are any such matters—it could not be settled by officials in the appropriate departments, especially the State Department. As a rule, these commissions afford agreeable places for lame ducks.

The Interstate Commerce Commission, as originally set up, was a valuable commission but it has developed into a commission for the advancement of railroads and I am not so sure that it ought not to be abolished. In all events, it ought to be thoroughly reorganized.

MIXED CLAIMS COMMISSION IS CALLED NEEDLESS

Migratory Bird Conservation Commission: No reason in the world why this work should not be done by an official of one of the departments. The Mixed Claims Commission, United States and Germany, ought to have been done away with long ago. The Mount Rushmore National Memorial Commission should have been abolished also long ago. The National Academy of Sciences should have been treated likewise. The National Advisory Committee for Aeronautics should never have been organized. It is another way of getting subsidies from the Government. The National Board for the Promotion of Rifle Practice should never have been organized and ought to be done away with.

The National Capital Park and Planning Commission: Of course something can be said for this commission but there is much that can be said against it. It ought to be reorganized. The National Forest Reservation Commission ought never to have been created. The National Memorial Commission, whatever that is, ought never to have been created. The National Screw Thread Commission should be abolished. The office of Chief Coordinator in the Budget Bureau ought to be abolished like the present bureau itself.

The Pan American Sanitary Bureau: It is exceedingly doubtful whether this bureau ought to remain. Pan American Union: That ought to do a real service to America. The Permanent International Commission of Congresses of Navigation ought to be abolished. Perry's Victory Memorial Commission ought to be abolished as the work has been done. The Personnel Classification Board ought never to have been created and ought to be abolished at the earliest possible moment. The Puerto Rican Hurricane Relief Commission, created in December, 1928, ought to have been abolished a long time ago because it is not believed that the hurricanes in Puerto Rico are permanent and that was four years ago.

BOARD OF TAX APPEALS DESCRIBED AS ONE-SIDED

Public Buildings Commission: Its duties might be easily given over to the Office of Public Buildings and Parks. The Rock Creek and Potomac Parkway Commission ought to have been abolished a long time ago. The Smithsonian Institution is a proper institution. The Board of Tax Appeals is a useful board, but it is one-sided in that it does not have jurisdiction over cases in behalf of the Government. It could be made a splendid body if given jurisdiction over the entire subject matter.

The Bureau of Efficiency ought never to have been created and ought to be abolished at the earliest possible moment. The Council of National Defense is still carried on the books, but I am quite sure I got through a resolution abolishing it many years ago. If that act did not abolish it, another act ought to be passed to abolish it. The Housing Corporation ought to be turned over to the hands of some individual in one of the departments.

The Railroad Administration ought to have been abolished long ago. The section Inter-American High Commission ought to be abolished. The Shipping Board surely ought to be abolished and its affairs wound up by some officer in the Department of Commerce.

The Merchant Fleet Corporation ought likewise be abolished for the same reason. The Supreme Court Building Commission: This is temporary and ought to be abolished. The Tariff Commission is an excellent commission and ought to be retained.

CONCLUSION

The Economy Committee of the Senate has been continued by the Senate. It still has a vast work to do. We must reduce further the expenditures of our National Government. We must abolish useless bureaus and other useless activities. The fight for national economy has just begun.

TABLE A.—*Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933*

[Amounts for each of these years in regular annual appropriation acts, deficiency appropriation acts, special acts, and amounts estimated under permanent appropriations]

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (−), 1933 compared with 1932
Legislative branch:			
Regular annual	$28, 901, 749. 65	$18, 706, 141. 00	−$10, 195, 608. 65
Permanent and indefinite	234, 005. 00	109, 800. 00	−124, 205. 00
Total	29, 135, 754. 65	18, 815, 941. 00	−10, 319, 813. 65
Executive offices and independent offices:			
Regular annual—			
Federal Farm Board	101, 900, 000. 00	[1]	−101, 900, 000. 00
Veterans' Administration	1, 135, 892, 795. 53	948, 799, 000. 00	−187, 093, 795. 53
Reconstruction Finance Corporation	500, 000, 000. 00	----------	−500, 000, 000. 00
Executive and independent offices	[2] 85, 494, 708. 05	33, 747, 041. 00	−51, 747, 667. 05
Permanent and indefinite	91, 021, 621. 00	81, 787, 550. 00	−9, 234, 071. 00
Total	1, 914, 309, 124. 58	1, 064, 333, 591. 00	−849, 975, 533. 58
Agriculture:			
Regular annual—			
Department proper	80, 435, 938. 85	[3] 66, 766, 665. 00	−13, 669, 273. 85
Roads, construction	187, 500, 000. 00	108, 905, 000. 00	−78, 595, 000. 00
Farmers' seed, feed, etc., loans	22, 000, 000. 00	----------	−22, 000, 000. 00
Permanent and indefinite	11, 618, 436. 00	11, 211, 571. 00	−406, 865. 00
Total	301, 554, 374. 85	186, 883, 236. 00	−114, 671, 138. 85
Commerce, Department of:			
Regular annual	54, 716, 600. 70	39, 711, 408. 00	−15, 005, 192. 70
Permanent and indefinite	3, 000. 00	3, 000. 00	----------
Total	54, 719, 600. 70	39, 714, 408. 00	−15, 005, 192. 70
Interior Department:			
Regular annual	70, 030, 575. 53	52, 689, 374. 35	−17, 341, 201. 18
Permanent and indefinite	15, 952, 500. 00	13, 921, 800. 00	−2, 030, 700. 00
Total	85, 983, 075. 53	66, 611, 174. 35	−19, 371, 901. 18
Justice, Department of, and judiciary, regular annual only	51, 469, 855. 81	45, 996, 000. 00	−5, 473, 855. 81
Labor:			
Regular annual	15, 782, 281. 60	12, 920, 770. 00	−2, 861, 511. 60
Permanent and indefinite	9, 000. 00	4, 000. 00	−5, 000. 00
Total	15, 791, 281. 60	12, 924, 770. 00	−2, 866, 511. 60
Navy:			
Regular annual	358, 271, 936. 56	317, 583, 591. 00	−40, 688, 345. 56
Permanent and indefinite	1, 839, 470. 00	1, 322, 550. 00	−516, 920. 00
Total	360, 111, 406. 56	318, 906, 141. 00	−41, 205, 265. 56
Post Office Department, payable from postal revenues:			
Regular annual	842, 928, 855. 54	805, 939, 675. 00	−36, 989, 180. 54
Permanent annual	200, 000. 00	165, 000. 00	−35, 000. 00
Total	843, 128, 855. 54	806, 104, 675. 00	−37, 024, 180. 54
State:			
Regular annual	18, 809, 942. 54	13, 663, 792. 89	−5, 146, 149. 65
Permanent and indefinite	141, 233. 00	31, 000. 00	110, 233. 00
Total	18, 951, 175. 54	13, 694, 792. 89	−5, 256, 382. 65
Treasury Department:			
Regular annual	261, 819, 265. 98	250, 308, 158. 00	−11, 511, 107. 98
Capital stock of Federal land banks	125, 000, 000. 00	----------	−125, 000, 000. 00
Permanent and indefinite—			
Interest on the public debt	605, 000, 000. 00	640, 000, 000. 00	+35, 000, 000. 00
Public-debt retirement funds	411, 946, 300. 00	496, 803, 478. 00	+84, 857, 178. 00
All other	25, 875, 084. 00	24, 719, 439. 00	−1, 155, 645. 00
Total	1, 429, 640, 649. 98	1, 411, 831, 075. 00	−17, 809, 574. 98

[1] Reappropriation of $800,000 for administrative expenses.
[2] Includes $35,000,000 for United States Shipping Board construction loan fund.
[3] Includes $1,000,000 for Century of Progress Exposition.

TABLE A.—*Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933*—Continued

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (−) 1933 compared with 1932
War Department:			
Military—			
Regular annual	$338, 948, 617. 32	$289, 500, 024. 00	−$49, 448, 593. 32
Permanent and indefinite	1, 375, 900. 00	1, 075, 900. 00	−300, 000. 00
Total, military	340, 324, 517. 32	290, 575, 924. 00	−49, 748, 593. 32
Nonmilitary—			
Regular annual	111, 074, 770. 00	106, 578, 489. 00	−4, 496, 281. 00
Permanent and indefinite	12, 929, 515. 00	11, 500, 640. 00	−1, 428, 875. 00
Total, nonmilitary	124, 004, 285. 00	118, 079, 129. 00	−5, 925, 156. 00
Total, War Department—			
Regular annual	450, 023, 387. 32	396, 078, 513. 00	−53, 944, 874. 32
Damage claims	5, 431. 14		−5, 431. 14
Permanent and indefinite	14, 305, 415. 00	12, 576, 540. 00	−1, 728, 875. 00
Total	464, 334, 233. 46	408, 655, 053. 00	−55, 679, 180. 46
District of Columbia:			
Regular annual	46, 155, 709. 38	41, 245, 622. 00	−4, 910, 087. 38
Permanent and indefinite	3, 261, 000. 00	3, 252, 000. 00	−9, 000. 00
Total	49, 416, 709. 38	44, 497, 622. 00	−4, 919, 087. 38
Grand total:			
Regular annual	4, 437, 139, 034. 18	3, 153, 060, 751. 24	−1, 284, 078, 282. 94
Permanent and indefinite	1, 181, 407, 064. 00	1, 285, 907, 728. 00	+104, 500, 664. 00
Grand total, exclusive of emergency relief and construction act	5, 618, 546, 098. 18	4, 438, 968, 479. 24	−1, 179, 577, 618. 94
Emergency relief and construction act of 1932		322, 224, 000. 00	+322, 224, 000. 00
Grand total, including emergency relief and construction act	5, 618, 546, 098. 18	4, 761, 192, 479. 24	−857, 353, 618. 94
Estimated postal revenues	592, 500, 000. 00	725, 000, 000. 00	+132, 500, 000. 00
Grand total, less estimated postal revenues	5, 026, 046, 098. 18	4, 036, 192, 479. 24	−989, 853, 618. 94
Estimated savings in appropriations for the fiscal year 1933 on account of the economy act		150, 000, 000. 00	−150, 000, 000. 00
Net total, after deducting savings on account of the economy act	5, 026, 046, 098. 18	[4]3, 886, 192, 479. 24	−1, 139, 853, 618. 94

[4] Does not include amounts for expenses of gift of wheat and cotton relief agencies or the appropriation for the Federal Home Loan Bank Board.

TABLE B.—*Comparison of appropriations by acts passed during the first session Seventy-second Congress with the Budget estimates therefor, excluding permanent appropriations and private acts*

Appropriating act	Budget estimate	Appropriation acts	Increase (+) or decrease (−), appropriations compared with estimates
REGULAR ANNUAL APPROPRIATION ACTS			
Agricultural	$188, 693, 405. 00	$175, 671, 665. 00	−$13, 021, 740. 00
District of Columbia	44, 094, 919. 00	41, 245, 622. 00	−2, 849, 297. 00
Independent offices	1, 041, 395, 041. 00	982, 446, 041. 00	−58, 949, 000. 00
Interior	[1] 52, 840, 352. 33	45, 533, 672. 33	−7, 306, 680. 00
Legislative	[2] 22, 094, 022. 00	18, 673, 991. 00	−3, 420, 031. 00
Navy	341, 677, 450. 00	317, 583, 591. 00	−24, 093, 859. 00
State, Justice, Commerce, and Labor:			
State	16, 683, 071. 89	13, 663, 792. 89	−3, 019, 279. 00
Justice	53, 900, 364. 00	45, 996, 000. 00	−7, 904, 364. 00
Commerce	44, 716, 304. 00	39, 711, 408. 00	−5, 004, 896. 00
Labor	14, 484, 397. 00	12, 920, 770. 00	−1, 563, 627. 00
Total, State, Justice, Commerce, and Labor	129, 784, 136. 89	112, 291, 970. 89	−17, 492, 166. 00

[1] This sum excludes $4,000,000 transferred to second deficiency bill estimates on account of Boulder Canyon project.
[2] This sum excludes $5,000 transferred to second deficiency bill estimates on account of assistants in the office of the Clerk of the House of Representatives.

TABLE B.—*Comparison of appropriations by acts passed during the first session Seventy-second Congress with the Budget estimates therefor, excluding permanent appropriations and private acts*—Continued

Appropriating act	Budget estimate	Appropriation acts	Increase (+) or decrease (−) appropriations compared with estimates
Treasury and Post Office:			
Treasury	$269,016,418.00	$250,308,158.00	−$18,708,260.00
Post Office	814,061,987.00	805,939,675.00	−8,122,312.00
Total, Treasury and Post Office	1,083,078,405.00	1,056,247,833.00	−26,830,572.00
War:			
Military activities	301,030,642.00	289,500,024.00	−11,530,618.00
Nonmilitary activities	110,333,120.00	106,578,489.00	−3,754,631.00
Total, War	411,363,762.00	396,078,513.00	−15,285,249.00
Total, regular appropriation acts	[3] 3,315,021,493.22	3,145,772,899.22	−169,248,594.00
DEFICIENCY APPROPRIATION ACTS			
First deficiency, 1932	141,031,184.07	126,250,333.89	−14,780,850.18
Second deficiency, 1932	[4] 22,779,019.61	22,682,369.61	−96,650.00
Total deficiency acts	163,810,203.68	148,932,703.50	−14,877,500.18
Total, regular annual and deficiency acts	3,478,831,696.90	3,294,705,602.72	−184,126,094.18
SPECIAL APPROPRIATION ACTS			
Reconstruction Finance Corporation	500,000,000.00	500,000,000.00	
Emergency relief and construction act	[5] 322,224,000.00	322,224,000.00	
Federal land banks	125,000,000.00	125,000,000.00	
Veterans' Administration:			
Adjusted compensation, etc	203,925,000.00	203,925,000.00	
Pensions	12,750,000.00	12,750,000.00	
Miscellaneous	1,214,500.00	1,046,500.00	−168,000.00
Total, special acts	1,165,113,500.00	1,164,945,500.00	−168,000.00
Grand total	4,643,945,196.90	4,459,651,102.72	−184,294,094.18
Deduct estimated savings in appropriations for 1933 on account of the economy act		150,000,000.00	−150,000,000.00
Net grand total	[6] 4,643,945,196.90	[6] 4,309,651,102.72	−334,294,094.18

[3] This sum excludes $4,005,000 transferred as indicated in notes 1 and 2.
[4] This sum includes $4,005,000 transferred as indicated in notes 1 and 2.
[5] No formal budget estimate submitted. This sum included pursuant to indicated approval by the President in his message of July 11, 1932.
[6] These totals are exclusive of permanent appropriations.

TABLE C.—*Recapitulation of appropriations by acts, irrespective of fiscal years, Seventy-second Congress, first session*

Title of act		Amount
REGULAR ANNUAL ACTS, FISCAL YEAR 1933		
Agriculture		$175,671,665.00
District of Columbia		41,245,622.00
Executive office and independent offices		982,446,041.00
Interior		45,533,672.30
Legislative establishment		18,673,991.00
Navy		317,583,591.00
State, Justice, Commerce, and Labor:		
State	$13,663,792.89	
Justice	45,996,000.00	
Commerce	39,711,408.00	
Labor	12,920,770.00	
		112,291,970.89
Treasury and Post Office:		
Treasury	250,308,158.00	
Post Office	805,939,675.00	
		1,056,247,833.00

TABLE C.—*Recapitulation of appropriations by acts, irrespective of fiscal years, Seventy-second Congress, first session*—Continued

Title of act		Amount
War:		
Military	$289, 500, 024. 00	
Nonmilitary	106, 578, 489. 00	
		$396, 078, 513. 00
Total, regular annual acts		3, 145, 772, 899. 22
DEFICIENCY APPROPRIATION ACTS, FISCAL YEAR 1932 AND PRIOR YEARS		
First deficiency, 1932		126, 250, 333. 89
Second deficiency, 1932		22, 682, 369. 61
Total, deficiency appropriation acts, fiscal year 1932 and prior years		148, 932, 703. 50
MISCELLANEOUS ACTS CARRYING APPROPRIATIONS, FISCAL YEARS 1932 AND 1933		
Veterans' Administration, adjusted-certificate fund, etc		203, 925, 000. 00
Pensions		12, 750, 000. 00
Emergency relief and construction act of 1932		322, 224, 000. 00
Reconstruction Finance Corporation		500, 000, 000. 00
Capital stock of Federal land banks		125, 000, 000. 00
Miscellaneous		1, 046, 500. 00
Total, miscellaneous acts		1, 164, 945, 500. 00
Total, regular annual, deficiency, and miscellaneous acts		4, 459, 651, 102. 72
PERMANENT AND INDEFINITES, FISCAL YEAR 1933		
Interest on public debt		640, 000, 000. 00
Sinking fund and other debt-retirement funds		496, 803, 478. 00
Ordinary permanents and indefinites		149, 104, 250. 00
Total, permanents and indefinites		1, 285, 907, 728. 00
Grand total		5, 745, 558, 830. 72
Deduct:		
Estimated postal revenues, fiscal year 1933	$725, 000, 000. 00	
Estimated savings on account of economy act for fiscal year 1933	150, 000, 000. 00	
		875, 000, 000. 00
Net grand total		4, 870, 558, 830. 72
Classification of foregoing appropriations by fiscal years:		
1933		$3, 886, 192, 479. 24
1932		977, 035, 786. 11
1931 and prior years		713, 591. 57
Judgments and audited claims		6, 616, 973. 80
Total		[1] 4, 870, 558, 830. 72

[1] Does not include any sum for private relief acts, for expenses of the gift of wheat and cotton through relief agencies, or the Federal Home Loan Bank Board.

RADIO BILLS AND RESOLUTIONS

Mr. NORBECK. Mr. President, I ask unanimous consent to have placed in the CONGRESSIONAL RECORD a revised list of "radio bills and resolutions" which have been introduced in Congress, with their final disposition and legislative history, compiled by Mr. John Nicolson.

The PRESIDENT pro tempore. There being no objection, it is so ordered.

The list is as follows:

RADIO BILLS AND RESOLUTIONS

Radio bills and resolutions introduced in the Fifty-eighth to and including the first session of the Seventy-second Congresses, 1903 to 1932, presenting their titles, by whom introduced, to what committees referred, and their subsequent legislative history, including references to debates, compiled by John Nicolson.

FIFTY-EIGHTH CONGRESS, 1903–1905

H. R. 17744 (58th Cong.), by Mr. Ketcham. Title: "To promote the efficiency of the Revenue Cutter Service by providing for the equipment of the vessels of that service with approved wireless telegraph apparatus for communication between vessels of the Coast Guard and coast wireless telegraphic stations." Referred to Committee on Interstate and Foreign Commerce (vol. 39, p. 890).

SIXTIETH CONGRESS, 1907–1909

S. 5949 (60th Cong.), by Mr. Hale. Title: "To regulate the use of wireless telegraphy." Referred to Committee on Naval Affairs (vol. 42, p. 2959).

S. 9279 (60th Cong.), by Mr. Frye. Title: "To require radio-telegraphic installations and radio telegraphers on certain ocean steamers." Referred to Committee on Commerce (vol. 43, p. 2120).

H. R. 17719 (60th Cong.), by Mr. Sheppard. Title: "Prescribing penalties for interference with official wireless messages." Referred to Committee on the Judiciary (vol. 42, p. 2322).

H. R. 18979 (60th Cong.), by Mr. Peters. Title: "Prescribing penalties for interference with official wireless messages." Referred to Committee on Naval Affairs (vol. 42, p. 3114).

H. R. 21689 (60th Cong.), by Mr. Beall of Texas. Title: "To promote the safety of employees and passengers upon steamships engaged in interstate, coastwise, or foreign commerce by requiring their equipment with wireless telegraph apparatus." Referred to Committee on Interstate and Foreign Commerce (vol. 42, p. 5902).

H. R. 27145 (60th Cong.), by Mr. Burke. Title: "To require radio telegraphic installations and radio telegraphers on certain ocean steamers." Referred to Committee on the Merchant Marine and Fisheries (vol. 43, p. 1454).

H. R. 27318 (60th Cong.), by Mr. Peters. Title: "To require radio telegraphic installations and radio telegraphers on certain ocean steamers." Referred to Committee on Interstate and Foreign Commerce (vol. 43, p. 1555).

H. R. 27480 (60th Cong.), by Mr. McCall. Title: "Requiring ships to be equipped with wireless telegraph apparatus." Referred to Committee on Interstate and Foreign Commerce (vol. 43, p. 1709).

H. R. 27672 (60th Cong.), by Mr. Burke. Title: "To require radio telegraph installations and radio telegraphers on certain ocean steamers." Referred to Committee on the Merchant Marine and Fisheries (vol. 43, p. 1887). Subsequent history: Reported back with amendments (H. Rept. 2086), page 2115; amended and passed House, pages 2495–2501. Referred to Senate Committee on Commerce, page 2545. On February 8, 1909, just before the committee's report back, President Roosevelt sent a message to Congress (in Senate, p. 2030; in House, p. 2064) emphasizing the importance of requiring ocean-going vessels to be equipped with wireless.

SIXTY-FIRST CONGRESS, 1909–1911

S. 2563 (61st Cong.), by Mr. Frye. Title: "To require apparatus and operators for radio communication on certain ocean steamers." Referred to Committee on Commerce (vol. 44, p. 2975).

S. 7021 (61st Cong.), by Mr. Bourne. Title: "To require apparatus and operatcr for radio communication on certain steamers." Referred to Committee on Commerce (vol. 45, p. 2898). Subsequent history: Reported back (S. Rept. 421), page 3339; debated, pages 3533, 5601, 5764; passed Senate, page 5764. Referred to House Committee on the Merchant Marine and Fisheries, page 5867; reported with amendments (H. Rept. 1373), page 6580; debated, amended, and passed House, pages 8558, 8559; Senate concurs in House amendment, page 8627; examined and signed, pages 8755, 8788; approved by the President (Public, No. 262).

S. 7061 (61st Cong.), by Mr. Depew. Title: "To regulate the use of radio communication." Referred to Committee on Commerce (vol. 45, p. 2991).

S. 7243 (61st Cong.), by Mr. Depew. Title: "To regulate radio communication." Referred to Committee on Commerce (vol. 45, p. 3270). Subsequent history: Reported with amendments (S. Rept. 659), page 5872; amended and passed Senate, page 8222; referred to House Committee on the Merchant Marine and Fisheries, page 8447.

S. J. Res. 141 (61st Cong.), by Mr. McCumber. Title: "For investigation of all wireless telegraph companies and corporations in the United States." Referred to Committee on Commerce (vol. 46, p. 2327).

H. R. 7548 (61st Cong.), by Mr. Douglas. Title: "Requiring radio telegraph equipment on certain ocean steamers." Referred to Committee on the Merchant Marine and Fisheries (vol. 44, p. 1363).

H. R. 12384 (61st Cong.), by Mr. Peters. Title: "Prescribing penalties for interferences with official wireless messages." Referred to Committee on Naval Affairs (vol. 45, p. 9).

H. R. 19560 (61st Cong.), by Mr. Burke of Pennsylvania. Title: "To regulate and control the use of wireless telegraphy and wireless telephony." Referred to Committee on the Merchant Marine and Fisheries (vol. 45, p. 1136).

H. R. 21757 (61st Cong.), by Mr. O'Connell. Title: "Requiring all vessels under the control of the Government excepting torpedo boats, torpedo-boat destroyers, and submarines to be equipped with wireless-telegraph apparatus." Referred to Committee on Naval Affairs (vol. 45, p. 2376).

H. R. 22558 (61st Cong.), by Mr. Burke of Pennsylvania. Title: "To regulate and control the use of wireless telegraphy and wireless telephony." Referred to Committee on the Merchant Marine and Fisheries (vol. 45, p. 2939).

H. R. 23595 (61st Cong.), by Mr. Greene. Title: "To regulate radio communications." Referred to Committee on the Merchant Marine and Fisheries (vol. 45, p. 3835). Subsequent history: Reported back (H. Rept. 924), page 4146.

H. Res. 933 (61st Cong.), by Mr. Rucker. Title: "To investigate wireless-telegraph system. Referred to Committee on Rules (vol. 46, p. 1520). Reference changed to Committee on the Merchant Marine and Fisheries (vol. 46, pp. 1743, 1900, 1901).

H. Res. 948 (61st Cong.), by Mr. Rucker. Title: "To investigate wireless-telegraph system. Referred to Committee on Rules (vol. 46, p. 1966).

H. J. Res. 95 (61st Cong.), by Mr. Roberts. Title: "To regulate and control the use of wireless telegraphy and wireless telephony." Referred to Committee on Naval Affairs (vol. 45, p. 246). Subsequent history: Reported back (H. Rept. 892), and House Joint Resolution 182 substituted, page 3987.

H. J. Res. 182 (61st Cong.), by Mr. Roberts. Title: "To regulate and control the use of wireless telegraphy and wireless telephony." Presented by Committee on Naval Affairs (vol. 45, p. 3987 as a substitute for House Joint Resolution 95, together with a report (No. 892), which report and resolution were referred to the Committee of the Whole House on the state of the Union (vol. 45, p. 3987).

SIXTY-SECOND CONGRESS, 1911–1913

S. 3620 (62d Cong.), by Mr. Nelson. Title: "To regulate radio communication." Referred to Committee on Commerce (vol. 48, p. 184).

S. 3815 (62d Cong.), by Mr. Hitchcock. Title: "To amend an act entitled 'An act to require apparatus and operators for radio communication on certain ocean steamers.'" Referred to Committee on Commerce (vol. 48, p. 365). Subsequent history: Reported with amendment (S. Rept. 680), page 5542; debated, pages 5317, 5528, 5595; amended and passed Senate, page 5595; referred to House Committee on the Merchant Marine and Fisheries, page 5677; reported with amendment (H. Rept. 734), page 6736; debated, amended, and passed the House, pages 7575–7577; Senate disagrees to House amendment and asks for a conference, page 7593; House insists on its amendment and agrees to a conference, page 7801; conferees appointed, pages 7593, 7801; conference report (No. 1007) made in House, page 9189; conference report debated and agreed to in House, pages 9189, 9190; conference report made and agreed to in Senate, pages 9229, 9230; examined and signed, pages 9310, 9386; approved (Public, No. 238), page 9586.

S. 5334 (62d Cong.), by Bourne. Title: "To regulate radio communication." Referred to Committee on Commerce (vol. 48, p. 2079).

S. 5455 (62d Cong.), by Mr. McLean. Title: "To establish a system of wireless telegraphy in the Philippine Islands." Referred to Committee on Philippine Islands (vol. 48, p. 2434). Subsequent history: Reported with amendment (S. Rept. 703), page 5994; debated, page 8228.

S. 5630 (62d Cong.), by Mr. Smith. Title: "To regulate radio communication." Referred to Committee on Commerce (vol. 48, p. 2757).

S. 6412 (62d Cong.), by Mr. Bourne. Title: "To regulate radio communication." Referred to Committee on Commerce (vol. 48, p. 5013). Subsequent history: Mr. Bourne; report from Committee on Commerce (S. Rept. 698), pages 5013, 5959; debated, pages 5317, 6015–6018; amended and passed Senate, page 6018; referred to House Committee on the Merchant Marine and Fisheries, page 6099; reported back (H. Rept. 741), page 6851; debated, pages 7572–7574, 8296, 8297, 8535, 8536, 8667, 9078, 9249, 9255; substituted by House for H. R. 15357, page 9255; debate continued, pages 9821, 10502–10505, 10591–10596; amended and passed House, page 10596; Senate concurs in House amendment, page 10644; examined and signed, 10745, 10748; approved by the President (Public, No. 264, page 11045.

H. R. 15357 (62d Cong.), by Mr. Alexander. Title: "To regulate radio communication." Referred to Committee on the Merchant Marine and Fisheries (vol. 48, p. 220). Subsequent history: Reported with amendment (H. Rept. 582), page 5081; debated, pages 9249, 10596; bill S. 6412 substituted, pages 7572, 9255.

H. R. 16803 (62d Cong.), by Mr. Maguire. Title: "To amend an act entitled 'An act to require apparatus and operators for radio communication on certain ocean steamers,' approved June 24, 1910." Referred to Committee on the Merchant Marine and Fisheries (vol. 48, p. 676).

H. R. 23556 (62d Cong.), by Mr. O'Shaunessy. Title: "To amend an act to require apparatus and operators for radio communication on certain ocean steamers." Referred to Committee on the Merchant Marine and Fisheries (vol. 48, p. 5033).

H. R. 23716 (62d Cong.), by Mr. Berger. Title: "To provide for Government ownership of wireless telegraphs." Referred to Committee on Interstate and Foreign Commerce (vol. 48, p. 5307).

H. R. 23769 (62d Cong.), by Mr. Cary. Title: "Providing for equipment of apparatus and operators for radio communication at all life-saving stations." Referred to Committee on Interstate and Foreign Commerce (vol. 48, p. 5389).

H. R. 24025 (62d Cong.), by Mr. Alexander. Title: "To amend sections 4400 and 4448 of the Revised Statutes of the United States relating to the inspection of steam vessels, and section 1 of an act approved June 24, 1910, requiring apparatus and operator for radio communication on certain ocean-going steamers." Referred to Committee on the Merchant Marine and Fisheries (vol. 48, p. 5721). Subsequent history: Reported with amendment (H. Rept. 657), page 5911; debated, pages 6833, 6834, 9249, 10689–10691; amended and passed House, pages 10690–10691; referred to Senate Committee on Commerce, page 10706.

H. J. Res. 300 (62d Cong.), by Mr. Evans. Title: "To create a joint commission to investigate the use of the air for the purpose of communication and report what regulation, if any, is desirable." Referred to Committee on Interstate and Foreign Commerce (vol. 48, p. 5010).

SIXTY-THIRD CONGRESS, 1913–1915

S. 720 (63d Cong.), by Mr. McLean. Title: "To establish a system of wireless telegraphy in the Philippine Islands." Referred to Committee on the Philippine Islands (vol. 50, p. 161).

H. R. 3981 (63d Cong.), by Mr. Cary. Title: "Providing for equipment of apparatus and operators for radio communications at all life-saving stations." Referred to Committee on Interstate and Foreign Commerce (vol. 50, p. 357).

H. R. 12172 (63d Cong.), by Mr. Steenerson. Title: "To authorize the Postmaster General to establish an experimental radio-communication service." Referred to Committee on the Post Office and Post Roads (vol. 51, p. 2218).

H. J. Res. 172 (63d Cong.), by Mr. Moss of West Virginia. Title: "Directing the Secretary of War to investigate and report to Congress at the earliest practicable time the advisability of the establishment of wireless telegraph stations along the Ohio River." Referred to Committee on Military Affairs (vol. 51, p. 939).

SIXTY-FOURTH CONGRESS, 1915–1917

S. 2377 (64th Cong.), by Mr. Sheppard. Title: "For the establishment of a medium-power radio station at Galveston, Tex." Referred to Committee on Naval Affairs (vol. 53, p. 312).

S. 3776 (64th Cong.), by Mr. Jones. Title: "Providing for the establishment of a radio station on Unga Island, Alaska." Referred to Committee on Naval Affairs (vol. 53, p. 1424). Subsequent history: Reported with amendments (S. Rept. 449), page 8140; amended and passed Senate, page 11288; referred to House Committee on Naval Affairs, page 12982.

S. 7478 (64th Cong.), by Mr. Fletcher. Title: "To regulate radio communication." Referred to Committee on Commerce (vol. 54, p. 539).

H. R. 576 (64th Cong.), by Mr. Steenerson. Title: "To authorize the Postmaster General to establish an experimental radio com-

munication service." Referred to Committee on the Post Office and Post Roads (vol. 53, p. 26).

H. R. 9821 (64th Cong.), by Mr. Nolan. Title: "To prohibit the employment of any person who is not a citizen of the United States as radio operator or telegrapher on any vessel of the United States engaged in interstate or foreign commerce; and to establish the age of radio operators." Referred to Committee on the Merchant Marine and Fisheries (vol. 53, p. 1409).

H. R. 9823 (64th Cong.), by Mr. Cary. Title: "Providing for equipment of apparatus and operator for radio communication at all life-saving stations." Referred to Committee on Interstate and Foreign Commerce (vol. 53, p. 1409).

H. R. 9914 (64th Cong.), by Mr. Kahn. Title: "Making appropriation for a radio station on Unga Island, Alaska." Referred to Committee on Naval Affairs (vol. 53, p. 1481).

H. R. 13842 (64th Cong.), by Mr. Wickersham. Title: "Making an appropriation for the establishment of a radio station at Seward, Alaska." Referred to Committee on Appropriations (vol. 53, p. 5055).

H. R. 19350 (64th Cong.), by Mr. Alexander. Title: "To regulate radio communication." Referred to Committee on the Merchant Marine and Fisheries (vol. 54, p. 782).

H. R. 21098 (64th Cong.), by Mr. Lewis. Title: "To secure to the United States a monopoly of electrical communication for hire; to provide for the acquisition by the Post Office Department of the telephone and telegraph network; and to license certain telephone lines, radio and telegraph agencies." Referred to Committee on the Post Office and Post Roads (vol. 54, p. 4856).

SIXTY-FIFTH CONGRESS, 1917–1919

S. 1733 (65th Cong.), by Mr. Fletcher. Title: "To regulate radio communication." Referred to Committee on Commerce (vol. 55, p. 621).

S. 4681 (65th Cong.), by Mr. Fletcher. Title: "To further regulate radio communication." Referred to Committee on Commerce (vol. 56, p. 7521).

S. 5235 (65th Cong.), by Mr. Sheppard. Title: "To amend a joint resolution entitled 'Joint resolution to authorize the President in time of war to supervise or take possession and assume control of any telegraph, telephone, marine cable, or radio system or systems, or any part thereof, and operate the same in such manner as may be useful or desirable for the duration of the war, and to provide just compensation therefor,' approved July 16, 1918." Referred to Committee on Interstate Commerce.

S. 5287 (65th Cong.), by Mr. Kellogg. Title: "To provide for the control, supervision, and operation of telegraph, telephone, marine cable, and radio systems." Explained and referred to Committee on Interstate Commerce (vol. 57, p. 1081).

H. R. 2573 (65th Cong.), by Mr. Padgett Title: "To further regulate radio communication." Referred to Committee on the Merchant Marine and Fisheries (vol. 55, p. 504).

H. R. 4042 (65th Cong.), by Mr. Nolan. Title: "To prohibit the employment of any person who is not a citizen of the United States as a radio operator or telegrapher on any vessel of the United States engaged in interstate or foreign commerce, and to establish the age of radio operators." Referred to Committee on the Merchant Marine and Fisheries (vol. 55, p. 1723).

H. R. 4189 (65th Cong.), by Mr. Gould. Title: "Authorizing the use of radio stations under the jurisdiction of the Navy Department for commercial purposes between the United States and Hawaii, Guam, and the Philippines." Referred to Committee on Naval Affairs (vol. 55, p. 1843).

H. R. 10888 (65th Cong.), by Mr. Hilliard. Title: "To acquire military control, by eminent domain in the form of a lease, of the marine cable, wireless, and telephone and telegraphic agencies of communication, providing for their unification to release large numbers of operators and artisans for the military service, and providing for just rentals to the owners, pending their ultimate purchase." Referred to Committee on Military Affairs (vol. 56, p. 3813).

H. R. 12647 (65th Cong.), by Mr. Padgett. Title: "To regulate and control the manufacture, distribution, storage, use, and possession in time of war of apparatus used in radio communication, and for other purposes." Referred to Committee on Naval Affairs (vol. 56, p. 8661).

H. R. 13159 (65th Cong.), by Mr. Alexander. Title: "To further regulate radio communication." Referred to Committee on the Merchant Marine and Fisheries (vol. 56, p. 11669).

H. J. Res. 427 (65th Cong.), by Mr. Greene of Massachusetts. Title: "Directing the Secretary of the Navy to instruct the United States representative to the Inter-Allied Radio Conference that they shall not commit the United States to any policy of government ownership or operation of commercial radio stations." Referred to Committee on Naval Affairs (vol. 57, p. 3406).

H. Res. 577 (65th Cong.), by Mr. Greene of Massachusetts. Title: "Directing the Secretary of the Navy to furnish forthwith to the House of Representatives the originals or copies of all papers, documents, or correspondence on file in the Navy Department relating generally to the subject of an interallied radio conference, and other facts relative to the origin and purpose of such conference." Referred to Committee on Naval Affairs (vol. 57, p. 3406). Subsequent history: Committee discharged; agreed to, page 4245.

SIXTY-SIXTH CONGRESS, 1919–1921

S. 120 (66th Cong.), by Mr. Kellogg. Title: "To repeal chapter 154 of the act of the second session of the Sixty-fifth Congress, being the joint resolution entitled 'Joint resolution to authorize the President in time of war to supervise or take possession and assume control of any telegraph, telephone, marine cable, or radio system or systems, or any part thereof, and to operate the same in such manner as may be needful or desirable for the duration of the war, and to provide just compensation therefor,' approved July 16, 1918." Referred to Committee on Interstate Commerce (vol. 58, p. 56). Subsequent history: Reported with amendment (S. Rept. 4), page 636; debated, pages 746, 857–859, 915–922; amended and passed Senate, page 922; referred to House Committee on Interstate and Foreign Commerce, page 1006; reported with amendment (H. Rept. 45), page 1199; debated, pages 1337–1365, 1394–1395; passed House, page 1396; Senate asks for conference, page 1427; House agrees to conference, page 1448; conferees appointed, pages 1427, 1448; conference report made in the House (H. Rept. 71), page 1776; conference report made in Senate and agreed to, pages 1720, 1906–1907; conference report agreed to in House, pages 1924–1925; examined and signed, pages 2047, 2102; approved by the President (Public, No. 9), page 2532.

S. 154 (66th Cong.), by Mr. Jones of Washington. Title: "Providing for the establishment of a radio station on Unga Island, Alaska." Referred to Committee on Naval Affairs (vol. 58, p. 57). Subsequent history: Reported back adversely and indefinitely postponed, page 4994.

S. 2523 (66th Cong.), by Mr. Calder. Title: "To amend section 3 of an act entitled 'An act to regulate radio communication,' approved August 13, 1912." Referred to Committee on Commerce (vol. 58, p. 2696).

S. 3172 (66th Cong.), by Mr. Lodge. Title: "To authorize the President of the United States to arrange and participate in an international conference to consider questions relating to international communication." Referred to Committee on Foreign Relations (vol. 58, p. 6484).

S. 3177 (66th Cong.), by Mr. Poindexter. Title: "Authorizing commercial service by naval radio plants." Referred to Committee on Naval Affairs (vol. 58, p. 6484).

S. 3399 (66th Cong.), by Mr. McNary. Title: "Authorizing the use of radio stations under the control of the Navy Department for commercial purposes, and for other purposes." Referred to Committee on Commerce (vol. 58, p. 8114).

S. 4038 (66th Cong.), by Mr. Poindexter. Title: "To regulate the operation of and to foster the development of radio communications in the United States." Referred to Committee on Naval Affairs (vol. 59, p. 4001). See Senate Document 248.

S. 4487 (66th Cong.), by Mr. Calder. Title: "To amend section 1 of the act entitled 'An act to require apparatus and operators for radio communication on certain ocean steamers,' approved June 24, 1910, as amended." Referred to Committee on Commerce.

S. 4681 (66th Cong.), by Mr. Fletcher. Title: "To further regulate radio communications." Referred to Committee on Commerce (vol. 56, p. 7521).

S. J. Res. 130 (66th Cong.), by Mr. King. Title: "Proposing a plan for the adjustment of claims made by citizens of the United States for indemnification for losses suffered in Mexico not otherwise redressed." Referred to Committee on Foreign Relations (vol. 59, p. 111).

S. J. Res. 170 (66th Cong.), by Mr. Poindexter. Title: "To authorize and direct the Secretary of the Navy to open certain naval radio stations for the use of the general public." Referred to Committee on Naval Affairs (vol. 59, p. 3865). Subsequent history: Reported with amendment (S. Rept. 466), page 4112; debated, amended, and passed Senate, pages 4112–4117; referred to House Committee on the Merchant Marine and Fisheries, page 4258; reported with amendments (H. Rept. 1003), page 7324; debated, amended, and passed House, pages 7709–7711; Senate concurs in House amendment, pages 7874–7875; examined and signed, pages 8156, 8160; approved by the President (Public Resolution No. 48), page 8620.

H. R. 421 (66th Cong.), by Mr. Esch. Title: "To repeal chapter 154 of the act of the second session of the Sixty-fifth Congress, being the joint resolution entitled 'Joint resolution to authorize the President in time of war to supervise or take possession and assume control of any telegraph, telephone, marine cable, or radio system or systems, or any part thereof, and to operate the same in such manner as may be needful or desirable for the duration of the war, and to provide just compensation therefor.'" Referred to Committee on Interstate and Foreign Commerce (vol. 58, p. 21).

H. R. 3075 (66th Cong.), by Mr. Nolan. Title: "To prohibit the employment of any person who is not a citizen of the United States as radio operator or telegrapher on any vessel of the United States engaged in interstate or foreign commerce, and to establish the age of radio operators." Referred to Committee on the Merchant Marine and Fisheries (vol. 58, p. 272).

H. R. 7007 (66th Cong.), by Mr. Britten. Title: "To require the installation of wireless equipment on all passenger-carrying ships measuring more than 150 feet in length." Referred to Committee on the Merchant Marine and Fisheries (vol. 58, p. 2303).

H. R. 7288 (66th Cong.), by Mr. Mapes. Title: "To require the installation of wireless equipment on all boats or ships carrying passengers for fare and going out of sight of land." Referred to Committee on the Merchant Marine and Fisheries (vol. 58, p. 2574).

H. R. 9822 (66th Cong.), by Mr. Rogers. Title: "To authorize the President of the United States to arrange and participate in an international conference to consider questions relating to international communications." Referred to Committee on Foreign Affairs (vol. 58, p. 6659). Subsequent history: Reported with amendment (H. Rept. 387), page 7044; debated, amended, and passed House, pages 7329–7349, 9212–9214; referred to Senate Committee on Foreign Relations, page 7355; reported back, page 267; passed Senate, page 267; examined and signed, pages 386, 389;

presented to the President, page 469; approved (Public, No. 100), page 769.

H. R. 10831 (66th Cong.), by Mr. White of Maine. Title: "To restore to private ownership and operation certain radio stations, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 59, p. 100).

H. R. 11779 (66th Cong.), by Mr. White of Maine. Title: "To restore to private ownership and operation certain radio stations, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 59, p. 1602).

H. R. 12305 (66th Cong.), by Mr. Britten. Title: "To acquire site for distant-control radio station in Porto Rico." Referred to Committee on Naval Affairs (vol. 59, p. 2482).

H. R. 15512 (66th Cong.), by Mr. Stephens. Title: "To acquire site for distant-control radio station in Porto Rico." Referred to Committee on Naval Affairs (vol. 59, p. 973).

H. J. Res. 217 (66th Cong.), by Mr. Greene of Massachusetts. Title: "To direct the Secretary of the Navy to remove the restrictions on the use and operation of amateur radio stations throughout the United States." Referred to the Committee on Merchant Marine and Fisheries (vol. 58, p. 6013).

H. J. Res. 218 (66th Cong.), by Mr. Greene of Massachusetts. Title: "To direct the Secretary of the Navy to open certain naval radio stations for the use of the general public." Referred to Committee on the Merchant Marine and Fisheries (vol. 58, p. 6013).

H. J. Res. 304 (66th Cong.), by Mr. Greene of Massachusetts. Title: "To authorize and direct the Secretary of the Navy to open certain naval radio stations for the use of the general public." Referred to Committee on Merchant Marine and Fisheries (vol. 59, p. 3651).

H. J. Res. 409 (66th Cong.), by Mr. Britten. Title: "To authorize and direct the Secretary of the Navy to open certain naval radio stations for the dissemination of public information." Referred to Committee on Merchant Marine and Fisheries (vol. 60, p. 305).

H. J. Res. 461 (66th Cong.), by Mr. Chindblom. Title: "To amend section 2 of the joint resolution entitled 'Joint resolution to authorize the operation of Government-owned radio stations for the use of the general public, and for other purposes,' approved June 5, 1920." Referred to Committee on Merchant Marine and Fisheries (vol. 60, p. 2101). Reported back (H. Rept. 1269) (vol. 60, p. 2284).

H. Res. 283 (66th Cong.), by Mr. Greene of Massachusetts. Title: "Requesting information of the Secretary of the Navy." Referred to Committee on Merchant Marine and Fisheries (vol. 58, p. 4952).

H. Res. 291 (66th Cong.), by Mr. Greene of Massachusetts. Title: "Requesting information of the Secretary of the Navy." Referred to Committee on Merchant Marine and Fisheries (vol. 58, p. 5479).

SIXTY-SEVENTH CONGRESS, 1921–1923

S. 31 (67th Cong.), by Mr. Poindexter. Title: "To regulate the operation of and to foster the development of radio communications in the United States." Referred to Committee on Naval Affairs (vol. 61, p. 143).

S. 1627 (67th Cong.), by Mr. Kellogg. Title: "To regulate the operation of and to encourage the development of radio communication in the United States." Referred to Committee on Interstate Commerce (vol. 61, p. 1097).

S. 1628 (67th Cong.), by Mr. Kellogg. Title: "To regulate radio communication and to foster its development." Referred to Committee on Interstate Commerce (vol. 61, p. 1097.)

S. 2290 (67th Cong.), by Mr. Calder. Title: "To amend section 3 of an act entitled 'An act to regulate radio communications,' approved August 3, 1912." Referred to Committee on Commerce (vol. 61, p. 4156).

S. 3694 (67th Cong.), by Mr. Kellogg. Title: "To amend an act entitled 'An act to regulate radio communication,' approved August 13, 1912, and for other purposes." Referred to Committee on Interstate Commerce (vol. 62, p. 8399).

S. J. Res. 22 (67th Cong.), by Mr. McCormick. Title: "To amend section 2 of the joint resolution entitled 'Joint resolution to authorize the operation of Government-owned radio stations for the use of the general public, and for other purposes,' approved June 5, 1920." Referred to Committee on Naval Affairs (vol. 61, p. 188).

H. R. 163 (67th Cong.), by Mr. Curry. Title: "Authorizing the use of radio stations under the control of the Navy Department for commercial purposes, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 61, p. 90).

H. R. 4132 (67th Cong.), by Mr. White of Massachusetts. Title: "To regulate the operation of and to encourage the development of radio communication in the United States." Referred to Committee on the Merchant Marine and Fisheries (vol. 61, p. 418).

H. R. 5889 (67th Cong.), by Mr. White of Massachusetts. Title: "To regulate radio communication and to foster its development." Referred to Committee on the Merchant Marine and Fisheries (vol. 61, p. 1143).

H. R. 7111 (67th Cong.), by Mr. Kahn. Title: "Authorizing the Secretary of War, the Attorney General, and the Secretary of the Navy, jointly, to make settlement of damages and compensation due by the United States for infringement of radio patents connected with the prosecution of the war, and for other purposes." Referred to Committee on Military Affairs (vol. 61, p. 2548). Reported back (H. Rept. 173, vol. 61, p. 2647). Debated, p. 4272. Motion to strike out enacting clause, p. 4282. Debated and agreed to (vol. 61, pp. 4282–4285).

H. R. 11964 (67th Cong.), by Mr. White of Massachusetts. Title: "To amend an act to regulate radio communications, approved August 13, 1912, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 62, p. 8508).

H. R. 13773 (67th Cong.), by Mr. White of Massachusetts. Title: "To amend an act to regulate radio communication, approved August 3, 1912, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 64, p. 1617). Subsequent history: Reported back (H. Rept. 1416), page 1865; debated, pages 2328–2355, 2781–2798; amended and passed House, page 2798; referred to Senate Committee on Interstate Commerce, page 3238.

H. R. 14169 (67th Cong.), by Mr. Sinclair. Title: "To secure to the United States a monopoly of the electrical means for the transmission of intelligence for hire; to provide for the acquisition by the Post Office Department of the telephone and telegraph network; and to license certain telephone lines, radio and telegraph agencies." Referred to Committee on Interstate and Foreign Commerce (vol. 64, p. 2924).

H. J. Res. 7 (67th Cong.), by Mr. Chindblom. Title: "To amend section 2 of the joint resolution entitled 'Joint resolution to authorize the operation of Government-owned radio stations for the use of the general public, and for other purposes,' approved June 5, 1920." Referred to Committee on the Merchant Marine and Fisheries (vol. 61, p. 99). Reported with amendments (H. Rept. 59), page 1240; debated, pages 2158, 2913–2924; amended and passed, page 2924; referred to Senate Committee on Naval Affairs, page 2928.

H. J. Res. 278 (67th Cong), by Mr. Brennan. Title: "Providing for the installation and operation of radiotelephone transmitting apparatus for the purpose of transmitting the proceedings and debates of the Senate and of the House of Representatives, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 62, p. 3130).

H. J. Res. 287 (67th Cong.), by Mr. Brand. Title: "Directing the United States Department of Agriculture to investigate feasibility of furnishing market prices of cotton by radiophone to the farmers of cotton-growing States." Referred to Committee on Agriculture (vol. 62, p. 3888).

H. Res. 314 (67th Cong.), by Mr. Britten. Title: "Authorizing an investigation into the operations and accounts of the Radio Corporation of America, American Telegraph & Telephone Co., the Western Electric & Manufacturing Co., the General Electric Co., and the United Fruit Co." Referred to Committee on the Judiciary (vol. 62, p. 4835).

H. Res. 357 (67th Cong.), by Mr. Brand. Title: "Directing the United States Department of Agriculture and the Post Office Department to investigate the feasibility of furnishing market prices of cotton, corn, wheat, livestock, and dairy products by radiophone to the farmers." Referred to Committee on Agriculture (vol. 62, p. 7937). Subsequent history: Reported with amendment (H. Rept. 1064), page 3138; debated, page 8986.

H. Res. 525 (67th Cong.), by Mr. White. Title: "Requesting the Federal Trade Commission to investigate and to report to the House the facts relating to the ownership of radio patents, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 64, p. 3536).

H. Res. 548 (67th Cong.), by Mr. White. Title: "Requesting the Federal Trade Commission to investigate and report to the House the facts relating to the ownership of radio patents, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 64, p. 4212). Subsequent history: Reported back (H Rept. 1686), page 4341; considered and agreed to, page 5544.

SIXTY-EIGHTH CONGRESS, 1923–1925

S. 1692 (68th Cong.), by Mr. Jones. Title: "Providing for the establishment of a radio station on Unga Island, Alaska." Referred to Committee on Naval Affairs (vol. 65, p. 495).

S. 2524 (68th Cong.), by Mr. McNary. Title: "To amend an act to regulate radio communication, approved August 13, 1912, and for other purposes." Referred to Committee on Commerce (vol. 65, p. 2540).

S. 2796 (68th Cong.), by Mr. Dill. Title: "To regulate radio communications, to provide for the collection of license and radio-station fees, and for other purposes." Referred to Committee on Commerce (vol. 65, p. 3874).

S. 2813 (68th Cong.), by Mr. Howell. Title: "Reaffirming the use of the ether for radio communications or otherwise to be the inalienable possession of the Nation, and for other purposes." Referred to Committee on Interstate Commerce (vol. 65, p. 3940).

S. 2930 (68th Cong.), by Mr. Howell. Title: "Reaffirming the use of the ether for radio communication or otherwise to be the inalienable possession of the people of the United States and their Government, and for other purposes." Referred to Committee on Interstate Commerce (vol. 65, p. 4915). Subsequent history: Reported back (S. Rept. 311), page 5055; debated, page 5733; passed Senate, page 5737; referred to House Committee on the Merchant Marine and Fisheries, page 5907; reported with an amendment (H. Rept. 719), page 8496; referred back to the Committee on the Merchant Marine and Fisheries (vol. 66, p. 2361).

S. J. Res. 175 (68th Cong.), by Mr. Jones of Washington. Title: "To amend section 2 of the public resolution entitled 'Joint resolution to authorize the operation of Government-owned radio stations for the use of the general public, and for other purposes,' approved April 14, 1922." Referred to Committee on Commerce (vol. 66, p. 2501).

S. J. Res. 177 (68th Cong.), by Mr. Jones of Washington. Title: "To amend section 2 of the public resolution entitled 'Joint resolution to authorize the operation of Government-owned radio stations for the use of the general public, and for other purposes.'"

Referred to Committee on Commerce (vol. 66, p. 2613). Subsequent history: Reported back (S. Rept. 1104); passed Senate, page 3559; referred to House Committee on the Merchant Marine and Fisheries, page 3740; passed House, page 3876; examined and signed, pages 3990–3998; presented to the President, page 4101; approved (Pub. Res. No. 56), page 5090.

S. Res. 197 (68th Cong.), by Mr. Howell. Title: "Directing the Secretary of War and the Secretary of the Navy to cooperate in the appointment of a joint commission to report to the Senate respecting the use of the radio stations of the War and Navy Departments for the broadcasting of the proceedings of Congress." Ordered to lie over under the rule (vol. 65, p. 5056); referred to the Committee on Rules, page 5122; reported with amendments, page 7528; considered, amended, and agreed to, page 7666. Comments appear (vol. 65, pp. 5122, 9110, and 9962).

H. R. 7357 (68th Cong), by Mr. White. Title: "To regulate radio communication, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 65, p. 3294).

H. R. 8334 (68th Cong.), by Mr. Rayburn. Title: "Reaffirming the use of the ether for radio communications or otherwise to be the inalienable possession of the Nation, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 65, p. 5321).

H. J. Res. 311 (68th Cong), by Mr. Free. Title: "To amend section 2 of the joint resolution entitled 'Joint resolution to authorize the operation of Government-owned radio stations for the use of the general public, and for other purposes.'" Referred to Committee on the Merchant Marine and Fisheries (vol. 66, p. 756).

H. J. Res. 317 (68th Cong.), by Mr. Free. Title: Extending the time limitation authorizing the use of Government-owned radio stations for certain purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 66, p. 1501). Subsequent history: Reported back (H. Rept. 1133), page 1718.

H. J. Res. 334 (68th Cong.), by Mr. Free. Title: "To amend section 2 of the public resolution entitled 'Joint resolution to authorize the operation of Government-owned radio stations for the use of the general public, and for other purposes,' approved April 14, 1922." Referred to Committee on the Merchant Marine and Fisheries (vol. 66, p. 2550). Subsequent history: Reported back (H. Rept. 1345), page 2743; S. J. Res. 177 substituted for it, page 3876.

SIXTY-NINTH CONGRESS, 1925–1927

S. 1 (69th Cong.), by Mr. Howell. Title: "Reaffirming the use of the ether for radio communications or otherwise to be the inalienable possession of the people of the United States and their Government, and for other purposes." Referred to Committee on Interstate Commerce (vol. 67, p. 473).

S. 1754 (69th Cong.), by Mr. Dill. Title: "Reaffirming the use of the ether for radio communications or otherwise to be the inalienable possession of the people of the United States and their Government, providing for the regulation of radio communications, and for other purposes." Referred to Committee on Interstate Commerce (vol. 67, p. 904).

S. 2328 (69th Cong.), by Mr. Dill. Title: "To amend section 1 of an act entitled 'An act to amend and consolidate the acts respecting copyright,' approved March 4, 1909, as amended, by adding subsection (f)." Referred to Committee on Patents (vol. 67, p. 1807).

S. 3968 (69th Cong.), by Mr. Borah. Title: "To provide for the regulation of radio communications, and for other purposes." Referred to Committee on Interstate Commerce (vol. 67, p. 7341).

S. 4057 (69th Cong.), by Mr. Dill. Title: "For the regulation of radio communications, and for other purposes." Referred to Committee on Interstate Commerce (vol. 67, p. 7948).

S. 4156 (69th Cong.), by Mr. Dill. Title: "For the regulation of radio communications, and for other purposes." Referred to Committee on Interstate Commerce (vol. 67, p. 8574).

S. J. Res. 125 (69th Cong.), by Mr. Dill. Title: Limiting the time for which licenses for radio transmission may be granted, and for other purposes." Referred to and considered in the Committee of the Whole and passed Senate (vol. 67, p. 12959). Subsequent history: Debated and passed House, page 13046; statement, page 13067; examined and signed (vol. 68), pages 12, 38; presented to the President; approved, page 93 (Pub. Res. No. 47).

S. J. Res. 132 (69th Cong.), by Mr. Copeland. Title: "Authorizing the Secretary of Commerce to regulate radio broadcasting stations, and for other purposes." Referred to Committee on Interstate Commerce (vol. 67, p. 279).

S. J. Res. 165 (69th Cong.), by Mr. Copeland. Title: "Authorizing the Secretary of Commerce to regulate radiobroadcasting stations, and for other purposes." Referred to Committee on Interstate Commerce (vol. 68, pp. 4108, 4148).

H. R. 5589 (69th Cong.), by Mr. White. Title: "For the regulation of radio communications, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 67, p. 901). Subsequent history: Debated, pages 5474, 5485, 5585. Also see debates on H. R. 9971.

H. R. 9108 (69th Cong.), by Mr. White. Title: "For the regulation of radio communications, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 67, p. 3660). Subsequent history: Reported back (H. Rept. 404), page 4729; debated, pages 5473, 5474, 5485; laid on the table (see H. R. 9971), page 5716. See also debates on H. R. 9971.

H. R. 9971 (69th Cong.), by Mr. White. Title: "For the regulation of radio communications, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 68, p. 4956). Subsequent history: Reported back (H. Rept. 464), page 5130; debated, pages, 5473–5505, 5555–5586, 5645; amended and passed House, page 5647; referred to Senate Committee on Interstate Commerce, page 5688; reported with amendment (S. Rept. 772), page 8960; debated, pages 11436, 12000, 12230, 12335, 12480, 12497, 12614, 12617, 12630; amended and passed Senate; Senate insists upon its amendment and asks conference, page 12618; conferees appointed, page 12618; House disagrees to Senate amendment; agrees to conference, page 12778 (see S. J. Res. 125), page 12959; conference report submitted in House (H. Rept. 1886) (vol. 68, pp. 2405, 2556); debated, pages 2556–2580; agreed to, page 2580; conference report submitted in Senate (S. Doc. 200), page 2588; debated, pages 2750, 2869, 2882, 3025, 3037, 3117, 3123, 3244, 3257, 3329, 3431, 3569, 3589, 4027, 4109–4113, 4148; agreed to, page 4155; examined and signed, pages 4238, 4319; presented to the President, page 4493; approved (Public, No. 632), page 4938.

H. R. 10987 (69th Cong.), by Mr. Vestal. Title: "To amend the copyright act of 1909 with respect to radio and broadcasting." Referred to Committee on Patents (vol. 67, p. 6935).

H. R. 15909 (69th Cong.), by Mr. Underhill. Title: "Granting authority to the Secretary of Commerce to regulate radio communications." Referred to Committee on the Merchant Marine and Fisheries (vol. 68, p. 1152).

H. R. 16867 (69th Cong.), by Mr. Bloom. Title: "To prevent the radio broadcasters from charging the public for listening in." Referred to Committee on the Merchant Marine and Fisheries (vol. 68, p. 2744).

H. R. 17265 (69th Cong.), by Mr. Dickstein. Title: "To amend section 29 of the radio act, 1927." Referred to Committee on the Merchant Marine and Fisheries (vol. 68, p. 4393).

H. J. Res. 294 (69th Cong.), by Mr. Dickstein. Title: "Authorizing the Secretary of Commerce to regulate radiobroadcasting stations, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 68, p. 16).

H. J. Res. 296 (69th Cong.), by Mr. White. Title: "Prohibiting the issuance of radiobroadcasting licenses within the United States until otherwise prohibited." Referred to Committee on the Merchant Marine and Fisheries (vol. 68, p. 16).

SEVENTIETH CONGRESS, 1927–1929

S. 2317 (70th Cong.), by Mr. Watson. Title: "Continuing for one year the powers and authority of the Federal Radio Commission under the radio act of 1927, and for other purposes." Referred to Committee on Interstate Commerce (vol. 69, p. 1161). Subsequent history: Reported with amendment (S. Rept. 226), page 2405; debated, pages 2533, 2544, 2562; amended and passed Senate, page 2563; referred to House Committee on the Merchant Marine and Fisheries, page 2692; reported with amendment (H. Rept. 800), page 3828; made special order (H. Res. 132), page 4486; debated, pages 4473, 4486, 4500, 4508, 4562, 4590; amended and passed House, page 4589; Senate disagrees to House amendments and asks conference, page 4608; conferees appointed, pages 4610, 4662; House insists upon its amendments and agrees to conference, page 4662; conference report submitted in House (H. Rept. 992), pages 4989, 5113; debated, page 5113; agreed to, page 5120; conference report submitted in Senate, page 5155; debated, pages 5155–5175, 5288; agreed to, page 5304; examined and signed, pages 5408, 5413; presented to the President, page 5414; approved (Public, No. 195), page 5557.

S. 2783 (70th Cong.), by Mr. Dill. Title: "To provide for the forfeiture of patent rights in case of conviction under laws prohibiting monopoly." Referred to Committee on Patents (vol. 69, p. 1842). Subsequent history: Debated, page 8382; reported with amendments (S. Rept. 1493) (vol. 70), page 2088; debated, pages 2287–2288.

S. 2853 (70th Cong.), by Mr. Dill. Title: "To amend an act entitled 'An act for the regulation of radio communications,' approved February 23, 1927, and for other purposes." Referred to Committee on Interstate Commerce (vol. 69, p. 2116).

S. 4675 (70th Cong.), by Mr. Dill. Title: "To amend an act entitled 'An act for the regulation of radio communications,' approved February 23, 1927, and for other purposes." Referred to Committee on Interstate Commerce (vol. 70, p. 54).

S. 4929 (70th Cong.), by Mr. Watson. Title: "To amend an act entitled 'An act for the regulation of radio communications,' approved February 23, 1927." Referred to Committee on Interstate Commerce (vol. 70, p. 564).

S. 4937 (70th Cong.), by Mr. Watson. Title: "Continuing the powers of the Federal Radio Commission under the radio act of 1927, and for other purposes." Referred to Committee on Interstate Commerce (vol. 70, p. 3109). Subsequent history: Reported back (S. Rept. 1715), page 3109; debated, page 3746.

S. 5550 (70th Cong.), by Mr. Jones. Title: "To authorize the purchase by the Secretary of Commerce of a site, and the construction and equipment of a building thereon, for use as a constant-frequency monitoring radio station, and for other purposes." Referred to Committee on Commerce (vol. 70, p. 2276). Subsequent history: Reported back (S. Rept. 1602), page 2658; passed Senate, page 3147; referred to House Committee on Public Buildings and Grounds, page 3414; passed House (in lieu of H. R. 16608), page 3684; examined and signed, pages 3745, 3805; presented to the President, page 3812; approved (Public, No. 793), page 4120.

S. Res. 351 (70th Cong.), by Mr. Dill. Title: "Requesting the Federal Radio Commission to formulate a schedule of fees." Considered and agreed to, page 5058.

S. Con. Res. 29 (70th Cong.), by Mr. Dill. Title: "Recommending the prosecution by the Department of Justice of certain companies for alleged violation of the antitrust laws in connection with the manufacture of radio apparatus and radio communica-

tion." Referred to the Committee on Interstate Commerce (vol. 70, p. 1521).

H. R. 8825 (70th Cong.), by Mr. White. Title: "To amend an act entitled 'An act for the regulation of radio communications,' approved February 23, 1927, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 69, p. 1146).

H. R. 13750 (70th Cong.), by Mr. White. Title: "To amend an act entitled 'An act to require apparatus and operators for radio communication on certain ocean steamers,' approved June 24, 1910, as amended by the act approved July 23, 1912." Referred to Committee on the Merchant Marine and Fisheries (vol. 69, p. 8678).

H. R. 13931 (70th Cong.), by Mr. James. Title: "To authorize an appropriation for the construction of a building for a radio and communication center at Bolling Field, D C." Referred to Committee on Military Affairs (vol. 70, p. 9420). Subsequent history: Reported with amendment (H. Rept. 2138), page 1946; debated, page 2776; amended and passed House, page 3670; referred to Senate Committee on Military Affairs, page 3712; reported with amendment (S. Rept. 1863), amended, and passed Senate, page 4111; House concurs in Senate amendments, page 4615; examined and signed, pages 4697, 4812; approved (Public, No. 875), page 5226.

H. R. 14467 (70th Cong.), by Mr. Huddleston. Title: "To amend the radio act of 1927." Refered to Committee on the Merchant Marine and Fisheries (vol. 70, p. 15).

H. R. 14819 (70th Cong.), by Mr. Davis. Title: "To amend an act entitled 'An act for the regulation of radio communication, and for other purposes,' approved February 23, 1927." Referred to Committee on the Merchant Marine and Fisheries (vol. 70, p. 121).

H. R. 15430 (70th Cong.), by Mr. White. Title: "Continuing the powers and authority of the Federal Radio Commission under the radio act of 1927, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 70, p. 710). Subsequent history: Reported back (H. Rept. 2396), page 2963; made special order (H. Res. 321), pages 3764, 3766; debated, pages 3766, 3777; amended and passed House, page 3787; in Senate, read twice and ordered to lie on the table, page 3812; debated, pages 4848, 4872; passed Senate, amended, page 4885; House agrees to Senate amendments, page 5070; examined and signed, pages 5170, 5217; presented to the President, page 5230; approved (Public, No. 1029), page 5229.

H. R. 15572 (70th Cong.), by Mr. Darrow. Title: "To amend the radio act of 1927." Referred to Committee on the Merchant Marine and Fisheries (vol. 70, p. 907).

H. R. 15922 (70th Cong.), by Mr. Crowther. Title: "To provide for not less than 50 clear channels of radio communication." Referred to Committee on the Merchant Marine and Fisheries (vol. 70, p. 1237).

H. R. 16608 (70th Cong.), by Mr. Elliott. Title: "To authorize the purchase by the Secretary of Commerce of a site, and the construction and equipment of a building thereon, for the use as a constant-frequency monitoring radio station, and for other purposes." Referred to Committee on Public Buildings and Grounds (vol. 70, p. 2255). Subsequent history: Reported back (H. Rept. 2293), page 2506; laid on the table (S. 5550 passed in lieu), page 3684.

H. J. Res. 316 (70th Cong.), by Mr. Porter. Title: "Authorizing an appropriation in the sum of $12,350 to pay for the expenditures involved in the participation by the United States in the International Juridical Congress on Wireless Telegraphy, to be held at Rome in 1928." Referred to Committee on Foreign Affairs (vol. 69), page 9518. Subsequent history: Reported back (H. Rept. 1875), page 10045; debated (vol. 70), page 757.

H. J. Res. 317 (70th Cong.), by Mr. Porter. Title: "Authorizing an appropriation in the sum of $19,800 to pay for the expenditures involved in the participation by the United States in the International Telegraph Conference to be held at Brussels in 1928." Referred to Committee on Foreign Affairs (vol. 69, p. 9518). Subsequent history: Reported back (H. Rept. 1876), page 10045; debated (vol. 70), page 757.

H. Con. Res. 47 (70th Cong.), by Mr. Davis. Title: "Requesting the Federal Trade Commission to transmit to the Attorney General evidence taken under complaint charging monopoly in radio, and requesting Attorney General to consider and take such action as may be warranted." Referred to Committee on the Merchant Marine and Fisheries (vol. 70, p. 1609).

H. Res. 60 (70th Cong.), by Mr. Bloom. To amend the rules of the House of Representatives and provide for a committee on communications, radio, and broadcasting. Referred to Committee on Rules (vol. 69, p. 877).

SEVENTY-FIRST CONGRESS, 1929–1931

S. 6 (71st Cong.), by Mr. Couzens. Title: "To provide for the regulation of the transmission of intelligence by wire or wireless." Referred to Committee on Interstate Commerce (vol. 71, p. 102).

S. 908 (71st Cong.), by Mr. Watson. Title "To amend an act entitled 'An act for the regulation of radio communication, and for other purposes,' approved February 23, 1927." Referred to the Committee on Interstate Commerce (vol. 71, p. 699).

S. 1563 (71st Cong.), by Mr. Nye. Title: "To establish and operate a Government radiobroadcasting station." Referred to Committee on Interstate Commerce (vol. 71, p. 3022).

S. 2276 (71st Cong.), by Mr. Dill. Title: "Continuing the powers and authority of the Federal Radio Commission under the radio act of 1927, as amended." Referred to Committee on Interstate Commerce (vol. 72, p. 30). Subsequent history: Reported with amendment (S. Rept. 56), page 434; debated, page 706; passed Senate as amended, page 715; taken from Speaker's table and passed House, page 761; examined and signed, pages 804, 811; presented to the President, page 838; approved (Public, No. 25), page 1044.

S. 3448 (71st Cong.), by Mr. Johnson. Title: "To amend the act of February 21, 1929, entitled 'An act to authorize the purchase by the Secretary of Commerce of a site and the construction and equipment of a building thereon, for use as a constant-frequency monitoring radio station, and for other purposes.'" Referred to Committee on Commerce (vol. 72, p. 3136). Subsequent history: Reported back (S. Rept. 195), page 3965; passed Senate, page 6579; taken from Speaker's table and passed House in lieu of H. R. 9483, page 6720; examined and signed, pages 6766, 6816; presented to the President, page 6822; approved (Public, No. 123), page 7056.

S. 3522 (71st Cong.), by Mr. Nye. Title "To amend section 9 of the act entitled 'An act for the regulation of radio communications, and for other purposes,' approved February 23, 1927." Referred to Committee on Interstate Commerce (vol. 72, p. 3410).

S. 3849 (71st Cong.), by Mr. Keyes. Title: "To authorize the Secretary of Commerce to purchase land and to construct buildings and facilities suitable for radio research investigations." Referred to Commitee on Public Buildings and Grounds (vol. 72, p. 5027).

S. 5503 (71st Cong.), by Mr. Dill. Title: "Authorizing purchase of land and construction of building for radio station near Grand Island, Nebr." Referred to Committee on Commerce (vol. 74, p. 1360). Reported back (S. Rept. 1661), page 5356. Passed Senate, p. 6114. Referred to House Committee on the Merchant Marine and Fisheries, page 6306.

S. 5583 (71st Cong.), by Mr. Dill. Title: "To amend the radio act of 1927, approved February 23, 1927, and for other purposes." Referred to Committee on Interstate Commerce. (Vol. 74, p. 1547).

S. 5589 (71st Cong.), by Mr. Fess. Title: "To amend the radio act of 1927, as amended." Referred to Committee on Interstate Commerce (vol. 74, p. 1614).

S. 5891 (71st Cong.), by Mr. Couzens. Title: "To amend section 2 of the radio act of 1927." Referred to Committee on Interstate Commerce (vol. 74, p. 3252).

S. 5892 (71st Cong.), by Mr. Couzens. Title: "To amend section 4 of the radio act of 1927." Referred to Committee on Interstate Commerce (vol. 74, p. 3252).

S. 5893 (71st Cong.), by Mr. Couzens. Title: "To amend section 9 of the radio act of 1927." Referred to Committee on Interstate Commerce (vol. 74, p. 3253).

S. 5894 (71st Cong.), by Mr. Couzens. Title: "To amend section 14 of the radio act of 1927." Referred to Committee on Interstate Commerce (vol. 74, p. 3253).

S. 6240 (71st Cong.), by Mr. McNary. Title: "To prohibit the broadcasting of lotteries by radio." Referred to Committee on Interstate Commerce (vol. 74, p. 5919).

S. J. Res. 176 (71st Cong.), by Mr. Dill. Title: "Transferring the functions of the Radio Division of the Department of Commerce to the Federal Radio Commission." Referred to Committee on Interstate Commerce (vol. 72, p. 8711). Subsequent history: Reported with amendment (S. Rept. 694), page 9190; amended and passed Senate, page 9356; referred to House Committee on the Merchant Marine and Fisheries, page 9485; reported with amendment (H. Rept. 1633), page 9520; debated, pages 11523–11524.

S. J. Res. 220 (71st Cong.), by Mr. Glenn. Title: "Directing the Federal Radio Commission to assign three clear channels to Government departments." Referred to Committee on Interstate Commerce (vol. 74, p. 793).

S. Res. 36 (71st Cong.), by Mr. Dill. Title: "To provide for the equipment of the Senate Chamber for broadcasting the proceedings of the Senate." Referred to Committee to Audit and Control the Contingent Expenses of the Senate (vol. 71, p. 343).

S. Res. 38 (71st Cong.), by Mr. Dill. Title: "Requesting the Federal Radio Commission to hold hearings on the Radio Corporation's application for wave lengths." Referred to Committee on Interstate Commerce (vol. 71, p. 343).

S. Res. 80 (71st Cong.), by Mr. Couzens. Title: "To investigate certain matter relating to power and communications in interstate and foreign commerce." Referred to Committee on Interstate Commerce (vol. 71, p. 2161). Subsequent history: Reported back with an amendment; referred to the Committee to Audit and Control the Contingent Expenses of the Senate, page 2312; reported back, considered, amended, and agreed to, page 2575.

S. Res. 166 (71st Cong.), by Mr. Sackett. Title: "Requesting certain information from the Federal Radio Commission, concerning radiobroadcasting in the several radio zones." Considered, amended, and agreed to (vol. 71, pp. 5923, 5926).

S. Res. 488 (71st Cong.), by Mr. Couzens. Title: "Continuing Senate Resolution No. 80, to investigate certain matters relating to power and communications in interstate and foreign commerce." Referred to Committee to Audit and Control the Contingent Expenses of the Senate (vol. 74, p. 6596).

H. R. 1911 (71st Cong.), by Mr. Darrow. Title: "To amend the radio act of 1927." Referred to Committee on the Merchant Marine and Fisheries (vol. 71, p. 503).

H. R. 4499 (71st Cong.), by Mr. French. Title: "To prohibit the announcement, conduct, and advertising of lotteries by means of radio communication." Referred to Committee on the Merchant Marine and Fisheries (vol. 71, p. 4187).

H. R. 5637 (71st Cong.), by Mr. White. Title: "Continuing the powers and authority of the Federal Radio Commission under the radio act of 1927, as amended." Referred to Committee on the Merchant Marine and Fisheries (vol. 72, p. 10). Subsequent history: Reported back (H. Rept. 35), page 634; passed House, page 741; proceedings vacated and laid on the table, page 823; S. 2276 passed in lieu.

H. R. 5716 (71st Cong.), by Mr. Celler. Title: "To provide for the regulation of the transmission of intelligence by wire or wireless." Referred to Committee on the Merchant Marine and Fisheries (vol. 72, p. 12).

H. R. 9483 (71st Cong.), by Mr. Elliott. Title: "To amend the act of February 21, 1929, entitled 'An act to authorize the purchase by the Secretary of Commerce of a site and the construction of a building thereon for use as a constant-frequency monitoring radio station, and for other purposes.'" Referred to Committee on Public Buildings and Grounds (vol. 72, p. 3061). Subsequent history: Reported back (H. Rept. 772), page 4337; supplemental report filed (H. Rept. 772), page 4827; passed House, page 6630; then indefinitely postponed and S. 3448 passed in lieu, page 6720.

H. R. 10473 (71st Cong.), by Mr. White. Title: "To amend the radio act of 1927, approved February 23, 1927, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 72, p. 4757).

H. R. 10652 (71st Cong.), by Mr. Elliott. Title: "To authorize the Secretary of Commerce to purchase land and to construct buildings and facilities suitable for radio-research investigations." Referred to Committee on Public Buildings and Grounds (vol. 72), page 5141. Subsequent history: Reported back (H. Rept. 934), page 5660; debated, pages 6978, 7356; passed House, page 7357; referred to Senate Committee on Commerce, page 7395; reference changed to Committee on Public Buildings and Grounds, page 7792; reported back (S. Rept. 1598) (vol. 74) page 4661; passed Senate, page 5196; examined and signed, pages 5341, 5389; presented to the President, page 5577; approved (Public, No. 700), page 5750.

H. R. 10967 (71st Cong.), by Mr. Henry T. Rainey. Title: "To amend section 13 of the radio act of 1927, approved February 23, 1927." Referred to Committee on the Merchant Marine and Fisheries (vol. 72, p. 5782).

H. R. 11635 (71st Cong.), by Mr. White. Title: "To amend the radio act of 1927, approved February 23, 1927, and for other purposes." Referred to Committee on the Merchant Marine and Fisheries (vol. 72, p. 7051). Subsequent history: Reported back (H. Rept. 1179), page 7099; debated, page 8049; amended and passed House, page 8055; referred to Senate Committee on Interstate Commerce, page 8086; reported back with amendments (S. Rept. 1578) (vol. 74), page 4561; amended, and passed Senate, page 5206; Senate insists on its amendments and asks conference, page 5210; conferees appointed, page 5256.

H. R. 12599 (71st Cong.), by Mr. Lehlbach. Title: "To amend section 16 of the radio act of 1927." Referred to Committee on the Merchant Marine and Fisheries (vol. 72, p. 9521). Subsequent history: Reported back (H. Rept. 1665), page 9694; debated, amended and passed House, page 11529; referred to Senate Committee on Interstate Commerce, page 11553; reported back (S. Rept. 1105), page 11749; passed Senate, page 11881; examined and signed, pages 11596, 11598; presented to the President, page 12019; approved (Public, No. 494), page 12510.

H. R. 12903 (71st Cong.), by Mr. Britten. Title: "To provide for the removal of the Otto Cliff's radio station." Referred to Committee on Naval Affairs (vol. 72, p. 10539).

H. R. 12948 (71st Cong.), by Mr. Sirovich. Title: "Transferring the function of the Federal Radio Commission to the radio division of the Department of Commerce." Referred to Committee on the Merchant Marine and Fisheries (vol. 72, p. 10690).

H. R. 14074 (71st Cong.), by Mr. Denison. Title: "To regulate radio equipment on ocean-going vessels using the ports of the Canal Zone." Referred to Committee on Interstate and Foreign Commerce. Subsequent history: See House Report No. 2819.

H. R. 15606 (71st Cong.), by Mr. White. Title: "Authorizing the purchase of land and construction of a buildings for a radio station, near Grand Island, Nebr. Referred to Committee on the Merchant Marine and Fisheries (vol. 74, p. 1437).

H. R. 16474 (71st Cong.), by Mr. White. Title: "To amend section 2 of the radio act of 1927." Referred to Committee on the Merchant Marine and Fisheries (vol. 74, p. 2913).

H. R. 16475 (71st Cong.), by Mr. White. Title: "To amend section 4 of the radio act of 1927." Referred to the Committee on the Merchant Marine and Fisheries (vol. 74, p. 2923).

H. R. 16476 (71st Cong.), by Mr. White. Title: "To amend section 9 of the radio act of 1927." Referred to Committee on the Merchant Marine and Fisheries (vol. 74, p. 2923).

H. R. 16477 (71st Cong.), by Mr. White. Title: "To amend section 14 of the radio act of 1927." Referred to Committee on the Merchant Marine and Fisheries (vol. 74, p. 2923).

H. R. 17294 (71st Cong.), by Mr. Sirovich. Title: "To amend sections 2 and 9 of the radio act of 1927." Referred to Committee on the Merchant Marine and Fisheries (vol. 74, p. 6212).

H. J. Res. 102 (71st Cong.), by Mr. Wood. Title: "Making an appropriation for expenses of participation by the United States in the meeting of the international technical consulting committee on radio communications to be held at The Hague in September, 1929." Referred to Committee on Appropriations (vol. 71, p. 2629). Subsequent history: Passed House, page 2677; referred to Senate Committee on Appropriations, page 2718; reported with amendment (S. Rept. 32), page 2758; passed Senate, amended, page 2940; House concurs in Senate amendment, with amendment, page 3218; Senate agrees to the amendment of the House to the amendment of the Senate, page 3091; examined and signed, pages 3130, 3286; presented to the President, page 3286; approved (Pub. Res. No. 17), page 4006.

H. J. Res. 217 (71st Cong.). "Making an additional appropriation for the support of the Federal Radio Commission during the fiscal year 1930, in accordance with the act approved December 18, 1929." Referred to Committee on Appropriations (vol. 71), p. 1843). Subsequent history: Reported from Committee on Appropriations (H. Rept. 549), page 2581; passed House, page 2649; referred to Senate Committee on Appropriations and passed Senate, page 2662; examined and signed, pages 2739, 2808; presented to the President, page 2808; approved (Pub. Res. No. 35), page 3027.

H. J. Res. 334 (71st Cong.), by Mr. Reid of Illinois. Title: "To amend the radio act of 1927 by providing for 3 Government broadcasting frequencies, 1 for the Department of Agriculture, 1 for the Department of the Interior, and 1 for the Department of Labor." Referred to Ccmmittee on the Merchant Marine and Fisheries (vol. 72, p. 8707). Subsequent history: Remarks, page 9184.

H. J. Res. 337 (71st Cong.), by Mr. Sirovich. Title: "Transferring the function of the Radio Division of the Department of Commerce to the Federal Radio Commission." Referred to Committee on the Merchant Marine and Fisheries (vol. 72, p. 9188).

H. Res. 310 (71st Cong.), by Mr. White. "Relative to broadcasting stations since February 23, 1927. Referred to Committee on the Merchant Marine and Fisheries (vol. 74, p. 163).

SEVENTY-SECOND CONGRESS, FIRST SESSION

S. 4 (72d Cong.), by Mr. Fess. Title: "To amend the radio act of 1927." Referred to Committee on Interstate Commerce (vol. 75, p. 188).

S. 481 (72d Cong.), by Mr. White. Title: "To amend the radio act of 1927, approved February 23, 1927, and for other purposes." Referred to Committee on Interstate Commerce (vol. 75, p. 195).

S. 1037 (72d Cong.), by Mr. Dill. Title: "To amend the radio act of 1927, approved February 23, 1927, and for other purposes." Referred to Committee on Interstate Commerce. Reported back (S. Rept. 23; vol. 75, p. 948). Debated and passed Senate, page 1194. Referred to House Committee on Merchant Marine and Fisheries, page 1467.

S. 2374 (72d Cong.), by Mr. George. Title: "To authorize and direct the Secretary of the Navy to convey by gift to the city of Savannah, Ga., the naval radio station, the buildings, and apparatus located upon lands owned by said city." Referred to Committee on Naval Affairs (vol. 75, p. 1070).

S. 3046 (72d Cong.), by Mr. Dill. Title: "To amend the radio act of 1927." Referred to Committee on Interstate Commerce (vol. 75, pp. 1997, 2020).

S. 3047 (72d Cong.), by Mr. Hatfield. Title: "Authorizing the Federal Radio Commission to assign to labor a cleared broadcasting channel." Referred to Committee on Interstate Commerce (vol. 75, p. 1997).

S. 3649 (72d Cong.), by Mr. Shipstead. Title: "To amend the radio act of 1927." Referred to Committee on Interstate Commerce (vol. 75, p. 3899). Text of bill and a brief in support of a proposed amendment to section 9 of the radio act of 1927 (p. 4056).

S. 4289 (72d Cong.), by Mr. Johnson. Title: "To amend the act of February 23, 1927 (U. S. C., title 47, sec. 85), and for other purposes." Referred to Committee on Commerce (vol. 75, p. 7251). Reported back (S. Rept. 567), page 8277. Passed Senate, page 8373. Referred to House Committee on Merchant Marine, Radio, and Fisheries, page 8699. Passed House (in lieu of H. R. 11155), page 10344. Examined and signed, pages 10491, 10498. Presented to the President, page 10499. Approved, page 10645.

S. Res. 28 (72d Cong.), by Mr. Howell. Title: "To appoint a select committee to investigate the practicability of broadcasting the proceedings of the Senate." Referred to the Committee on Rules (vol. 75, p. 216).

S. Res. 58 (72d Cong.), by Mr. Dill. Title: "Authorizing an investigation of the refinancing of Radio-Keith-Orpheum Corporation." Ordered to lie on the table (p. 277). Modified and referred to the Committee to Audit and Control the Contingent Expenses of the Senate (vol. 75, p. 506).

S. Res. 71 (72d Cong.), by Mr. Dill. Title: "To provide for the equipment of the Senate Chamber for broadcasting the proceedings of the Senate." Referred to Committee on Rules (vol. 75, p. 445).

S. Res. 129 (72d Cong.), by Mr. Couzens. Title: "Calling for a report from the Federal Radio Commission on the use of radio facilities for commercial advertising purposes." Ordered to lie on the table (vol. 75, p. 1412). Considered, amended, and agreed to; preamble agreed to (p. 1759).

S. Res. 146 (72d Cong.), by Mr. Blaine. Title: "Requesting a report on the present status of the case of the United States against the Radio Corporation of America and others." Ordered to lie over under the rule. Considered, modified, and agreed to (vol. 75, p. 2491).

S. Res. 163 (72d Cong.), by Mr. Dill. Title: "Requesting the Secretary of State to negotiate international radio agreements with the governments of other North American countries." Referred to the Committee on Interstate Commerce (vol. 75, p. 3401). (See also: "Remarks in Senate relative to agreement with Canada with respect to broadcasting," vol. 75, p. 9994).

H. R. 256 (72d Cong.), by Mr. Christopherson. Title: "To prohibit broadcasting by means of radio any information regarding any lottery, and for other purposes." Referred to Committee on the Judiciary (vol. 75, p. 94).

H. R. 410 (72d Cong.), by Mr. French. Title: "To prohibit the announcement, conduct, and advertising of lotteries by means of radio communications." Referred to Committee on Merchant Marine, Radio, and Fisheries (vol. 75, p. 98).

H. R. 7253 (72d Cong.), by Mr. Connery. Title: "Authorizing the Federal Radio Commission to assign to labor a cleared broadcasting channel." Referred to Committee on Merchant Marine, Radio, and Fisheries (vol. 75, p. 1555).

H. R. 7507 (72d Cong.), by Mr. Lea. Title: "To regulate radio equipment on ocean-going vessels using the ports of the Canal Zone." Referred to Committee on Interstate and Foreign Commerce (vol. 75, p. 1853). Subsequent history: Reported back (Rept. 519), page 4196; passed House, page 4210; referred to Senate Committee on Interoceanic Canals, page 5428; reported back (S. Rept. 943), 13938; passed Senate, page 14346; examined and signed, pages 14445, 14496; presented to the President, page 14516; approved (Public, No. 254), page 14876.

H. R. 7716 (72d Cong.), by Mr. Davis. Title: "To amend the radio act of 1927, approved February 23, 1927, as amended (U. S. C., Supp. V, title 47, ch. 4), and for other purposes." Referred to Committee on Merchant Marine, Radio, and Fisheries (vol. 75, p. 1983). Remarks, page 11581; reported back (Rept. 221), page 2474; debated, pages 3680–3704; bill passed House, page 3705; referred to Senate Committee on Interstate Commerce, page 3735; reported with amendments (S. Rept. 564), page 8179; recommitted to the Committee on Interstate Commerce, page 10049.

H. R. 8759 (72d Cong.), by Mr. Amlie. Title: "To prohibit commercial advertising by means of radio on Sunday." Referred to Committee on Merchant Marine, Radio, and Fisheries (vol. 75, p. 3294).

H. R. 10798 (72d Cong.), by Mr. Sirovich. Title: "For the safety of lives and the preservation of property at sea." Referred to Committee on Merchant Marine, Radio, and Fisheries (vol. 75, p. 6821).

H. R. 11155 (72d Cong.), by Mr. Davis. Title: "To amend the radio act of February 23, 1927, as amended (U. S. C., Supp. V, title 47, sec. 85), and for other purposes." Referred to Committee on Merchant Marine, Radio, and Fisheries (vol. 75, p. 7640). Subsequent history: Reported back (Rept. 1116), page 8817; debated, page 9408; laid on table (S. 4289 passed in lieu), page 10344.

H. R. 11247 (72d Cong.), by Mr. Rayburn. Title: "To amend the act to regulate commerce, approved February 4, 1887, as amended (U S. C., title 49, ch. 1)." Referred to Committee on Interstate and Foreign Commerce (vol. 75, p. 7860).

H. R. 11335 (72d Cong.), by Mr. Sirovich. Title: "For the safety of lives and the preservation of property at sea." Referred to Committee on Merchant Marine, Radio, and Fisheries (vol. 75, p. 8171).

H. R. 12844 (72d Cong.), by Mr. LaGuardia. Title: "To regulate and establish reasonable license fees for patented radio equipment." Referred to Committee on Patents (vol. 75, p. 14222).

H. R. 12845 (72d Cong.), by Mr. LaGuardia. Title: "To regulate and establish reasonable fees for radio advertisements." Referred to Committee on Merchant Marine, Radio, and Fisheries (vol. 75, p. 14222).

H. R. 12958 (72d Cong.), by Mr. Rankin. Title: "To authorize additional broadcasting facilities for certain States whose facilities are below their established quota under the radio act 1927, as amended." Referred to Committee on Merchant Marine, Radio, and Fisheries (vol. 75, p. 15298).

H. Res. 110 (72d Cong.), by Mr. Amlie. Title: "Directing the Radio Commission to take action to protect free speech." Referred to Committee on Merchant Marine, Radio, and Fisheries (vol. 75, p. 2205).

HOUSE BILL REFERRED

The bill (H. R. 12977) to amend section 808 of Title VIII of the revenue act of 1926, as amended by section 443 of the revenue act of 1928, was read twice by its title and referred to the Committee on Finance.

FINAL ADJOURNMENT

Mr. WATSON. Mr. President, from the Committee on Appropriations, at the request of the Senator from Washington [Mr. JONES], I report back favorably the concurrent resolution (S. Con. Res. 35) providing for final adjournment, and I ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. Let the concurrent resolution be read for the information of the Senate.

The concurrent resolution (S. Con. Res. 35) was read, as follows:

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall adjourn on Saturday, the 16th day of July, 1932, and that when they adjourn on said day they stand adjourned sine die.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution? The Chair hears none. The question is on agreeing to the concurrent resolution.

Mr. BROOKHART. I call for the yeas and nays.

The PRESIDENT pro tempore. Is the demand for the yeas and nays seconded?

The yeas and nays were not ordered.

The PRESIDENT pro tempore. The question is on the adoption of the concurrent resolution.

The concurrent resolution was adopted.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 12768) to authorize the closing of a portion of Virginia Avenue SE., in the District of Columbia, and for other purposes.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 35) relative to the adjournment of Congress on Saturday, July 16, 1932.

The message further announced that the Speaker pro tempore had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 10372. An act to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants; and

H. R. 12768. An act making an appropriation for the Federal Home Loan Bank Board for the fiscal year ending June 30, 1933.

ADJOURNMENT SINE DIE

Mr. McNARY. Mr. President, I move that, in accordance with the terms of the Concurrent Resolution No. 35, the Senate adjourn sine die.

The motion was agreed to; and the Senate (at 11 o'clock and 7 minutes p. m.) adjourned sine die.

NOMINATION

Executive nomination received by the Senate July 16 (legislative day of July 11), 1932

SECRETARY IN THE DIPLOMATIC SERVICE

Harold Shantz, of New York, now a Foreign Service officer of class 5 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

HOUSE OF REPRESENTATIVES

SATURDAY, JULY 16, 1932

The House met at 10 o'clock a. m.

Rev. H. W. Burgan, pastor of the Hamline Methodist Episcopal Church, offered the following prayer:

Almighty God, Lord of Nations and Father of our Souls, let Thy kingdom of peace come within our own hearts. We pray that Thou wilt stay restlessness; give unto us wisdom to do Thy will. We pray that we shall have a passion for that rugged righteousness which exalts nations. Give us a love for Thee so true that it will carry with it a love for our fellows. Bless our native land and bless all lands. We ask for Christ's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

RESIGNATION OF FREDERICK W. DALLINGER

The SPEAKER. The Chair lays before the House the following communication.

The Clerk read as follows:

Hon. JOHN N. GARNER,
Speaker of the House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: I beg leave to inform you that I have this day transmitted to the Governor of Massachusetts my resignation as a Representative in Congress from the eighth district of Massachusetts, said resignation to take effect on October 1, 1932.

Respectfully yours,

FREDERICK W. DALLINGER.

ESTATE OF ANNIE LEE EDGECUMBE, DECEASED

Mr. BLACK. Mr. Speaker, I present a conference report on the bill (S. 2437) for the relief of the estate of Annie Lee Edgecumbe, deceased, and ask unanimous consent for its immediate consideration and the reading of the statement in lieu of the report.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, let us hear what the conference report is.

Mr. SNELL. Mr. Speaker, may I propound this inquiry? If this is a conference report, why does the gentleman have to have unanimous consent for its consideration?

Mr. STAFFORD. Because no adjournment resolution has been passed, and the conference report has not been printed in the RECORD as required by the rules.

The SPEAKER. Let the Chair say that ordinarily, under the rules, in the closing days of a session reports of this kind are privileged during the last six days of the session. No one knows when the last six days of the session will come, and for this reason we have to do everything by unanimous consent. The report would be privileged otherwise. The Clerk will read the statement.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2437) entitled "An act for the relief of the estate of Annie Lee Edgecumbe, deceased," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment numbered 1.

That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same.

LORING M. BLACK, JR.,
J. BAYARD CLARK,
U. S. GUYER,
Managers on the part of the House.

R. B. HOWELL,
ARTHUR CAPPER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to S. 2437, an act for the relief of the estate of Annie Lee Edgecumbe, deceased, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each amendment, namely:

On amendment No. 1, substitute the sum "$5,000" as an amendment to the amendment of the House to "$3,000."

As amendment No. 2, at the end of the bill add the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

LORING M. BLACK, JR.
J. BAYARD CLARK.

The SPEAKER. Is there objection?

There was no objection.

The conference report was agreed to.

SOPHIA A. BEERS

Mr. BLACK. Mr. Speaker, I present a conference report on the bill (S. 811) for the relief of Sophia A. Beers, and ask unanimous consent for its present consideration and the reading of the statement in lieu of the conference report.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 811) entitled "An act for the relief of Sophia A. Beers," having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows:

In lieu of the sum named in said amendment insert "$4,000"; and the House agree to the same.

LORING M. BLACK,
J. BAYARD CLARK,
U. S. GUYER,
Managers on the part of the House.

R. B. HOWELL,
FREDERICK STEIWER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to S. 811, an act for the relief of Sophia A. Beers, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each amendment, namely:

On amendment No. 1: Substitute the sum of "$4,000" as an amendment to the amendment of the House to "$2,000" from the original amount of "$5,100" stipulated in the bill and passed by the Senate.

As amendment No. 2: At the end of the bill add the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

LORING M. BLACK, JR.
J. BAYARD CLARK.

Mr. STAFFORD. Mr. Speaker, will the gentleman explain in a word just what was agreed to in conference?

Mr. BLACK. This is a bill for the relief of Sophia A. Beers, widow of a man who left some machinery with the Navy Department and put in a claim for something over $5,100, which was agreed to by the Navy Department. The House cut the amount of the claim, when we were proceeding under unanimous consent, and, of course, we readily agreed to the reduction at that time so that the bill could pass. The Senate brought the claim back to the original amount, and in conference we compromised at $4,000.

The SPEAKER. Is there objection?

There was no objection?

The conference report was agreed to.

A motion to reconsider was laid on the table.

DEATH OF THE FORMER PRESIDENT OF THE FRENCH REPUBLIC

The SPEAKER. The Chair lays before the House the following communications:

DEPARTMENT OF STATE,
Washington, July 15, 1932.

The Hon. JOHN N. GARNER,
Speaker of the House of Representatives.

SIR: I have the honor to refer to a resolution of the House of Representatives expressing sympathy with the people of the French Republic on the occasion of the death of President Doumer, the text of which, received from the White House, was, by direction of the President, transmitted through the American Embassy at Paris to the Government of France.

The Department of State is now in receipt of a dispatch from the embassy at Paris informing it of the delivery of the resolution adopted by the House of Representatives and of its receipt of a note from the French Ministry of Foreign Affairs requesting the embassy to convey to the House of Representatives the grateful thanks of the French Chamber of Deputies for the deeply appreciated mark of sympathy by which it was good enough to associate itself in the loss sustained by the people of France. In compliance with the desire of the French Chamber of Deputies there is inclosed a copy, with translation, of the note received by the American Embassy at Paris from the French Foreign Office.

Very truly yours,

H. E. STIMSON.

[Translation]

FRENCH REPUBLIC,
MINISTRY FOR FOREIGN AFFAIRS, PROTOCOL DIVISION,
June 18, 1932.

Mr. CHARGÉ D'AFFAIRES: You were good enough to send me the original of the resolution adopted by the House of Representatives of the United States on the occasion of the attack of which President Paul Doumer was a victim.

Pursuant to the desire expressed by M. Fernand Bouisson, I would be grateful if you would be good enough to convey to this assembly the grateful thanks of the French Chamber of Deputies for the valued and esteemed mark of sympathy by which it was good enough to associate itself in our loss.

Please accept, Mr. Chargé d'Affaires, the assurances of my high consideration.

For the minister and by authorization:

(Signed) P. DE FOUQUIERES.

Mr. NORMAN ARMOUR,
Chargé d'Affaires of the United States of America at Paris.

MAKING AVAILABLE TO THE BANKING AND CURRENCY COMMITTEE OF THE SENATE CERTAIN INFORMATION IN THE TREASURY DEPARTMENT AND BUREAU OF INTERNAL REVENUE

Mr. RAINEY. Mr. Speaker, I ask unanimous consent for the present consideration of Senate Joint Resolution 206, making available to the Banking and Currency Committee of the Senate certain information in the possession of the Treasury Department and the Bureau of Internal Revenue.

Mr. SNELL. Mr. Speaker, I have examined the joint resolution and I have no objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

Senate Joint Resolution 206

Resolved, etc., That the Secretary of the Treasury is authorized and directed to make available and to furnish to the Committee on Banking and Currency of the Senate such information in the possession of the Treasury Department and the Bureau of Internal Revenue with respect to income-tax returns as may be called for and deemed necessary by such committee, or any duly authorized subcommittee thereof, or their duly authorized agents, pursuant to the investigation being conducted under Senate Resolution 84 as continued by Senate Resolution 239.

SEC. 2. For the purposes of this joint resolution such Committee on Banking and Currency shall have all the rights and privileges of a select committee of the Senate within the meaning of section 257 (b) (1) of the revenue act of 1926.

The Senate joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

RELIEVING UNEMPLOYMENT

The SPEAKER. The other day the Senate Joint Resolution 169 was recommitted to the Committee on Labor, and the gentleman from Texas, Mr. JOHNSON, moved to reconsider that vote. The Chair will recognize the gentleman from Texas.

Mr. RANKIN. Mr. Speaker, I make the point that no quorum is present.

The SPEAKER. The gentleman from Mississippi makes the point that no quorum is present. The Chair will count. Evidently there is no quorum present.

Mr. RAINEY. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed, the Sergeant at Arms directed to notify absentees, the Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 124]

Abernethy	Dickstein	Igoe	Pratt, Harcourt J.
Aldrich	Disney	Jeffers	Ragon
Allen	Dominick	Johnson, Ill.	Rayburn
Andrew, Mass.	Douglas, Ariz.	Johnson, S. Dak.	Reid, Ill.
Arentz	Drane	Johnson, Wash.	Rogers, N. H.
Auf de Heide	Ellzey	Kading	Romjue
Baldrige	Englebright	Karch	Sabath
Bankhead	Evans, Mont.	Kennedy	Sanders, N. Y.
Beck	Fernandez	Ketcham	Sandlin
Beedy	Finley	Kleberg	Shannon
Blanton	Fish	Kunz	Simmons
Bohn	Flannagan	Lanham	Sirovich
Boland	Foss	Larrabee	Smith, W. Va.
Boylan	Frear	Larsen	Somers, N. Y.
Brand, Ga.	Free	Linthicum	Sparks
Britten	Freeman	Lovette	Steagall
Brumm	Fulbright	Luce	Stevenson
Buchanan	Fuller	McClintic, Okla.	Sullivan, N. Y.
Burdick	Fulmer	McFadden	Sullivan, Pa.
Burtness	Garber	McKeown	Swank
Busby	Gasque	McReynolds	Sweeney
Canfield	Gifford	Maloney	Tarver
Carter, Wyo.	Gilbert	Mansfield	Taylor, Tenn.
Cary	Gillen	Martin, Oreg.	Thatcher
Celler	Glover	Miller	Thomason
Chapman	Golder	Mitchell	Tucker
Chase	Goldsborough	Montague	Turpin
Chiperfield	Goodwin	Murphy	Underhill
Christopherson	Greenwood	Nelson, Me.	Vinson, Ga.
Clancy	Griffin	Nelson, Mo.	Weaver
Cole, Md.	Guyer	Nelson, Wis.	Weeks
Collier	Hall, Miss.	Norton, N. J.	Whitley
Corning	Hancock, N. C.	Oliver, Ala.	Williams, Tex.
Cox	Hastings	Oliver, N. Y.	Wingo
Crisp	Hill, Ala.	Palmisano	Woodrum
Crump	Hogg, Ind.	Parks	Wright
Davenport	Hopkins	Partridge	
Davis	Hull, Morton D.	Peavey	
Dickinson	Hull, William E.	Pettengill	

The SPEAKER. Two hundred and seventy-seven Members have answered to their names. A quorum is present.

Mr. JOHNSON of Texas. Mr. Speaker, I call up my motion to reconsider the vote whereby Senate Joint Resolution 169 was recommitted to the Committee on Labor.

Mr. ADKINS. Mr. Speaker, I move to lay that motion on the table.

The SPEAKER. The question is on the motion of the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. CONNERY), there were 147 ayes and 29 noes.

Mr. CONNERY. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER. The gentleman from Massachusetts demands the yeas and nays. Eleven Members have arisen, not a sufficient number, and the yeas and nays are refused.

So the motion to lay the motion of Mr. JOHNSON of Texas on the table was agreed to.

ORDER OF BUSINESS

The SPEAKER. The Chair is going to recognize some gentlemen for unanimous consent—the gentleman from California, Mr. LEA; the gentleman from Tennessee, Mr. COOPER; and the gentleman from Illinois, Mr. CHINDBLOM.

Mr. SMITH of Idaho. Are those recognitions to be on private bills or public bills?

The SPEAKER. Public bills. The Chair has not recognized anybody unless it has been a House bill with amendments by the Senate.

BRIDGE ACROSS THE SOUTH FORK OF FORKED DEER RIVER, TENN.

Mr. COOPER of Tennessee. Mr. Speaker, I ask unanimous consent to take up S. 4976 on the Speaker's table, an act granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the South Fork of Forked Deer River on the Milan-Brownsville Road, State Highway No. 76, near the Haywood-Crockett County line, Tennessee.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Highway Department of the State of Tennessee, its successors and assigns, to construct, maintain, and operate a highway bridge and approaches thereto across the South Fork, Forked

Deer River, at a point suitable to the interest of navigation, on the Milan-Brownsville Road, State Highway No. 76, near the Haywood-Crockett County line, Tennessee, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

PROTECTION OF COPYRIGHT, ETC., OF FOREIGN EXHIBITORS AT WORLD'S FAIR, CHICAGO

Mr. CHINDBLOM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 4912) to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held in Chicago, Ill., in 1933, and for its present consideration.

The Clerk read the title of the bill.

The SPEAKER. Before that request is put, the Parliamentarian has advised the Chair that up to this time the relief bill has not been messaged to the House of Representatives, nor has the conference report upon the home loan bank bill been brought in. Those are large bills, and it will take some time to enroll them. We want to get through, the Chair believes, in time to adjourn finally some time this afternoon. A number of gentlemen have been to the Chair to see about recognition to pass certain bills. It is going to be very difficult to get the two or three that might possibly pass enrolled and get them back here to be signed.

Mr. SCHAFER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SCHAFER. Before the unanimous-consent requests are put to the House, could we not have an understanding to have the entire bill read carefully by the reading clerk, so that the Members of the House will have an opportunity, if they have not studied the bill before, to see what they are granting unanimous consent for?

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. SCHAFER. Mr. Speaker, reserving the right to object, will some one indicate what is in this bill?

Mr. CHINDBLOM. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. CHINDBLOM. Mr. Speaker, this bill is in the usual form of legislation of this kind, which has been passed before for international expositions held in the United States, as stated by the gentleman from Alabama [Mr. PATTERSON], who as acting chairman of the Committee on Patents has given this matter thorough consideration. I have here before me the law passed with reference to the Panama-Pacific International Exposition, which will be found in 38 United States Statutes at Large for the Fifty-third Congress at page 112. This is emergency legislation for the following reasons: Until it became definitely settled that our own Government was to take part in this exposition for its own purposes, foreign countries naturally did not take very large interest in the matter of being represented at the fair. They are now showing that interest through representatives in this country. This bill merely provides that foreign exhibitors shall be protected in their copyrights and patents during the period of the fair and for six months thereafter. All rights under the bill will terminate six months after the close of the fair, and all of these rights are without prejudice to any right that any American may have.

Mr. SCHAFER. Then this bill is in the substantial form of a similar bill which was passed with reference to the exposition that was held in Philadelphia?

Mr. CHINDBLOM. I think both in Philadelphia and San Francisco, but it is more like the one in San Francisco, because the legislation passed for the San Francisco fair was more complete.

Mr. SCHAFER. In view of the explanation I shall not object.

Mr. CHINDBLOM. The bill has the approval of the Commissioner of Patents and of the Register of Copyrights, and is in conformity with a treaty to which we ourselves are committed, approved by the Senate of the United States, on December 16, 1930, and promulgated by the President on March 6, 1931, of which the first paragraph of Article II reads as follows:

The contracting countries shall, in conformity with the legislation of each country, accord temporary protection to patentable inventions, to utility models, and to industrial designs or models, as well as to trade-marks in respect of products which shall be exhibited at official, or officially recognized, international exhibitions held in the territory of one of them.

This treaty is known as the International Convention of the Union for the Protection of Industrial Property and was formulated at The Hague on November 6, 1925.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. STAFFORD. Then I assume that what is intended to be covered by this emergency relief measure is to grant a temporary patent.

Mr. CHINDBLOM. Exactly; the temporary protection of patents and copyrights.

Mr. STAFFORD. To the owner of some device who is exhibiting his invention at the Chicago World's Fair.

Mr. CHINDBLOM. Exactly.

Mr. STAFFORD. And only to grant him that protection and not grant him any rights as against American patentees after six months have expired.

Mr. CHINDBLOM. None whatever.

Mr. TREADWAY. Mr. Speaker, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. TREADWAY. Is there any permanent change in the patent or copyright law as a result of this possible legislation?

Mr. CHINDBLOM. None whatever.

Mr. TREADWAY. It simply applies to the fair to be held in Chicago?

Mr. CHINDBLOM. That is all.

Mr. TREADWAY. And expires at the proper time after the fair ends?

Mr. CHINDBLOM. That is correct. I shall add one more thing, Mr. Speaker.

This bill is unique in this respect, that it provides that whatever expense the Government of the United States shall have by reason of its provisions shall be repaid and reimbursed to the United States Government by the Chicago Exposition authorities; just exactly as in the first resolution passed by this House, inviting foreign countries to participate in this fair, it was provided that all expenses connected with tariff regulations shall be borne by the exposition company.

I yield to the gentleman from Alabama.

Mr. PATTERSON. The Committee on Patents gave very careful consideration to the bill after it passed the Senate and it was reported unanimously by that committee.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CHINDBLOM. I yield.

Mr. LAGUARDIA. Is this only applicable to the exhibition?

Mr. CHINDBLOM. That is all.

Mr. LAGUARDIA. I just this moment received the report. There is very strong opposition from the Commissioner of Patents, I notice.

Mr. CHINDBLOM. No. He said if it were not for the fact that this was only for temporary protection, and if it were not for the further fact that American owners of copyrights and patents are protected, it would be obnoxious.

Mr. SCHAFER. Will the gentleman yield?

Mr. CHINDBLOM. I yield.

Mr. SCHAFER. Just the mere statement made by the gentleman from Alabama, [Mr. PATTERSON] that this bill had the unanimous recommendation of the Committee on Patents is no recommendation when we take into consideration the action and recommendation of the Committee on Patents on the so-called Sirovich copyright bill.

Mr. CHINDBLOM. Mr. Speaker, I trust there will be no objection to the immediate consideration and passage of this bill.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the Senate bill as follows:

Be it enacted etc., That the Librarian of Congress and the Commissioner of Patents are hereby authorized and directed to establish branch offices under the direction of the Register of Copyrights and the Commissioner of Patents, respectively, in suitable quarters on the grounds of the exposition to be held at Chicago, Ill., under the direction of A Century of Progress, an Illinois corporation, said quarters to be furnished free of charge by said corporation, said offices to be established at such time as may, upon sixty days' advance notice, in writing, to the Register of Copyrights and the Commissioner of Patents, respectively, be requested by said A Century of Progress but not earlier than January 1, 1933, and to be maintained until the close to the general public of said exposition; and the proprietor of any foreign copyright, or any certificate of trade-mark registration, or letters patent of invention, design, or utility model issued by any foreign government protecting any trade-mark, apparatus, device, machine, process, method, composition of matter, design, or manufactured article imported for exhibition and exhibited at said exposition may upon presentation of proof of such proprietorship, satisfactory to the Register of Copyrights or the Commissioner of Patents, as the case may be, obtain without charge and without prior examination as to novelty, a certificate from such branch office, which shall be prima facie evidence in the Federal courts of such proprietorship, the novelty of the subject matter covered by any such certificate to be determined by a Federal court in case an action or suit is brought based thereon; and said branch offices shall keep registers of all such certificates issued by them, which shall be open to public inspection.

At the close of said A Century of Progress Exposition the register of certificates of the copyright registrations aforesaid shall be deposited in the Copyright Office in the Library of Congress at Washington, D. C., and the register of all other certificates of registration aforesaid shall be deposited in the United States Patent Office at Washington, D. C., and there preserved for future reference. Certified copies of any such certificates shall, upon request, be furnished by the Registrar of Copyrights or the Commissioner of Patents, as the case may be, either during or after said exposition, and at the rates charged by such officials for certified copies of other matter; and any such certified copies shall be admissible in evidence in lieu of the original certificates in any Federal court.

SEC. 2. That it shall be unlawful for any person without authority of the proprietor thereof to copy, republish, imitate, reproduce, or practice at any time during the period specified in section 6 hereof any subject matter protected by registration as aforesaid at either of the branch offices at said exposition which shall be imported for exhibition at said exposition, and there exhibited and which is substantially different in a copyright, trade-mark, or patent sense, as the case may be, from anything publicly used, described in a printed publication or otherwise known in the United States of America prior to such registration at either of said branch offices as aforesaid; and any person who shall infringe upon the rights thus protected under this act shall be liable—

(a) To an injunction restraining such infringement issued by any Federal court having jurisdiction of the defendant;

(b) To pay to the proprietor such damages as the proprietor may have suffered due to such infringement, as well as all the profits which the infringer may have made by reason of such infringement; and in proving profits the plaintiff shall be required to prove sales only, and the defendant shall be required to prove every element of cost which he claims or in lieu of actual damages and profits such damages as to the court shall appear to be just;

(c) To deliver upon an oath, to be impounded during the pendency of the act, upon such terms and conditions as the court may prescribe, all articles found by the court after a preliminary hearing to infringe the rights herein protected; and

(d) To deliver upon an oath, for destruction, all articles found by the court at final hearing to infringe the rights herein protected.

SEC. 3. That any person who willfully and for profit shall infringe any right protected under this act, or who shall knowingly and willfully aid or abet such infringement, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be punished by imprisonment for not exceeding one year or by a fine of not less than $100 nor more than $1,000, or both, in the discretion of the court.

SEC. 4. That all the acts, regulations, and provisions which apply to protecting copyrights, trade-marks, designs, and patents for inventions or discoveries not inconsistent with the provisions of this act shall apply to certificates issued pursuant to this act, but no notice of copyright on the work shall be required for protection hereunder.

SEC. 5. That nothing in this act contained shall bar or prevent the proprietor of the subject matter covered by any certificate issued pursuant to this act from obtaining protection for such subject matter under the provisions of the copyright, trade-mark, or patent laws of the United States of America, as the case may be, in force prior hereto upon making application and complying with the provisions prescribed by such laws; and nothing in this act contained shall prevent, lessen, impeach, or avoid any remedy at law or in equity under any certificate of copyright registration, certificate of trade-mark registration, or letters patent for inventions or discoveries or designs issued under the copyright, trade-mark, or patent laws of the United States of America, as the case may be, in force prior hereto, which any owner thereof and of a certificate issued thereon pursuant to this act might have had if this act had not been passed; but such owner shall not twice recover the damages he has sustained or the profit made by reason of any infringement thereof.

SEC. 6. That the rights protected under the provisions of this act as to any copyright, trade-mark, apparatus, device, machine, process, method, composition of matter, design, or manufactured article imported for exhibition at said A Century of Progress Exposition shall begin on the date the same is placed on exhibition at said exposition and shall continue for a period of six months from the date of the closing to the general public of said exposition.

SEC. 7. All necessary expenses incurred by the United States in carrying out the provisions of this act shall be paid to the Treasury of the United States by A Century of Progress (the Chicago World's Fair Centennial Celebration) under regulations of the Librarian of Congress and of the Commissioner of Patents, respectively.

The bill was ordered to be read the third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

FUTURE SESSIONS OF THE HOUSE

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER pro tempore (Mr. TAYLOR of Colorado). Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LAGUARDIA. Mr. Speaker, as was announced yesterday, some of the Members, feeling that the condition of the country is extremely critical, expect to resist a motion to adjourn Congress sine die. In the event we should prevail and defeat the motion to adjourn, I am now introducing the following concurrent resolution:

Resolved, That after September 15, 1932, the House shall meet only on Monday and Thursday of each week until November 21, 1932: *Provided*, That if in the discretion of the Speaker legislative expediency shall warrant it, he may designate a date prior to November 21, 1932, on which the business of the House shall be resumed, in which case he shall cause the Clerk of the House to issue notice to Members of the House not later than one week prior to the date set by him.

Mr. Speaker, there is precedent for such action. It occurs to me that under our form of government the legislative branch should not lose control in these critical times, and we can well leave it to the Speaker of this House, under a concurrent resolution, to convene Congress in case the condition of the country should warrant it.

I am now introducing this resolution. [Applause.]

SALE OF REVENUE STAMPS

Mr. LEA. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means be discharged from the further consideration of the bill (H. R. 12977) to amend section 808 of Title VIII of the revenue act of 1926, as amended by section 443 of the revenue act of 1928, and I ask unanimous consent for its present consideration.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 808 of Title VIII of the revenue act of 1926, as amended by section 443 of the revenue act of 1928, be, and the same is hereby, amended by striking out the words "in cities of over 25,000 inhabitants."

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I understand the gentleman's request is to discharge the Committee on Ways and Means from further consideration at this time, in view of the fact that this bill has not been reported?

Mr. LEA. Yes.

Mr. SNELL. Reserving the right to object, as I understand, this is a request by the department and is for the convenience of the people?

Mr. LEA. It is. I am submitting the language written by the department.

Mr. STAFFORD. Will the gentleman just explain it briefly?

The SPEAKER. The Chair understands the gentleman from California intends to offer an amendment?

Mr. LEA. Yes; Mr. Speaker, I do.

The SPEAKER. The Chair thinks the House should know what the proposed amendment is. Without objection, the Clerk will report the amendment.

There was no objection.

The Clerk read as follows:

At the end of line 6, add the following: "and inserting in lieu thereof the following: 'In all post offices of the first and second classes and such post offices of the third and fourth classes as are located in county seats.'"

Mr. STAFFORD. Mr. Speaker, so that the membership of the House will know the real purport of this proposal, because I know every Member is interested in this legislation which is for the convenience of their constituents, I wish the gentleman from California would make a brief explanation.

The SPEAKER. Without objection, the gentleman from California may proceed for five minutes to explain the bill.

There was no objection.

Mr. LEA. Mr. Speaker, the revenue act of 1928 permitted the sale of revenue stamps, but confined the sale to cities having a population of over 25,000. Since the new revenue act has gone into effect, providing for the use of adhesive stamps in conveyances of real estate and other instruments, the department finds it is very much handicapped by the lack of any convenient system for the distribution of those stamps. There are over 2,000 counties in the United States that have no cities of 25,000 population; and there are 6 or 8 States that have no such cities. So after taking this up with the Treasury Department and the Post Office Department I secured an agreement on the language I am submitting in this bill and the amendment I will propose.

It simply provides that revenue stamps may be offered for sale by the postmasters in all first and second class offices and in third and fourth class offices where they are located in county seats. In other words, these stamps will be on sale in first and second class offices and in every county seat if this act is passed; otherwise they will not be available in the post offices except where the offices are located in places with over 25,000 population.

Mr. RAMSEYER. Will the gentleman yield?

Mr. LEA. I yield.

Mr. RAMSEYER. Has this bill passed the Senate?

Mr. LEA. No; it has not.

Mr. RAMSEYER. It is the hope of the gentleman to have the bill passed here and get it to the Senate in time to have it approved there?

Mr. LEA. It is.

Mr. RAMSEYER. I am heartily in favor of the bill. It was just an oversight of the Ways and Means Committee that there was not something like this in the original bill.

Mr. STAFFORD. The explanation of the gentleman shows it will be for the convenience of the people of the entire country in view of the stamp tax on conveyances.

Mr. McCORMACK. Will the gentleman yield?

Mr. LEA. I yield.

Mr. McCORMACK. I hope the gentleman's resolution will pass the Senate, and I also hope that House Joint Resolution 439, which passed the House several weeks ago and which provided for the refund to States, cities, and towns of any tax which they have to pay on articles purchased, and which are taxed by the revenue act of 1932, will also pass, because that protects the taxpayers of our local governments.

Both resolutions should pass, and I hope the Senators who have been preventing the passage of these resolutions will see the wisdom and advisability of passing them both and will withdraw their objections. I want to congratulate my friend from California [Mr. LEA] on his ability to have this resolution favorably acted upon by the Ways and Means Committee and to have the House act favorably within a 24-hour period, and particularly in the closing hours of this session. The failure of this resolution and of House Joint Resolution 439 to pass will not lie with the House.

Mr. PARSONS. Will the gentleman yield right in that connection?

Mr. LEA. I yield.

Mr. PARSONS. The gentleman also will be glad to see the resolution passed to repeal the tax on bank checks?

Mr. McCORMACK. I opposed such a tax, but we are discussing perfecting legislation at this time.

Mr. KELLY of Pennsylvania. As the gentleman knows, the compensation of postmasters at first, second, and third class post offices is based on the sale of stamps. What will be the situation in regard to the sale of these revenue stamps by postmasters?

Mr. LEA. I may say to the gentleman that as I understand the matter they will receive no additional compensation under existing law for selling these stamps.

Mr. KELLY of Pennsylvania. So it would have no effect on the receipts of the office?

Mr. LEA. Not so far as salaries of postmasters are concerned.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. LEA]?

There was no objection.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ORDER OF BUSINESS

Mr. BLACK. Mr. Speaker, I ask unanimous consent that the House consider Senate private bills on the Speaker's desk where there are similar House bills on the calendar.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I do not think it is fair to those Members who have had House bills reported but have not the entrée to the Senate to get a similar private bill through the Senate, to grant preferential consideration to such Senate bills. I therefore object.

Mr. BLACK. Mr. Speaker, I ask unanimous consent to consider bills on the Private Calendar, unobjected to, at the point where we last left off, under the old rule.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, we convened this morning at 10 o'clock expecting that we would adjourn during the day. It is quarter after 11. I do not think it is the desire that we take up the Private Calendar and continue with its consideration. I object to the request of the gentleman from New York.

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that the House stand in recess subject to the call of the Speaker.

Mr. SCHAFER. Mr. Speaker, I object.

Mr. RAINEY. Mr. Speaker, I move that the House stand in recess subject to the call of the Speaker.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. LaGUARDIA. The gentleman knows that the Senate and House have passed a bill which the President has signed, which provides for the delivery of 45,000,000 bushels of wheat and 500,000 bales of cotton to the Red Cross for distribution to the needy. This bill is now the law and we have already acted upon it. An appropriation is necessary in order to remove the liens on these commodities. The House promptly passed the appropriating resolution.

Has the gentleman any information whether this bill will become law at this session? Its passage means life to hundreds of thousands of families.

Mr. RAINEY. I have no information about it other than what the gentleman has just stated here on the floor. I hope the bill will go through.

Mr. RANKIN. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. RANKIN. What information has the gentleman from Illinois as to what the Senate has done on our veterans' loan bill?

Mr. RAINEY. I have no information, but as soon as they do something about it which requires any further action

here, which is doubtful, the Speaker will call the House together. I understand it has been held up there by the Senator from Utah. I hope he will abandon his position.

Mr. TAYLOR of Colorado. What bill is that?

Mr. RAINEY. The Bacharach bill.

Mr. RANKIN. May I ask the gentleman this question: In case the Senate does hold that bill up, would it be in order to call up the Senate bill and pass it? The Senate bill has been passed by the Senate and is now on the Speaker's table.

Mr. RAINEY. That is a parliamentary inquiry which ought to be addressed to the Speaker.

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. I am just informed by the majority leader that our veterans' loan bill is being held up at the other end of the Capitol, and I understand the bill passed by the Senate providing 3 per cent interest on these loans is now on the Speaker's table. I want to know if, under the present parliamentary situation, it would be in order to call up that bill and pass it in case the Senate did not pass the bill we sent over.

The SPEAKER. The gentleman, I presume, by his parliamentary inquiry, is asking the status of that bill.

Mr. RANKIN. The one on the Speaker's table.

The SPEAKER. The Chair does not know of any such bill on the Speaker's table. The Senate bill passed the House last night under suspension of the rules with a House amendment. What the Senate will do with that amendment is a question for the Senate to decide.

Mr. RANKIN. I understood, Mr. Speaker, that the bill we passed was the Bacharach bill reported from the Ways and Means Committee.

The SPEAKER. We passed the Senate bill with an amendment and sent it to the Senate.

Mr. RANKIN. In case the Senate refuses to concur in the amendment would it be in order to recall the bill, recede from our amendment, and adopt the Senate bill?

The SPEAKER. The House has no way of anticipating what the Senate is going to do. May the Chair suggest to the gentleman that if the Senate will not agree to its own bill with an amendment, the House bill would not have much chance to pass and become a law.

Mr. RANKIN. Well, it must become a law before we adjourn.

JOINT COMMITTEE TO INVESTIGATE THE LAWS AND REGULATIONS RELATING TO THE RELIEF OF VETERANS

The SPEAKER. The Chair lays before the House the following appointment.

The Clerk read as follows:

Pursuant to the provisions of section 701, Title VII, of Public Law 212, Seventy-second Congress, approved June 30, 1932, the Chair appoints as members of the Joint Committee to Investigate the Laws and Regulations Relating to the Relief of Veterans the following: Messrs. McDUFFIE, MILLIGAN, BOEHNE, TABER, and CHIPERFIELD.

RECESS

Mr. RAINEY. Mr. Speaker, I move that the House stand in recess subject to the call of the Speaker, the bells to be rung 10 minutes before the House is called together.

The SPEAKER. The gentleman from Illinois moves that the House stand in recess subject to the call of the Chair, with 10-minute notice by the bells.

The motion was agreed to.

Accordingly (at 11 o'clock and 20 minutes a. m.) the House stood in recess, to meet at the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker, at 1.17 o'clock p. m.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 207. Joint resolution to authorize graduation leave for cadets of the United States Military Academy.

The message also announced that the Senate agrees to the amendments of the House to the bill S. 4569, "An act relating to loans to veterans on their adjusted-service certificates."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, and that the Senate still further insists upon its amendments numbered 46 and 47 to the said bill.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 461. Joint resolution making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

SUSPENSION OF THE RULES

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that it shall be in order to-day for the Speaker to recognize Members of the House to move to suspend the rules with reference to bills in which they are interested.

The SPEAKER. The gentleman from Illinois asks unanimous consent that this day be considered as suspension day. Is there objection?

There was no objection.

DISTRIBUTION OF WHEAT AND COTTON THROUGH THE AMERICAN RED CROSS

Mr. BYRNS. Mr. Speaker, I call up House Joint Resolution 461, making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress, with Senate amendments, and ask unanimous consent that the amendments be disagreed to and a conference asked with the Senate.

Mr. LaGUARDIA. Mr. Speaker, may we have the Senate amendments read?

The SPEAKER. The Clerk will read the Senate amendments.

The Clerk read as follows:

Senate amendments: Page 1, line 8, strike out all after the figures "1932" down to and including the word "are," in line 9, and insert "not to exceed $40,000,000 is."

Page 1, line 12, strike out the initial "(b)."

Page 1, line 12, after the word "resolution," insert *"Provided,* That the equity provided for under subdivision (b) of the public resolution approved July 5, 1932, shall not be paid for out of said appropriation, and any balance remaining after paying the amounts authorized to be paid under subdivisions (a) and (c) of said resolution shall not be used by the Federal Farm Board, but shall remain in the Treasury of the United States: *And provided further,* That the Federal Farm Board shall make a full and complete accounting of its acts and doings under this resolution and file the same with the Secretary of the Senate and the Clerk of the House of Representatives on or before December 8, 1932."

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, I would like to ask the gentleman if it is not a fact that the Senate has limited the amount to $40,000,000 and further provided that no equity that the Farm Board may have in the wheat or in the cotton is to revert to the revolving fund.

Mr. BYRNS. That is the effect of the amendment.

Mr. SNELL. I think the gentleman should give us some definite understanding as to exactly what he proposes to do, and I prefer to have that done before unanimous consent is granted.

Mr. BYRNS. I may say to the gentleman that Congress, as the gentleman is aware, passed this bill providing for the turning over to the Red Cross of 500,000 bales of cotton and 45,000,000 bushels of wheat for the relief of those in distress. Under the terms of the act, which were discussed in the House and also in the Senate, it was provided that appropriations should be made for the purpose, first, of paying

off any liens that may exist upon the cotton and the wheat, which are owned by two stabilization corporations, and, second, to pay any equity that might exist and belong to the owner of the cotton and the wheat, and, third, to pay for the cost of handling, which I understand consists principally, if not altogether, of interest charges which may accrue after the passage of the act and up until the time of distribution.

The House passed a resolution making what might be called an indefinite appropriation, but actually limiting it to these three particular purposes which were set forth in the act. So it was not an indefinite appropriation in a strict sense.

The House committee endeavored to obtain information as to just how much money would be needed to comply with the authorizations in the act and enable the Farm Board to act, but they were wholly unable to supply the information, and the gentleman can readily understand why. They stated that under the terms of the act, when the wheat or cotton is turned over, it is to be turned over at the market price on the date of delivery, and, of course, the date of delivery will vary during the months to come. In other words, the President of the Farm Board said that if the Red Cross were able at that time to give him a statement as to where they wanted this wheat and this cotton delivered, and just what quality of wheat they wanted and just what kind of cotton they wanted, it would take him three months to make complete delivery, and therefore it was impossible for him to say how much money would be needed because he did not know what the price of wheat or the price of cotton might be on the future date.

Mr. SNELL. Then the indefiniteness was nothing for which the Farm Board was to blame?

Mr. BYRNS. Not at all.

The Senate amendment undertakes to limit the appropriation to $40,000,000. I do not know whether this will be sufficient to pay the liens or not, and I do not know what information the Senate has on the subject, but from our information and from a surmise that was made——

Mr. CELLER. I understand the cost will be $38,000,000.

Mr. BYRNS. The gentleman says $38,000,000, but from my information that would not be sufficient. However, the Senate has amended this resolution in direct contravention of the previous act passed by both bodies, providing an appropriation for the three purposes.

Mr. SNELL. Is there any reason why the House should change its position, in the opinion of the gentleman from Tennessee?

Mr. BYRNS. I know of none, and I will say this, and I think I am at liberty to say it. I had a call from the president of the Farm Board, who told me and two others who will be conferees, if this request is granted, that if these amendments of the Senate were adopted, he could not do the job.

Mr. SNELL. I am in hearty accord with the statement made by the gentleman from Tennessee, and I think we should adhere to it.

Mr. LAGUARDIA. What we want is to get action. We can not feed the people on conference reports, and we have had considerable trouble with the other body in getting this resolution through.

Mr. SNELL. We are having trouble with other bills, and we might as well stick to our position all day and find out.

Mr. LAGUARDIA. The gentleman will help us get something through?

Mr. SNELL. Certainly; I am in favor of it.

Mr. CELLER. We had a great deal of difficulty in getting the bill passed by the Senate. The Senator from Utah [Mr. KING] has been delaying final passage of this bill. That, of course, is his right. The Senator from Oklahoma [Mr. GORE] and the Senator from Tennessee [Mr. MCKELLAR], and several other Senators, have voiced considerable opposition to the bill. Not because of inherent or formidable opposition to the bill but rather because they seem to be opposed to the Farm Board have they expressed feelings against this relief measure. Their intense opposition to the Farm Board is carried over to this bill. That is unfortunate. For these gentlemen in the other Chamber I have genuine regard and respect, but I do hope they may see their way clear to facilitate final consideration of this measure. I ask forbearance of them and suggest compromise to our conferees. I venture the assertion that unless the gentleman goes into conference with some idea of conciliation we are going to get no legislation. In that event the poor and distressed, sorely in need of food and clothing, will suffer.

Mr. BYRNS. The gentleman from New York is making it more difficult by the statement that he is now making. I want to say that one of these amendments will necessarily have to be brought back to the House because it is a change in existing law. I do not understand that the House conferees, under the rules of the House, have a right to agree to it.

Mr. LAGUARDIA. The conferees appreciate the urgent need for this legislation?

Mr. BYRNS. Undoubtedly; and I am heartily in favor of it.

Mr. LAMNECK. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. LAMNECK. They tell me that the price of cotton is now 5 cents a pound. A bale weighs 500 pounds. This cotton could be bought for $12,500,000. The wheat you are talking about giving away is priced at 16 cents, and the loans against the wheat are two or three times as much as it can be bought for.

Mr. JONES. If the gentleman from Tennessee will yield, I want to say that that is inaccurate. The liens against the cotton are about $22 a bale and wheat 37 or 38 cents a bushel. But this would serve a double purpose of affording relief and of getting the Government out of the stabilization business.

Mr. STAFFORD. It was stated that the Stabilization Board purchased cotton for 12 cents, when it could be bought for 5 or 6 cents, virtually paying more than you could buy the cotton for.

Mr. JONES. You are not paying more than the Government is obligated to pay already. If we hold it, storage must be paid.

Mr. CLARKE of New York. The gentleman from Wisconsin is an expert on malt, but not on cotton. [Laughter.]

Mr. JONES. The gentleman does not think that the question of the original price of wheat or cotton is involved here.

Mr. STAFFORD. I was speaking of cotton alone.

Mr. JONES. Wheat and cotton are both in the same boat.

Mr. BYRNS. I want to say that under the terms of the law, the Government takes the cotton and the wheat at the market price on the date of delivery to the Red Cross. I think this argument and discussion are out of order at this time.

The Congress passed this law providing for these three appropriations. The amendments of the Senate changed the existing law. If the House wants to do that, the House conferees will have to bring it back unless the Senate yields, and then Members will have an opportunity to discuss these matters.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The SPEAKER appointed the following conferees: Mr. BYRNS, Mr. TAYLOR of Colorado, Mr. AYRES, Mr. WOOD of Indiana, and Mr. WASON.

HOME LOAN BANK BILL

Mr. STEAGALL. Mr. Speaker, I present a conference report upon the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, for printing under the rule, and ask unanimous consent for the present consideration of the conference report.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes,

having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, 6, 7, 9, 11, 12, 13, 17, 18, 21, 24, 25, 27, 35, 38, 39, 40, and 42.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 5, 8, 14, 16, 19, 20, 26, 28, 29, 30, 31, 34, 36, 37, 43, and 44, and agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " insurance company, or "; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: " or, in case there is a lawful contract rate of interest applicable to such transactions, in excess of such rate (regardless of any exemption from usury laws), or, in case there is no legal rate of interest or lawful contract rate of interest applicable to such transactions, in excess of 8 per centum per annum " and a comma; and on page 6 of the House bill, at the end of line 5, insert the following: " This section applies only to home-mortgage loans made after the enactment of this act " and a period; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: " : *Provided*, That accumulated dividends, as provided in subsection (k), have been paid "; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " but in any case in which the rate of dividend is in excess of 2 per cent the stock subscribed for by the United States shall be entitled to dividends at a rate not in excess of that paid on other stock "; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " its advances " and a comma; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: " The notes, debentures, and bonds issued by any bank, with unearned coupons attached, shall be accepted at par by such bank in payment of or as a credit against the obligation of any home-owner debtor of such bank " and a period; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert " $300,000 "; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert a comma and the following: " except a national bank, trust company, or other banking organization " and a comma; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 46 and 47.

HENRY B. STEAGALL,
W. F. STEVENSON,
T. ALAN GOLDSBOROUGH,
L. T. MCFADDEN,
ROBERT LUCE,
Managers on the part of the House.

PETER NORBECK,
JAMES E. WATSON,
DUNCAN U. FLETCHER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 1: This amendment makes the provisions of the bill applicable within the Virgin Islands and to institutions organized under the laws of the Virgin Islands. (See amendment No. 5.) The House recedes.

On amendment No. 2: This amendment makes certain that only such first mortgages as are not preceded in interest by any prior lien or encumbrance shall be acceptable as collateral for an advance. Under the conference agreement the amendment is omitted as being unnecessary. The Senate recedes.

On amendment No. 3: Under the House bill first mortgages on dwellings for not more than three families were acceptable as collateral. Under this Senate amendment only first mortgages on dwellings for not more than two families are acceptable. The Senate recedes.

On amendment No. 4: This amendment makes a clerical change in a cross-reference to a section. The House recedes.

On amendment No. 5: This amendment provides that the Virgin Islands be included within the area to be divided into districts for the establishment of home-loan bank districts. (See amendment No. 1.) The House recedes.

On amendments Nos. 6 and 7: Under the House bill not less than 8 nor more than 12 home-loan bank districts with a bank in each district were to be created. Under these Senate amendments not more than 4 such districts and banks are to be created. The Senate recedes on both amendments.

On amendment No. 8: This amendment corrects a clerical error in a section heading. The House recedes.

On amendment No. 9: This amendment authorizes mortgage-loan companies to become members and nonmember borrowers of home-loan banks. The Senate recedes.

On amendment No. 10: This amendment authorizes insurance companies to become members and nonmember borrowers of home-loan banks. The House recedes with a clerical amendment.

On amendment No. 11: This amendment authorizes trust companies, mortgage-guaranty companies, State banks, and other banking organizations to become members and nonmember borrowers of home-loan banks. The Senate recedes.

On amendment No. 12: This amendment eliminates the requirement of the House bill that only institutions which make such home-mortgage loans as, in the judgment of the home-loan bank board, are long-term loans, could become members or nonmember borrowers of home-loan banks. The amendment adds trust companies, State banks, and other banking organizations to the class of institutions required to have such time deposits as in the judgment of the board warrant their making long-term loans. The Senate recedes.

On amendment No. 13: This amendment adds mortgage-guaranty companies to the class of institutions eligible to membership, nowithstanding the fact that they are not subject to State inspection and regulation, if such institutions

subject themselves to inspection and regulation by the board. The Senate recedes.

On amendment No. 14: This amendment adds a new subsection authorizing home owners coming within the limits of the act who are not able to obtain mortgage money elsewhere, to obtain advances from any home-loan bank with the limitation that the provision shall not be effective when the stock of the Federal Government has been retired. The House recedes.

On amendment No. 15: Under the House bill an institution, the charges of which to the home owner create an actual net cost to him in excess of the maximum legal rate of interest of the State law, regardless of any exemption from usury laws, was ineligible to participate in the home-loan bank system. This amendment strikes out the provisions relating to the exemption from usury laws and provides that such actual net cost shall not exceed the maximum legal rate of interest and rates allowed for other charges permitted by contract or otherwise in the State. The House recedes with an amendment making the institution ineligible if the net cost to the home owner exceeds the maximum legal rate in the State, or the contract rate (regardless of any exemption from usury laws) if the State law provides a contract rate for the transaction, or 8 per cent if neither a legal rate nor a contract rate is provided by the State law, and providing that the section shall apply only to home-mortgage loans made after the enactment of the act.

On amendment No. 16: This amendment inserts a new section heading. The House recedes.

On amendment No. 17: This amendment increases the minimum capital of each bank from $5,000,000 to $15,000,000, to correspond with the action of the Senate in reducing the number of banks to four. (See amendments Nos. 6 and 7.) The Senate recedes.

On amendment No. 18: Under the House bill, if the stock investment of a member was greater than that required by the bill, the member's stock holding could be reduced and the member paid the value of stock canceled. Under this Senate amendment, such member, in such case, can be paid no more for such stock than the amount paid in thereon. The Senate recedes.

On amendments Nos. 19 and 20: These amendments make clerical changes in cross-references to sections. The House recedes.

On amendment No. 21: Under the House bill, stock held by the United States was to be begun to be retired when the amount paid in by members equaled that paid in by the Secretary of the Treasury. Under this Senate amendment, such stock is begun to be retired when the amount paid in by members exceeds by 10 per cent the amount paid in by the Secretary of the Treasury. The Senate recedes.

On amendment No. 22: Under the House bill the home-loan bank board could require stock held by the United States to be retired if, in the opinion of the board, the bank had resources available therefor. This amendment adds the requirement that cumulated dividends on the Federal stock required to be paid under section 6(k) have been paid. The House recedes with an amendment making a clerical change.

On amendment No. 23: This amendment provides that the stock of the United States shall be entitled to additional dividends to equal dividends paid on other stock. The House recedes with an amendment providing that when dividends in excess of 2 per cent are earned the stock of the United States shall be entitled to a dividend at a rate not in excess of that paid on other stock.

On amendments Nos. 24 and 25: These amendments provide that the value to be ascertained for the purpose of establishing the maximum amount which may be advanced on the security of a mortgage shall be the value of the estate mortgaged rather than the value of the real estate with respect to which the mortgage is given, as provided in the House bill. The Senate recedes.

On amendment No. 26: The House bill provided that no mortgage should be accepted as collateral security for an advance if it was past due when presented. The Senate amendment provides that the mortgage may not be past due more than six months. The House recedes.

On amendment No. 27: The House bill provided that the value of real estate should be as of the time the advance is made and shall be established by certification or other evidence. The Senate amendment relates this provision not only to the value of real estate as in the House bill but also to the value of estates mortgaged. (See amendments Nos. 24 and 25.) The Senate recedes.

On amendment No. 28: This amendment makes a clerical change in a cross reference to a section. The House recedes.

On amendment No. 29: The House bill provided that the unpaid principal of mortgages deposited as collateral for any issue of bonds or debentures should equal 190 per cent of such issue. Under this Senate amendment the requirement relates to all bonds and debentures issued and not to any particular issue. The House recedes.

On amendment No. 30: This amendment makes a clerical change in a cross reference to a section. The House recedes.

On amendment No. 31: The House bill provided that no advance could be made to certain participating institutions without security after the enactment of State legislation authorizing pledging and assigning of home mortgages by the institution or the expiration of the next regular session of the State legislature. The Senate amendment strikes out this provision. The House recedes.

On amendment No. 32: This is a clarifying amendment to make certain that advances by home-loan banks to members are tax-exempt. The House recedes with an amendment applying the provision to all advances.

On amendment No. 33: This amendment inserts a new sentence providing that notes, debentures, and bonds of a bank shall be accepted at par in payment of or as a credit against the obligations of a home-owner debtor of the bank. The House recedes with an amendment authorizing such acceptances only if unearned coupons are attached to the bond or debenture.

On amendment No. 34: This amendment inserts a new sentence providing that all obligations of home-loan banks shall plainly state that such obligations are not obligations of the United States and are not guaranteed by the United States. The House recedes.

On amendment No. 35: This amendment reduces the number of members of the home-loan bank board from five to three. The Senate recedes.

On amendments Nos. 36 and 37: These amendments are clerical amendments relating to the party affiliation of members of the board. The House recedes.

On amendments Nos. 38, 39, and 40: These amendments reduce the terms of members of the board from six years to four years and make corresponding changes in the terms of the members first appointed. The Senate recedes.

On amendment No. 41: This amendment reduces the authorization of appropriations for board expenses for the fiscal year 1933 from $500,000 to $200,000. The House recedes with an amendment making the sum $300,000.

On amendment No. 42: This amendment authorizes national banks to incur liabilities as authorized in section 5202 of the Revised Statutes under the provisions of this act. The Senate recedes.

On amendments Nos. 43 and 44: These amendments eliminate the provisions of the House bill authorizing the board to fix the stock subscription of institutions authorized under section 24 to become members and provide that such institutions shall in all respects be members. The House recedes.

On amendment No. 45: This amendment strikes out the exception of national banks, State banks, insurance companies, and trust companies organized under the laws of the United States or the District of Columbia. (See amendments Nos. 9, 10, and 11.) The House recedes with an amendment which strikes out the exception of insurance companies but retains the exception of national banks and other banking organizations eliminated from the bill by the action of the conference on amendments Nos. 9 and 11.

On amendment No. 46: This amendment authorizes United States bonds bearing interest at a rate not in excess of 3⅜ per cent to bear the circulating privilege for a period of three years after the enactment of this act. There is no comparable provision in the House bill. The committee of conference have not agreed on this amendment.

On amendment No. 47: This amendment changes a section number. The committee of conference have not agreed on this amendment on account of the disagreement on amendment No. 46.

HENRY B. STEAGALL,
W. F. STEVENSON,
T. ALAN GOLDSBOROUGH,
L. T. MCFADDEN,
ROBERT LUCE,
Managers on the part of the House.

The SPEAKER. Is there objection?

Mr. McFADDEN. Mr. Speaker, I reserve the right to object. I do not want to interfere with the orderly procedure in the House, but I think it is well that the House should understand in connection with this matter that this is the same matter that was twice voted on yesterday. It is our disagreement to the amendment of the Senate numbered 46, known as the Borah-Glass amendment. The House voted yesterday on that and disposed of it in a negative way, when the Goldsborough bill was attached to it as a rider. Afterwards the House voted against this proposition when it insisted on its further disagreement to the Senate amendment to the bill and sent the bill back to conference. The conferees have dealt with the matter and a rather unusual situation has been brought to light. I am going to be frank with the House because the House is entitled to know. This proposal is being objected to principally by one or two Senators, who are not on the conference committee. I understand that it is the position of the leadership on both sides here to reaffirm our position of yesterday. The Senators are responding to this influence and are insisting on a record vote by this House upon the theory that yesterday when we sent this bill back to conference and further insisted on our disagreement that it was not an expression of the House, and that the membership on the floor of the House did not know what they were doing. The conferees tried to convince the Senate that the House was intelligent and did know. To-day what we should do is by record vote establish the fact that we knew what we were doing yesterday. Further reserving the right to object, it is my understanding that if I do not object the Republican leader, Mr. SNELL, agrees that we will send this bill back, so far as his influence goes, and I believe that is the position on the other side.

Mr. STEAGALL. That is the situation on this side.

Mr. LAGUARDIA. Mr. Speaker, I notice the conference report refers to amendments numbered 46 and 47.

Mr. STEAGALL. Forty-six is the Glass-Borah bill, and 47 is the renumbering of a section. It is my purpose, if consent is given, to then move the adoption of the report and then move to further insist upon the disagreement of the House to amendment numbered 46, which is the Glass provision incorporated in this bill as an amendment, offered by Senator BORAH.

Mr. SNELL. That is what I understand the procedure will be; and as far as I know, I am in harmony with that.

Mr. LAGUARDIA. Yesterday we had approved the conference report up to numbered 46, did we not?

Mr. STEAGALL. But the Senate did not.

Mr. LAGUARDIA. So that there is nothing in dispute except 46?

Mr. STEAGALL. Nothing in dispute except numbered 46. Numbered 47 is in dispute, but that is involved in 46.

Mr. LAGUARDIA. So that my amendment, section 5, preventing financial institutions charging usurious and excessive interest rates from getting the benefit of this bill, is still in the bill?

Mr. STEAGALL. Yes. The gentleman's amendment is incorporated in the bill.

The SPEAKER. Is there objection?

Mr. CELLER. Mr. Speaker, reserving the right to object, is it possible for the conferees to drop the Goldsborough proposition and the Glass proposition and save this bill?

Mr. STEAGALL. That is what we are endeavoring to do. We have adopted this procedure, which is the best that we can formulate to accomplish that end.

The SPEAKER. Is there objection?

Mr. RAMSEYER. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. RAMSEYER. I just want to get the status of the matter. Of course, I do not agree with the summation given by the gentleman from Pennsylvania [Mr. MCFADDEN]; but the gentleman intends, if unanimous consent is given, to approve the conference report, and then, if the conference report is approved, to move to further insist on the disagreement of the House to Senate amendment No. 46.

Mr. STEAGALL. To insist on the disagreement of the House to Senate amendment No. 46.

Mr. RAMSEYER. And, of course, a negative vote on that—that is, if the nays should have it—would be tantamount to a concurrence in the Senate amendment.

Mr. STEAGALL. That is right.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. CANNON. I regret to have to differ with my friend, but I think we ought to understand the situation. As I understood it, his conclusion was that a failure to vote on insistence was equivalent to a concurrence. Unfortunately, that is not the case. It is true that in a question of agreeing or disagreeing the converse is true. If you decline to agree, you disagree; if you decline to disagree, you agree; but that is not the situation on a vote on insistence, because there is another alternative.

You may either insist or you may concur or you may adhere. The rejection of one proposition leaves two propositions—leaves two remaining courses open to the choice of the House—and there is no indication in the failure to agree to any one of the three that either of the two remaining is the choice of the House.

Accordingly, failure to insist is not concurrence, and failure to concur is not insistence. I trust the gentleman from Iowa [Mr. RAMSEYER] will pardon the interruption, but in the present acute situation it might result in considerable confusion and delay.

Mr. STEAGALL. I will say that the practical situation is—and I am justified in making the statement—that if the House adheres to the position taken yesterday this matter will be cleared up and many Members on this floor will be happy.

Mr. RANKIN. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. RANKIN. I, for one, am opposed to the unanimous-consent request to disagree to the Senate amendment. This amendment, if adopted, will expand the currency more than $900,000,000. We will not get out of this panic until we do have an expansion. This is our last chance. I hope we can get a vote on it, and I should like for us to have time to discuss it. I consider it one of the most important questions that has come before Congress at this session.

The trouble with this country is that we are in a money panic that has depressed prices to such an extent as to bring our people to the most deplorable state of destitution ever known in all the history of the American people.

Cotton is selling far below the cost of production. Wheat sold on yesterday at the lowest price it has reached in 400 years. Banks are failing, farms are being sold for their taxes, and homes generally are being swept away. Thousands of hungry people are standing in front of this Capitol at this very moment begging Congress for relief. Ten million unemployed men throughout the country are pleading to us to do something to give them work by which they may earn their daily bread. Thousands of hungry women and children are begging their bread from door to door.

What is the cause of all this? Is it because we have a food famine? No; we have more food than we know what

to do with. Then what is the cause of this condition? It is because we are in a money panic, and we are going to remain in it until we expand the currency, put more money into circulation, raise the prices of commodities, and restore the people's buying power.

This Glass-Borah amendment will do that very thing. It will add a billion dollars, or approximately that amount, to our present volume of currency. It will enable the banks involved to put their money into circulation with the assurance that they can get relief in case runs are made on them by excited depositors. In other words, it will restore confidence, swell the volume of money, and start circulation that will result in the breaking of this panic. If this amendment is adopted, you will see the price of cotton rise to something like its normal value; wheat, corn, cattle, land, and other properties will advance accordingly. That will mean increased buying power for our farmers, which in turn will result in the starting up of our factories, thereby diminishing unemployment. Railroads will begin to haul, where their cars are now standing idle, and the country will gradually return to normal conditions. To defeat this amendment, without offering something in its place, would be to consign the American people to an indefinite continuation of these horrible conditions.

I hope the House will join me in agreeing to the Senate amendment.

Mr. HUDDLESTON. Mr. Speaker, regular order.

The SPEAKER. The regular order is, is there objection to the request of the gentleman from Alabama to consider the conference report?

Mr. McGUGIN. Reserving the right to object——

Mr. HUDDLESTON. Mr. Speaker, I demand the regular order.

The SPEAKER. Regular order is demanded. There can be no reservation of objection when regular order is demanded.

Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

The SPEAKER. Without objection, the Clerk will read the statement in lieu of the report.

There was no objection.

Mr. CHINDBLOM. Mr. Speaker, this is exactly the same report which the House adopted on yesterday, as I understand it. I therefore ask unanimous consent that the reading of the statement may be dispensed with.

The SPEAKER. The Chair thinks the statement should be read.

The Clerk read the statement.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the adoption of the report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 46: On page 41 of the bill, after line 9, insert the following:

"SEC. 29. That notwithstanding any provisions of law prohibiting bonds of the United States from bearing the circulation privilege, for a period of three years from the date of enactment of this act all outstanding bonds of the United States heretofore issued or issued during such period, bearing interest at a rate not exceeding 3⅜ per cent per annum, shall be receivable by the Treasurer of the United States as security for the issuance of circulating notes to national banking associations, and upon the deposit with the Treasurer of the United States by a national banking association of any such bonds, such association shall be entitled to receive circulating notes in the same manner and to the same extent and subject to the same conditions and limitations now provided by law in the case of 2 per cent gold bonds of the United States bearing the circulation privilege; except that the limitation contained in section 9 of the act of July 12, 1882, as amended, with respect to the amount of lawful money which may be deposited with the Treasurer of the United States by national banking associations for the purpose of withdrawing bonds held as security for their circulating notes, shall not apply to the bonds of the United States to which the circulation privilege is extended by this section and which are held as security for such notes. Nothing contained in this section shall be construed to modify, amend, or repeal any law relating to bonds of the United States which now bear the circulation privilege.

"As used in this section, the word 'bonds' shall not include notes, certificates, or bills issued by the United States.

"There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section."

Mr. STEAGALL. Mr. Speaker, I move that the House still further insist on its disagreement to the amendment of the Senate No. 46.

Mr. RAMSEYER. Mr. Speaker, I offer a preferential motion.

The SPEAKER. The gentleman from Iowa offers a preferential motion which the Clerk will report.

The Clerk read as follows:

Mr. RAMSEYER moves that the House recede from its disagreement to Senate amendment No. 46, and concur therein.

Mr. RAMSEYER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Iowa that the House recede from its disagreement to Senate amendment No. 46 and concur therein.

Mr. STEAGALL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 89, nays 222, not voting 119, as follows:

[Roll No. 125]

YEAS—89

Amlie	Garber	Kvale	Sanders, Tex.
Andresen	Gilchrist	LaGuardia	Schneider
Boileau	Gregory	Lambertson	Selvig
Brand, Ohio	Griswold	Lamneck	Shallenberger
Briggs	Hall, Ill.	Lankford, Ga.	Simmons
Burtness	Hart	McGugin	Sinclair
Butler	Haugen	Maas	Smith, Idaho
Campbell, Iowa	Hill, Wash.	Major	Smith, Va.
Carden	Hoch	May	Strong, Kans.
Cartwright	Hogg, Ind.	Michener	Swanson
Christgau	Hope	Montet	Swing
Christopherson	Hornor	Moore, Ky.	Taylor, Colo.
Clague	Horr	Morehead	Thurston
Collier	Howard	Nolan	Vinson, Ky.
Colton	James	Norton, Nebr.	Whittington
Cross	Johnson, Mo.	Oliver, Ala.	Williams, Mo.
DeRouen	Johnson, Okla.	Overton	Williamson
Dies	Johnson, Tex.	Person	Wilson
Disney	Jones	Pettengill	Withrow
Dowell	Kading	Polk	Yon
Doxey	Keller	Ramseyer	
Drewry	Kelly, Pa.	Rankin	
French	Kopp	Robinson	

NAYS—222

Adkins	Clarke, N. Y.	Goss	Lindsay
Allgood	Cochran, Mo.	Granfield	Lonergan
Almon	Cochran, Pa.	Green	Loofbourow
Andrews, N. Y.	Cole, Iowa	Hadley	Lozier
Arnold	Cole, Md.	Haines	Luce
Auf der Heide	Collins	Hall, N. Dak.	Ludlow
Ayres	Condon	Hancock, N. Y.	McClintock, Ohio
Bachmann	Connery	Hancock, N. C.	McCormack
Bacon	Cooke	Hardy	McDuffie
Baldrige	Cooper, Ohio	Hare	McFadden
Barbour	Cooper, Tenn.	Harlan	McLaughlin
Barton	Coyle	Hartley	McMillan
Beam	Crail	Hawley	McSwain
Beedy	Crosser	Hess	Magrady
Black	Crowe	Hogg, W. Va.	Manlove
Bland	Crowther	Holaday	Mapes
Bloom	Culkin	Hollister	Martin, Mass.
Boehne	Cullen	Holmes	Martin, Oreg.
Boland	Curry	Hooper	Mead
Bolton	Dallinger	Hopkins	Millard
Bowman	Darrow	Houston, Del.	Milligan
Britten	Davenport	Huddleston	Mobley
Browning	Delaney	Hull, Morton D.	Moore, Ohio
Brumm	De Priest	Hull, William E.	Mouser
Brunner	Doughton	Jacobsen	Murphy
Buckbee	Douglass, Mass.	Jeffers	O'Connor
Bulwinkle	Doutrich	Jenkins	Owen
Burch	Driver	Johnson, S. Dak.	Palmisano
Burdick	Dyer	Johnson, Wash.	Parker, Ga.
Byrns	Eaton, Colo.	Kahn	Parker, N. Y.
Cable	Eaton, N. J.	Kelly, Ill.	Parsons
Campbell, Pa.	Englebright	Kemp	Patman
Cannon	Erk	Kerr	Patterson
Carley	Estep	Kinzer	Pittenger
Carter, Calif.	Evans, Calif.	Kniffin	Pou
Carter, Wyo.	Fiesinger	Kurtz	Prall
Cavicchia	Fitzpatrick	Lambeth	Pratt, Harcourt J.
Celler	Flannagan	Lankford, Va.	Pratt, Ruth
Chase	Foss	Larrabee	Purnell
Chavez	Gambrill	Lea	Ramspeck
Chindblom	Garrett	Leavitt	Ransley
Clancy	Gavagan	Lehlbach	Reed, N. Y.
Clark, N. C.	Goldsborough	Lichtenwalner	Reilly

Rich	Spence	Swick	Welch
Rogers, Mass.	Stafford	Taber	West
Rudd	Stalker	Temple	White
Sanders, N. Y.	Steagall	Tierney	Wigglesworth
Schafer	Stevenson	Tilson	Wingo
Schuetz	Stewart	Timberlake	Wolcott
Seger	Stokes	Tinkham	Wolverton
Seiberling	Strong, Pa.	Treadway	Wood, Ga.
Shott	Stull	Underwood	Wood, Ind.
Shreve	Summers, Wash.	Warren	Woodruff
Snell	Sumners Tex.	Wason	Wyant
Snow	Sutphin	Watson	
Somers, N. Y.	Sweeney	Weaver	

NOT VOTING—119

Abernethy	Ellzey	Kennedy	Rainey
Aldrich	Evans, Mont.	Ketcham	Rayburn
Allen	Fernandez	Kleberg	Reid, Ill.
Andrew, Mass.	Finley	Knutson	Rogers, N. H.
Arentz	Fish	Kunz	Romjue
Bacharach	Fishburne	Lanham	Sabath
Bankhead	Frear	Larsen	Sandlin
Beck	Free	Lewis	Shannon
Blanton	Freeman	Linthicum	Sirovich
Bohn	Fulbright	Lovette	Smith, W. Va.
Boylan	Fuller	McClintic, Okla.	Sparks
Brand, Ga.	Fulmer	McKeown	Sullivan, N. Y.
Buchanan	Gasque	McLeod	Sullivan, Pa.
Busby	Gibson	McReynolds	Swank
Canfield	Gifford	Maloney	Tarver
Cary	Gilbert	Mansfield	Taylor, Tenn.
Chapman	Gillen	Miller	Thatcher
Chiperfield	Glover	Mitchell	Thomason
Connolly	Golder	Montague	Tucker
Corning	Goodwin	Nelson, Me.	Turpin
Cox	Greenwood	Nelson, Mo.	Underhill
Crisp	Griffin	Nelson, Wis.	Vinson, Ga.
Crump	Guyer	Niedringhaus	Weeks
Davis	Hall, Miss.	Norton, N. J.	Whitley
Dickinson	Hastings	Oliver, N. Y.	Williams, Tex.
Dickstein	Hill, Ala.	Parks	Wolfenden
Dieterich	Igoe	Partridge	Woodrum
Dominick	Johnson, Ill.	Peavey	Wright
Douglas, Ariz.	Karch	Perkins	Yates
Drane	Kendall	Ragon	

So the motion to recede and concur in the Senate amendment was rejected.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Crisp with Mr. Bacharach.
Mr. Rainey with Mr. Aldrich.
Mr. Douglas of Arizona with Mr. Yates.
Mr. Ellzey with Mr. Wolfenden.
Mr. Griffin with Mr Knutson.
Mr. Kleberg with Mr. McLeod.
Mr. Nelson of Missouri with Mr. Gibson.
Mr. Shannon with Mr. Connolly.
Mr. Lewis with Mr. Niedringhaus.
Mrs. Norton with Mr. Goodwin.
Mr. Dieterich with Mr. Allen.
Mr. Crump with Mr. Fish.
Mr. Sullivan of New York with Mr. Kendall.
Mr. Cox with Mr. Perkins.
Mr. Dickinson with Mr. Whitley.
Mr. Kennedy with Mr. Nelson of Maine.
Mr. Hall of Mississippi with Mr. Guyer.
Mr. Dominick with Mr. Andrew of Massachusetts.
Mr. Corning with Mr. Frear.
Mr. Buchanan with Mr. Arentz.
Mr. Evans of Montana with Mr. Gifford.
Mr. Ragon with Mr. Ketcham.
Mr. Bankhead with Mr. Partridge.
Mr. Rayburn with Mr. Sparks.
Mr. Oliver of New York with Mr. Thatcher.
Mr. Montague with Mr. Weeks.
Mr. Blanton with Mr. Peavey.
Mr. Swank with Mr. Lovette.
Mr. Woodrum with Mr. Free.
Mr. Vinson of Georgia with Mr. Beck.
Mr. Sandlin with Mr. Finley.
Mr. Mitchell with Mr. Bohn.
Mr. Brand of Georgia with Mr. Chiperfield.
Mr. Mansfield with Mr. Freeman.
Mr. Davis with Mr. Reid of Illinois.
Mr. Fernandez with Mr. Golder.
Mr. Maloney with Mr. Sullivan of Pennsylvania.
Mr. Gasque with Mr. Underhill.
Mr. Hastings with Mr. Taylor of Tennessee.
Mr. Busby with Mr. Johnson of Illinois.
Mr. Karch with Mr. Turpin.
Mr. Glover with Mr. Nelson of Wisconsin.
Mr. Lanham with Mr. Greenwood.

Mr. STEWART. My colleague, the gentlewoman from New Jersey [Mrs. NORTON] is absent on account of illness. If present, she would vote "no."

The result of the vote was announced as above recorded.

The SPEAKER. The motion is rejected, and the House further insists upon its disagreement to Senate amendment No. 46.

The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 47: Page 42, line 17, strike out the figure "29" and insert the figure "30."

Mr. STEAGALL. Mr. Speaker, I move that the House further insist on its disagreement to the amendment of the Senate, No. 47.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. STEAGALL moves that the House further insist on its disagreement to the amendment of the Senate, No. 47.

The motion was agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO RETURN COURT RECORDS

The SPEAKER. The Chair lays before the House the following request.

The Clerk read as follows:

Mr. COYLE asks leave to withdraw from the files of the House the original records of the court of Carbon County, Pa., which are adduced in evidence and made a part of the printed testimony in the contested-election case of Kent *v.* Coyle, Seventy-second Congress, said case having been decided by the House of Representatives, the return of said official court records having been requested by said court of Carbon County, Pa.

Mr. SNELL. Mr. Speaker, I did not catch the purport of the request.

The SPEAKER. The Chair has refrained from presenting this request for three or four days for fear it would create a precedent which at some future date might embarrass the House or the Speaker.

The request substantially is this: The gentleman from Pennsylvania [Mr. COYLE] requests the withdrawal of original papers filed with the Committee on Elections in a contested-election case that has been decided by the House of Representatives.

The customary request heretofore has been to grant the request for the return of the papers, no adverse report having been made thereon.

The parliamentarian advises the Chair that in this case this will not in any way affect the ordinary rules concerning the withdrawal of papers.

Is there objection?

There was no objection.

The SPEAKER. The Chair understands that the conference report on the relief bill has been agreed to in the Senate. The Chair presumes there will be a resolution for adjournment unless the Senate and the House become deadlocked on the amendment just voted upon a while ago, known as amendment numbered 46, to the home loan bank bill. The House has not asked for a conference. The message will go back to the Senate informing that body that the House insists upon its disagreement to the two Senate amendments and if the Senate does not recede but further insists and asks for a conference undoubtedly the House will have to grant the conference. However, the Chair's understanding is, by hearsay, that with this vote in the House the Senate will see the light of day and permit us to adjourn pretty soon.

THE AMERICAN POST OFFICE IN COLONIAL DAYS

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting an article furnished by the department on the Post Office service.

The SPEAKER. Is there objection?

There was no objection.

Mr. MEAD. Mr. Speaker, under leave granted, I insert the following article by Isaac Gregg, chief of information service, Post Office Department:

Writers on the postal service declare it to be the mightiest implement of human democracy. Good postal facilities, they point out, prompt and encourage the spirit and service of that world democracy which makes for the freedom and happiness of mankind.

We of America who are receiving our letters, newspapers, parcels, and packages two, three, and four times a day in some instances, and those of us who are first to complain if a letter goes

astray or is delayed for as much as a few hours might well ponder on the trials and tribulations which beset our forefathers and the early settlers of America in attempting to establish means of communication between themselves and their families. It is a mighty long step between mail service in early Colonial days and in this twentieth century of development and progress. The colonists had no fast steamers plying between the mother country and America carrying their messages from relatives and friends left behind. They did not have the services of speedy railway mail trains and airplanes to carry their missives of love and greeting to their fellow men. They were compelled to resort to the crudest methods of mail transportation and to trust often to Providence for the receipt and delivery of their communications between one another.

When the colonists landed on the shore of America, they did not bring with them any ideas of postal service from their mother country. In England the general post office had not been established until 1657, and the postal service was not extensively developed until after the close of the seventeenth century. The colonists regarded the mail which kept them in touch with the mother country as the most important. Captains of vessels leaving England for America contracted for 1 penny each to carry letters safely across the ocean and deliver them at some tavern or coffee house, where the persons to whom they were addressed would call for them. It was the practice of some of the masters of these vessels to place in certain coffee houses in London receiving bags for letters, which they collected before sailing for America.

The first record of the beginning in any of the Colonies of a postal system is contained in an order issued by the General Court of Massachusetts on November 5, 1639, which read:

"For the preventing the miscarriage of letters, it is ordered that notice be given that Richard Fairbanks, his house in Boston, is the place appointed for all letters, which are brought from beyond the seas, or be sent thither, are to be brought unto him, and he is to take care that they be delivered or sent according to their directions; provided that no man shall be compelled to bring his letters thither except he please."

It is said that despite the issuing of the above order it became the custom to bring letters to the exchange in the Town Hall of Boston to run the hazard of being forwarded by visitors. This proved so precarious a method, however, that the council in 1677–78 appointed John Hayward postmaster for the entire Colony. He was followed by John Campbell as postmaster in 1704.

Richard Fairbanks, therefore, has often been referred to as the first postmaster in America. There is no record, however, that this early post office established in Boston received or delivered local letters or was engaged in any correspondence with other sections of America.

An act of the Virginia Assembly in 1657 required that all letters "superscribed for the service of His Majesty or publique shall be immediately conveyed from plantation to plantation to the place and person they are directed to, under a penalty of one hogshead of tobacco for each default." The Dutch in New Amsterdam along about the same time took steps to prevent the private sending or receiving of ship letters. A box was set in the office of the secretary, and "three stivers in wampum" was required for each letter.

In 1672 Governor Lovelace, of New York, took the first step toward a domestic post for connecting the several Colonies when he decreed that a post should "goe monthly between New York and Boston." So far as known, this was the first post route officially established in this country. The contract for this route was signed by the governor and given to one whom he described as "active, stout, and indefatigable." In commenting on his action Governor Lovelace made this announcement to his people:

"I have affixt an annuall sallery on him, which, together with the advantage of his letters and other small portable packs, may afford him a handsome livelyhood." It was necessary for this postman to travel through the trackless forest, and he was compelled to mark the trees covering his journey for the benefit of travelers who might wish to follow his course. But this Boston to New York service, started by Governor Lovelace, was soon discontinued, and it was not until more than 10 years afterward that any attempt was made to establish a regular post road in America. As a consequence, correspondence between those residing in the American Colonies practically ceased due to the lack of means of communication. Occasionally friends in the different Colonies were successful in communicating with each other by means of sea captains traveling along the coast or by Indians or other means. All official dispatches were sent by special messengers.

About this time steps were initiated to establish regular mail communication between the colonists. The Massachusetts General Court in 1673 ordered that post messengers should be paid for their services threepence a mile and certain other allowances. In 1675 the General Court of Connecticut issued instructions with reference to allowances for post riders. The man was to be paid 20 shillings and his horse 12 shillings for each journey from Rye to Hartford. In wintertime the carrier was given 8 shillings extra for his services. It was provided that "hyred" horses were not to be deprived of their allowance. In 1676 the Massachusetts General Court appointed John Heyward to "take in and convey letters according to the direction."

To William Penn is given the credit for having established the first postal system in the Colonies. In 1683 he appointed Henry Waldy, of Tekonay, to keep a post and "supply passengers with horses from Philadelphia to New Castle or the Falls of the Delaware." From Philadelphia to Chester letters were carried under the service established by Penn for twopence, to New Castle for fourpence, and to points in Maryland for sixpence. Shortly afterwards posts were established in practically every civilized community in the Quaker Colony of Pennsylvania.

The project of Governor Lovelace for the establishment of an intercolonial post was revived by Governor Dongan, of New York, in 1684. In addition to a route between New York and Boston, Governor Dongan proposed to establish post offices along the Atlantic coast from Nova Scotia to Carolina. He had some correspondence on the subject with Sir John Werden, who at that time held the monopoly for farming out all postal privileges in England and any that might be established in America. Nothing came of Governor Dongan's efforts, however, despite the desire on the part of the Colonists for some substantial means of communication between them.

John Perry, in 1687, operated an irregular post route between Hartford, Stamford, and Fairfield, Conn. The Massachusetts General Court on June 11, 1689, appointed Richard Wilkins as postmaster to "receive all letters and deliver them out at 1 penny each." At this time the Boston post office handled letters besides those from England, many from along the coast and from and to outlying hamlets in Massachusetts, besides those brought in from other Colonies by travelers and irregular post riders.

It may be stated, however, that the real beginning of postal service in America dates from February 17, 1691, when letters patent were granted to Thomas Neale by William and Mary, then King and Queen of England, giving Neale "full power and authority to erect, settle, and establish within the chief parts of their Majesty's colonies and plantations in America an office or offices for the receiving and dispatching of letters and pacquets, and to receive, send, and deliver the same under such rates and sums of money as the planters shall agree to give, and to hold and enjoy the same for the term of 21 years." Neale, who received this commission, was a court favorite and was connected in some way with state and private lotteries. He did not come to America, however, to carry on his work, but named as Postmaster General for America Andrew Hamilton, a merchant of Edinburgh. The latter had recently returned to his native country after a journey of several years to New Jersey. Hamilton was an earnest, public-spirited man and his engaging personality made friends for him even among those who, like Penn, were not disposed to assist in any movement for consolidating the British Colonies in America. But after much negotiation Hamilton succeeded in persuading practically all the colonial assemblies to pass postal acts that were sufficiently identical in their terms to permit the establishment of a united system of posts in America.

On May 1, 1693, Hamilton's Inter-Colonial Postal Union began a weekly service between Portsmouth, N. H., and Virginia. In addition, arrangements were made to dispatch and receive mail between the Colonies and all parts of the civilized world. Liberal salaries were paid to employees; and while the rates of postage were high, they were not regarded as excessive in those days when the difficulties of transportation to be overcome had to be taken into consideration. Hamilton regarded the post office as a public utility, established for the benefit and convenience of the people, and he felt that if it was maintained in the best possible condition and extended rapidly it would eventually prove successful as a financial venture.

In 1698 Hamilton himself, in partnership with a Mr. West, took over the ownership of the American posts and established a service equally as good as that which maintained in England under similar conditions. While the postage rates were prescribed separately by each colonial legislature, they were in effect uniform. At the time there were no common standards of money among the Colonies. The English pounds, shillings, and pence were in use, but there was no English coin. Spanish coin was used and also the coin issued by the several Colonies. For example, 7 shillings in Massachusetts were the equivalent of 9 shillings in New York. But Hamilton operated the post-office finances on a sound money basis by requiring postage to be paid in pennyweights and grains of silver. The policy of Hamilton promoted better highways. When the Intercolonial Postal Union started in 1693 every post road had to be made through a wilderness. But in 1698, when Hamilton returned to America to resume his duties, these routes had become the accustomed way for all travelers and were traversed with much less difficulty by the post riders. Hamilton, recognized as the first Postmaster General of America, died at Amboy, N. J., in 1703. He was succeeded by his son, John Hamilton, who operated the system until 1707, when the British Government itself took over the colonial postal service.

Under the administration of the younger Hamilton postage rates were increased and new routes established in the Colonies. One operated weekly between New York and Williamsburg, Va., and two biweekly between New York and Boston and between Philadelphia and Annapolis. A mail-packet service from Falmouth, England, to Charleston and New York was started during the administration of Postmaster General John Lloyd, of Charleston, S. C. He was succeeded by Alexander Spotswood in 1730.

It was under Spotswood that we first hear of the activities of Benjamin Franklin, who is given credit for having laid the foundation for the present postal system in the United States. In 1737 Franklin was appointed postmaster at Philadelphia and ran the office very much like a fourth-class one of the present day. He owned a weekly newspaper, and the post office was operated in conjunction with that publication. In 1753 Franklin was named Deputy Postmaster General of the British Colonies. Immediately his troubles began. Dispatching and delivering

letters through the thickly wooded and sparsely populated areas in these pioneer times was a difficult task. Then the mails were transported by couriers, and six weeks were consumed in making the excursion from Philadelphia to Boston. During the winter months the couriers ventured out only twice in every 30 days. In most instances travelers made much faster time than the mail courier along the same roads, so that the postal system in the middle of the eighteenth century was unreliable as well as precarious.

But Franklin was not discouraged. He set to work immediately to reorganize the service. Trips were inaugurated weekly between Philadelphia and Boston throughout the year, the time of travel was shortened by one-half, new routes were opened to Savannah and southern points, and many improvements were effected. In 1763, after the British had won over Canada as a new colony from the French, Franklin proceeded at once to Quebec and opened the first post office there, with subordinate offices at Three Rivers and Montreal. A monthly service between Quebec and New York was promptly arranged, the courier making close connections with the packet boats sailing monthly between New York and Falmouth, England.

During the administration of Franklin mailing a letter in this country was an expensive luxury. In 1766 a Falmouth, Me., citizen paid $40 postage on three letters which he sent to Boston. But Franklin was determined to maintain a service demanded by the people of the Colonies.

But the colonial system was a losing business, the expenditures far exceeding the receipts, just as they are doing at the present time. Franklin, as Deputy Postmaster General, was allowed to shoulder the burdens of the annual deficit out of his private purse, the debts running as high as $4,500 by the year 1757. His salary was but $3,000 per annum, half of which he paid to his associate, William Hunter. But he was obdurate and kept his post riders conveying the mails and maintained his post offices at various villages regardless of the losses incurred. Three years later he reported a surplus to the home Government. In 1761 this surplus grew to £494, and, with a feeling of deep pride, Franklin sent the money in a sailing vessel to the British Postmaster General in London.

While it is not generally known, Benjamin Franklin was dismissed in 1774 as Deputy Postmaster General of the American Colonies by the British Crown. The charge lodged against him was that he made public a number of private letters passing through his hands from Governor Hutchinson and Lieutenant Governor Oliver, of Massachusetts, written to friends in England. These letters contained descriptions of the rebellious spirit displayed by the people in this Colony against the despotism of English rule and urged the use of military force to suppress these growing sentiments. Vitally interested in seeing the struggle for justice and freedom succeed, Franklin borrowed the letters from an English lord and loaned them to friends in America. In some way they reached the press, and their publication resulted in the General Assembly of Massachusetts adopting resolutions condemning Hutchinson and Oliver as inciters and breeders of oppression and petitioning the King for their removal from office. A widespread feeling of resentment swept over England against Franklin, and no time was lost in summarily discharging him as Deputy Postmaster General.

After the Boston riots in September, 1774, it became inevitable that the Colonies would separate from the mother country. A Continental Congress was organized at Philadelphia for the purpose of establishing a separate government. One of the first questions that came up before the delegates was the matter of providing for the conveying and delivering of the mails. Benjamin Franklin, as chairman of a committee of investigation, made a report providing for the appointment of a Postmaster General of the thirteen American Colonies to conduct a postal system and his report was adopted. Franklin himself was named to the office. A line of posts was established by him from Massachusetts to Georgia, with many cross posts, and postmasters were selected for all the principal communities.

This was the foundation laid for the present Post Office Department of the United States. Franklin served as colonial Postmaster General for little more than a year, being succeeded November 7, 1776, by his son-in-law, Richard Bache.

Franklin when head of the colonial post office under the British Crown franked his letters "Free. B. Franklin." When the Continental Congress, in 1775, made him Postmaster General of the infant Republic, he altered his frank to read, "B. Free Franklin."

THE WORK OF THE PRESENT CONGRESS

Mr. BACHMANN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a short article on the work of this Congress.

The SPEAKER. Is there objection?

There was no objection.

Mr. BACHMANN. Mr. Speaker, Mr. Charles Brooks Smith, the distinguished son of a former Member of the House of Representatives, Washington correspondent of the Ogden chain of newspapers in the State of West Virginia, and a political observer of Congress for the last 20 years, wrote the following article, which appeared in the Wheeling Intelligencer a few days ago, relative to the valuable work done by the present session of Congress:

LOOK AT IT THIS WAY

For one thing, this Congress will hold a place in the annals as unprecedented, in so far as anyone living knows. Never was there one which demanded of each Member that he give to official duties the utmost of his physical strength, his time, and his abilities. The strain was, it is no exaggeration, terrific. The number of deaths was excessively above the rate fixed by mortuary statisticians for a body of this size. One Member of the House dropped dead while making a speech from the floor. Another was rushed from his office to a hospital, where he died the following day. Members collapsed under the grueling pressure of business and the long hard hours of work, and were forced to take time off to recover.

Secretaries and clerks were never called on to work so hard and so many extra hours; but being younger, they came through the session with a better health chart. It may be asked if the Congresses of the World War period were comparable to this one in the respects herein mentioned. They were not.

Whatever may be said for or against this Congress, it can not justly be charged with laziness or lack of full and complete appreciation and understanding of the unparalleled gravity of its official responsibilities. There was no difference or indifference, no wasted hours, no unwillingness to risk health and life itself in work hard, continuous, and high-tensioned. When middle-aged men fell mortally stricken under the weight of it—as they did—it ill becomes anybody to dwell too much upon fancied grievances.

From this viewpoint we unhesitatingly say that in our opinion this Congress was superlatively "great."

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1289. An act for the relief of William Dalton;

H. R. 1834. An act for the relief of Claude E. Dove;

H. R. 2189. An act for the relief of Elsie M. Sears;

H. R. 7199. An act for the relief of Frank Martin;

H. R. 7215. An act for the relief of May Weaver; and

H. R. 12281. An act to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes.

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 4569. An act relating to loans to veterans on their adjusted-service certificates;

S. 4912. An act to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933;

S. 4976. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the South Fork, Forked Deer River, on the Milan-Brownsville Road, State Highway No. 76, near the Haywood-Crockett County line, Tennessee; and

S. J. Res. 206. Joint Resolution making available to the Banking and Currency Committee of the Senate certain information in the possession of the Treasury Department and the Bureau of Internal Revenue.

JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on July 15, 1932, present to the President, for his approval, joint resolutions of the House of the following titles:

H. J. Res. 473. Joint resolution to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932;

H. J. Res. 474. Joint resolution making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof; and

H. J. Res. 475. Joint resolution making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 25, 1932.

RECESS

Mr. McDUFFIE. Mr. Speaker, I move that the House stand in recess subject to the call of the Speaker, on 10 minutes' notice.

The SPEAKER. The gentleman from Alabama moves that the House stand in recess subject to the call of the Chair, on 10 minutes' notice.

The motion was agreed to.

Accordingly (at 2 o'clock and 25 minutes p. m.), the House stood in recess, subject to the call of the Speaker.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker, at 3.30 o'clock p. m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Crockett, its Chief Clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment.

DISTRIBUTION OF GOVERNMENT-OWNED WHEAT AND COTTON TO THE AMERICAN NATIONAL RED CROSS

Mr. BYRNS. Mr. Speaker, I present a conference report on the joint resolution (H. J. Res. 461) making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for the relief of distress, and ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the House Joint Resolution No. 461, making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress, having met, after full and free conference have been unable to agree.

JOSEPH W. BYRNS,
EDWARD T. TAYLOR,
W. A. AYRES,
WILL R. WOOD,
EDWARD H. WASON,
Managers on the part of the House.
W. L. JONES,
REED SMOOT,
FREDERICK HALE,
KENNETH MCKELLAR,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to House Joint Resolution No. 461 entitled "Joint resolution making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress," submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

The committee of conference have been unable to reach any agreement upon the three amendments proposed by the Senate.

JOSEPH W. BYRNS,
EDWARD T. TAYLOR,
W. A. AYRES,
WILL R. WOOD,
EDWARD H. WASON,
Managers on the part of the House.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 1: Page 1, line 8, strike out all after the figures "1932" down to and including the word "are," in line 9, and insert "not to exceed $40,00,000 is."

Mr. BYRNS. Mr. Speaker, I move that the House insist upon its disagreement to the Senate amendment.

Mr. LAGUARDIA. Mr. Speaker, I move that the House recede and concur in the Senate amendment, and on that I ask recognition.

The SPEAKER. The gentleman from Tennessee has the floor. The motion of the gentleman from New York is a preferential motion.

The gentleman from New York [Mr. LAGUARDIA] moves that the House recede and concur in the Senate amendment.

Mr. BYRNS. I shall be pleased to yield to the gentleman, if he will permit me to make a statement first.

Mr. Speaker, the House conferees have just come from a conference with the conferees of the Senate. We were unable to agree. The Senate insisted upon its amendments to this resolution, one of which has just been read, limiting the appropriation to $40,000,000.

The other amendment, which will be reported later, and which changes existing law, provides that whatever equity may remain in the cotton and in the wheat shall be turned into the Treasury of the United States rather than into the revolving fund of the Farm Board.

My own personal disposition as to both of these amendments is that they should not be concurred in, and I am going to very briefly tell you why I take this position, and, of course, after all, it is a matter for the House to act upon as it pleases.

In the first place, there is an uncertainty as to how much money will be needed for the purpose of paying the liens upon the wheat and the cotton which is to be turned over to the Red Cross. The Senate conferees insist it will not take as much as $40,000,000. They endeavor to demonstrate this by the figures. The president of the Farm Board stated to the House committee that he was unable to say, because he did not have all the facts before him, but he stated, as I recall, in answer to a question from the gentleman from Indiana [Mr. WOOD], that it would take $45,000,000 to $50,000,000. The amendment to the joint resolution carries $40,000,000. The whole proposition, so far as this particular amendment is concerned, is that if the $40,000,000 is not sufficient to pay the liens which exist upon the wheat and the cotton, only a portion of it, or whatever portion of it can be released, will be turned over to the Red Cross because, of course, these liens must be paid before it is turned over.

I do not believe it is fair to the Farm Board to take away from it the equity in this wheat and in this cotton. It was purchased by the Farm Board at varying prices when it was undertaking what proved to be a very unwise policy of stabilizing the price of cotton and the price of wheat, which, as we all know, proved to be a failure. I think it should be said, in justice to the Farm Board, that this action was taken, of course, upon its own responsibility, but there were many Members of the Congress who were interested in the matter just as sincerely as the Farm Board and who were urging this policy at the time, thinking it was the proper policy to pursue. At any rate, it failed, and now the Farm Board feels it should have its equity in the wheat and in the cotton, if there is any left, to go into its revolving fund and pay its debts.

The President of the Farm Board told me a while ago over the telephone that he did not believe he could do the job if these amendments were adopted. I do not know just why, but I am giving you his statement. He said it might compel him to sell the remainder of the wheat and the remainder of the cotton in order to pay the debts of the Farm Board.

If 500,000 bales of cotton are turned over to the Red Cross, they will have left 800,000 bales of cotton in storage, upon which they are paying storage, and they will have left 28,000,000 bushels of wheat upon which they are paying, I

think, 18 cents a bushel for storage. The president of the Farm Board says it might be necessary to sell either all or a portion of this cotton and wheat in order to take care of the charges and the calls made upon the Farm Board.

There has been a great deal of criticism of the Farm Board. For my part I am not prepared to join in these criticisms, certainly not to the fullest extent, because I have realized something that it has done recently in the case of the tobacco growers in my own section, where the price of tobacco had absolutely gone to pieces. They had no market and the farmers were in distress and unable to sell their tobacco. They wanted to form an association. They had to have the money to do it in order to make advances. They could not get it from the banks. They came to the intermediate-credit bank and the intermediate-credit bank agreed to advance certain money but, finally, did not advance all the money needed, and they got the balance from the Farm Board, which made the association possible, and in this way they created a market for their tobacco. However, this is neither here nor there.

Let me say that I have been requested by a majority of the Senate conferees to make this statement, and I think the House should have this information for whatever it is worth before it votes.

They say that there are certain Members there who do not propose to see the bill pass unless these amendments are adopted. Whether that be true or not I do not know, but I think the House should have that information.

Mr. BULWINKLE. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BULWINKLE. Can the gentleman inform the House what equity the Farm Board will have in this cotton and wheat?

Mr. BYRNS. That is a matter in dispute. I do not know. That depends, of course, on the amount of the liens now existing upon the wheat and cotton; it depends on the market price on the date of delivery of the cotton and wheat, which will vary.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. O'CONNOR. In the hearings before the Rules Committee of the House, the amount which it was said was necessary to take care of the liens on all these three items was never over $35,000,000. When the Senate has appropriated $40,000,000, it seems to me that the practical, sensible thing is to take it, so that we may get this relief bill. [Applause.] We are surely within the limit of the amount necessary, and if it is shown subsequently that that amount is not enough, some means can be devised to make up the deficit.

As to the "equity," I agree with the Senate, and I believe the vast majority of this House will likewise agree, because—

When we deal with the Farm Board we are dealing with an agency of the United States Government. To repay them the equity out of the Treasury is merely taking it out of one pocket and putting it into another. I appeal to this House that if we want this wheat and cotton distributed to relieve the unparalleled distress in our country we should yield to the Senate. Let us take a chance on the $40,000,000 being enough, and let us not stand on our pride when it is only taking the money out of the pocket of one Government agency and putting it into another, whether it be the Farm Board or any other agency of the Government. [Applause.]

Mr. BYRNS. I want to say this, that I have no personal pride in this matter. I am only one of 435 Members—we are on the eve of adjournment, and I felt it was only fair to come back and make a plain statement to the House, so that the House could vote intelligently on the question that is before it. If the House wishes to concur, as the gentleman from New York thinks it should, it has that privilege and right.

Mr. LAGUARDIA. Mr. Speaker, I wish to press my motion to recede and concur in the Senate amendment. I want to point out that the Senate amendment is a limitation on the appropriation, and it seems to me that it ought to be agreed to rather than our own bill, in which there is no limit.

Let me point out that this is not really an expenditure on the part of the Government. These two commodities, wheat and cotton, now the property of the Farm Board, are eating up their value in storage. Wheat is eating up its value in storage, cotton is eating up its value in storage; and as to the equity, I need not say much about that, for, as my colleague from New York has pointed out, the Farm Board is a Government agency, and after all Congress has control of its funds. If there are so many heavy liens on these commodities and the market price is so low, then the equity in these commodities is indeed very little.

Now, gentlemen, is it not better that we should take this wheat and cotton to the extent provided in the law and get them out of existence and into distribution to the needy people of the country rather than have them foreclosed and dumped on the market to further bring down prices? The entire quantity can be consumed without in the slightest glutting the market.

Preparations have been made to convert the wheat into food. We can do the same with cotton without in any way competing with a single pound of cotton, which would ordinarily be sold on the market, because it is to be converted into clothes for the needy people who would not otherwise be able to buy.

I appeal to the membership not to let this matter get into a deadlock when so many needy families depend on and are awaiting our action. [Applause.]

I plead with the gentleman to stand by us in this instance. It means actual direct relief to the whole country. Let us concur in the Senate amendment and put an end to it at this time. [Applause.] After all, the matter of reimbursement to the Farm Board or credit to it or the question of the particular fund from which the liens are paid are only matters of bookkeeping. It all comes from the same source. All funds in all departments at all times are under the control of Congress.

I want to inform the membership that the need of food and clothing is extreme and immediate. I urge definite and final action at this time. Please do not put this necessary relief in jeopardy. [Applause.]

Mr. BYRNS. Mr. Speaker, I yield five minutes to the gentleman from Indiana [Mr. WOOD].

Mr. WOOD of Indiana. Mr. Speaker, I take it there is no one here but who is in favor of this wheat and cotton being placed in the hands of the Red Cross for the purposes named in the authorization bill. I am in favor of it for two reasons: In the first place, because of the relief that it will bring to the poor and needy of this country; and, in the second place, because it is going to reduce the surplus of cotton and wheat now in the hands of the Farm Board.

Mr. CLARKE of New York. Mr. Speaker, will the gentleman yield?

Mr. WOOD of Indiana. I can not yield now. The amendment proposed by the Senate will be detrimental to the purposes for which the bill was designed. If the facts were correctly stated by the Farm Board, it would take today $45,000,000, at the current price, to make this distribution. What the current price may be throughout the three months it will be necessary to make this distribution, no one knows. I want to see the entire 500,000 bales of cotton disposed of and I want to see the entire 45,000,000 bushels of wheat likewise disposed of. They say there is no limitation in this measure. There is a limitation as to the amount. I wish the limitation were higher. There is a limitation as to the amount of wheat and the amount of cotton that may be disposed of. It is stated by our chairman that the members of the Senate conference committee stated that if we wanted to get this bill through we must recede. Is it not just as easy for the Senate to recede, after it has emasculated this bill, as it is for us to accept their emasculation? Are there any Senators on that side who want to take the responsibility on themselves of denying the Red Cross this munificence of the Government? If so, I

would like to see them take that responsibility. There is not one of them, in my opinion, who would do it.

Mr. Speaker, I have never been very much impressed with the friendship of any men to a measure who are putting amendments on it for the purpose of defeating it. The gentlemen who compose the conference and who say that they can not get this bill through unless we accept the amendments, are the pretended friends, but the enemies of this bill who put the amendments upon it to kill it. I think it is fair to the Farm Board, fair to the Government, fair to all those who want this wheat and cotton distributed, to send this measure back to the Senate as clean as we gave it to them, and let them take the responsibility if they so wish of destroying it. In doing that, we are taking no chances, because I am of the opinion that there is no one over there who wants to take the responsibility of defeating this measure. We ought to give this back as we offered it; we ought to do that for the purpose of taking the 45,000,000 bushels of wheat and the 500,000 bales of cotton out of the surplus wheat and cotton and if we do not, if we adopt these amendments, we are going to force the dumping of a large portion of the remainder of that surplus, which will be destructive to the market for wheat and cotton, and help destroy the very purpose we are trying to accomplish by reason of this action. I ask you gentlemen to send this back to the Senate and let them act on it. Let them take the responsibility of denying it. Then we could have a chance to act again.

The SPEAKER. The question is on the motion of the gentleman from New York to recede and concur in the Senate amendment.

The question was taken; and on a division (demanded by Mr. BYRNS) there were—ayes 187, noes 52.

So the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 2: Page 1, line 12, strike out the letter "(B)."

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that that amendment and the next one be considered together.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Page 1, line 12, after the word "resolution," insert:

"*Provided*, That the equity provided for under subdivision (B) of the public resolution approved July 5, 1932, shall not be paid for out of said appropriation, and any balance remaining after paying the amounts authorized to be paid under subdivisions (A) and (C) of said resolution shall not be used by the Federal Farm Board, but shall remain in the Treasury of the United States; and

"*Provided further*, That the Federal Farm Board shall make a full and complete accounting of its acts and doings under this resolution and file the same with the Secretary of the Senate and the Clerk of the House of Representatives on or before December 8, 1932."

Mr. BYRNS. Mr. Speaker, I move that the House further insist on its disagreement to Senate amendments numbered 2 and 3.

Mr. BULWINKLE. Mr. Speaker, I offer the preferential motion to recede and concur in the Senate amendments numbered 2 and 3.

Mr. BYRNS. Mr. Speaker, may I take the time of the House for one brief moment? From the action of the House on the preceding amendment, I apprehend what the action will probably be on these two amendments. I wish we were not so near an adjournment, because otherwise the House could have time to give a little more attention to this particular amendment. I do not think this last amendment is entirely fair to the Farm Board.

This wheat and cotton were bought by the Farm Board with an appropriation which was made for that purpose, and at a time when it was endeavoring to stabilize the price of those two commodities. Now, what are we doing? The other day we passed a law in the House and in the Senate providing that the Farm Board should have the equity in this wheat and this cotton for its revolving fund. That law was debated in the House. It was debated in the Senate. It was passed and approved by the President of the United States with the idea in the minds of everyone who voted for it that this Farm Board should have the benefit of whatever equity might have been in that cotton and that wheat.

Now, here is an amendment of the Senate which undertakes to change that existing law and take from the Farm Board and from its revolving fund whatever equity may exist therein after the liens have been disposed of. There may not be any, because it may be—as we all hope it will be—that wheat and cotton will go up in price, and it may be necessary to pay a great deal more for the wheat and the cotton on the dates of delivery than it would be if it were purchased to-day. Therefore there may be no equity, but it does seem to me to be only a matter of justice to the Farm Board that it should have whatever equity exists in order that it may have that money for the revolving fund.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. CHINDBLOM. In case the Farm Board were to sell this wheat and cotton in the open market the equities would go into the revolving fund, would they not?

Mr. BYRNS. Undoubtedly. There is no question about that. If the Farm Board chose to go ahead, as it has a right to do, and sell this wheat and cotton, as the gentleman from Illinois says, in the open market, it would get everything over and above the liens for the revolving fund.

Mr. LAGUARDIA. But it would get nothing at the present market price.

Mr. BYRNS. Now, we are taking from the Farm Board that equity which it will get.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. LAGUARDIA. In addition to what the gentleman said, if the board were to sell at the open market to-day, considering the liens on these commodities, it would have no equity whatever. It would all be wiped out now.

Mr. BYRNS. Here is the situation with reference to this particular amendment: There are two lines of thought. One of them, like my distinguished friend the gentleman from New York, Mr. LAGUARDIA, and others, and we all agree with him as far as that is concerned with reference to the distribution of this wheat and this cotton to those who are destitute and who need it. The gentleman from New York, of course, is afraid that something may happen to defeat this resolution and therefore those who are in distress will be deprived of this relief. There is another line of thought in this House and in the body at the other end of the Capitol.

That comes from those gentlemen who are sincerely opposed to the Farm Board and who are entirely willing to see that Farm Board deprived of its revolving fund. I am not questioning their sincerity. I am not questioning the motives of those gentlemen. They are frank to say it, but I think if we are going to cripple the Farm Board or repeal it we should do it directly rather than by a bill which comes before the House and Senate in this manner.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. O'CONNOR. At the risk of reiteration, the Farm Board is an agency of the United States Government. It was given this revolving fund. Now, there is an appropriation here to take from the Treasury of the United States money to pay for wheat and cotton to be distributed to the destitute of this country. Why, may I ask, should that money be paid to another agency of the Government? The gentleman from Tennessee is laying great stress upon that—the propriety of this very payment. If that is insisted upon, we will not get any bill, and I fail to see the importance attached to this theory of taking millions out of one pocket of the Government and putting it into another pocket. I therefore appeal to the gentleman from Tennessee to yield on that point.

Mr. SIMMONS. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. SIMMONS. If there are funds that go back to the revolving fund of the Farm Board, that money is available to loan to cooperative farm organizations?

Mr. BYRNS. Precisely.

Mr. SIMMONS. The Republican platform, if I read it correctly, as well as the Democratic platform, pledges both political parties to aid cooperative marketing in the United States. The cooperative marketing organizations in this country are asking for funds now to aid the farmers in marketing their own products, which the Farm Board can not supply because of the depletion of the revolving fund. If this money does not go into the revolving fund, it means that the Farm Board can not carry out the platform that the Democratic and Republican parties adopted at Chicago. You will be voting against your own platform and against cooperative marketing if you fail to support the gentleman from Tennessee.

Mr. BYRNS. The gentleman is entirely correct, and that is being done to the extent of the equity.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from North Carolina [Mr. BULWINKLE] that the House recede and concur in the Senate amendments.

The question was taken; and on a division (demanded by Mr. BYRNS) there were—ayes 153, noes 57.

So the motion was agreed to.

A motion to reconsider the vote by which the motion was agreed to was laid on the table.

SPEAKER PRO TEMPORE

The SPEAKER. The Chair appoints the gentleman from Alabama, Mr. MCDUFFIE, Speaker pro tempore, which, the Chair is advised, is effective for three days, for the purpose of acting as Speaker pro tempore until you elect another.

Mr. RAINEY. Mr. Speaker, I move the adoption of a resolution, which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 294

Resolved, That the designation of Hon. JOHN MCDUFFIE, a Representative from the State of Alabama, as Speaker pro tempore be approved by the House, and that the President and the Senate be notified thereof.

The resolution was agreed to.

The SPEAKER. May the Chair say the reason for making this designation is that his wife has procured tickets for the 6.01 train this evening and he is going home with her? [Applause.]

AMENDMENT OF THE CONSTITUTION

The Chair lays before the House the following communication.

The Clerk read as follows:

STATE OF ILLINOIS,
OFFICE OF THE GOVERNOR,
Springfield, July 14, 1932.

The honorable the SPEAKER OF THE HOUSE,
Washington, D. C.

SIR: I have the honor to inclose herewith certified copy of House Joint Resolution No. 22, adopted by the house and concurred in by the senate at the first session of the Fifty-seventh General Assembly of the State of Illinois, ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of the President and Vice President and Members of Congress and fixing the time of assembling Congress.

Respectfully,

LOUIS L. EMMERSON, *Governor.*

ORDER OF BUSINESS

The SPEAKER. So far as the occupant of the chair knows, there is nothing more to do this afternoon until the Senate sends over the report on the home loan bank bill and the adjournment resolution.

The Chair is advised by Senator WATSON, whom he went to see about this matter, that the adjournment resolution in substance provides that when the two Houses adjourn to-day they shall adjourn sine die. This permits either House to stay in session until 12 o'clock to-night.

FEDERAL TAXATION AND AID TO STATES

Mr. BACON. Mr. Speaker, I have prepared some figures on Federal taxation. Several Members of Congress have asked me to put them in the RECORD. Therefore I ask unanimous consent to extend my remarks and include these figures.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. Mr. Speaker, under leave to print, I append a radio address to be given by me on Wednesday, July 20, 1932, on the subject of Federal Taxation and Aid to the States, as follows:

Through the courtesy of the American Taxpayers League, which is performing a signal service to the taxpayers of the country in making these broadcasts possible, it is my privilege to-night to discuss briefly a subject that I feel sure will be of interest to many of you. It is on a phase of taxation that may provoke warm argument. But in presenting it and leaving it for your reflection I do not want any of my listeners to feel that any interpretation of mine is meant to excite acrimonious controversy. I merely wish to recite a few facts.

It will perhaps startle you to learn that in the 1931 national fiscal year there were 14 States which did not pay a dollar of net taxes into the Federal Treasury. They contributed nothing, for instance, toward the salary of the President of the United States or to the salaries of their own Senators and Members of Congress. They contributed nothing toward even the smallest function of the National Government, not to mention such large items as national-debt reduction, national defense, administration of Federal justice, veterans' administration, and so forth. It is even more remarkable that on the other hand the Federal Government, acting as a paymaster's office, paid these same 14 States $24,000,000, or $1.78 for every head of their population. Furthermore, the figures for the 1932 fiscal year, which closed the other day, on June 30, show that three additional States, because of low tax collections in that year, have now been added to the 14 States which have deficiencies, making 17 States in the Union which do not pay net taxes into the Federal Treasury. In addition to the States I have mentioned there were 18 other States, representing 35,000,000 of population, which made net contributions of Federal taxes of only $146,000,000 plus, or slightly less than 7 per cent of the total net tax payments.

It follows, then, that the remaining States, 16 of them, or one-third of the Union, paid 93 per cent of the total net Federal tax bill, or a sum over $2,000,000,000.

We have the situation where two-thirds of the States, with 40 per cent of the population of this country, and represented in the Senate by 64 Senators, pay slightly less than 7 per cent of the total net tax payments into the Treasury, and where one-third of the States, with 60 per cent of the population, and represented in the Senate by but 32 Senators, pay a little more than 93 per cent of the total net tax bill.

What is back of this condition? Why are any sums paid into the State treasuries by the Federal Government? Why should any State receive back more than it pays? The answer is found in the existence of the policy known as Federal direct aid payments. Federal subsidies to the States! Only comparatively recently has this policy excited any particular study or concern. Kept within more or less reasonable and proper bounds for more than a century, this policy suddenly became stimulated and it has spread with astounding rapidity.

Will the influences of its further rapid growth on all manner of Federal expenditures, unless severely checked, result in the nationalization, in a practical way, of many of the remaining important reserved powers of the States? Or, through the operation of practical politics, will the result be the milking of the contributing States to pay the expenses of the noncontributing ones? This might be under the guise of nationalism or through a frank avowal that taxes shall work a redistribution of wealth. Can the Federal Treasury and the national credit stand this rapidly mounting cost of subsidies to the States? Will it not result in a huge, costly, and unwieldly Federal bureaucracy in Washington to administer these subsidies and aid to States?

Let me read part of a speech in the United States Senate, made less than a month ago by a Senator from a Southern State. He said:

"The sad part of the story is that the States have consented to their own ravishment. They have, in large measure, surrendered their sovereignty in consideration of gold appropriated out of the Federal Treasury, and in their eagerness to obtain it they have increased taxes and debts until they are deluged with evils which they at one time thought were blessings. They have tasted the fleshpots of the Nation's Capital; and year after year they return and, like Oliver Twist, they hold out their porridge bowls and ask for more."

What are these direct aids to the States to which the Senator refers in this quotation? The list covers a variety of subjects, running all the way from highway construction and building of forest trails to the endowment of agricultural colleges; from grants for vocational and rehabilitation work to fighting forest fires; and in the very recent past to such subjects as maternity and infancy care and social hygiene extension. Worthy and important as these functions be, are they proper activities of the

Federal Government, or should these necessary activities be solely carried on by the States? Do the projects on the Federal subsidy list meet any scientific test for their justification? It would be supposed that such a test would include elements like the following: Proportionate ability to pay; indisputable need for centralized control over chaotic and conflicting State management; absolute desirability of the establishment of minimum standards; and, more important still, the admission that the States have not the initiative or the ability to do the things for themselves.

In 1931 these cash grants to the States amounted to $219,000,000, and a much larger sum for the present fiscal year. In the last 10 years we have committed the National Government to State subsidy policies which during that time have cost the taxpayers well over $1,000,000,000. In the main these are continuing policies. Unhappily the end is not in sight. Witness the fact that in the past 10 years the taxpayers have paid for Federal cash subsidies to States more than the entire total of similar expenditures for the period of a century from the beginning of our Government. Unfortunately, I have not the time to give you complete figures from tables I have prepared showing the various relationships of the national tax dollar to the Federal subsidy dollar to States. But I will, however, give you a few brief examples: To receive a Federal subsidy dollar there is one Southern State that pays in gross Federal taxes only 37 cents for this dollar it receives; one in the Southwest that pays only 15 cents; and another in the Northwest that pays only 15 cents. As a contrast to these States paying no net taxes into the Treasury, there is a New England State that pays $22.08 for every Federal subsidy dollar it receives; a Central State that pays $23.08 for every Federal subsidy dollar; and a Pacific State that pays $15.01 for every Federal subsidy dollar.

To any reasonable citizen it must be self-evident that these figures are revealing. In the usual case, not one dollar of Federal funds is paid the States until they find a dollar from local or State taxes to match it. Aside from pledging subjection to Federal standards and regulations, and meekly bowing to national control of the subsidy function, thus foreclosing the exercise of their sovereign powers, they are forced to find additional local tax money from sources already impoverished, and thus perhaps impair their credit and unbalance their State budgets. Perhaps they could not have the subsidy function if they had to pay for it wholly themselves, and there is the tempetation to assess additional local levies and to go into further debt in order not to let the Federal subsidy dollar get away from them. How long can this be kept up without imposing greater strains on State credit structures? If they do not find the local matching dollar, the promise of the Federal gift dollar disappears. That the States should surrender their sovereign powers over local affairs without some solacing return from the Federal Treasury is unthinkable. The answer, then, is simply that the Federal subsidy bribe is too much to withstand. If the Federal Government offers aid or subsidies to the States, the help offered will be taken advantage of to the *n*th degree, whether it is actually needed or not.

Whether there should or should not be subsidies, or some scientific adjustment of such a policy, is debatable. But my fear and my concern are much more for the future even than for the present. Where will the present system, and more particularly its collateral influences, lead us in shaping our future fiscal policies in tax assessments?

Only to-day a great metropolitan daily in discussing the get-what-you-can from the Government habit, stated that the process of Federal pauperization of sovereign States was making its deadly way amongst us.

Substantial proposals are already being voiced in many quarters for the adoption of new bases of Federal subsidy payments for the express purpose of lightening State tax burdens; to remove all matching requirements in relation to present projects; to provide reimbursement subsidies for past State expenditures under a variety of appeals; to refund to the States part of the national revenues on a need basis; to grant subsidies for the equalization of economic opportunities—whatever that may mean. They sound fantastic, but I urge each and every taxpayer in this country to be forewarned and to seriously consider the problem.

No matter how inviting or expedient the process, we can not relieve curselves of taxes, for no matter what purpose, by simply changing the title of the tax item or the tax collecting agency. To attempt to shift the tax burdens from the States to the Federal Government, through a policy of subsidies or refunds, is futile. There is no tax relief in that direction. It would be like using a boomerang—its sure return would bring only graver and more plagueing problems, and we would wish that we had never tried the experiment.

The field for enlarged Federal subsidies is very fertile in possibility. If we give way, under one excuse or another, and permit the general plowing and sowing of that field with the national tax dollar, contributed by the taxpayers of this land, we will reap a harvest, but what will the harvest be? That is the question I now leave with you for your serious and patriotic consideration and thought.

Mr. BACON. Under special leave to print, I attach hereto tables showing the collection of Federal taxes from States for the fiscal year 1931, the amounts received by States as subsidies, the various relationships of the Federal tax dollar to the Federal subsidy dollar, and so forth. The table follows:

States	Population as of Apr. 1, 1930	Per cent of total population	Total internal-revenue collections	Percentage of total paid by each State	Total income-tax collections	Percentage of total paid by each State	Total direct Federal aid to States	Net amount revenue paid after deduction direct Federal aid	Percentage of direct aid to total tax for each State	Per capita internal-revenue payments	Per capita receipts of direct Federal aid	Percentage of direct aid received to total for all States	Percentage of net tax payments to total net tax payments	Cost of Federal-aid dollar to States
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Alabama	2,646,248	2.15	$4,614,078	0.19	$4,308,287	0.23	$4,519,850	$94,227	97.96	$1.74	$1.71	2.06	0.004	$1.02
Alaska	59,278	.05	135,475	.01	133,967	.01	89,357	46,118	65.96	2.29	1.51	.04	.002	1.51
Arizona	435,573	.35	2,262,619	.09	2,194,489	.12	4,055,059	−1,792,440	179.22	5.19	9.31	1.85	−.08	.55
Arkansas	1,854,482	1.51	1,913,706	.08	1,816,021	.10	5,169,972	−3,256,265	270.15	1.03	2.78	2.36	−.15	.37
California	5,677,251	4.61	113,066,013	4.65	93,581,718	5.03	7,529,962	105,536,050	6.66	19.92	1.33	3.44	4.78	15.01
Colorado	1,035,791	.84	15,667,230	.65	15,272,280	.82	4,288,745	11,378,484	27.37	15.13	4.14	1.96	.52	3.65
Connecticut	1,606,903	1.30	37,886,348	1.56	34,994,157	1.88	2,116,088	35,770,260	5.58	23.58	1.32	.97	1.62	17.90
Delaware	238,380	.19	34,041,865	1.40	32,877,127	1.77	1,134,714	32,907,151	3.33	142.80	4.76	.52	1.49	30.00
District of Columbia	486,869	.40	14,684,853	.61			140,213	14,544,640					.66	
Florida	1,468,211	1.19	11,507,028	.47	7,838,885	.42	2,669,058	8,837,970	23.19	7.84	1.82	1.22	.40	4.31
Georgia	2,908,506	2.36	6,712,840	.23	6,389,386	.34	6,799,955	−87,115	101.30	2.31	2.34	3.10	−.004	.98
Hawaii	368,336	.30	4,816,475	.20	4,382,130	.23	864,121	3,952,354	17.94	13.08	2.35	.39	.18	5.57
Idaho	445,032	.36	716,388	.03	684,846	.04	2,682,641	−1,966,252	374.47	1.61	6.03	1.22	−.09	.26
Illinois	7,630,654	6.19	190,787,171	7.86	173,675,584	9.31	8,265,926	182,521,245	4.33	25.00	1.08	3.77	8.26	23.08
Indiana	3,238,503	2.63	21,431,225	.88	19,095,104	1.03	3,649,542	17,781,683	17.03	6.62	1.13	1.67	.80	5.87
Iowa	2,470,939	2.01	10,395,971	.43	9,897,154	.53	6,393,104	4,002,867	61.50	4.21	2.59	2.92	.18	1.62
Kansas	1,880,999	1.53	13,690,543	.56	13,339,596	.72	5,835,090	7,855,452	42.58	7.28	3.10	2.66	.36	2.34
Kentucky	2,614,589	2.12	28,485,734	1.17	10,711,005	.58	4,852,396	23,633,338	17.03	10.89	1.86	2.21	1.07	5.87
Louisiana	2,101,593	1.71	8,898,995	.37	7,666,903	.41	2,372,931	6,526,064	26.67	4.23	1.13	1.08	.30	3.75
Maine	797,423	.65	6,749,853	.28	6,394,203	.34	2,030,253	4,719,599	30.08	8.46	2.55	.93	.21	3.32
Maryland	1,631,526	1.32	30,173,549	1.24	28,457,996	1.53	2,749,326	27,424,222	9.11	18.49	1.69	1.25	1.24	10.97
Massachusetts	4,249,614	3.45	88,495,515	3.64	83,431,473	4.49	4,007,488	84,488,027	4.53	20.82	.94	1.83	3.82	22.08
Michigan	4,842,325	3.93	107,364,630	4.42	102,367,974	5.50	4,984,165	102,380,464	4.64	22.17	1.03	2.27	4.63	21.54
Minnesota	2,563,953	2.08	23,283,386	.96	20,803,001	1.12	5,548,343	17,735,042	23.83	9.08	2.16	2.53	.80	4.19
Mississippi	2,009,821	1.63	1,568,796	.06	1,502,901	.08	1,924,692	−355,895	122.69	.78	.96	.88	−.02	.81
Missouri	3,629,367	2.95	51,736,695	2.13	40,906,842	2.20	7,338,385	44,398,309	14.18	14.25	2.02	3.35	2.01	7.05
Montana	537,606	.44	1,792,532	.07	1,690,246	.09	4,430,921	−2,638,389	247.19	3.33	8.23	2.02	−.12	.40
Nebraska	1,377,963	1.12	4,778,863	.20	4,572,597	.25	3,611,669	1,167,193	75.58	3.47	2.62	1.65	.05	1.32
Nevada	91,058	.07	1,346,061	.06	1,298,180	.07	1,808,941	−462,879	134.38	14.78	19.87	.82	−.02	.74
New Hampshire	465,293	.38	3,555,177	.15	2,773,611	.15	1,190,117	2,365,059	33.48	7.64	2.56	.54	.11	2.98
New Jersey	4,041,334	3.28	97,600,650	4.02	71,657,935	3.85	3,512,660	94,087,989	3.60	24.15	.87	1.60	4.26	27.78
New Mexico	423,317	.34	689,925	.03	608,380	.03	4,567,607	−3,877,681	662.04	1.63	10.79	2.08	−.18	.15
New York	12,588,066	10.22	672,171,400	27.68	614,960,831	33.06	9,001,772	663,169,628	1.34	53.39	.72	4.11	30.02	74.67
North Carolina	3,170,276	2.57	262,849,306	10.83	13,720,308	.74	5,389,955	257,459,351	2.05	82.91	1.70	2.46	11.65	48.76
North Dakota	680,845	.55	365,232	.02	351,632	.02	2,233,879	−1,918,646	625.32	.54	3.35	1.04	−.09	.15
Ohio	6,646,697	5.39	112,931,178	4.65	96,002,613	5.16	9,794,035	103,137,143	8.67	16.99	1.47	4.47	4.67	11.53
Oklahoma	2,396,040	1.95	14,922,127	.61	14,657,487	.79	6,816,913	8,105,214	45.68	6.23	2.85	3.11	.37	2.18
Oregon	953,786	.77	4,432,215	.18	4,110,735	.22	4,901,680	−469,464	110.59	4.65	5.14	2.24	−.02	.90
Pennsylvania	9,631,350	7.82	190,262,184	7.84	174,242,933	9.37	10,624,275	179,637,908	5.58	19.75	1.10	4.85	8.13	17.90
Rhode Island	687,497	.56	11,281,238	.46	10,856,222	.58	1,554,509	9,726,729	13.70	16.41	2.26	.71	.44	7.25
South Carolina	1,738,765	1.41	1,977,960	.08	1,807,156	.10	4,226,209	−2,248,249	213.66	1.14	2.43	1.93	−.10	.46
South Dakota	692,849	.56	749,657	.03	719,403	.04	2,922,875	−2,173,188	389.88	1.08	4.22	1.33	−.10	.25
Tennessee	2,616,556	2.12	13,132,239	.54	9,284,228	.50	5,751,188	7,381,111	43.79	5.01	2.20	2.62	.33	2.28
Texas	5,824,715	4.73	32,799,807	1.35	31,604,743	1.70	11,353,739	21,446,037	34.62	5.63	1.95	5.18	.97	2.88

States	Population as of Apr. 1, 1930	Per cent of total population	Total internal revenue collections	Percentage of total paid by each State	Total income-tax collections	Percentage of total paid by each State	Total direct Federal aid to States	Net amount revenue paid after deduction direct Federal aid	Percentage of direct aid to total tax for each State	Per capita internal revenue payments	Per capita receipts of direct Federal aid	Percentage of direct aid received to total for all States	Percentage of net tax payments to total net tax payments	Cost of Federal-aid dollar to States
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Utah	507,847	0.41	$2,380,720	0.10	$2,321,787	0.12	$2,382,942	−$2,221	100.09	$4.68	$4.69	1.09	−0.0001	$0.99
Vermont	359,611	.29	1,751,011	.07	1,700,259	.09	1,240,019	510,991	70.78	4.87	3.45	.57	.02	1.41
Virginia	2,421,851	1.97	113,761,587	4.69	19,206,733	1.03	4,736,889	109,024,697	4.16	46.97	1.96	2.16	4.94	24.01
Washington	1,563,396	1.27	11,366,045	.47	10,629,177	.57	3,675,891	7,690,153	32.34	7.27	2.35	1.68	.35	3.09
West Virginia	1,729,205	1.40	11,151,400	.46	8,669,578	.47	1,835,197	9,316,203	16.46	6.45	1.06	.84	.42	6.07
Wisconsin	2,939,006	2.39	28,163,949	1.16	26,584,218	1.43	5,894,782	22,269,167	20.93	9.58	2.01	2.69	1.01	4.77
Wyoming	225,565	.18	596,603	.02	570,295	.03	3,388,421	−2,791,817	567.95	2.64	15.02	1.55	−.13	.17
Philippines			332,587	.01			241	332,346						
Total	123,202,660	100.00	2,428,228,754	100.00	1,860,040,497	100.00	219,162,574	[1] 2,209,066,180				100.00	[2] 101.07	

[1] Includes adjustment for direct aid to Puerto Rico.

[2] Excess per cent represents amount of deficiencies to States or $24,040,501.

RECESS

The SPEAKER. Is there objection that the House stand in recess subject to the call of the Chair?

Mr. O'CONNOR. Mr. Speaker, I object.

THE INCOME TAX

Mr. KELLER. Mr. Speaker, I have prepared an address on the subject of the income tax and other matters. I ask unanimous consent to place this in the RECORD in an extension of remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. KELLER. Mr. Speaker, it may be remembered that at the opening of the present session of Congress I, a new Member, offered a resolution calling for a full investigation of the causes which had led to this unprecedented depression, with its nation-wide unemployment, bankruptcy, poverty, destitution, and misery. It was perfectly evident that it was no accident that had brought this financial and social chaos. It had certain understandable causes. Quite as certainly it took place as the result of human action. It could have been prevented by human action intelligently directed. It can be cured by human intelligence. The coming of other depressions can be prevented.

It seemed to me futile to attempt to cure such a condition without first determining the causes which led to that condition. In a body such as this it is not only necessary that the causes of a national disaster shall be known, but that they must be so thoroughly understood as to permit of a general meeting of minds as to the remedies to be applied. It seemed to me, as it does to-day, that nothing less than an investigation of the widest scope and the most searching intensity could develop the facts sufficiently to inform the Congress and the country just why our great, opulent, thriving America should fall so suddenly into such economic and social chaos.

But at that time the representatives of the administration were telling us such tales of impending disaster in securing the $2,000,000,000 for the Reconstruction Finance Corporation that the leaders of my party thought it unwise to take any chance at precipitating any greater disaster upon our country. So we left the way open to the Senate to take action on a much narrower scale, true enough, but resulting in an investigation that is destined to rock the foundations of many institutions which we have regarded so indulgently in the past.

This Senate Committee on Banking and Currency has already pointed the way toward one of the causes which led to this devastating panic. It is rendering a service of historic import. It will increase in importance as the months roll along. The men whose courage and consideration of the rights of the American people are pushing the investigation of the stock market are rendering a great service. They will be kindly remembered for it.

Because of the studies I had made along this same line I was from the first deeply interested in the testimony being brought out by that committee. I kept tab on it and am here to-day to lay before my colleagues three matters of primary importance, every one of which has been brought out very clearly in the evidence before the Senate committee. I do not offer the evidence as a part of my address because it is already on the way toward publication in full as a public document. However, I offer nothing that is not clearly brought out and well proven before this Senate committee.

More than a year ago I undertook a study of the income-tax problem. The first thing I ran against was a stone wall around all income-tax returns—in the form of a law making the whole matter entirely secret. A United States Congressman, who must know the subject from every angle if he is to legislate rationally on the subject, is denied all knowledge of the most important matter in our revenue system. I could not but feel that such secrecy must depend on a very powerful reason. The reason remained a secret until the Senate Committee on Banking and Currency, of whom Senator NORBECK is chairman, began its investigations under the authority granted by Senate Resolution No. 84.

As will be seen, there was only one subject under investigation—that of investigating the practices in the stock exchanges. But in carrying out that object, incidentally, three other matters of tremendous import came out in the evidence:

First. That the Government has been defrauded out of a large amount of income taxes, part of which at least may still be recoverable.

Second. That a vast deal of plain swindling has been carried on in the process of taking from the people $50,000,000,000 of their savings from 1925 to 1932, a part of which at least may still be recoverable under existing law by the victims from those who swindled them.

Third. It appears that under what is supposed to be "within the law" American individuals and corporations have established and now maintain numerous Canadian corporations purely for the purpose of defrauding the American Government out of the income taxes due to it under our law.

I have, therefore, introduced three resolutions—one directed to the Attorney General and two to the Secretary of the Treasury covering the three statements and directing each of them to take steps to protect the Government's interests in these matters and to render such service to the victims of the robberies as may be incidental in their duties of securing the Government's rights in these matters.

I am not standing here, guessing at any of these three charges. The evidence is all of record in the hands of the Norbeck committee, bearing out fully every statement I make.

I now take up and submit to you the statement of fact in proof of the first charge that the Government has been defrauded out of large amounts of income taxes, part of which at least is still recoverable. In support of that I cite the following facts:

The three outstanding instances which were thus encountered without at all being sought for were as follows:

First. The sale of the stock of Frosted Foods (Inc.) to Goldman, Sachs Trading Corporation and Postum (Inc.) for $22,000,000 shows that $20,000,000 of this consideration was

paid by a check payable to Frosted Foods which was not deposited by it but was indorsed to a Canadian corporation set up for that purpose, which in turn deposited this money to J. P. Morgan & Co. as agents for still a third corporation set up in Delaware for the purpose of putting through this transaction. The profit involved in this transaction was over $20,000,000. No income tax was paid to the United States Government, and it is an inescapable conclusion that this subtle process, if subtle it be, was used for the purpose of depriving our Government of income taxes which, as figured on the lowest basis, that of corporation tax, would be about two and a half million dollars. It is quite likely that a further investigation of this transaction will disclose that the individuals involved as ultimate recipients of these profits have avoided the payment of even larger taxes than this amount.

Second. The investigation of the operations of Cyrus S. Eaton and the companies which he controlled, shows that it was a sale of securities by a Canadian corporation called Foreign Utilities, owned and controlled by Mr. Eaton, to Continental Shares, a Maryland corporation, for $57,000,000. The securities involved in this sale were shipped from New York and Cleveland, where they were held as collateral by various banks, to St. Johns, New Brunswick, for the purpose of having a notary public attest the fact that he saw them delivered there, and were immediately returned to New York and Cleveland. The letters showing this whole transaction, its object, aim, intent, and methods of carrying it out are on file with the Norbeck committee, and the evidence is complete. The expenses of shipping these securities back and forth was shown to have been over $34,000. The Senate committee was unable to ascertain what the total profit on this sale was, but was able to establish the fact that the profit on one item alone, United Light & Power stocks, was $17,000,000. On the lowest tax basis, the corporation rate, the tax to this Government would have been over $2,000,000.

Third. The investigation of the operation of Fox Film Co., and Fox Theaters showed that in one instance alone William Fox, the president of the Fox Theater Co., had charged to the company a loss of $3,300,000, which he claimed he incurred on behalf of the company. But in his own personal-income tax return he claimed credit for this loss and deducted it. Without knowing what surtax bracket Mr. Fox's income fell in, in that year, it is impossible to state exactly how much the tax fraud was, but it well may have been at least a million dollars.

In these three instances, which were casually encountered and not looked for, the United States Government was deprived of at least five and a half million dollars, and there is no reason why the Government should not proceed to collect this income now. This investigation has, therefore, accidentally uncovered five and a half million dollars in three transactions. It is unlikely that this covers any large part of 1 per cent of the income-tax evasions by corporations not yet investigated. If this is a fair conclusion, then we stand to lose half a billion dollars in clearly fradulent transactions of what is called big business. And we need this money.

I now state outside of the testimony referred to, that every accountant and investigator knows that in the selling of one business to another as in making combinations, that it has been and now is the common practice to cheat the Government out of the income on the profits made by the company or individuals selling the business. And it is equally well known that little or no attempt has been made to uncover these frauds and compel payment of the money due the people under the law.

I now revert to the second charge, and the evidence that a vast deal of plain swindling has been carried on in the process of taking from the people fifty billions of their savings from 1925 to 1932, a part of which, at least, may still be recoverable under existing law by the victims from those who swindled them.

The Norbeck committee has been deluged by complaints of stockholders of the companies which were investigated and inquiries as to how these people can recover the moneys of which they were defrauded. It is not, of course, the function of the committee to engage in any such matters. There is, however, every reason why the Attorney General of the United States and the prosecuting officers of New York State should set about the prosecutions clearly indicated by the testimony now available and hereafter to be made available by this committee. This would not only serve to prosecute the criminals who have robbed the people but would help the victims of these robbers to secure judgments against them for the return of their money. It would take several pages merely to catalogue the things which have been presented in 2,500 pages of testimony, which indicate clearly conspiracy to defraud, criminal use of the mails, breach of trust by agents and fiduciaries, and other criminal and civil violations of stockholders' rights under the laws of the United States and the respective States.

For instance, one market racketeer testified that in a period of two years he had operated in 250 stocks in conjunction with many brokerage houses, in which he had bribed newspaper writers, and how other unlawful methods of defrauding the people in the doing of which he was acting as agent for corporations and for brokers who were agents of customers. As a matter of fact, the testimony presented to the Committee on Banking and Currency covers the entire country, involves millions of stockholders, hundreds of corporations, and dozens of brokerage houses and banking firms. It discloses the dissemination of false information and false earning statements by the directors of corporations to induce the purchase and to stimulate the sale of securities by stockholders to the enrichment of the officers of the corporations. The testimony in relation to Warner Bros., Fox Film and Fox Theaters, Continental Shares of Cyrus Eaton, Anaconda Copper, and many others is entirely conclusive. The evidence in all these is perfectly clear that fraud was committed. The whole thing, indeed, is one grand conspiracy in which many of the very rich men of this country and their brokers, salesmen, agents, and publicity agents conspired to defraud and did defraud the people of this country not out of a few millions but out of many billions of their hard-earned cash.

The general law is that where people are swindled or defrauded they may recover a judgment against those who defraud them of their money. On this subject the law is plain and sufficient. The evidence in the cases here cited shows the abuses to be so flagrant that if sufficient cooperation between those who were defrauded could be attained, with strong, courageous, and persistent lawyers, there should be little question of securing judgment against these conspirators.

No other remedy would so fit the case as a recovery from the thieves who through chicanery and fraud have robbed the American people of $50,000,000,000 of their hard-earned money. If we make those who rob people pay them back it will go a long way toward preventing robbery hereafter.

I now come to the third subject—it appears that under what is supposed to be "within the law" American individuals and corporations have established and now maintain numerous Canadian corporations purely for the purpose of defrauding the American Government out of income taxes due it.

The evidence in the Cyrus Eaton case above referred to shows clearly the legal fiction depended on to defraud the United States Government out of the income tax due it. But a look backward to the Teapot Dome scandal shows the method of using Canadian corporations already existing at that time. Since that time the method has largely been perfected and apparently used to an extent little apprehended, if at all known, by the American people.

I find it necessary here to again go only very partially outside the evidence for stating specifically just how the fraud is perpetrated within the law. I do this without hesitation because the matter is so well understood in circles of "high finance" as to be quite common property. It is also clearly indicated in the testimony. Here is how it is done: John Doe, an American citizen, sets up a Canadian corpora-

tion in which he owns all the stock, and transfers to it various stocks and the title to various properties. When he sells such stocks or properties the profit legally is not supposed his, but that of the Canadian corporation. If he personally took that profit from the Canadian corporation by means of dividends he would have to pay income tax; but instead of doing that he arranges for the Canadian corporation to lend the money represented by the profits to an American corporation in which he also owns all the stock, and in turn has the American corporation lend the money to him.

The result of this procedure is that while the Canadian corporation has legally incurred an income tax to the Canadian Government, it has no cash or property in Canada which can be reached by the Canadian Government. It has merely a set of books there. It is even impossible for the Canadian Government to get to the American corporation, because the American corporation has no cash or property, having in turn loaned it to the American citizen, John Doe himself, the owner of both the swindling corporations. The American citizen legally owes nothing to the Canadian corporation so that the Canadian Government has no legal means of proceeding against him. It is, of course, impossible to state with exactitude how much money annually has been taken from the American Government by this system of buying and selling the stocks and properties in the United States through Canadian corporations, but accountants who have been kept busy in handling these transactions have ventured $250,000,000 a year as a reasonable estimate. In the past 10 years we have, through this method alone, lost sufficient to balance our decrepit Budget, and enough is here concealed in America to provide a surplus.

This system is well known to lawyers and accountants. In fact, so many American accountants engaged in this business can be found in the hotels of Canadian cities, that it is an inescapable conclusion that it has long ago come to the attention of the Treasury officials, and that they have known of it for many years. It would be interesting to know whether the large companies in which Mr. Mellon is interested have engaged in this same practice. This seems to raise the question whether the big fight made in passing the recently enacted revenue bill to excuse American-owned foreign corporations from paying their proportionate share of their earnings into the United States Treasury may not have been a fight to protect the American tax-dodging corporations and individuals from being compelled to pay the taxes due on the profits of corporations earned here in the United States—not on the actual earnings of American-owned corporations doing profitable business in foreign countries as Congress was told. It seems to be a fact that these tax-evading corporations are also being formed in other countries.

It is indeed a common report among accountants that in making sales of property various and sundry means along this same line are almost invariably used to defraud the Government of the income tax due it. Whether these things are done " within the law " or not is a question that ought to be solved. If it is not within the law, of course, the Government should certainly proceed to the collection of these taxes. If it is " within the law " as at present written, clearly the law ought to be changed so as to prevent these frauds.

This practice has continued some years, and has, of course, attracted the attention of Canadian officials. One of the Crown prosecutors of one of the Canadian Provinces has complained that these Canadian corporations neither pay the United States nor Canada. He suggested a treaty arrangement covering the case. But it occurs to me that we do not need the cooperation of any other government if we can get the active aggressive cooperation of our own income-tax department.

I had watched the income-tax returns for a good many years. I was unable to understand why the years of 1928 and 1929—wonder years for great profits in big business—had failed to show the very large increases which conditions seemed to warrant. I could not make heads or tails of it. But in view of the frauds already brought out before the Norbeck committee, the reason seems clear.

It now appears that we are poor because we have a poor tax-collecting department. There is abundant money available to balance our Budget if we collect it.

O'CONNOR BEER BILL

Mr. SCHAFER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill H. R. 10017, the O'Connor beer bill. [Laughter and applause.]

RECESS

Mr. RAINEY. Mr. Speaker, I move the House stand in recess subject to the call of the Chair.

The question was taken; and on a division (demanded by Mr. SCHAFER) there were—ayes 182, noes 41.

So the motion was agreed to.

EXPLANATION

The SPEAKER. The Chair asks unanimous consent that the gentlewoman from Arkansas [Mrs. WINGO] may address the House. Is there objection?

There was no objection.

Mrs. WINGO. Mr. Speaker, I merely desire to ask permission to make a statement in the CONGRESSIONAL RECORD. On yesterday I was unavoidably absent, and when the vote came on the conference report on the relief bill I was not able to cast my vote. I thought I had arranged for a pair, but upon coming back to the House to-day I found that apparently all of the absentees were in favor of the relief bill. Therefore, a pair for me could not be arranged, and I am recorded as not voting. Had I been present, I would have voted, as I have voted all the way through, in favor of the relief bill. [Applause.]

RECESS

Accordingly (at 4 o'clock and 8 minutes p. m) the House stood in recess, subject to the call of the Chair.

AFTER RECESS

The recess having expired, at 5.06 o'clock p. m., the House was called to order by the Speaker.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate still further insists on its amendments Nos. 46 and 47 to the bill (H. R. 12280) entitled "An act to create Federal home loan banks, to provide for the supervision thereof, and for other purposes," disagreed to by the House; asks a still further conference with the House on the disagreeing votes of the two Houses thereon and appoints Mr. NORBECK, Mr. WATSON, and Mr. FLETCHER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 4712) entitled "An act authorizing the sale of certain lands no longer required for public purposes in the District of Columbia."

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the House to bills of the Senate of the following titles:

S. 811. An act for the relief of Sophia A. Beers; and

S. 2437. An act for the relief of the estate of Annie Lee Edgecumbe, deceased.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill and joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 9642, An act to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting the public-works program; and

H. J. Res. 461, Joint resolution making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

HOME LOAN BANK BILL

Mr. STEAGALL. Mr. Speaker, I move that the House further insist on its disagreement to Senate amendments No. 46 and No. 47 to the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes.

The SPEAKER. The gentleman from Alabama moves that the House further insist on its disagreement to Senate amendments No. 46 and No. 47.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the motion.

Mr. RAMSEYER. Mr. Speaker, I make a point of order there is no conference report before the House. There was a message from the Senate advising the House that the Senate further insisted on its amendment, and the question now before us is whether this bill is to go to conference, and the only way it can be sent to conference is by unanimous consent.

The SPEAKER. This is a privileged motion.

Mr. RAMSEYER. It would be privileged if we had the conference report before us, but we have no conference report before us.

The SPEAKER. This is a House bill with Senate amendments on which there is a disagreement between the two Houses, and it has been uniformly held, so the parliamentarian advises me, that this is a privileged motion.

Mr. RAMSEYER. Mr. Speaker, I submit a preferential motion.

I move that the House recede and concur in Senate amendments No. 46 and No. 47.

The SPEAKER. The gentleman from Iowa moves that the House recede and concur in Senate amendments No. 46 and No. 47.

Mr. STEAGALL. Mr. Speaker, I move the previous question.

The SPEAKER. The question is on ordering the previous question on the motion of the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. RAMSEYER), there were—ayes 163, noes 26.

So the previous question was ordered.

Mr. RAMSEYER. Mr. Speaker, I ask unanimous consent, notwithstanding the ordering of the previous question, that I may address the House for five minutes.

Mr. STEAGALL, Mr. RAMSPECK, and Mr. SCHAFER objected.

The SPEAKER. The question is on the motion of the gentleman from Iowa [Mr. RAMSEYER] to recede and concur in the Senate amendments.

Mr. STEAGALL. On that motion, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 102, nays 158, not voting 170, as follows:

[Roll No. 126]

YEAS—102

Allgood	Doughton	Keller	Person
Amlie	Dowell	Kelly, Pa.	Pettengill
Andresen	Doxey	Kniffin	Polk
Ayres	French	Kopp	Ramseyer
Baldrige	Garber	Kvale	Rankin
Barton	Gilchrist	LaGuardia	Robinson
Bland	Gregory	Lambertson	Sanders, Tex.
Bolleau	Hall, Ill.	Lambeth	Schneider
Brand, Ohio	Harlan	Lamneck	Shallenberger
Briggs	Hart	Lankford, Ga.	Simmons
Burch	Haugen	Larrabee	Smith, Idaho
Burtness	Hill, Wash.	Leavitt	Smith, Va.
Butler	Hoch	Lichtenwalner	Spence
Campbell, Iowa	Hogg, Ind.	Ludlow	Strong, Kans.
Carden	Hope	McGugin	Swing
Carter, Wyo.	Hopkins	Maas	Taylor, Colo.
Cartwright	Hornor	Major	Thurston
Christgau	Horr	Manlove	Vinson, Ky.
Christopherson	Howard	Martin, Oreg.	Weaver
Clague	James	Michener	West
Clark, N. C.	Jeffers	Montet	Whittington
Collier	Johnson, Mo.	Moore, Ky.	Williamson
Cross	Johnson, Okla.	Morehead	Wilson
DeRouen	Johnson, Tex.	Norton, Nebr.	Withrow
Dies	Jones	Oliver, Ala.	
Disney	Kading	Overton	

NAYS—158

Adkins	Delaney	Kurtz	Rich
Andrews, N. Y.	De Priest	Lankford, Va.	Rogers, Mass.
Arnold	Douglass, Mass.	Lehlbach	Sanders, N. Y.
Bachmann	Doutrich	Lonergan	Schafer
Bacon	Driver	Loofbourow	Seger
Beam	Dyer	Lozier	Seiberling
Black	Eaton, Colo.	Luce	Shott
Bloom	Eaton, N. J.	McClintock, Ohio	Snell
Boehne	Englebright	McCormack	Snow
Boland	Erk	McDuffie	Stafford
Bolton	Fiesinger	McFadden	Stalker
Bowman	Flannagan	McLaughlin	Steagall
Britten	Foss	McSwain	Stevenson
Brumm	Garrett	Magrady	Stewart
Buckbee	Gavagan	Mapes	Stokes
Bulwinkle	Goldsborough	Martin, Mass.	Strong, Pa.
Cable	Goss	Mead	Stull
Campbell, Pa.	Green	Millard	Sutphin
Cannon	Hadley	Milligan	Sweeney
Chavez	Haines	Mobley	Swick
Chindblom	Hall, N. Dak.	Moore, Ohio	Taber
Clancy	Hancock, N. Y.	Mouser	Temple
Clarke, N. Y.	Hardy	O'Connor	Tierney
Cochran, Mo.	Hawley	Owen	Tilson
Cochran, Pa.	Hess	Palmisano	Timberlake
Cole, Md.	Hogg, W. Va.	Parker, Ga.	Tinkham
Collins	Holaday	Parker, N. Y.	Treadway
Condon	Hollister	Parsons	Wason
Connery	Holmes	Patman	Watson
Cooke	Hooper	Patterson	White
Cooper, Ohio	Huddleston	Pittenger	Wigglesworth
Cooper, Tenn.	Jacobsen	Prall	Williams, Mo.
Coyle	Jenkins	Pratt, Harcourt J.	Wingo
Crosser	Johnson, S. Dak.	Pratt, Ruth	Wolcott
Crowe	Johnson, Wash.	Purnell	Wolverton
Crowther	Kahn	Rainey	Wood, Ga.
Culkin	Kelly, Ill.	Ramspeck	Wyant
Curry	Kemp	Ransley	Yon
Dallinger	Kinzer	Reed, N. Y.	
Darrow	Knutson	Reilly	

NOT VOTING—170

Abernethy	Dickstein	Hull, William E.	Reid, Ill.
Aldrich	Dieterich	Igoe	Rogers, N. H.
Allen	Dominick	Johnson, Ill.	Romjue
Almon	Douglas, Ariz.	Karch	Rudd
Andrew, Mass.	Drane	Kendall	Sabath
Arentz	Drewry	Kennedy	Sandlin
Auf der Heide	Ellzey	Kerr	Schuetz
Bacharach	Estep	Ketcham	Selvig
Bankhead	Evans, Calif.	Kleberg	Shannon
Barbour	Evans, Mont.	Kunz	Shreve
Beck	Fernandez	Lanham	Sinclair
Beedy	Finley	Larsen	Sirovich
Blanton	Fish	Lea	Smith, W. Va.
Bohn	Fishburne	Lewis	Somers, N. Y.
Boylan	Fitzpatrick	Lindsay	Sparks
Brand, Ga.	Frear	Linthicum	Sullivan, N. Y.
Browning	Free	Lovette	Sullivan, Pa.
Brunner	Freeman	McClintic, Okla.	Summers, Wash.
Buchanan	Fulbright	McKeown	Sumners, Tex.
Burdick	Fuller	McLeod	Swank
Busby	Fulmer	McMillan	Swanson
Byrns	Gambrill	McReynolds	Tarver
Canfield	Gasque	Maloney	Taylor, Tenn.
Carley	Gibson	Mansfield	Thatcher
Carter, Calif.	Gifford	May	Thomason
Cary	Gilbert	Miller	Tucker
Cavicchia	Gillen	Mitchell	Turpin
Celler	Glover	Montague	Underhill
Chapman	Golder	Murphy	Underwood
Chase	Goodwin	Nelson, Me.	Vinson, Ga.
Chiperfield	Granfield	Nelson, Mo.	Warren
Cole, Iowa	Greenwood	Nelson, Wis.	Weeks
Colton	Griffin	Niedringhaus	Welch
Connolly	Griswold	Nolan	Whitley
Corning	Guyer	Norton, N. J.	Williams, Tex.
Cox	Hall, Miss.	Oliver, N. Y.	Wolfenden
Crail	Hancock, N. C.	Parks	Wood, Ind.
Crisp	Hare	Partridge	Woodruff
Crump	Hartley	Peavey	Woodrum
Cullen	Hastings	Perkins	Wright
Davenport	Hill, Ala.	Pou	Yates
Davis	Houston, Del.	Ragon	
Dickinson	Hull, Morton D.	Rayburn	

So the motion to recede and concur in the Senate amendments was rejected.

The Clerk announced the following additional pairs:

On this vote:

Mr. Swanson (for) with Mr. Niedringhaus (against).

Until further notice:

Mr. Byrns with Mr. Wood of Indiana.
Mr. Cullen with Mr. Carter of California.
Mr. Granfield with Mr. Gibson.
Mr. Kerr with Mr. McLeod.
Mr. Lindsay with Mr. Beedy.
Mr. Schuetz with Mr. Murphy.
Mr. Wright with Mr. Houston.

Mr. Underwood with Mr. Barbour.
Mr. Pou with Mr. Connolly.
Mr. Warren with Mr. Allen.
Mr. Rudd with Mr. Cole of Iowa.
Mr. Griswold with Mr. Davenport.
Mr. Linthicum with Mr. Cavicchia.
Mr. Browning with Mr. Evans of California.
Mr. Auf der Heide with Mr. Colton.
Mr. Carley with Mr. Hartley.
Mr. Drewry with Mr. Nolan.
Mr. Gambrill with Mr. Shreve.
Mr. Sumners of Texas with Mr. Summers of Washington.
Mr. Celler with Mr. Morton D. Hull.
Mr. Brunner with Mr. Estep.
Mr. Almon with Mr. Burdick.
Mr. Chapman with Mr. Selvig.
Mr. Fitzpatrick with Mr. Woodruff.
Mr. Hancock of North Carolina with Mr. Sinclair.
Mr. Somers of New York with Mr. Chase.
Mr. Hare with Mr. William E. Hull.
Mr. Tucker with Mr. Crail.

Mr. STEWART. Mr. Speaker, my colleague the gentlewoman from New Jersey, Mrs. NORTON, is absent on account of illness. If present, she would vote "no."

Mr. McCORMACK. Mr. Speaker, the gentleman from New Hampshire, Mr. ROGERS, is unavoidably absent. If present, he would vote "no."

The SPEAKER pro tempore (Mr. McDUFFIE). On this vote the yeas are 102 and the nays 158, so the motion to recede and concur is rejected, which is tantamount to a further insistence by the House on its disagreement to the Senate amendments.

A motion to reconsider was laid on the table.

RECESS

Mr. RAINEY. Mr. Speaker, I move that the House stand in recess subject to the call of the Chair, the bells to be rung 10 minutes in advance.

The motion was agreed to.

Accordingly (at 5.45 o'clock p. m.) the House stood in recess to meet at the call of the Chair.

AFTER THE RECESS

The recess having expired (at 7 o'clock and 40 minutes p. m.), the House was called to order by Mr. McDUFFIE, Speaker pro tempore.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate still further insists upon its amendments Nos. 46 and 47 to the bill (H. R. 12280) entitled "An act to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes."

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On July 12, 1932:

H. J. Res. 336. Joint resolution construing section 503 (b) of the tariff act of 1930; and

H. R. 12360. An act to authorize the Secretary of the Treasury to enter into a contract to purchase the parcel of land and the building known as the Grand Central Station Post Office and Office Building, No. 452 Lexington Avenue, in the city, county, and State of New York, for post-office and other governmental purposes, and to pay the purchase price therefor on or prior to June 30, 1937.

On July 13, 1932:

H. R. 2704. An act for the relief of Charles Lamkin; and

H. R. 12251. An act to provide for the conveyance of the Portage Entry Lighthouse Reservation and buildings to the State of Michigan for public-park purposes.

On July 14, 1932:

H. R. 1260. An act for the relief of James E. Fraser;

H. R. 2010. An act for the relief of Malcolm Allen;

H. R. 2650. An act for the relief of George H. Holman;

H. R. 3460. An act for the relief of Caughman-Kaminer Co.;

H. R. 3467. An act for the relief of David C. Jeffcoat;

H. R. 4160. An act for the relief of Raymond D. Woods;

H. R. 5211. An act for the relief of the heirs of Samuel B. Inman;

H. R. 5276. An act for the relief of Hilda Barnard;

H. R. 5513. An act to permit the United States to be made a party defendant in certain cases;

H. R. 7293. An act authorizing the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway bridge across the United States military reservation at the Springfield Armory, Mass.;

H. R. 7309. An act for the relief of Frank R. Scott;

H. R. 7499. An act to amend Act No. 3 of the Isthmian Canal Commission relating to the suppression of lotteries in the Canal Zone, enacted August 22, 1904;

H. R. 9590. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929; and

H. R. 11897. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

On July 15, 1932:

H. R. 11732. An act to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes;

H. J. Res. 361. Joint resolution to authorize the Surgeon General of the United States Public Health Service to make a survey as to the existing facilities for the protection of the public health in the care and treatment of leprous persons in the Territory of Hawaii, and for other purposes; and

H. J. Res. 473. Joint resolution to amend the public resolution entitled "Joint resolution making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia," approved July 8, 1932.

On July 16, 1932:

H. J. Res. 474. Joint resolution making available as of July 1, 1932, the appropriations contained in the regular annual appropriation acts for the fiscal year 1933 for the Departments of Agriculture, Post Office, Treasury, and War, and ratifying obligations incurred in anticipation thereof;

H. J. Res. 475. Joint resolution making an appropriation for the payment of pages for the Senate and House of Representatives from July 16 to July 25, 1932;

H. R. 1289. An act for the relief of William Dalton;

H. R. 1834. An act for the relief of Claude E. Dove;

H. R. 2189. An act for the relief of Elsie M. Sears;

H. R. 2927. An act for the relief of Eva May Peed, widow of George M. Peed;

H. R. 7199. An act for the relief of Frank Martin; and

H. R. 7215. An act for the relief of May Weaver.

HOME LOAN BANK BILL

Mr. STEAGALL. Mr. Speaker, I call up the bill H. R. 12280, and I move that the House recede from its disagreement to Senate amendments 46 and 47 and concur therein. [Applause.]

The SPEAKER pro tempore. The gentleman from Alabama moves that the House recede and concur in the Senate amendments.

Mr. STEAGALL. Mr. Speaker, the conferees on the part of the House have stood loyally and steadfastly for the expressed will of the House and the preservation of the integrity of its position on the legislation in controversy between the two Houses.

It is manifest that the House desires to end the controversy which during the closing hours has dragged and lengthened until it presents a situation that all of us would like to avoid.

The Senate conferees left the conferees on the part of the House under the impression that if the House would reaffirm its view and its judgment on the legislation in dispute, that the Senate, recognizing the peculiar conditions existing and the peculiar situation under which the Senate

had sought to attach to the home loan discount bill a foreign proposition, which has no proper place under logical procedure in the bill to which it is attached, that the Senate would recede from its position and permit the home loan rediscount bill to be enacted as agreed upon by the conferees in obedience to the vote of the two Houses of Congress in expressing their approval of the conference report.

I am not charging bad faith. Do not misunderstand me. I do not for a moment say that the conferees on the part of the Senate have not kept faith with the conferees of the House. I assume that they have, and I have no basis whatever for a contrary statement.

I have not followed the matter into the Senate in all of its details. But I assume that the conferees on the part of the Senate have kept faith with the conferees on the part of the House and have tried to do the best that could be done.

But I am going to say now—I may have said it yesterday—that if the conferees on the part of the Senate had been left free and untrammeled, as were the conferees on the part of the House, an agreement would have been reached, and there never would have been the controversy for two days that has occurred over this legislation.

The conferees on the part of the Senate, or some of them, spent a part of the time of the conference at the telephone, and came back with the statement that if they followed their own judgment on this legislation the Chief Executive of the Nation would use the power reposed in him under the Constitution of the country to defeat the will of Congress as expressed by the representatives of the two Houses.

Had the Members on the other side been free to vote their own judgment, there would not have been this controversy.

Mr. Speaker, in view of the peculiar conditions that exist, in view of the fact that many Members of Congress at both ends of the Capitol have understood that an adjournment would be agreed to to-day and made their plans in accordance with that understanding, not that solely upon consideration of the convenience of Members we should predicate our action on a matter of such importance as is involved in this bill—but in view of these considerations and in deference to what I believe to be the ultimate desire of the membership of this House, which I respect and am glad to obey, the conferees on the part of the House have discharged our full duty to the House in attempting to represent its views in conference. In pursuance of that conclusion and with our protest against methods that have been employed to engraft this extraneous and illogical provision upon the House bill, the conferees on the part of the House decided that we will best discharge our duty by making the motion that I have made.

In view of these conditions and the insistence on the part of many Members of the House who have supported the conferees in their contention, that the conferees yield, I have made the motion that the House recede from its disagreement to the Senate amendment No. 46 and concur in the same.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania.

Mr. McFADDEN. Mr. Speaker, there is no need for the enactment of the Borah amendment relating to the expansion of national bank currency. The Federal reserve banks and the Reconstruction Finance Corporation can furnish all the currency needed. The Glass-Steagall Act takes care of that. It will greatly depreciate the value of the 2 per cent circulation bonds now held by the national banks of this country, to the extent of about $700,000,000. This amendment should not be adopted, and I say to you that if you adopt this as is indicated here, there should be an amendment to it that pertains to the depreciation in the value of the 2 per cent bonds.

We should guard against this by making circulation based upon the higher rate bonds no more attractive than are the 2 per cent bonds. This might be accomplished through placing a higher tax upon circulation secured by the higher rate bonds. Not contemplating that the House was going to take this somersault, we are caught without proper preparation for such an amendment.

Section 18 of the Federal reserve act gives Federal reserve banks the right to exchange 2 per cent bonds for 3's. But the difficulties are these, and this is very pertinent to the action that you are about to take: Circulation would have to be retired first and a national bank would have to make the exchange through a reserve bank. In exchange for the 2's the Secretary of the Treasury would give 1-year gold notes equal in volume to one half the 2 per cent bonds surrendered, and for the other half would give 30-year gold bonds. All of these would bear 3 per cent interest. But the Federal reserve bank would be required to obligate itself to repurchase the same amount of 1-year gold notes when those given in exchange for the 2 per cent bonds mature, and to repeat the operation each year for 30 years if the Secretary of the Treasury should request it.

The Federal reserve bank might not be willing to obligate itself in this manner just to secure 3 per cent bonds to turn over to a national bank. Also, it is possible that the volume of 2 per cent bonds less exchangeable is limited to the $25,000,000 permitted to be purchased by the Federal reserve system each year, and this amount each year would not help much. I refer you to section 18 of the Federal reserve act. In addition, after the circulation would finally be rearranged to rest upon 3 per cent bonds, they would lose their circulation privilege automatically in three years, and thus all circulation would be retired and the Government would be paying 3 instead of 2 per cent for almost $700,000,000 worth of bonds.

Mr. BLACK. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BLACK. Has the gentleman any idea as to who has the large holdings of these bonds that will be convertible by this amendment?

Mr. McFADDEN. My understanding is that these bonds bearing 3⅜ per cent interest or less, which would be made available for circulation under this plan, are closely held by certain favored institutions, and that the price on them already has gone up two points, and I venture to say that by Monday morning the banks who want to buy these bonds will have to pay the full new value, as determined by the circulating franchise which you gentlemen are going to give them to-night by this action. You are going to disrupt every national bank in the United States by this, and let me point out to you that a national bank with $100,000 capital, with its $100,000 circulation, at the present time holds these 2 per cent bonds or has placed them with the United States Treasury as security for its issued national bank notes. If these 2 per cent bonds go down in investment value, they will go down into the 60's. Can you imagine what will happen to these country banks when they have a depreciation in their bond account? It is going to make many of them insolvent. Let me tell you further that those banks, and I speak with knowledge, that have anticipated this action which they had been tipped off was going to occur, have sold their 2 per cent bonds and purchased other bonds, so they are making their profit as the 2's go down, and they are making a profit as the others bearing a higher rate of interest up to 3⅜ per cent go up.

Mr. Speaker, there is something back of this thing that I do not understand, and I am surprised at the action of this House in reversing its action on this important matter without having proper knowledge.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. McCORMACK. The gentleman says that certain banks have been tipped off. Has the gentleman any information as to where the tip came from, or has the gentleman an opinion to express in relation to that?

Mr. McFADDEN. I do not want to divulge confidential information here, although I can give the name.

Mr. McCORMACK. Can the gentleman state whether it is strongly rumored there have been powerful influences

exerted to secure the passage of this amendment? Has the gentleman any information as to the source of those influences?

Mr. McFADDEN. They come from the usual source of the bankers that are on the inside of governmental operations and who profit in anticipation of these changes.

There never was a more flagrant one than this one before you now. This reversal of your attitude on this bill should not occur, and I am surprised at what has taken place in the conference that has been referred to by the chairman of this committee, where the sacredness of the conference has been violated, where those who had no right to come into the conference came into the conference and pleaded and argued.

Mr. STEAGALL. Will the gentleman yield to me?

Mr. McFADDEN. I will.

Mr. STEAGALL. I want to say to the gentleman that the conferees have yielded on this matter, as I stated in my opening statement——

Mr. McFADDEN. Under pressure.

Mr. STEAGALL. Purely because of the manifest desire of the House that the conferees recede. I have not changed my own view or my own desire in the matter, but I say also in this connection that the leader on the other side of the House appealed to me not to expect continued support from that side of the House in the insistence against this amendment. In the light of that situation and the manifest desire of the House and the repeated manifestations of Executive influence that has been brought to bear on this House within the afternoon, I yielded because I was responding to the sentiment of a majority of the House.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. STEAGALL. Mr. Speaker, I yield five additional minutes to the gentleman from Pennsylvania.

Mr. WHITE. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. WHITE. While there are only $700,000,000 of the 2 per cent bonds in circulation, the House should know there are more than $3,000,000,000 worth of bonds of these others which will be eligible for the issuing of currency under this plan.

Mr. TABER. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. TABER. Is it not about time that the House insisted on protecting the people of this country and standing by the position it has taken so far to-day? [Applause.]

Mr. McFADDEN. The gentleman is quite correct. It is time that this House—it is time that the leadership on both sides of this House paid some attention to the interests of the people who sent them here. [Applause.]

Mr. SCHAFER. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. SCHAFER. Is it not more important for this House to maintain its dignity by maintaining its position on the vote than wolfing and howling and talking and acting in a different way from the way they talk, in order to run home to-night?

Mr. McFADDEN. Of course, the gentleman is perfectly right. The reversal of yours now are influenced by political pressure from the White House and by your desire to adjourn and go home. I am surprised that the leadership on both sides have succumbed.

Mr. SCHAFER. That is just as the Democrats do on everything,

Mr. McFADDEN. Every man who changes his vote on principle is making a rubber stamp of himself.

Mr. Speaker, before the interruptions I was dealing with the unusual things that have taken place in this conference and on the side lines. I wish to say to you that a most unusual thing has happened here to-day, at a crucial moment in connection with the consideration given to this measure. When Members of the House were standing by what they really knew to be right we were visited here by a lobbyist from the White House, who conveyed the information to the membership of this House——

Mr. SNELL. Will the gentleman yield right there?

Mr. McFADDEN. Not until I finish my statement. That if the House would yield on this question there would be no question about the signing of this bill by the Chief Executive.

Now, that is a big factor. It has had its influence on the leadership of this House and has caused this reversal of votes.

Mr. SNELL. Will the gentleman yield for a question?

Mr. McFADDEN. It is a deplorable condition for this House to be in, to respond to a White House lobbyist on an important measure like this, where the public interest is involved to the extent that it is involved in this bill, to have things like that take place. They are unconstitutional. Constitutional government is being broken down when the legislative part of the Government, the people's part of this Government, has succumbed to the administration through the lobby of the Chief Executive, which has been operating all through this session.

All during this entire session of the Congress on the great variety of so-called reconstruction legislation the same influences have been directing and demanding action by this House, and it is regrettable, on much of this legislation, that the House itself has surrendered to the extent it has in this particular.

Mr. SNELL. Will the gentleman yield for a question?

Mr. McFADDEN. I yield.

Mr. SNELL. I think the gentleman's attack on the former Representative, Mr. Newton, is entirely uncalled for and entirely unfair. I want to say to the gentleman that I have something to do with the leadership on this side of the House. The gentleman from the White House said nothing whatever to me this afternoon, and I did not see him to speak to him until we met here the last time we met this evening.

Mr. McFADDEN. I must remind the gentleman that what he is stating is much aside. Does the gentleman want me to repeat what he said to me a few moments ago?

Mr. SNELL. Yes, sir. I said that I was not willing to have anybody come here and tell me how to vote; that we were taking care of the proposition on our side as we thought best, and that I was the leader yet until I was deposed, and I was going to carry out that program.

Mr. McFADDEN. And the gentleman said he advised Mr. Newton to leave the floor of the House. [Applause.]

Mr. SNELL. I think the gentleman is mistaken about that.

Mr. McFADDEN. Oh, no; I am not. That is what you said.

Mr. McGUGIN. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. McGUGIN. Would the gentleman suggest that the influence of Mr. Newton from the White House is responsible for the insistent demand of Senator BORAH, Senator NORRIS, and every other insurgent Senator from the great Northwest in the Senate this afternoon that the Senate amendment should be accepted? Does the gentleman charge that to the White House?

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has again expired.

Mr. STEVENSON. Mr. Speaker, I have taken very little time of this House at any period during this session. I expect to take only five minutes now.

As a member of the Committee on Banking and Currency, I think I have the credit of doing as much to put this law in shape as anybody in the House. I do not think this will be questioned. [Applause.] As a member of this committee, I went on the conference committee, and I went there prepared to contend for what I conceived to be a sound, logical, and proper measure, and we did so. We found extraneous matter in the bill that in my judgment is unsound. It is detrimental to the interests of many people in this country, and will not only be a disappointment, but will probably be used in such a way that it may be a calamity to the country before we are through with it.

What is the proposition that we found—and this House agreed with us. It voted twice to-day to stand by us. This

proposition is simply one to allow the national banks to use bonds that are of higher than 2 per cent interest rate as a basis of circulation. The claim is that it is necessary for an inflation to do this, and it is limited to bonds of 3⅜ per cent.

The Glass-Steagall bill provided that the bonds of the United States of every denomination and of every rate of interest can be used in the Federal reserve banks as a basis of circulation. So you have increased the power of inflation, because every United States bond that is out can be used in the Federal reserve banks as a basis of circulation, and these you limit to the national banks. So the talk of the necessity of inflation is all pure hot air.

The answer to us by the distinguished gentlemen at the other end of the Capitol was that they would not do it. Well, gentlemen, that is a question of administration. If they will not do it, why should they do it? Is the administration preventing their doing it? And if they will not do it, will the national banks do it, the national banks who elect the directors in control of the Federal reserve banks of this country? Why, you know they will not; but suppose they do, what will be the result? Suppose they issue $900,000,000 of national bank notes under this provision. It is for three years. At the end of three years what will happen? You will find an inflation up to that time, and at the end of three years it has got to end, and they have got to be called in, and the contraction of a billion dollars, in round numbers, in the currency in this country in 1935 will be upon us, and we will be in a worse fix then than we are now.

Now, the only reason I assigned was that you depreciate the value of the 2 per cents the minute this law goes into effect, and the $700,000,000 currency already issued by the national banks upon the 2 per cents will be impaired to the extent of that depression, and it will probably reach 20 per cent. It will take $140,000,000 of the credit of the national banks and impair their capital to that extent. This is what will happen.

For these reasons I have stood up for the bill as it passed the House. I have done too much work on this home loan bank bill to see it destroyed by the willful action of another body who insists upon putting a foreign matter into it. [Applause.] Therefore I shall not stand for the resolution just made.

Mr. O'CONNOR. Will the gentleman yield?

Mr. STEVENSON. I yield.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield the gentleman from South Carolina two additional minutes.

Mr. O'CONNOR. We had a hearing before the Rules Committee at which the gentleman from South Carolina appeared. At that time, if I recall correctly, the gentleman violently opposed the entire bill which had not then been amended by the Senate. Am I correct?

Mr. STEVENSON. No; the gentleman is not correct. I filed a minority report, as will be remembered by Members who are familiar with the legislation. I filed it on the ground of three objections, and they were all practically eliminated by the House upon my motion. [Applause.] They were put back in by the Senate, and the conference committee forced them to take them out, and they left the bill as it stands here. Because of those things I objected, and I objected before the Rules Committee.

Mr. O'CONNOR. Will the gentleman from South Carolina yield for a further question?

Mr. STEVENSON. I yield.

Mr. O'CONNOR. As the bill stands to-day after the gentleman has had his amendment adopted, is he in favor of it?

Mr. STEVENSON. Yes.

Mr. O'CONNOR. So am I.

Mr. STEVENSON. Without the vermiform appendix that was put in by another body, which needed a surgical operation to remove, and which this House has attempted to perform. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield three minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Speaker, no Member of this House will give approval to outside interference, so it is not my purpose to allude further to that, but I do feel that I should say this, in justice to those Members of the House who this afternoon voted to concur in the action of the Senate: On yesterday the distinguished chairman of the committee, acting absolutely in conformity with what he and the other conferees felt was the will of the House, sought to carry out the will of the House by moving to concur in the Borah amendment by adding thereto the Goldsborough amendment, which the House had previously passed by a very large majority. I was in full accord with the action of the chairman in seeking to thus carry out what he construed to be a direct instruction from the House; but when the gentleman from Alabama [Mr. STEAGALL] and the gentleman from Maryland [Mr. GOLDSBOROUGH] urged on yesterday this House to concur in the action of the Senate which engrafted on the home loan bill the Glass amendment, they did not call attention to any serious impairment of the credit of the Nation nor to any serious loss that might follow therefrom to any bank, but they evidenced an absolute willingness to take the Glass amendment, if they could get what they wanted, namely, the Goldsborough bill and which by its terms was nothing more than directory as to what in the judgment of the House was a wise policy to follow. [Applause.] It ill becomes such Members to censure those who to-day voted to concur in the action of the Senate by declaring now for the first time that the Glass amendment is fraught with great harm and danger. They must be more careful in advising the House in the future. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 10 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. McFADDEN. Will the gentleman yield me a minute in order to answer the charge that was made by the gentleman from Alabama?

Mr. STEAGALL. I must, for the moment, decline, until I see how much time I have.

Mr. McFADDEN. Will the gentleman from Maryland yield to me?

Mr. GOLDSBOROUGH. I yield.

Mr. McFADDEN. Mr. Speaker, I want to say to the House, and particularly to the gentleman from Alabama, that I set forth as strongly as I could on the floor of this House yesterday the dangers that lurked in this amendment. I did that on yesterday when the matter was before the House. I regret there were not more Members interested so that they could have been in the House when the merits of this proposition were discussed. The CONGRESSIONAL RECORD discloses what I said yesterday.

Mr. GOLDSBOROUGH. Mr. Speaker, on yesterday I made the statement specifically that the Glass bill could not do much harm if it were controlled by the expansion and contraction features of the Goldsborough bill. That was my statement. The Glass bill by itself is a very different thing from the Glass bill controlled, because the Glass bill standing alone has no control.

Mr. RAMSEYER. Will the gentleman yield?

Mr. GOLDSBOROUGH. I can not yield. I am very sorry. At the present time it is only bonds bearing 2 per cent interest which are eligible to be put up as collateral security for currency. They have all been used up and they have been used up by small banks which think it enhances their prestige to have the privilege of issuing currency. So, when you give this privilege to bonds bearing 3⅜ per cent—which are the bonds held by the large banks—you give this extra privilege not as a diffusive expansion but simply as a privilege for the large banks of the country to issue the people's money and be paid 3⅜ per cent for doing it.

Under the Glass-Steagall bill, if the Federal reserve system sees fit to use it, they can issue this same currency with bonds as collateral security without one single cent's expense to the people of the United States. If you pass this Glass amendment the Federal reserve system will have a record of the amount of money issued by the national banks. If they

are not in favor of expansion—as they frankly are not—they can feed bonds into the market from day to day and take currency out of the market just as fast as the national banks feed it in.

This Glass amendment—while I make no charges against it from a moral standpoint—in so far as any benefit it may do to the people of this country is concerned, is a fraud from beginning to end. [Applause.]

My God, this is an awful situation! Here we are. We have been in session since December 5. We have done nothing to relieve this situation. We have done nothing to raise the price level, which is the only thing on earth that will save us from bankruptcy. Simply because we want to adjourn, we are willing to agree to anything that the Senate of the United States proposes, inspired by the Secretary of the Treasury and the governor of the Federal Reserve Board.

When we were considering this bill the other day the Secretary of the Treasury was in this Chamber. He is an ex-Member of the House and, of course, he has the privilege of the floor, but that was not the time for him to be here. Mr. Newton, the President's Secretary, is an ex-Member of this House. He came into the House in 1921, when I did. He has the right to the privileges of this floor, but to-day was not the time for him to be here.

You all may be able to go home and explain what we have not done, but I can not. The only thing I can do is to go to my people and tell them I did what I could to make this Reconstruction Finance Corporation unnecessary; that I did what I could to make this home loan bank bill unnecessary. That I did what I could to make it unnecessary to have any of these artificial governmental instruments.

Night before last when the House conferees met with the Senate conferees the first time, I had some reason to think that maybe we saw the sun rising in the east—the sun of the people, the sun that will help to restore prosperity to this country—but at the last minute an unexpected vote prevented an agreement by the conferees which would have raised the general commodity price level, started production, and given employment to our suffering people.

My God, if you can do it, vote down this motion, and just as soon as the Senate knows that this motion is going to be voted down it will recede. [Applause.] There has not been a single moment since these motions have been up when there has not been a hint that if we fail to agree we might have to vote on it again. This word has gone over to the Senate, to my knowledge, and they have been told time after time that all they have to do is to stick and they would beat the House. Do not allow this to be done this time.

This measure has been put out as an expansion measure. It will not accomplish what purports to be its purpose, and the consequence will be that you will discredit any sort of legitimate inflationary legislation or any sort of stabilization legislation.

I ask of you, in the people's name, to vote down this motion. [Applause.]

Mr. STEAGALL. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I sincerely hope that the membership of the House will adhere to the position which we have already taken on this question.

Rumors are flying around the corridors of influence—influence to try to secure the passage of this rider to the home loan bank bill. We are sitting here in our official capacity as Members of the House of Representatives, representing our districts, accountable to nobody but our own conscience and to the people of our districts, to receive their approval or disapproval when we submit ourselves to them again for their consideration. We should not let any influence or psychology of any kind other than response to the duty we owe our people in the exercise of our judgment and conscience actuate us in voting upon this motion. If we voted "no" three times on this question, certainly we are not justified in changing our vote. If we were right on three occasions we are right now, and there is no justification for changing our vote.

Now, what can we do? We can vote down this motion to recede, and if this is done I am going to move that the House adhere to its disagreement of the Senate amendment; and if this motion is carried this will put it up to the Senate, and then the responsibility for the defeat of the home loan bank bill will lie where it belongs—upon the membership of the Senate of the United States.

Mr. CONNERY. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. CONNERY. My distinguished colleague from Massachusetts remembers, as I do, that we did not have any lobbyists from the White House coming up here favoring expansion of the currency when such currency was to go to these soldier boys, hungry and unemployed, who have been asking for their bonus, but now that we have expansion of the currency for the bankers it is O. K'd by the White House.

Mr. McCORMACK. I want to confine myself to an impersonal discussion of the pending amendment. I do not want to make any allegations that I have no evidence to support. All I know is that there has been a change in the minds of some Members, and we can draw inferences from such fact that some kind of influence has been exerted. The fact that there has been a change, after various Members have voted three times in opposition to this motion, would justify the inference that there has been some influence brought to bear. I do not say it is corrupt, but there is some influence being exerted. We should stand up on our own feet, acting in our individual capacity, determining this question as our honest judgment prompts us to determine it, responsible only to our own conscience, and to the people of our districts and our country.

How are you going to later answer the allegation that you voted against an expansion of the currency to pay the adjusted-compensation certificates, and on this occasion voted for an expansion of the currency in order that it might be utilized for the benefit of certain banking interests? [Applause.] So we should stiffen our backbones, disregard influences that have been exerted, act in our individual capacities—defeat this motion; and if the motion is defeated, I shall then move that the House adhere to its disagreement to the Senate amendment, and this will place the responsibility where it belongs—in the other body.

Mr. STEAGALL. Mr. Speaker, I yield five minutes to the gentleman from Iowa [Mr. RAMSEYER].

Mr. RAMSEYER. Mr. Speaker and gentlemen of the House, in the length of time I have I can not go into the merits of the proposition; but I do want to state what is before the House.

In this home loan bank bill we have a Senate amendment written by Senator GLASS, one of the keenest experts on banking and currency that we have in the United States, and a Democrat. He was a former Secretary of the Treasury. Now, if we concur in this amendment to the home loan bank bill, it will end the controversy and pass the home loan bank bill.

Yesterday we voted for an amendment, the Glass amendment, and added to that the Goldsborough amendment.

Every Member here knows that I favored the Goldsborough amendment, and I voted for the proposition yesterday. Certainly no one who voted for the two propositions yesterday is in a position to denounce what we have before us now.

The gentleman from Pennsylvania [Mr. McFADDEN] for two years has uttered lamentations against the Treasury and opposed everything that has been going on. I do not think there is a single proposition connected with banking and currency that has been adopted at this session of Congress that he has not opposed. He suspects everything, and he suspects everybody. His story to-day is no addition to the story he has been uttering here time and again.

Mr. McFADDEN. Will the gentleman yield?

Mr. RAMSEYER. No; I am not yielding. The gentleman from Maryland [Mr. GOLDSBOROUGH] for whom I have the highest regard, and with whom I have cooperated from the beginning to the end in getting his bill through, says he was for the proposition yesterday, because the provisions

of his Goldsborough bill furnished control over the Glass amendment.

The truth of the matter is that the Goldsborough bill gives the Federal reserve system no added or new powers whatever. It declares a policy. The Federal reserve system has the power now to do everything that the Goldsborough bill directs in its declaration of policy.

Most of the time has been consumed by those who ostensibly are in favor of receding and concurring, but their arguments are against it.

Now, I am for an increase in the commodity price level. I have talked with the leading men in high administration circles, and there is no one that I have talked with but what admits that there is no way out of the depression unless we can bring about an increase in the commodity price level. [Applause.] This proposition before us is the only thing that offers an expansion in currency. We should pass it. In it there is hope for a moderate inflation, which in turn may result in an increase in the commodity price level. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I am in hearty accord with the purpose of the gentleman from Maryland, and with the view expressed by other gentlemen that there can be no recovery from the depression under which the country suffers, that there can be no relief to the people of the United States from the economic difficulties that beset us until the people whose toil creates the wealth of the Nation are to receive just compensation for their labor. In no other way can people pay their debts and save their businesses and their homes.

My objection to the Senate amendment is not so much because of any evil that might result as because of its utter inadequacy to accomplish the relief which the country has the right to expect of those in charge of the Federal Government at Washington. Only recently a billion dollars and more of gold was withdrawn from the United States. We are told that a billion and a half dollars are in hoarding by the citizens of the country, and yet the Federal reserve banks have expanded their currency circulation to the amount of only a billion and a half dollars, leaving a billion dollars withdrawn.

But worse than that, the banks of the country are not loaning—no matter what the demand nor what the security. I do not criticize them. I do not charge that they are hoarding. They find themselves in a situation where common honesty and ordinary business prudence demand that they keep in position to respond to their obligations to depositors. Our entire economic system is in danger. Public confidence has been undermined. Credit in the United States has not been curtailed. Credit in the United States has been destroyed completely. There is not any such thing as normal credit facilities for any citizen in the United States. I do not believe that the amendment involved in this controversy affords hope for anything approaching adequate relief.

I have not been one of those to contend that even the provisions of the Goldsborough bill directing the Federal reserve banks through their open-market operations to release currency with a view to reviving commodity prices would accomplish the purpose for which it was intended; but it was the best hope that Congress has had for relief in that connection. It is the only measure that afforded any promise or hope of adequate relief. Personally, I do not believe that the present control of the banking system of the United States fully appreciates the suffering and distress throughout this Nation. I do not believe that they fully comprehend the situation. I do not believe that we have any reason to expect relief at their hands. Our only hope is that the people will drive them from power—as they are going to do in November—and place control in new hands responsive to the demands of the masses of mankind. [Applause on the Democratic side.]

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question now recurs upon the motion to recede and concur offered by the gentleman from Alabama [Mr. STEAGALL].

Mr. McCORMACK and Mr. GAVAGAN demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 120, nays 114, not voting 196, as follows:

[Roll No. 127]

YEAS—120

Adkins	DeRouen	Keller	Patterson
Allgood	Dies	Kelly, Pa.	Person
Almon	Disney	Kemp	Pettengill
Amlie	Doughton	Kniffin	Polk
Andresen	Doutrich	Kopp	Ramseyer
Ayres	Dowell	Kurtz	Rankin
Baldrige	Doxey	Kvale	Reilly
Barton	French	LaGuardia	Robinson
Bland	Garber	Lambertson	Sanders, Tex.
Bolleau	Gilchrist	Lambeth	Schneider
Brand, Ohio	Hall, Ill.	Lamneck	Shallenberger
Briggs	Hancock, N. C.	Lankford, Ga.	Simmons
Burch	Harlan	Larrabee	Sinclair
Burtness	Hill, Wash.	Leavitt	Smith, Idaho
Butler	Hoch	Lichtenwalner	Smith, Va.
Campbell, Iowa	Hogg, Ind.	Luce	Snell
Campbell, Pa.	Hogg, W. Va.	Ludlow	Spence
Carter, Wyo.	Holaday	McGugin	Steagall
Cartwright	Hollister	McSwain	Strong, Kans.
Christgau	Hope	Maas	Swing
Christopherson	Hopkins	Major	Taylor, Colo.
Clague	Hornor	Martin, Oreg.	Thurston
Clark, N. C.	Horr	Michener	Vinson, Ky.
Clarke, N. Y.	Howard	Montet	Wason
Collins	James	Moore, Ohio	West
Cooper, Tenn.	Jeffers	Morehead	Whittington
Cross	Jenkins	Norton, Nebr.	Williamson
Crowe	Johnson, Okla.	Oliver, Ala.	Withrow
Culkin	Johnson, Tex.	Overton	Wolverton
Darrow	Jones	Parker, N. Y.	Yon

NAYS—114

Andrews, N. Y.	Dallinger	Kelly, Ill.	Reed, N. Y.
Bachmann	Delaney	Kinzer	Rich
Bacon	De Priest	Lankford, Va.	Rogers, Mass.
Beam	Douglass, Mass.	Lehlbach	Schafer
Beedy	Eaton, Colo.	Lonergan	Seger
Black	Eaton, N. J.	Loofbourow	Seiberling
Bloom	Englebright	Lozier	Shott
Boehne	Erk	McClintock, Ohio	Snow
Boland	Fiesinger	McCormack	Stafford
Bolton	Flannagan	McDuffie	Stalker
Bowman	Foss	McFadden	Stevenson
Brumm	Garrett	Magrady	Stewart
Buckbee	Gavagan	Manlove	Stokes
Bulwinkle	Goldsborough	Mapes	Strong, Pa.
Cable	Goss	Millard	Stull
Cannon	Green	Milligan	Sutphin
Chavez	Hadley	Mobley	Swick
Chindblom	Hall, N. Dak.	O'Connor	Taber
Clancy	Hancock, N. Y.	Owen	Temple
Cochran, Mo.	Hardy	Parker, Ga.	Tierney
Cochran, Pa.	Hart	Parsons	Tilson
Condon	Hawley	Patman	Timberlake
Connery	Hess	Pittenger	Tinkham
Cooke	Holmes	Prall	White
Cooper, Ohio	Hooper	Pratt, Harcourt J.	Wigglesworth
Coyle	Huddleston	Pratt, Ruth	Wingo
Crosser	Johnson, S. Dak.	Rainey	Wolcott
Crowther	Johnson, Wash.	Ramspeck	
Curry	Kahn	Ransley	

NOT VOTING—196

Abernethy	Chapman	Fernandez	Hartley
Aldrich	Chase	Finley	Hastings
Allen	Chiperfield	Fish	Haugen
Andrew, Mass.	Cole, Iowa	Fishburne	Hill, Ala.
Arentz	Cole, Md.	Fitzpatrick	Houston, Del.
Arnold	Collier	Frear	Hull, Morton D.
Auf der Heide	Colton	Free	Hull, William E.
Bacharach	Connolly	Freeman	Igoe
Bankhead	Corning	Fulbright	Jacobsen
Barbour	Cox	Fuller	Johnson, Ill.
Beck	Crail	Fulmer	Johnson, Mo.
Blanton	Crisp	Gambrill	Kading
Bohn	Crump	Gasque	Karch
Boylan	Cullen	Gibson	Kendall
Brand, Ga.	Davenport	Gifford	Kennedy
Britten	Davis	Gilbert	Kerr
Browning	Dickinson	Gillen	Ketcham
Brunner	Dickstein	Glover	Kleberg
Buchanan	Dieterich	Golder	Knutson
Burdick	Dominick	Goodwin	Kunz
Busby	Douglas, Ariz.	Granfield	Lanham
Byrns	Drane	Greenwood	Larsen
Canfield	Drewry	Gregory	Lea
Carden	Driver	Griffin	Lewis
Carley	Dyer	Griswold	Lindsay
Carter, Calif.	Elizey	Guyer	Linthicum
Cary	Estep	Haines	Lovette
Cavicchia	Evans, Calif.	Hall, Miss.	McClintic, Okla.
Celler	Evans, Mont.	Hare	McKeown

McLaughlin	Norton, N. J.	Shannon	Underhill
McLeod	Oliver, N. Y.	Shreve	Underwood
McMillan	Palmisano	Sirovich	Vinson, Ga.
McReynolds	Parks	Smith, W Va.	Warren
Maloney	Partridge	Somers, N. Y.	Watson
Mansfield	Peavey	Sparks	Weaver
Martin, Mass.	Perkins	Sullivan, N. Y.	Weeks
May	Pou	Sullivan, Pa.	Welch
Mead	Purnell	Summers, Wash.	Whitley
Miller	Ragon	Sumners, Tex.	Williams, Mo.
Mitchell	Rayburn	Swank	Williams, Tex.
Montague	Reid, Ill.	Swanson	Wilson
Moore, Ky.	Rogers, N. H.	Sweeney	Wolfenden
Mouser	Romjue	Tarver	Wood, Ga.
Murphy	Rudd	Taylor, Tenn.	Wood, Ind.
Nelson, Me.	Sabath	Thatcher	Woodruff
Nelson, Mo.	Sanders, N. Y.	Thomason	Woodrum
Nelson, Wis.	Sandlin	Treadway	Wright
Niedringhaus	Schuetz	Tucker	Wyant
Nolan	Selvig	Turpin	Yates

So the motion to recede and concur in the Senate amendments was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Swanson (for) with Mr. Niedringhaus (against).
Mr. Mouser (for) with Mr. Jacobsen (against).

Additional general pairs:

Mr. Mead with Mr. Britten.
Mr. Hare with Mr. Cole of Iowa.
Mr. Browning with Mr. Dyer.
Mr. McReynolds with Mr. Hartley.
Mr. Arnold with Mr. Colton.
Mr. Pou with Mr. Haugen.
Mr. Byrns with Mr. Kading.
Mr. Lindsay with Mr. Gibson.
Mr. Collier with Mr. Knutson.
Mr. Johnson of Missouri with Mr. McLaughlin.
Mr. Haines with Mr. Nelson of Maine.
Mr. Bankhead with Mr. Martin of Massachusetts.
Mr. Gregory with Mr. Purnell.
Mr. Wilson with Mr. McLeod.
Mr. Cullen with Mr. Selvig.
Mr. Wood of Georgia with Mr. Reid of Illinois.
Mr. Blanton with Mr. Summers of Washington.
Mr. Underwood with Mr. Nolan.
Mr. Crisp with Mr. Treadway.
Mr. Dominick with Mr. Shreve.
Mr. Williams of Missouri with Mr. Watson.
Mr. Carley with Mr. Yates.
Mr. Weaver with Mr. Wood of Indiana.
Mr. Nelson of Missouri with Mr. Wyant.

The result of the vote was announced as above recorded.

On motion of Mr. STEAGALL, a motion to reconsider the vote by which the motion was agreed to was laid on the table.

Mr. STEAGALL. Mr. Speaker, I ask the Chair to submit the question on amendment No. 47.

The SPEAKER pro tempore. The Chair understood that was included in the gentleman's motion. If the Chair is mistaken, the Chair will put the motion. The Chair understands that both amendments were put and adopted by the House in the same motion.

EXPENSES OF THE HOME-LOAN BANK

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent for the immediate consideration of a resolution (H. J. Res. 479) making an appropriation for the Federal home-loan bank board for the fiscal year ending June 30, 1933, making the appropriation necessary to carry into effect the bill that has just been passed. It is the regular form of resolution by the Committee on Appropriations, and it is presented on behalf of the Appropriations Committee in the absence of the chairman of that committee, Mr. BYRNS. It carries an appropriation of $300,000.

The Clerk read the title of the House joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

Mr. McFADDEN. Reserving the right to object——

Mr. SCHAFER. Reserving the right to object, does this appropriation bill carry sufficient funds for the big bankers to run the printing presses to print this currency—these same big bankers who were opposed to running the printing presses to print money to pay the veterans their adjusted compensation?

Mr. CELLER. Will the gentleman yield?

Mr. TAYLOR of Colorado. Will the gentleman permit me to answer the gentleman from Wisconsin.

Mr. O'CONNOR. Mr. Speaker, I object.

Mr. TAYLOR of Colorado. Mr. Speaker, I move to suspend the rules and pass the resolution (H. J. Res. 479) making an appropriation for the Federal Home Loan Bank Board for the fiscal year ending June 30, 1933.

Mr. O'CONNOR. Mr. Speaker, I make a point of order.

The SPEAKER pro tempore (Mr. McDUFFIE). Will the House permit the Chair to make a statement? It requires a majority of this House to agree to a resolution providing for adjournment sine die, and we do not know yet when the Senate will send over that resolution. The Chair respectfully suggests to the gentleman, especially those who have made reservations to return to their homes to-night, that it might be well to remain until the concurrent resolution providing for adjournment is adopted. The Chair desires to make that statement, because our ranks are gradually being thinned, and we might find ourselves without a quorum.

The gentleman from Colorado [Mr. TAYLOR] moves that the rules be suspended and the House Joint Resolution 479 do pass.

Mr. O'CONNOR. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read the House joint resolution, as follows:

House Joint Resolution 479

Resolved, etc., That for the payment of all authorized expenses of the Federal home-loan bank board in carrying out the provisions of the act of the Seventy-second Congress entitled "An act to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes," there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $300,000 for the fiscal year ending June 30, 1933, to be available for the purposes and subject to the conditions and limitations specified in such act, including personal services and rent in the District of Columbia and elsewhere and expenses preliminary to the organization and establishment of the banks created thereunder.

Mr. O'CONNOR. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that a motion to suspend the rules is not in order except on the first and third Monday of each month, and except during the last six days of the session, after we have adopted a concurrent resolution to adjourn.

The SPEAKER pro tempore. Will the gentleman from New York allow the Chair to make a statement? The Chair is informed that the Journal shows the gentleman from Illinois [Mr. RAINEY] asked unanimous consent, which was granted, that motions to suspend the rules would be in order to-day; and the Chair therefore overrules the point of order raised by the gentleman from New York.

Is a second demanded?

Mr. SCHAFER. Mr. Speaker, I demand a second.

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, I reserve my time.

Mr. SCHAFER. Mr. Speaker, I yield myself five minutes.

The SPEAKER pro tempore. The gentleman from Wisconsin is recognized.

Mr. SCHAFER. I am in favor of the Federal home loan bank bill, and, therefore, in favor of the pending resolution. [Applause.] I demanded a second in order that I might have an opportunity to make a few observations at this time because I was unable to obtain any time from the Member who has had the home loan bank bill in charge prior to the last vote taken on the Borah-Glass amendment.

It is rather remarkable that Members of this House who stood up on the floor and consistently voted with an overwhelming majority against the adoption of the Borah-Glass rider to the home loan bank bill changed their position within a few hours and voted to turn about and run.

It was rather remarkable to hear the chairman of a great committee of this House get up on the floor of the House and orate about how the conferees fought against the Senate amendment to maintain the integrity of the House and a fundamental principle and then because he and perhaps a few other Members want to adjourn and go home to-day sacrifice all of their principles and turn about face on the last roll call and swallow what they had previously claimed to be a vicious amendment hook, line, and sinker.

Is that fighting to maintain the integrity of the House? Is that fighting to prevent the enactment of legislation which they previously denounced as vicious? How will the Members who turned about face on a great matter of principle on the last roll call explain their action to their constituents?

The Borah amendment carries the same principle of currency expansion that was embodied in the Patman soldiers' bonus bill as amended by the Owen amendment. There is no doubt about it. Yet Members in the other body, in fact, the authors of the rider, stood up on the floor of the other body and fought against the Patman soldiers' bonus bill because of its inflationary character and alleged fiat money principle. They claimed that they did not want to run the printing presses to manufacture fiat money to pay the soldiers. They claimed that was wrong because it was inflationary. But when it comes to the great banking interests, including the international bankers who drove us into the World War in which these veterans fought, Members stand on the floor of the Senate and on the floor of the House and advocate what the big banking interests who were opposing the veterans' bill want, turning the printing presses wide open to print inflationary money for the benefit of the bankers.

Mr. GAVAGAN. Will the gentleman yield?

Mr. SCHAFER. I yield.

Mr. GAVAGAN. I would like to ask the gentleman if he does not think it rather strange that the minority leader of this House made a quick turnabout face on the last roll call?

Mr. SCHAFER. It is not only strange but astounding and almost unbelievable. Another remarkable, strange, and astounding event was the eloquent speech of the chairman of the Banking and Currency Committee in the well of this House against the Borah-Glass rider on fundamental principles and then his complete turnabout face in swallowing it, hook, sinker, and bait.

There is another remarkable situation which occurred in this House to-day. I have gone through the precedents and I have observed that the Speaker, when he had to absent himself, appointed the chairman of the Rules Committee as Speaker pro tempore. But what do we find to-day? We find the acting chairman of the Rules Committee, the ranking member of the majority party, the distinguished Jeffersonian Democrat from New York [Mr. O'CONNOR], present in the House to-day; yet when the Speaker left for Texas in the closing hours of a debate with action being taken on a matter of principle he ignored this Jeffersonian Democrat and went to the Rivers and Harbors Committee to make the appointment of a Speaker pro tempore. Perhaps this was because he believed that the gentleman from New York [Mr. O'CONNOR] would grant recognition to suspend the rules and carry out the Democratic platform with reference to an immediate modification of the Volstead Act.

[Here the gavel fell.]

Mr. SCHAFER. Mr. Speaker, I yield myself one additional minute.

I know that if the distinguished gentleman from New York [Mr. O'CONNOR], who, by the way, is the author of the meritorious bill for the modification of the Volstead Act, were designated to act as Speaker pro tempore in the absence of the Speaker to-day, we would have an opportunity to vote on the O'Connor beer bill, and we would also have an opportunity before we adjourn to vote upon a resolution repealing the eighteenth amendment.

Mr. PARSONS. Will the gentleman yield?

[Here the gavel fell.]

Mr. SCHAFER. Mr. Speaker, I yield myself one additional minute.

Mr. PARSONS. Is this fiat money that is supposed to be issued now, or is it not?

Mr. SCHAFER. This is printing-press money, the same kind of printing-press money and money of the same nature as that provided in the Patman bonus bill as amended by the Owen plan.

The only difference is that the big banking interests which fought the Patman bonus bill and which were opposed to the alleged running of the printing presses to pay the hungry, ragged, and starving veterans—many of them who fought overseas for their country for $1 and $1.25 a day in the war of the international bankers—are now for this Glass amendment. They are in favor of authorizing the printing of over $1,000,000,000 worth of fiat money for the benefit of the banking interests.

Mr. GAVAGAN. Will the gentleman yield?

[Here the gavel fell.]

Mr. SCHAFER. Mr. Speaker, I yield myself one additional minute in order to answer the gentleman's question.

Mr. GAVAGAN. May I suggest to the gentleman that the only difference between the inflation in the bill we just passed and the inflation in the so-called soldier's bonus bill, is that the one was passed at the wish of some one at the other end of Pennsylvania Avenue.

Mr. SCHAFER. I would not say that, because the author of the rider in the Senate, the great dry crusader—I do not know what party he belongs to now, but I think he is going to follow Bill Upshaw—and his Democratic colleague from Virginia [Mr. GLASS] vigorously opposed the running of the printing presses in order to pay these veterans what we owe them, and to put some food in their stomachs and some clothes on their backs. However, they turned about face, and are now in favor of running the printing presses for the benefit of the bankers and putting money into their pockets, these same bankers who opposed the bonus bill because of its inflationary character. [Applause.]

Mr. Speaker, I yield three minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, in view of the fact that the Congress will adjourn to-night and we will probably not meet any more until December I desire to invite your attention to a question that will come up at the December session of Congress.

As most of you know, a large group of the Members of the House of Representatives has been trying to get the adjusted-service certificates paid in full in cash at this session of Congress. We have not been successful. The reason was that the charge of fiat money or printing-press money was urged against the bill we were sponsoring. I desire to respectfully invite your attention to the fact that you have just ratified, indorsed, and placed your stamp of approval upon exactly the same principle we have been advocating for the payment of the adjusted-service certificates. We have been advocating that the veterans be permitted to take a noncirculating obligation of the United States Government and deposit that obligation with the Secretary of the Treasury and that the Secretary of the Treasury issue to the veterans the same kind of money that you have in your pockets to-night, United States notes, Treasury notes, a circulating obligation.

Many of you have refused to indorse this principle, but the very ones who have refused to indorse the principle have turned right around and indorsed the principle of letting the national banks of the Nation take $1,000,000,000 of Government noncirculating obligations, put those obligations up with the Secretary of the Treasury, and let the Secretary of the Treasury issue $1,000,000,000 of circulating notes or currency, the very kind of money that you have in your pockets to-night. Many of the gentlemen who were urging their objections to fiat money asked, Where is the gold reserve to back up this money? How many of you asked the question about the gold reserve to back up this money for the national banks? [Applause.]

Mr. SCHAFER. Mr. Speaker, I yield five minutes to the distinguished expert on financial matters, the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Speaker, in reply to the remarks that were made by the gentleman from Iowa, Mr. RAMSEYER, I may say that I have made several speeches at this session of Congress, and I have introduced certain resolutions pertaining to matters which should have had attention at this session of the Congress. I refer to my speeches with respect to the Federal reserve system, which should be investigated, but apparently is not going to be investigated, and to my speeches pertaining to the fraudulent withholding of taxes due the United States, and to refunds which have been made without authority of law, running into hundreds of millions of dollars.

Mr. BOLAND. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. BOLAND. The gentleman made a statement about refunds, and if my memory serves me correctly, the statement was made the other day in the House that over $4,000,000,000 was returned in refunds and three-fourths of this amount was returned to certain taxpayers of the State of Pennsylvania. Does the gentleman know anything about that?

Mr. McFADDEN. I understand a large amount of it went to the State of Pennsylvania, but I have not before me the exact amount.

Mr. BOLAND. And this was under the régime of Mr. Mellon as Secretary of the Treasury?

Mr. McFADDEN. Yes.

A week ago yesterday, on the floor of this House, I raised this inquiry and asked the leadership what they were going to do in regard to the matter. The Speaker of the House acknowledged on the floor of the House that this resolution should be passed, and the acting Republican leader on the floor of the House, Mr. MICHENER, of Michigan, challenged the Speaker and promised the House his cooperation and insisted that they would see to it that the rule was reported out of the Rules Committee. Now, what happened in the Rules Committee? I presented indisputable evidence to that committee, sufficient to justify action, and what did the Rules Committee and the leadership of the House do? Mr. GARNER did not appear before the Rules Committee, nor did Mr. MICHENER fulfill his promise to the House; he voted "no" on my bills in Rules Committee. They made a political determination, not on the merits of the proposal.

Gentlemen, you are going to regret that you have not paid attention to these resolutions, and it ill becomes the gentleman from Iowa [Mr. RAMSEYER] to belittle my efforts in this respect.

If there have been more important matters before this Congress, I would like to have the gentleman from Iowa tell me what they are.

I have said about all I care to say on this subject. I am indebted to the gentleman from Wisconsin for the opportunity. [Applause.]

Mr. Speaker, I ask unanimous consent to extend my remarks made to-day.

The SPEAKER pro tempore. Without objection, it is so ordered.

Mr. RAMSEYER. Mr. Speaker, a resolution was passed a few days ago giving all Members the opportunity to revise and extend their own remarks in the RECORD.

The SPEAKER pro tempore. The gentleman is correct. The gentleman from Pennsylvania has that right under the resolution that was passed.

Mr. TAYLOR of Colorado. Mr. Speaker, I ask for a vote on the motion to suspend the rules and pass the joint resolution.

The SPEAKER pro tempore. The question is on the motion to suspend the rules and pass the joint resolution.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the joint resolution was passed.

RECESS

Mr. RAINEY. Mr. Speaker, I move that the House do now stand in recess, subject to the call of the Chair, the bells to be rung 10 minutes before the House reconvenes.

The motion was agreed to.

Accordingly (at 9.36 o'clock p. m.) the House stood in recess, subject to the call of the Chair.

AFTER THE RECESS

The recess having expired (at 11 o'clock and 18 minutes p. m.), the House was called to order by Mr. McDUFFIE, Speaker pro tempore.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 10372. An act to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 12768. An act to authorize the closing of a portion of Virginia Avenue SE., in the District of Columbia, and for other purposes.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 35. Concurrent resolution providing that when the two Houses of Congress shall adjourn on Saturday, the 16th day of July, 1932, they stand adjourned sine die.

EXPENSES OF THE FEDERAL HOME-LOAN BANK BOARD

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 12768), an act to authorize the closing of a portion of Virginia Avenue SE., in the District of Columbia, with the Senate amendments and agree thereto.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

IN THE SENATE OF THE UNITED STATES,
July 11 (calendar day, July 16), 1932.

Resolved, That the bill from the House of Representatives (H. R. 12768) entitled "An act to authorize the closing of a portion of Virginia Avenue SE., in the District of Columbia," do pass with the following amendment:

Strike out all after the enacting clause and in lieu thereof insert the following:

"That for the payment of all authorized expenses of the Federal Home-Loan Bank Board in carrying out the provisions of the act of the Seventy-second Congress entitled 'An act to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes,' there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $250,000 for the fiscal year ending June 30, 1933, to be available for the purposes and subject to the conditions and limitations specified in such act, including personal services and rent in the District of Columbia and elsewhere and expenses preliminary to the organization and establishment of the banks created thereunder."

Amend the title so as to read: "An act making an appropriation for the Federal Home-Loan Bank Board for the fiscal year ending June 30, 1933."

The SPEAKER pro tempore. The question is on agreeing to the Senate amendments.

The Senate amendments were agreed to.

ADJOURNMENT RESOLUTION

Mr. RAINEY. Mr. Speaker, I call up Senate Resolution 35, the adjournment resolution.

The Clerk read the resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall adjourn on Saturday, the 16th of July, 1932, and when they adjourn on said day they stand adjourned sine die.

Mr. RAINEY. On that I move the previous question.

The question was taken; and on a division (demanded by Mr. LAGUARDIA and Mr. SCHAFER), there were 205 ayes and 20 noes.

Mr. SCHAFER. Mr. Speaker, I demand tellers.

The SPEAKER pro tempore. The gentleman from Wisconsin demands tellers. All those in favor of taking the vote by tellers will rise. Fifteen Members have arisen—not a sufficient number, and tellers are refused.

The question is on concurring in the joint resolution.

Mr. LAGUARDIA. Mr. Speaker, on that I ask for the yeas and nays.

The SPEAKER pro tempore. The gentleman from New York demands the yeas and nays. All those in favor of ordering the yeas and nays will rise. [After counting.] Twenty-eight Members have arisen—not a sufficient number. The yeas and nays are refused. The question is on agreeing to the concurrent resolution.

The question was taken; and on a division (demanded by Mr. SCHAFER) there were 195 ayes and 35 noes.

Mr. SCHAFER. Mr. Speaker, I ask for tellers.

The SPEAKER pro tempore. The question is on ordering tellers.

Fifteen Members rose—not a sufficient number, and tellers were refused.

So the concurrent resolution was agreed to.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolution of the House of the following titles, which were thereupon signed by the Speaker pro tempore:

H. R. 10372. An act to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants;

H. R. 12280. An act to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes;

H. R. 12768. An act making an appropriation for the Federal home-loan bank board for the fiscal year ending June 30, 1933; and

The SPEAKER pro tempore announced his signature to bills of the Senate of the following titles:

S. 811. An act for the relief of Sophia A. Beers;

S. 2437. An act for the relief of the estate of Annie Lee Edgecumbe, deceased; and

S. 4712. An act authorizing the sale of certain lands no longer required for public purposes in the District of Columbia.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H. R. 1289. An act for the relief of William Dalton;

H. R. 1834. An act for the relief of Claude E. Dove;

H. R. 2189. An act for the relief of Elsie M. Sears;

H. R. 2927. An act for the relief of George M. Peed;

H. R. 7199. An act for the relief of Frank Martin;

H. R. 7215. An act for the relief of May Weaver;

H. R. 9642. An act to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by providing for and expediting the public-works program;

H. R. 10372. An act to authorize the Director of Public Buildings and Public Parks to employ landscape architects, architects, engineers, artists, or other expert consultants;

H. R. 12280. An act to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes;

H. R. 12281. An act to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes;

H. R. 12768. An act making an appropriation for the Federal Home Loan Bank Board for the fiscal year ending June 30, 1933; and

H. J. Res. 461. Joint resolution making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress.

EXTENSION OF REMARKS

BUDGET ESTIMATES REDUCED $334,000,000—1932 APPROPRIATIONS REDUCED $1,140,000,000

Mr. BYRNS. Mr. Speaker, there appears to have been a studied and concerted effort made to convince the country that the Congress of the United States has failed during this session in its effort to bring about economy.

The membership has known that the charges and insinuations were untrue and that their fallacy would be shown when the final record of appropriations was compiled and published.

All of the supply bills have now been passed, and it is possible to make a definite, positive statement as to what has been done in the way of reducing appropriations for the fiscal year 1933. Upon the convening of Congress in December the President sent to the House of Representatives his estimates and from time to time during the session additional estimates covering 1933 and prior fiscal years. The total amount of these estimates, exclusive of the permanent appropriations, is $4,643,945,196.90. The total appropriations, exclusive of permanent appropriations, is $4,309,651,102.72, making a total reduction in the estimates submitted of $334,294,094.18.

Of this amount $169,248,594 represents the reductions made in the estimates for the regular annual supply bills; $15,045,500.18 represents the reductions in estimates for the deficiency and miscellaneous bills; and $150,000,000, the amount of money estimated to be saved under the provisions of the economy bill which has been passed by Congress.

It should be said that approximately $22,000,000 of the reductions of over $184,000,000 carried in the regular bills represents reductions made by the Senate. The remainder represents the reductions made by the House. I feel that this statement should be made in justice to the House membership, for little publicity has been given to its accomplishments in bringing about reductions.

A detailed statement showing the comparison of estimates and appropriations and the reductions in estimates will be found in Table B appended hereto.

The total appropriations for the fiscal year 1932 amount to $5,026,046,098.18. The appropriations for the fiscal year 1933 amount to $3,886,192,479.24. This shows an actual reduction in appropriations for the fiscal year 1933 of $1,139,853,618.94 under those for last fiscal year.

Table A attached hereto will show these reductions by departments and establishments.

This is a remarkable showing and demonstrates to the country that Congress has responded to the appeal of the Nation for a drastic reduction in Government expenses. There can be no doubt but that the record made by this Congress at its first session is unequaled by any previous session of Congress in peace time. Let it be said also that this move in the interest of economy was undertaken long before the special messages of the President were sent to Congress urging that it be done. It was started back in December when the House Appropriations Committee first began to hold hearings on estimates submitted by the President for the annual supply bills and a number of these bills carrying substantial reductions had been actually reported to Congress before the first message appeared. It should also be said that these messages of the President consisted of mere generalities and there was no specific recommendation for the reduction of any particular item, notwithstanding the fact that the President has at his command the Bureau of the Budget and every department and bureau of the Government to advise him on the subject, and the further fact that under section 209 of the Budget and Accounting Act of 1921, the President had specific authority to make studies of duplications and overlapping of Government activities and to recommend eliminations and consolidations. It is evident that he had neglected to take advantage of this provision and the credit for these reductions belongs to Congress.

EXPENDITURES

The Federal expenditures for the three years of Mr. Hoover's four years are as follows:

Fiscal year:	
1929	$3,848,463,189.63
1930	3,994,152,487.09
1931	4,219,950,338.88
1932	5,006,590,307.07

It will be observed that there is an increase of $1,158,127,115.44 in expenditures for 1932 over those of 1929.

Appropriations for the fiscal year 1933 as made at this session total $3,886,192,479.24. If the expenditures for 1933 do not exceed that amount, the total expenditures for 1933 will be less than the actual expenditures for 1932 by $1,120,397,827.83.

GROSS PUBLIC DEBT

June 30, 1929	$16,931,088,434.10
June 30, 1930	16,185,309,831.43
June 30, 1931	16,801,281,491.71
June 30, 1932	19,487,002,444.13
June 30, 1932	19,487,002,444.13
June 30, 1930 (the low point in the Hoover régime)	16,185,309,831.43
Increase	3,301,692.612.70

TABLE A.—*Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933*

[Amounts for each of these years in regular annual appropriation acts, deficiency appropriation acts, special acts, and amounts estimated under permanent appropriations

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (−), 1933 compared with 1932
Legislative branch:			
Regular annual	$28,901,749.65	$18,706,141.00	−$10,195,608.65
Permanent and indefinite	234,005.00	109,800.00	−124,205.00
Total	29,135,754.65	18,815,941.00	−10,319,813.65
Executive offices and independent offices:			
Regular annual—			
Federal Farm Board	101,900,000.00	(1)	−101,900,000.00
Veterans' Administration	1,135,892,795.53	948,799,000.00	−187,093,795.53
Reconstruction Finance Corporation	500,000,000.00	----------	−500,000,000.00
Executive and independent offices	[2] 85,494,708.05	33,747,041.00	−51,747,667.05
Permanent and indefinite	91,021,621.00	81,787,550.00	−9,234,071.00
Total	1,914,309,124.58	1,064,333,591.00	−849,975,533.58
Agriculture:			
Regular annual—			
Department proper	80,435,938.85	[3] 66,766,665.00	−13,669,273.85
Roads, construction	187,500,000.00	108,905,000.00	−78,595,000.00
Farmers' seed, feed, etc., loans	22,000,000.00	----------	−22,000,000.00
Permanent and indefinite	11,618,436.00	11,211,571.00	−406,865.00
Total	301,554,374.85	186,883,236.00	−114,671,138.85
Commerce, Department of:			
Regular annual	54,716,600.70	39,711,408.00	−15,005,192.70
Permanent and indefinite	3,000.00	3,000.00	----------
Total	54,719,600.70	39,714,408.00	−15,005,192.70
Interior Department:			
Regular annual	70,030,575.53	52,689,374.35	−17,341,201.18
Permanent and indefinite	15,952,500.00	13,921,800.00	−2,030,700.00
Total	85,983,075.53	66,611,174.35	−19,371,901.18
Justice, Department of, and judiciary, regular annual only	51,469,855.81	45,996,000.00	−5,473,855.81
Labor:			
Regular annual	15,782,281.60	12,920,770.00	−2,861,511.60
Permanent and indefinite	9,000.00	4,000.00	−5,000.00
Total	15,791,281.60	12,924,770.00	−2,866,511.60
Navy:			
Regular annual	358,271,936.56	317,583,591.00	−40,688,345.56
Permanent and indefinite	1,839,470.00	1,322,550.00	−516,920.00
Total	360,111,406.56	318,906,141.00	−41,205,265.56
Post Office Department, payable from postal revenues:			
Regular annual	842,928,855.54	805,939,675.00	−36,989,180.54
Permanent annual	200,000.00	165,000.00	−35,000.00
Total	843,128,855.54	806,104,675.00	−37,024,180.54
State:			
Regular annual	18,809,942.54	13,663,792.89	−5,146,149.65
Permanent and indefinite	141,233.00	31,000.00	−110,233.00
Total	18,951,175.54	13,694,792.89	−5,256,382.65
Treasury Department:			
Regular annual	261,819,265.98	250,308,158.00	−11,511,107.98
Capital stock of Federal land banks	125,000,000.00	----------	−125,000,000.00
Permanent and indefinite—			
Interest on the public debt	605,000,000.00	640,000,000.00	+35,000,000.00
Public debt retirement funds	411,946,300.00	496,803,478.00	+84,857,178.00
All other	25,875,084.00	24,719,439.00	−1,155,645.00
Total	1,429,640,649.98	1,411,831,075.00	−17,809,574.98

[1] Reappropriation of $800,000 for administrative expenses.
[2] Includes $35,000,000 for United States Shipping Board Construction loan fund.
[3] Includes $1,000,000 for Century of Progress Exposition.

TABLE A.—*Comparison of appropriations by departments and establishments, fiscal years 1932 and 1933*—Continued

Department	Appropriations fiscal year 1932	Appropriations fiscal year 1933	Increase (+) or decrease (−), 1933 compared with 1932
War Department:			
Military—			
Regular annual	$338, 948, 617. 32	$289, 500, 024. 00	−$49, 448, 593. 32
Permanent and indefinite	1, 375, 900. 00	1, 075, 900. 00	−300, 000. 00
Total, military	340, 324, 517. 32	290, 575, 924. 00	−49, 748, 593. 32
Nonmilitary—			
Regular annual	111, 074, 770. 00	106, 578, 489. 00	−4, 496, 281. 00
Permanent and indefinite	12, 929, 515. 00	11, 500, 640. 00	−1, 428, 875. 00
Total, nonmilitary	124, 004, 285. 00	118, 079, 129. 00	−5, 925, 156. 00
Total, War Department—			
Regular annual	450, 023, 387. 32	396, 078, 513. 00	−53, 944, 874. 32
Damage claims	5, 431. 14		−5, 431. 14
Permanent and indefinite	14, 305, 415. 00	12, 576, 540. 00	−1, 728, 875. 00
Total	464, 334, 233. 46	408, 655, 053. 00	−55, 679, 180. 46
District of Columbia:			
Regular annual	46, 155, 709. 38	41, 245, 622. 00	−4, 910, 087. 38
Permanent and indefinite	3, 261, 000. 00	3, 252, 000. 00	−9, 000. 00
Total	49, 416, 709. 38	44, 497, 622. 00	−4, 919, 087. 38
Grand total:			
Regular annual	4, 437, 139, 034. 18	3, 153, 060, 751. 24	−1, 284, 078, 282. 94
Permanent and indefinite	1, 181, 407, 064. 00	1, 285, 907, 728. 00	+104, 500, 664. 00
Grand total, exclusive of emergency relief and construction act	5, 618, 546, 098. 18	4, 438, 968, 479. 24	−1, 179, 577, 618. 94
Emergency relief and construction act of 1932		322, 224, 000. 00	+322, 224, 000. 00
Grand total, including emergency relief and construction act	5, 618, 546, 098. 18	4, 761, 192, 479. 24	−857, 353, 618. 94
Estimated postal revenues	592, 500, 000. 00	725, 000, 000. 00	+132, 500, 000. 00
Grand total, less estimated postal revenues	5, 026, 046, 098. 18	4, 036, 192, 479. 24	−989, 853, 618. 94
Estimated savings in appropriations for the fiscal year 1933 on account of the economy act		150, 000, 000. 00	−150, 000, 000. 00
Net total, after deducting savings on account of the economy act	5, 026, 046, 098. 18	3, 886, 192, 479. 24	−1, 139, 853, 618. 94

TABLE B.—*Comparison of appropriations by acts passed during the first session, Seventy-second Congress, with the Budget estimates therefor, excluding permanent appropriations and private acts*

Appropriating act	Budget estimate	Appropriation acts	Increase (+) or decrease (−) appropriations compared with estimates
REGULAR ANNUAL APPROPRIATION ACTS			
Agricultural	$188, 693, 405. 00	$175, 671, 665. 00	−$13, 021, 740. 00
District of Columbia	44, 094, 919. 00	41, 245, 622. 00	−2, 849, 297. 00
Independent offices	1, 041, 395, 041. 00	982, 446, 041. 00	−58, 949, 000. 00
Interior	[1] 52, 840, 352. 33	45, 533, 672. 33	−7, 306, 680. 00
Legislative	[2] 22, 094, 022. 00	18, 673, 991. 00	−3, 420, 031. 00
Navy	341, 677, 450. 00	317, 583, 591. 00	−24, 093, 859. 00
State, Justice, Commerce, and Labor:			
State	16, 683, 071. 89	13, 663, 792. 89	−3, 019, 279. 00
Justice	53, 900, 364. 00	45, 996, 000. 00	−7, 904, 364. 00
Commerce	44, 716, 304. 00	39, 711, 408. 00	−5, 004, 896. 00
Labor	14, 484, 397. 00	12, 920, 770. 00	−1, 563, 627. 00
Total, State, Justice, Commerce, and Labor	129, 784, 136. 89	112, 291, 970. 89	−17, 492, 166. 00

[1] This sum excludes $4,000,000 transferred to second deficiency bill estimates on account of Boulder Canyon project.
[2] This sum excludes $5,000 transferred to second deficiency bill estimates on account of assistants in the office of the Clerk of the House of Representatives.

TABLE B.—*Comparison of appropriations by acts passed during the first session, Seventy-second Congress, with the Budget estimates therefor, excluding permanent appropriations and private acts*—Continued

Appropriating act	Budget estimate	Appropriation acts	Increase (+) or decrease (−) appropriations compared with estimates
REGULAR ANNUAL APPROPRIATION ACTS—continued			
Treasury and Post Office:			
Treasury	$269,016,418.00	$250,308,158.00	−$18,708,260.00
Post Office	814,061,987.00	805,939,675.00	−8,122,312.00
Total, Treasury and Post Office	1,083,078,405.00	1,056,247,833.00	−26,830,572.00
War:			
Military activities	301,030,642.00	289,500,024.00	−11,530,618.00
Nonmilitary activities	110,333,120.00	106,578,489.00	−3,754,631.00
Total, War	411,363,762.00	396,078,513.00	−15,285,249.00
Total, regular appropriation acts	[3] 3,315,021,493.22	3,145,772,899.22	−169,248,594.00
DEFICIENCY APPROPRIATION ACTS			
First deficiency, 1932	141,031,184.07	126,250,333.89	−14,780,850.18
Second deficiency, 1932	[4] 22,779,019.61	22,682,369.61	−96,650.00
Total deficiency acts	163,810,203.68	148,932,703.50	−14,877,500.18
Total, regular annual and deficiency acts	3,478,831,696.90	3,294,705,602.72	−184,126,094.18
SPECIAL APPROPRIATION ACTS			
Reconstruction Finance Corporation	500,000,000.00	500,000,000.00	
Emergency relief and construction act	[5] 322,224,000.00	322,224,000.00	
Federal land banks	125,000,000.00	125,000,000.00	
Veterans' Administration:			
Adjusted compensation, etc	203,925,000.00	203,925,000.00	
Pensions	12,750,000.00	12,750,000.00	
Miscellaneous	1,214,500.00	1,046,500.00	−168,000.00
Total, special acts	1,165,113,500.00	1,164,945,500.00	−168,000.00
Grand total	4,643,945,196.90	4,459,651,102.72	−184,294,094.18
Deduct estimated savings in appropriations for 1933 on account of the economy act		150,000,000.00	−150,000,000.00
Net grand total	[6] 4,643,945,196.90	[6] 4,309,651,102.72	−334,294,094.18

[3] This sum excludes $4,005,000 transferred as indicated in notes 1 and 2.
[4] This sum includes $4,005,000 transferred as indicated in notes 1 and 2.
[5] No formal budget estimate submitted. This sum included pursuant to indicated approval by the President in his message of July 11, 1932.
[6] These totals are exclusive of permanent appropriations and private acts.

EIGHT YEARS OF CONGRESS

Mr. GIBSON. Mr. Speaker, every Member of Congress should keep his constituents informed as to his work. I am setting forth a résumé of a few of the principal things that have been accomplished during the eight years it has been my privilege to represent the people of the second congressional district of Vermont. In these matters I do not claim to have been the sole moving force, but it has been my purpose to do my full part of the work.

IN BEHALF OF VERMONT

Every effort has been made to improve conditions as to agriculture and business. Proper tariff rates for our products were secured in the last tariff act. We have supported helpful measures for the relief of agriculture. The old reclamation policy of using millions of the money of the people in the development of limited areas far from markets is being opposed, and the policy of reclaiming the worn-out lands of New England is advocated.

We have been watchful to see that Vermont products have been included and used for building projects and for Government work.

Close touch has been maintained with our banking institutions and Government agencies during the crisis of the depression and helpful assistance rendered. We can boast that not a single bank failed in Vermont.

The adoption of a policy of building immigration and customs stations along the borders of the country was started and secured. Out of 47 stations selected, 11 are in our State. Our ports of entry have become important; over half a million people enter each year at Derby Line alone. As a result of this policy, stations will be built at Beecher Falls, Canaan, Norton Mills, North Troy, Highgate Springs, Richford, West Berkshire, and Alburg. The building at Derby Line is nearing completion.

A comprehensive public-building policy has been brought about. A new post office has been completed at Bellows Falls. Construction of Government buildings will soon be commenced at Springfield and at White River Junction, and an addition made to the Federal building at Montpelier. In the first district, through the efforts of former Representative Hon. E. S. Bingham and the present Member, Governor WEEKS, buildings will be erected at Middlebury and St. Albans. A new post-office building and courthouse is under

construction at Rutland. The total amount authorized for all these Federal buildings is $2,010,000.

It was a privilege to cooperate with the late Senator Greene in securing an artillery range for use in connection with the post at Fort Ethan Allen.

Other results include the authorization in the State of a national forest reserve of 100,000 acres that will attract visitors by the thousands when developed; the securing of aid to the extent of $2,654,000 in rebuilding our roads and bridges destroyed by the disastrous flood of 1927, after one of the most complicated and spirited legislative battles of a generation; protection of our rural communities by the extension of rural service wherever possible; and the prevention of the discontinuance of post offices.

FEDERAL EMPLOYEES

It has been a satisfaction to be of direct assistance to all employees of the Government in helping to shape their retirement legislation, in arranging adjustments of differences, in securing better mail and other facilities, and the supplying of advice of Government experts for all the problems of the people.

WORK FOR THE VETERANS

Work for the veterans of all our wars has included the adjustment of hundreds of claims and the handling of thousands of compensation, pension, allowance, refund, and hospital cases.

Passing on all legislation in behalf of veterans by reason of membership of the Committee on World War Veterans' Legislation.

The securing of the passage of laws to safeguard and protect the estates of veterans under guardianship.

The breaking up of the practice growing out of handling the estates of insane veterans which had resulted in the taking of hundred of thousands of dollars from them.

Help in securing a veterans' hospital for Vermont, soon to be erected at a cost of $325,000, over powerful and resourceful opposition.

Special work in connection with claims of Civil War and Spanish War veterans and their widows by maintaining a friendly and helpful contact with our efficient Pension Bureau.

THE DISTRICT OF COLUMBIA

Under the provisions of the Constitution, Congress must " exercise exclusive legislation in all cases whatsoever " over the District of Columbia. In no other place in that document is repetition of language used for the sake of emphasis. So, in effect, every Member of Congress represents the people of the District. Having in mind the splendid constructive work for the Federal City by Morrill, Dillingham, Grout, and many other Vermonters, in assuming a full measure of responsibility under the Constitution, I was glad to accept a place on the District Committee of the House. In carrying out my duties in that connection I introduced and assisted in securing the passage of legislation that resulted in the establishment and extension of the park and playground system.

The establishment of the Park and Planning Commission to coordinate all efforts to make the capital city of our country the most beautiful in the world.

The authorization for the erection of much-needed school buildings under a comprehensive 5-year building program.

The authorization for the erection of a tubercular children's sanatorium for the care of hundreds of tubercular children.

And an enactment of the license-fee law that adds $100,000 per annum income to the District.

Under my direction a complete survey was made of some 40 departments and services which resulted in beneficial adjustments, the changing of certain officials and the saving of half a million dollars annually to the taxpayers of Washington and the country.

GOVERNMENT PROJECTS AND THE DEPRESSION

All of the foregoing appropriations for Government buildings and activities were secured during the period of good times. Now, that the Nation is facing a crisis and passing through an unprecedented depression, I have voted for the cutting of appropriations to the bone and for economies wherever they could be made. I have not pushed for the completion of Government projects in Vermont during the past year except where the money for the same had been appropriated and set aside. I know that my constituents are ready to do their part in helping their Government at this time. That is our duty and Vermonters have always done their full duty. So, I feel we should allow some projects out of which we will receive benefits to stand aside until the return of prosperity. If we are to have real economy we must practice it in fact and cheerfully make whatever sacrifices are necessary.

SENIORITY

By reason of length of service I stand well up on the Committee on Territories dealing with Alaska and Hawaii, the Committee on the Civil Service handling legislation concerning the hundreds of thousands of our Government employees, and the Committee on World War Veterans' Legislation, which looks after legislation affecting the millions of service men. In the event of a change in the political complexion of the House, I would be eligible for chairmanship of one of these committees and be in a position to render better service to my constituents and to the people of the country.

THE RECORD MADE BY THE DEMOCRATIC HOUSE IN THE FIRST SESSION OF THE SEVENTY-SECOND CONGRESS

Mr. RAINEY. Mr. Speaker, there have been passed through the Democratic House in the first session of the Seventy-second Congress 290 public laws, 168 private laws, and 39 public resolutions, 260 House and Senate bills, 11 House and Senate joint resolutions, and 134 House resolutions.

This record will equal the record made by any other Congress in the last quarter of a century. All these bills have been passed in spite of the strenuous, long-continued controversies over some of the major bills.

The House passed 11 appropriation bills.

It passed the President's moratorium proposition. The President committed Members of Congress to this proposition by sending them telegrams in the month of June in last year. If the Members had not committed themselves by their replies to these telegrams, the proposition would have been defeated.

The House established and financed the Reconstruction Finance Corporation, with $2,000,000,000 capital. We have also passed through the House an amendment to the original bill providing for $1,500,000,000 in new capital. This bill is known as the relief bill. It was introduced in the House by the majority leader and contained what was known as the Garner plan method of relief. The Garner plan method provided for loans not only to big banks, railroads, and insurance companies, but to individuals and corporations and municipalities. The bill was vetoed in advance by the President and afterwards these features were destroyed by the President and at the present time the bill contains measures of relief for self-liquidating projects, which may be hard to find. The bill, I am afraid, carries now the minimum of relief.

A bill was introduced in the House by the majority leader which would have had the effect of giving to producers of wheat and hogs and cotton the benefit of the tariff. This bill was also introduced in the Senate and passed the Senate. It was recalled, however, from the Speaker's desk in the House at the instance of one of the administration leaders in the Senate, and it was killed.

We have passed bills providing for additional capital for Federal land banks and for revision of Judicial and Penal Code of Panama.

We have passed through the House legislation making more stringent the regulations in the matter of alien actors, musicians, and so forth. This bill has been held up in the Senate.

We passed through the House a prevailing rate of wages bill applying to public works, and it was vetoed by the President.

We passed through the House a bill providing for the donation of large amounts of wheat and cotton and the distribution of the same, which has become a law, and the distribution is now going on.

We have passed through the House the anti-injunction bill, which received finally the approval of the President and it is now a law.

We have passed through the House a bill providing for a more dependable and abundant supply of money for intermediate credit banks and a lower rate of interest. The bill has passed the Senate and has become a law.

We have passed through the House an antikidnaping bill, which was passed by the Senate and met with the approval of the President.

We passed through the House the economy bill, which was finally passed by the Senate and approved by the President after some of its important economy propositions were eliminated.

The relief bill which was introduced in the House by the majority leader, and which embodies the Garner plan, contained also a publicity feature which met with strenuous objection from the White House. The publicity feature simply required that an account of loans made by the Reconstruction Finance Corporation be filed monthly with the Clerk of the House and the Secretary of the Senate, whether the Congress is in session or not. This makes them public documents at once, and the public is entitled to know what becomes of the money furnished by the taxpayers. The President, however, finally agreed to sign the bill with these provisions in it, and this afternoon the conference report in the relief bill was also adopted by the Senate.

ECONOMIES

Last year there was a deficit of $3,000,000,000, the largest deficit in the history of nations. This deficit has now been carried into the public debt and adds to the public debt that much money. In 1929 the gross amount of the public debt in round numbers was nearly $17,000,000,000. The public debt now is approximately $19,500,000,000.

An enormous amount of new and irritating taxes have been imposed, amounting to over $1,000,000,000, and this has been necessary notwithstanding the fact that Mr. Hoover's Budget estimates have been reduced by the House over $300,000,000.

Over one-half of this amount represents reductions made in the estimates for the regular annual supply bills. Under the economy bill which has been passed, over $150,000,000 will be saved. There is an actual reduction in the appropriations for the fiscal year of 1933 of over $1,100,000,000 over the fiscal year 1932.

Under the three years which have elapsed of Mr. Hoover's 4-year term the expenditures increased approximately $1,300,000,000.

The Democratic House has made a splendid record and is ready to go to the country with its achievements.

THE SEVENTY-SECOND CONGRESS

Mr. WILLIAM E. HULL. Mr. Speaker, omitting the committees of the House which are of minor importance because they do not deal with any national problems—such committees as those on Enrolled Bills, Disposition of Useless Executive Papers, special election committees, Library, Memorials, Printing, and a few others—there are 34 standing committees of the United States House of Representatives. In the present Congress all of these are organized by the Democrats. All of them have Democratic chairmen.

Of these 34 committees, the chairmanship of 21 rests in Southern States, with Texas leading the list, having the chairmanship of the Committees on Agriculture, Interstate Commerce, Judiciary, Public Buildings, Rivers and Harbors, and Territories. Mississippi and Alabama each have four chairmanships, Mississippi having the chairmanship of the Committee on Irrigation and Reclamation, Committee on Military Affairs, Ways and Means Committee, and Committee on World War Veterans' Legislation. Alabama's chairmanships are those of the Banking and Currency Committee, Civil Service, Roads, and War Claims. Tennessee has the chairmanship of the Committee on Appropriations and the Committee on Merchant Marine. South Carolina has two chairmanships, those of Insular Affairs and Pensions Georgia has the chairmanship of the Committee on Naval Affairs; Louisiana, Flood Control; and North Carolina, the chairmanship on Rules.

Of the Northern States, New York has 5 of the 13 chairmanships, they being Committee on Claims, Committee on Coinage, Weights, and Measures, Committee on Immigration, Committee on Patents, and Committee on the Post Office and Post Roads. New York with its 5 chairmanships, plus 8 Southern States with 21 chairmanships, gives 26 of the 34 important committees of the House to 9 States. The other 8 chairmanships of relatively important committees are: Massachusetts with 2, those of Education and Labor; Maryland with 1, on Foreign Affairs; Ohio 1, on Invalid Pensions; West Virginia 1, on Mines and Mining; Nebraska 1, on Indian Affairs; Montana 1, on Public Lands; and New Jersey 1, on the District of Columbia. The control, then, of legislation affecting the United States virtually rests with Members of this Congress from nine States, or less than one-fifth of the total number of States in the Union. This evil is further accentuated by the fact that eight of these States all are in one section of the United States. It is impossible under these conditions to originate legislation that is national in its viewpoint and operates without injustice and inequality upon the country as a whole. Legislation dominated by such a small group of States, all but one of which are in one section of the country, can not but be sectional in its purpose and sectional in its operation.

No more conclusive proof of that fact may be found than the manner in which our Federal taxes are levied and the manner in which they are expended. Our present national deficit is due to a system of Federal taxation which is the product of the Democratic Party—the income tax. Our first income tax was enacted by the Sixty-third Congress, in which the Democratic Party had a majority of 163 in the House and a majority of 7 in the Senate, the largest Democratic majority ever recorded in the American Congress. It was enacted as a section of the Underwood tariff. It was enacted for the purpose of compelling northern industries and northern commercial interests to bear the burden of raising the bulk of Federal taxes. It was not intended, at the time it was conceived, to be an equitable tax. It was not expected by the Democratic Congress, which wrote it upon our statute books, to be an equitable tax. It was intended and expected to be a sectional tax, whereby all other sections of the United States, except the solid Democratic South, would practically furnish the taxes to run the Federal Government.

And that is exactly what the income tax has proved to be—a sectional tax, an inequitable tax, and, in times of depression, an inadequate tax. Let us take 12 Democratic States which, with the single exception of Tennessee upon one occasion, have never had a Republican governor or a Republican State legislature, and see what those States paid the Government in Federal income taxes for the fiscal year ending June 30, 1931, the last fiscal year for which we have detailed figures. The States are: Alabama, Arkansas, Florida, Georgia, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia. The record is perfectly astounding. Mississippi, which holds four chairmanships in the present House of Representatives, contributed eight one-hundredths of 1 per cent of the total Federal income tax. Arkansas and South Carolina each contributed nine one-hundredths of 1 per cent.

Alabama, another State which holds chairmanships of four important committees in the present House, contributed one-fourth of 1 per cent. In fact, only 2 of the 12 States—Texas and Virginia—contributed more than 1 per cent of the total Federal income tax collected in the fiscal year which ended June 30, 1931. Virginia contributed 1.03 per cent of the total, and Texas contributed 1.7 per cent of the total. All told, these 12 States, which embrace 25.3 per cent of the population of the United States, according to the 1930 census, paid into the Federal Treasury a total of

only $119,803,043 in income tax for the fiscal year ending June 30, 1931. This was only 6.44 per cent of the total income tax collected that year.

Now let us take a group of Northern States, generally Republican, but well represented in this body by Democratic Congressmen, States which embrace 22.24 per cent of the total population of the United States; that is, embrace a population slightly less than the population of the 12 Southern States. These States are: Illinois, Massachusetts, Michigan, Ohio, and New Jersey. Less income tax was collected in New Jersey than in any one of the group, yet the amount of income tax collected in New Jersey for the year mentioned amounted to $71,658,000, or 3.3 per cent of the total income tax collected in the United States. The State of Illinois, with only 6.19 per cent of the total population of the United States, as against 25 per cent living in the group of Southern States mentioned, paid $173,000,000 in income tax, or 9.33 per cent of the total amount of income tax collected that year. To phrase it another way, the State of Illinois, with less than 7 per cent of the total population, as against 25 per cent living in the Southern States, contributed 50 per cent more income tax to the Federal Government in 1931 than all the Southern States put together.

The group of five Northern States mentioned, with a little less population than the group of Southern States mentioned, paid into the Federal Treasury $527,000,000 in income tax, or 26.6 per cent of all the income tax collected that year. In other words, a group of Northern States with a little less population than the group of Southern States contributed four times as much taxes to the Federal Government as the group of Southern States. How can this be justified from any standpoint of fairness or from any economic standpoint? It is axiomatic that taxes should be equitably distributed. No one can defend any Federal tax system which imposes a disproportionately greater burden upon a group of industries or commercial enterprises or a group of States than is imposed upon like industry and like commercial enterprises elsewhere in the country. No less a distinguished Democrat than former Gov. Alfred E. Smith, in a speech delivered over a nation-wide radio hook-up on the evening of May 16 last, in discussing the problem of Federal taxation said:

> Moreover, any strain which is imposed should be fairly and evenly distributed over all business, all industry, all occupations, all callings. That is good, sound, American principle. In other words, the desirable thing to do at the present moment is to broaden the base of taxation so that the whole country will bear its full and just share of the burden.

Governor Smith made these remarks in connection with his argument in support of a sales tax, which he said Congress should pass. That such a sales tax was not passed by this body is due to the vote of the Democrats from the States which I have enumerated. The proof of this is found in the record. Out of the 128 southern Democrats, only 14 voted for the sales-tax feature of the taxation bill as reported to this House by the Democratic Ways and Means Committee. The arguments advanced by those Democrats in support of their position are illogical and hypocritical. They claimed they were against the sales tax because it imposed a heavier burden upon the poor man than upon the rich man. That is not true. Food was exempted, shelter was exempted, and these two items constitute the largest item of expense to that class of people who are labeled by our Democratic opponents as being "the poor people." Governor Smith, in the address just referred to, analyzed what the sales tax would cost the average poor man, and it amounted to only $8 a year.

The charge that a sales tax operates inequitably, to the injury of the poor man, can not be sustained. No facts can be produced in support of it. The rate of taxation is the same upon rich and poor alike, and the contribution by each individual is in direct proportion to his purchases. For example, the poor man purchases a Ford. The present price of roadsters is $480 to $750. A sales tax of 2½ per cent on a $750 Ford would be $18.75. The rich man patronizes the same company, but buys a Lincoln at $7,300. His sales tax would be $95.50. It works out the same way with any article of merchandise upon which a sales tax is imposed.

A poor man spending $1,000 a year on merchandise upon which there is a sales tax pays $25 tax; a richer man spending $10,000 a year pays $250 tax; one spending $100,000 contributes $2,500 tax. Applying the sales tax to any commodity, any article of merchandise, you can not reach any other than the honest conclusion that under a sales tax each man pays exactly in proportion to his expenditures, and that is the most equitable and the most just system of taxation that could possibly be devised. It is exactly in line with the Democratic platform adopted by the Democratic convention at Chicago this month declaring in favor of a system of taxation based upon ability to pay. The man with a $100,000 income is able to pay ten times the tax of the man with a $10,000 income, and under the sales tax he does.

Therefore, the sales tax was not opposed by Representatives from the Southern States because it would operate unjustly against the people of their States and would enable, as they charged, the rich to escape their just proportion. The gentlemen from the Southern States who opposed the sales tax opposed it for exactly the opposite reason. They opposed it because they did not want the people from their communities to pay their fair proportion of the Federal income, and they did want the people of the Northern States to pay more than their fair share of the Federal income. The sales tax was opposed because it was a fair tax. The income tax is preferred by those opposing the sales tax because it is not a fair tax.

The attitude of the gentleman, maintaining an almost fanatical opposition for the sales tax and an almost equally fanatical support of an income tax, is based upon the doctrine which we have heard openly advocated upon the floor of this House, that in framing a tax bill the thing to do is to "soak the rich." If an individual or an industry or a commercial enterprise has been successful by the application of diligence, good judgment, thrift, foresight, then the proposition is made by the "soak-the-rich" school of political economists that the thing to do is to penalize that individual, that industry, and that commercial enterprise; pick their pockets, because they have been successful; club them over the head with confiscatory tax rates, because they are building up your communities and your Nation; take away from them their accumulations which they have honestly earned and have maintained by the application of thrift; make it an economic crime in this country to get ahead, to be a successful business man, or to own a profitable industry. That is the theory back of those who have opposed the sales tax and that is the theory which underlies the income tax.

There can be no doubt as to the motive back of the writing of the first income tax law. It was directed at northern business and northern industry. It was a part and parcel of a tariff law which also was directed at northern industry and northern agriculture. The Democrats in this House profess great friendship for the farmer and apparently are solicitous as to his welfare, but in the last tariff law which the Democratic Party enacted, the Underwood law of 1913, the Democratic Party took particular pains to put the following agricultural products upon the free list: All cattle and all meat products such as bacon, ham, beef, veal, and so forth; sheep, mutton, and wool; wheat, corn, buckwheat, rye, clover seed, alfalfa; milk, cream, cheese, fresh eggs, lard, casein, and potatoes. That is what the Democratic Party in the Underwood tariff law did to the northern farmer. But what did it do to the southern farmer? He needed no protection on his principal crop—cotton—because at that time he controlled the cotton market of the world, but on every single product which the southern farmer at that time was raising, the Democratic Underwood tariff gave ample protection. It protected his tobacco. It protected his peanuts and other nuts which are raised only in a southern climate and which were suffering competition from edible nuts imported from South America and southern Europe. It protected his onions, even the onions grown in the home district of the

Speaker of this House, which are in danger of competition from onions grown across the line in Mexico. It protected his tomatoes from the tomatoes of southern Europe. It protected his fruits from the competition of fruits raised in Cuba and in other Central and South American countries, as well as those countries of Europe which produced fruits in competition.

That is the rank and indefensible discrimination written in the Underwood tariff of 1913, a discrimination purposely made against northern agriculture, just as the other section of that act wrote an income tax law which purposely discriminated against northern industry and northern capital.

And that is exactly the character of the tariff which the Democrats of this House voted for when they passed the tariff law that was recently vetoed by President Hoover. They passed a law which called upon the President to summon an international conference at which representatives of all nations should sit around a table with one representative from this Nation, and out of that conference in which we were one against the world there should emerge tariff agreements of a so-called reciprocal character.

At the recent Chicago convention this astounding proposal was written into the Democratic platform and became a part of the Democratic Party's program which it now is pledged to carry out, if it should be successful next November. What does that mean? That means that the United States at such an international conference must agree to lowering our protective rates on imports in return for other nations agreeing to lower certain rates on their imports. And what do you suppose the representatives of the Governments of Argentina, Uruguay, Brazil, Canada, Australia, and New Zealand would ask? They would ask for lower rates on the things which they export. What are they? Agricultural products, cattle, beef, mutton, wool, wheat, corn, rye, and dairy products. No nation sitting at that council table could affect the cotton planter.

The agricultural interests of this country which would be asked to make concessions would be those of the Northern States—the wheat and corn farmer, the cattle farmer, the dairy farmer. That is exactly the arrangement that would emerge from an international council called by us for the purpose of ascertaining what they wanted us to sacrifice. Reciprocity—exactly the same sort of reciprocity as that contained in the fable where the rooster suggested to the elephant that they enter into an agreement not to step on each other's toes.

Nor did the sectionalism, which dominates the Democratic Party and which is in evidence in every act of every Democratic Congress that has ever assembled, end in 1913 with the enactment of an unjust tax law and an unjust tariff law, both having for their avowed purpose the penalizing of northern industry and the northern farmer, but that sectionalism went further. It was during the Democratic rule under President Wilson that there was written upon our Federal statute books the Federal aid acts, acts designed to siphon from the Federal Treasury money contributed by the taxpayers of the North, in order that the Southern States might benefit. There was no demand from Northern States for the Federal highway act. They were perfectly willing and perfectly able to build their own highways, and were doing so. The great Northern States did not demand that the Federal Government step in and assist them in constructing their public roads. They were doing that by a system of State and local taxation. The Federal highway act was introduced by a Missouri Democrat, Representative Shackleford, and was passed by both branches of a Democratic Congress. It was done for the purpose, openly expressed and advocated upon the floor of the House, of enabling southern communities to get out of the mud.

Northern agricultural communities at that time were not clamoring for Federal aid to improve the methods of agriculture and teach the farmer how to be thrifty. The States in the North were doing that with their own agricultural colleges, supported by State and local taxation. The agricultural extension act, which thrust the Federal Government into the position of spending millions of dollars annually for the purpose of educating farmers in the elements of husbandry, was a Democratic law written under the Wilson régime and known as the Smith-Lever Act, taking its name from two well-known and very distinguished southern Democrats. The purpose of these bills and other like legislation was to enable the southern communities and southern interests to reach their hands into the Federal Treasury and take therefrom money which had been placed there by northern communities, northern industries, northern enterprises, and use it not to upbuild the Federal Government but to improve Southern States in a material way.

The proof of this is again found in the record. It was shown above that in the fiscal year ending June 30, 1931, 12 Democratic States contributed in Federal income taxes $119,803,000, or 6½ per cent of the total income tax collected that year. The same year these States received back from the Federal Government in Federal aid $61,731,351, or 51½ per cent of the Federal taxes they had paid in. Alabama received from the Federal Treasury more money in actual dollars and cents than it contributed to the Federal Treasury. Arkansas received four times as much money from the Federal Treasury as contributed in income tax. Georgia received more than it contributed. Mississippi received more than it contributed.

South Carolina received three times as much as it contributed. And this was done under laws enacted by Democratic Congresses between the years 1913 and 1917. These 12 Southern States in the fiscal year 1931 contributed, in round numbers, $120,000,000 in income tax to the Federal Government and got one-half of it back right away to build their roads, to improve their farms, and otherwise to develop those States in a material way. The group of Northern States above referred to—that is, Illinois, Massachusetts, Michigan, Ohio, and New Jersey—contributed $527,000,000 in support of the Federal Government and received back only $30,000,000, or 5 per cent of what they paid in. The great State of Massachusetts received in Federal aid less than the State of Alabama, less than the State of Arkansas, less than the State of North Carolina, less than the State of Georgia, less than the State of South Carolina, less than the State of Oklahoma, only one-third of what was paid out to the State of Texas. Yet the State of Massachusetts contributed in Federal taxes $83,000,000.

The State of Michigan, which contributed in Federal taxes in 1931 $103,000,000, or within $16,000,000 as much as the entire southern group of States combined, received back in Federal aid less than any of the States I have mentioned. The State of Texas, which controls six of the most important committee chairmanships in this House as well as the Speaker, received in Federal aid in the fiscal year 1931 more money than any other State in the Union. It contributed $32,000,000 to the Federal Treasury and got one-third of it back by Federal-aid appropriations of $11,354,000. This fact probably accounts for the "pork-barrel" viewpoint of Speaker GARNER, the Democratic candidate for Vice President. The Democratic State of Texas has become so accustomed to siphoning funds out of the Federal Treasury that Democrats from that State can see nothing unfair or uneconomic about such a policy.

Not satisfied with these hand-outs from the Federal Treasury, to which those States contributed less than any other section of the United States; not satisfied with having written upon the Federal statute books a law which provides that the Federal Government shall contribute one-half of the funds in any State for the construction of public roads, southern Democrats have introduced bills in both branches of this Congress and have vigorously pushed them toward enactment to complete the raid upon the Federal Treasury by having the Federal Government contribute all the money necessary for the construction of public highways in southern communities, and then proceeded to write a tax law which would compel the money they thus obtained to be raised in northern communities.

Nor did this sectional legislation, directed at northern business, northern industries, northern capital, end with an unjust tax law, a vicious tariff law, and numerous Federal

aid laws. But the Sixty-third Congress which wrote the tax law, which wrote the tariff law, which enacted some of the Federal aid laws, decided that they wanted to regulate still further northern industries. They decided they wished not to prosecute but to persecute northern industries, and so they created the Federal Trade Commission, which has for its avowed purpose the harassment of business and industry.

And the next Democratic Congress, knowing that the Republicans were going to return to power and repeal the iniquitous tariff law, decided they would perpetuate, if possible, some of the iniquity of that law through a tariff commission, and the Sixty-fourth Congress, Democratic in both branches, created the United States Tariff Commission, and the Democratic President named as members of that commission a solid body of Democrats, with one exception. That act in itself proves that the creation of that Tariff Commission was not in the interest of equity. It was not in the interest of a scientific tariff. It was not in the interest of an economic tariff. It was not in the interest of a fair tariff. Had the purpose of that law been a scientific tariff, a fair tariff, a nonpartisan tariff, the Democratic President would not have loaded that commission with a solid Democratic personnel with one exception, and if he did—as he did—had the Democratic Congress really desired what it professed, namely, a nonpartisan, scientific administration of the tariff laws, it would have refused to confirm his flagrant violation of the nonpartisan principle.

To illustrate how this unfair tax system works out in dollars and cents for the benefit of the 12 Southern States, the following figures are presented, using the year ending June 30, 1931, for an example:

State	Income-tax receipts	Per cent total income-tax receipts	Amount of Federal aid
Alabama	$4,308,287.33	0.023	$4,519,850.00
Arkansas	1,816,021.07	.09	5,169,972.00
Florida	7,838,885.72	.42	2,669,058.00
Georgia	6,389,386.65	.34	6,799,955.00
Louisiana	7,666,903.02	.41	2,372,931.00
Mississippi	1,502,901.33	.08	1,924,692.00
North Carolina	13,720,308.43	.74	5,389,955.00
Oklahoma	14,657,487.68	.79	6,816,913.00
South Carolina	1,807,156.90	.09	4,226,209.00
Tennessee	9,284,228.52	.50	5,751,188.00
Texas	31,604,743.66	1.70	11,353,739.00
Virginia	19,206,733.19	1.03	4,736,889.00
Total	119,803,043.00	6.44	61,731,351.00
Illinois	173,675,584.00	9.33	8,265,926.00
Massachusetts	83,431,473.00	4.4	4,007,488.00
Michigan	102,367,974.00	5.0	4,984,165.00
Ohio	96,002,613.00	4.6	9,794,035.00
New Jersey	71,657,935.00	3.3	3,512,660.00
Total	527,135,579.00	26.6	30,564,274.00

According to the figures furnished by the United States Census Bureau for the year 1930, the following is the percentage the population of the several States bears to the total population of the country:

Alabama	2.15	Illinois	6.19
Arkansas	1.51	Massachusetts	3.45
Florida	1.19	Michigan	3.93
Georgia	2.36	Ohio	5.39
Louisiana	1.71	New Jersey	3.28
Mississippi	1.63	Total	22.24
North Carolina	2.57		
Oklahoma	1.95		
South Carolina	1.41		
Tennessee	2.12		
Texas	4.73		
Virginia	1.97		
Total	25.3		

The above figures show that the group of Southern States received in Federal aid 51.5 per cent of the total amount they paid to the Federal Government in income taxes, while the group of Northern States received 5.8 per cent of the total amount they paid the Federal Government in income taxes.

It may be further interesting to note that New York, the only State whose Democratic organization has joined hands with the South, paid in income tax to the Federal Government for the fiscal year 1931, $614,960,831, which was 33 per cent of the total Federal income tax collected for that year. New York received in return from the Federal Government in Federal aid $9,001,772, which is only 1.4 per cent of the amount she paid to the Government in income tax. New York contains 10.22 per cent of the total population of the United States.

How can the Democratic Members of this House hailing from Massachusetts, Ohio, Illinois, Michigan, New Jersey, and other Northern States face their constituents, go back home to their farmers, their business men, and their industries, and explain away the actions of their party? How can they, from the platform and over the radio, claim the Democratic Party, as it has been and still is constituted and organized, to be a national party, a party which represents the interests of all the people and of all sections of the country?

How can they pretend to their constituency that a party which in this very session of Congress turns over the control of 21 out of 34 of the most important committees in this House to a group of eight Southern States, allowing Texas to have 6, Alabama to have 4, Mississippi to have 4, is deserving of the support of any northern Democrat who has the welfare of his own community and his own State and his own business at heart? How can they explain the fact that they vote for laws on the floor of this House, brought out from these committees controlled by Representatives from only 8 States, which continuously drain the industries and the commercial enterprises and the individuals of northern States—northern Democrats, if you please—in order that millions of funds may be poured into the limited area of 8 or 9 States south of the Potomac River? How can they defend a tax law which avowedly is written for the purpose of "soaking" every northern Democratic business man, every northern Democratic industrial leader, and every northern Democratic investor?

CURRENCY EXPANSION AND FARM RELIEF

Mr. WILLIAMSON. Mr. Speaker, this session is about to come to a close. There are but two matters undisposed of that should receive the attention of the Congress before adjournment and they are the Glass bill attached by Senator BORAH as a rider on the home loan bank bill, and the Norbeck domestic allotment farm relief bill.

The first of these is intended to bring about an expansion of the currency—not an expansion which will jeopardize our whole financial structure by an uncontrollable inflation—but an expansion that is limited both in amount and duration. An addition of a possible $900,000,000 to our circulating medium by giving the circulating privilege to that amount of Government bonds is safe and in my judgment would stimulate farm commodity prices and thereby help the whole country. It would enable the national banks to provide themselves with the necessary cash to move the crops and to transact the business demanded by industry and agriculture.

It is true we have provided for a vast extension of credit through the Reconstruction Finance Corporation which is available to business, industry, and agriculture; but available credit will not greatly help commodity prices. It will be of great aid in helping industry to get back on its feet. To the extent that it does this, it will afford employment and thereby help restore purchasing power. This will improve demand by stimulating consumption which in its turn will tend to improve prices, but at best this is a slow process. We need in addition to this a sufficient immediate expansion of currency to bring on an upward trend of grain prices. I am aware that cattle and hog prices are at the present time greatly improved and still going higher, but it must not be forgotten that due to low crop production, and in some localities no production whatever last year, many farms were practically depleted of livestock. Thousands of farmers in the Northwest are dependent upon their grain crop produced from Government seed, and these must have a decent price for their grain or they can not possibly meet their obligations. In my judgment the Borah amendment would

help these farmers to realize something for their season's work.

A few days ago it looked as though there was a prospect of getting the domestic allotment plan bill through, but unfortunately after it had passed the Senate and been messaged over to the House it was reconsidered and recalled by that body, thereby making it impossible for the House to get action upon it.

A very considerable number of us have tried to get action on a House bill containing a similar plan, but we have been consistently blocked by the majority in control of the House. This plan if enacted into law would give us the world price plus 42 cents a bushel on wheat, 5 cents a pound on cotton, and 2 cents a pound on hogs for that portion of these products consumed in this country, with a reduction of 2½ per cent for overhead. This would mean hundreds of millions of dollars of added income to the farmers of the country and would be a material factor in bringing the country out of the depression. So far as I am concerned, I do not propose to vote for adjournment until there has been favorable action upon these or similar measures.

ECONOMY IN GOVERNMENT

Mr. BULWINKLE. Mr. Speaker, the first session of the Seventy-second Congress adjourns to-day. During this session many questions have come for consideration before the membership of the House and the Senate; but I venture to say that there is no question in which the people of the country were more vitally interested than the question of economy in government. It is true that the Appropriations Committee, under the leadership of the chairman, Hon. JOSEPH W. BYRNS, of Tennessee, has succeeded in reducing the appropriations considerably under the amount asked for by the Bureau of the Budget and requested by the President.

It is true also that the Economy Committee made a substantial reduction in governmental expenditures, and it is likewise true that the Budget for the year 1933 was considerably less than that of 1932. In all, the ordinary operating expenses of the Government have been reduced, as I say, by a substantial amount.

But the people of the country are demanding and have a right to demand that the expenditures of the Government at all times, and especially during this panic that is upon us, be reduced still more. For years it has been the habit and the custom of the average American politician to frequently speak upon the question of maintaining expenditures of the Government caused by the creation of commissions, bureaus, and boards. And it is only now at the present time that the people seem to realize that we are a much governed country. The expenses also of the city, county, and State governments have increased rapidly during the last few years, and the burden of taxes, both national, State, and local, are falling very heavily upon the people of this country.

For years I have called to the attention of the voters of my district that we were becoming a bureaucratic government; that the establishment of these bureaus and other offices in the executive branch of the Government tended, as in all bureaucratic government, to take from the people some of their liberties; and that also the establishment of these boards, commissions, and bureaus were costly, and that the people had to pay for them in the end. But I was not the only one that called this to the attention of the people. The President of the United States, in his message of February 17, 1932, asked that Congress give consideration to the needs of reorganization and the curtailment of expenses of the executive branch of the Government.

> The need for reorganization is obvious. There has been with the years a gradual growth of the Government by the accretion in its departments and by independent executive establishments, boards, and commissions as problems requiring solution confront the President and the Congress. To-day the Government embraces from 150 to 200 separate units, dependent on the method of notation used. Governmental units when once set up have a tendency to grow independently of other units. This leads to overlapping and waste. Moreover, there is a marked tendency to find new occupations when the initial duties are completed. The overlap and the number of agencies can be reduced.

And the Democratic Party, in its Chicago platform of this year, said:

> We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 per cent in the cost of Federal Government, and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportionate result.

During this entire session of Congress I had hoped that the appropriate committees in Congress would give careful thought and consideration to this question of abolishment of useless and unnecessary commissions and reorganization and consolidation of these various bureaus of the Government. It is true that a number of bills have been introduced by individual Members, which bills sought the abolishment of one or more of these useless branches of the Government; but along this line very little has been accomplished at this session of Congress, and on Friday, July 8, 1932, I introduced House Resolution 282, which provided—

> That the Speaker is authorized and directed to appoint a select committee to be composed of seven Members of the House, one of whom he shall designate as chairman. The committee is authorized and directed to investigate the organization of the executive departments and the independent offices and establishments in the executive branch of the Government with a view to determining upon such consolidations, abolishments, and reorganizations of such departments, independent offices, and establishments, and such commissions, boards, bureaus, divisions, services, offices, or administrative units within any such department or independent office or establishment, as it deems advisable in order to (1) eliminate such duties and functions as it determines to be overlapping, duplicated, useless, or unnecessary and (2) achieve economy and efficiency in the administration of the remaining duties and functions of the executive branch of the Government. The committee shall, on or before January 15, 1933, report to the House the results of its investigation, together with such recommendations for legislation as it deems advisable.

This resolution was referred to the Rules Committee and at a meeting of the Rules Committee it was ordered reported out for consideration by the House. But for some reason or other, the rule reporting the resolution is being held. And so there will be no action at this session of Congress on this very important subject, which must sooner or later confront the Congress.

I call the attention of every Member to this, that the probability is that the present tax bill will not raise the estimated amount of taxes, that the Budget will be again unbalanced, and that the people of the United States will vigorously oppose any additional taxes being placed upon them when the expenditures of the Federal Government have not been reduced to any great extent. Owing to all of this talk that has been going on for years about the useless boards, bureaus, and other branches of the Government, and owing to the fact that the President has called to the attention of the membership of the House, and also owing to the book written by a Member of Congress, Hon. JAMES M. BECK, called "Our Wonderland of Bureaucracy," the people of our country are going to demand and have the right to demand that Congress reduce the expenditures of this Government, and when the party platform of both parties pledged to the people of the United States that the expenditures of the Federal Government will be reduced I could see no reason why immediately the House of Representatives should not engage in a searching investigation and inquiry into this question.

I have understood that some of the Members of the House have said that this has been done before and nothing has been accomplished. The attitude taken by these Members reminds me very much of the English waiter in Southampton during the war, when I asked him to have my egg fried on both sides, he replied, "It can not be done, for it has never been done."

The responsibility lies upon each and every Member of this House to do his duty toward the reduction of governmental expenditures, and by the reduction of governmental expenditures I do not mean the slashing or cutting of wages from time to time, but I do mean the elimination of unnecessary waste, and I do mean the abolition of those functions which the Federal Government is now engaged in which are abso-

lutely unnecessary for its existence or for the benefit of the people.

The expenditures of public money in the construction of Government buildings here in the District should be investigated. While I do not say there has been criminal waste in the construction of these Federal buildings, yet I do say there has been an unnecessary expenditure of the people's money. It is a matter of common talk that the Department of Commerce Building cost something over $17,000,000 to build; that the bronze doors on it cost over $15,000 each; and that carpets costing thousands of dollars were put upon the floor; and that waste-paper baskets costing $47 each were placed in each office.

Whether this is true I do not know, but I do say that the House of Representatives should have the full knowledge and the full facts concerning the expenditures of the people's money. The House initiates these appropriations and the Members of the House are entitled to know whether or not there has been a waste of money, and I think also that the appropriate committee in the House should during the following months go carefully into the expenditures that are being made here in the District of Columbia, as well as elsewhere in the Nation.

In conclusion, may I not say that it is my fixed opinion that this House of Representatives owes a duty to the people of the United States which it can not in any way shirk, to carefully investigate the question of whether or not there are too many bureaus, boards, or commissions, whether or not any of these Federal activities are overlapping, and which of these offices should be abolished.

And I venture the prediction that each and every Member of this House, after adjournment, upon his return home, will be asked the direct question by many of his constituents, "What have you done and what is Congress doing to eliminate and reduce the expenses of the Federal Government?"

GEN. CASIMIR PULASKI—A POLISH PATRIOT IN THE CAUSE OF AMERICAN INDEPENDENCE

Mr. WOLVERTON. Mr. Speaker, I desire to express on behalf of the Polish-American residents of the district which I have the honor to represent their appreciation of the honor that has been paid to the memory of Gen. Casimir Pulaski by the passage of a resolution requesting the President of the United States to proclaim October 11, 1932, General Pulaski's Memorial Day, for the observance and commemoration of his death.

The tribute which we as a nation thereby pay to the memory of this outstanding soldier and patriot is a proper recognition of the valuable service he rendered to us during the war for our independence.

It is peculiarly appropriate, in view of the valuable and patriotic service he rendered, that the President of the United States should be authorized and requested as part of the George Washington bicentennial celebration to issue a proclamation calling upon officials of our Government to display the flag of the United States on all Government buildings on October 11, 1932, and inviting the people of the United States to observe the day in schools and churches or other suitable places, with appropriate ceremonies of the death of Gen. Casimir Pulaski.

The war for American independence brought to our shores from many nations those who believed in the cause of liberty. They were willing to sacrifice their lives and fortunes that the principles of freedom might prevail. Among those attracted to our cause was Count Casimir Pulaski, who was born in Winiary, Poland, on March 4, 1748. He was the eldest son of Count Joseph Pulaski, a distinguished jurist and member of the Polish nobility.

At an early age the spirit of Count Pulaski was stirred by the wrong committed against his native land. In 1768 he joined his father, Joseph Pulaski, in what was termed the "Confederation of Bar." This confederation was an organization of Polish noblemen gathered at the village of Bar in Podolia, each of whom pledged his time, his fortune, and his life to the redemption of Poland. Casimir Pulaski and his brother Francis became the active leaders in the movement. The older leaders were soon dispersed. Some had gone abroad; others were confined in dungeons. The latter was the fate of Pulaski's father. But Casimir, with those left, carried on. At the head of a small force of cavalry, he performed heroic feats. With his brother he became a constant terror to the Russians, who were trying to capture him. Suffice it to say for four years, under the most trying conditions and the greatest adversity, this patriotic organization under this great leader fought against overwhelming odds to oust the enemies of Poland from their country. But all their efforts proved fruitless. The aged Pulaski died in prison; one of General Pulaski's brothers was killed before his eyes by the enemy; the youngest brother was taken into captivity; and many of his countrymen were doomed to misery.

General Casimir Pulaski was the leading spirit of his countrymen in this unequal struggle to preserve his nation intact. He fought bravely, tenaciously, and with the zeal of a young man then but 25 years old. Heedless of his own safety, always leading his men into sallies against the enemy, which was much more powerful than his poorly equipped army and much larger in size, he made repeated stands against the enemy. His fame as a cavalry leader spread throughout Europe.

"Never was there a warrior," says the historian Ruhlieri, "who possessed greater dexterity in every kind of service. Endowed by a peculiar gift of nature, strengthened by exercise, he was always the first to charge in person with an intrepidity which inspired his followers to imitate his example." Benjamin Franklin, to whom he offered his services in the cause of American independence, in introducing him to General Washington, wrote:

> Count Pulaski, who was a general of the confederates in Poland, and who is to join you, is esteemed one of the greatest officers in Europe.

Casimir Pulaski not only lost his father and brothers in this glorious attempt to save Poland from the first of her ignoble partitions, but his estates were confiscated and he was proscribed by King Stanislaus and had to flee to Turkey. Soon thereafter Russia, Prussia, and Austria agreed to help themselves to large portions of Poland's territory, and had the effrontery to convene the Polish Diet and under duress compel it to sanction the beginning of what Henry Wharton called "The most flagrant violation of national justice and international law which has occurred since Europe emerged from barbarism."

Soon thereafter, in 1772, Count Casimir Pulaski issued his memorable manifesto, in which he said in part:

> I am not astonished that the enemies of my country, resolved on her ruin, should direct their shafts against those who most firmly resist their impetuosity, and that they should regard as such the brave Poles, whom they have sacrificed and who are still repelling their most cruel attacks. * * * My destiny was clear when, at the age of 21, far from yielding to the amusements of youth, I regarded every moment as lost which was not employed in repelling the enemies of my country. * * * I have endeavored to mark my course by an invincible fortitude. Neither the blood of one of my brothers, which was shed by the enemy before my eyes, nor the cruel servitude of another, nor the sad fate of so many of my relations and compatriots has shaken my patriotism. * * * I believe I have proved by four years' service that I have not been influenced by interest or a false point of honor. * * * I declare before God, before the Republic of Poland, and before all the powers of Europe that my heart is an utter stranger to crime. It has never entered my imagination to attempt the life of any person to whom has been assigned, in any manner whatsoever, the government of the nation, or to avenge the wrongs of my country in any other way than that of open war.

Perhaps no better insight into the sturdy character of the illustrious Pulaski, known and revered in both Europe and America, could be given than the above excerpt from his manifesto. We are not surprised to hear a man of his lofty type later on, in August of 1779, state to the Continental Congress:

> I could not submit to stoop before the sovereigns of Europe, so I came to hazard all for the freedom of America, and am desirous of passing the rest of my life in a country truly free and of settling as a citizen to fight for liberty.

From Turkey Pulaski wended his way to Paris.

Across the Atlantic—

Says Henry Williams, Esq., on the laying of the corner stone of the monument to his memory at Savannah on October 11, 1853—

came to him the tidings that the people of another hemisphere had bid defiance to oppression and were arming for the struggle. The sound stirred the heart of Pulaski like the voice of a battle trumpet. It was a struggle for liberty. It was his cause, whoever the people and wherever the scene of conflict. Fate forbade him to achieve the independence of his own country, and true to the noble impulses of his soul, he came to aid in establishing that of America.

He saw—

Says Jared Sparks, in his American Biography—

a new field opened for vindicating with his sword the same principles, the same rights of mankind, the same unchangeable laws of justice, as those for which he had wielded it with so much courage and singleness of purpose in his own country.

Benjamin Franklin, writing from Paris to General Washington on May 29, 1777, says:

Count Pulaski, of Poland, an officer famous throughout Europe for his bravery and conduct in defense of the liberties of his country against the three great invading powers of Russia, Austria, and Prussia, will have the honor of delivering this into your excellency's hands.

Anthony F. Zaleski, writing of the life of this great hero, said:

We can readily see and understand why men like General Pulaski and his famous countrymen, General Kosciuszko, who also covered himself with undying glory in the Revolutionary War, were not soldiers of fortune nor waifs thrown to the surface of troubled waters by the love of adventure and quest of money or emolument, no matter what the cause might be that they were fighting for. These men fought long and hard to establish the principles of liberty and justice on their own soil; they were imbued with this spirit in their own cause, for their own country, and it was only natural that when they had given their best for these sacred ideals without success against tyrants and intriguing despoilers of humanity, they should hear the shot fired at Lexington that was "heard round the world" with an eager ear, and should be willing to come to a foreign strand, although they neither understood the language nor were familiar with the customs of this strange people on another continent. The principles of human liberty and justice are essentially the same in every clime, and they were eager to resist a mighty empire that was trying to wrest them from a struggling people, a people whose slogan was "Give me liberty or give me death."

Like his famous compatriot, General Kosciuszko, who, when he appeared before Washington and was asked by him what he could do, answered in a quiet way, "Try me and see," Pulaski did not wait for any appointment from Congress, but on hearing that the enemy was attacking Washington's forces hastened to join them as a volunteer.

General Pulaski landed in America about the middle of July, 1777, and after presenting his letters to Washington and Congress, waited for Congress to take action. In the meantime, Washington's army passed through the streets of Philadelphia, on its way to Wilmington, Del. Spurred by the sight of marching soldiers, Pulaski, restless and eager to aid our cause as he was, decided not to wait for his commission but to follow the army as a volunteer. Captain Bentalou, an able officer who fought under Pulaski until he died and was wounded along with Pulaski at Savannah, Ga., writes:

The inherent ardor of his warlike spirit, his habits of activity, and the desire of efficiently serving the cause which he had so warmly embraced did not permit him to wait for the decision of Congress on his application, but he immediately joined the army.

It thus happened that General Pulaski and his friend, the Marquis de Lafayette, another distinguished officer, struck their first blows for American independence at the Battle of Brandywine on September 11, 1777. Washington was bent at this time on opposing the advance of General Howe's army northward toward Philadelphia. At Brandywine Washington's army was repulsed, and a large part of it might have been captured had it not been for the masterly aid given by Pulaski at the head of a cavalry squad, who delayed the progress of the British and thus enabled the army of Washington to retreat in an orderly way and to save their baggage.

In describing Pulaski's activities at this battle Jared Sparks states:

At Brandywine, Pulaski, as well as Lafayette, was destined to strike his first blow in defense of American liberty, fully sustaining by his conduct and courage the reputation for which the world had given him credit. Four days after this event he was appointed by Congress to the command of the Cavalry, with the rank of brigadier general.

The historian Ramsay says:

At Brandywine, Pulaski was a thunderbolt of war and always sought the post of danger as the post of honor.

On September 15, 1777, Congress elected Pulaski "commander of the horse with the rank of brigadier." He thus became our first Chief of Cavalry.

For several months after his appointment General Pulaski spent much of his time with the Continental Army in the vicinity of Philadelphia. He participated with his cavalry in the Battle of Germantown, October 4, 1777, and later encamped with Washington at Valley Forge. Late in December he was ordered to take his cavalry to Trenton, and remained there practically all winter.

It is particularly interesting to note that Pulaski during the latter part of February, 1778, participated in an engagement with the British in the city of Camden. The British, who were encamped in Philadelphia, were scouring that part of New Jersey on the opposite side of the Delaware. Gen. Anthony Wayne was ordered to restrain the enemy. He in turn forwarded a message to Pulaski demanding that the latter immediately join him in the expedition. Pulaski, although displeased with its tone, complied with the order. Upon meeting Wayne, however, he frankly stated that, they both being of the same rank, he did not expect a command from him. To this Wayne good-naturedly replied that being in haste he may have overlooked proprieties, but did not mean to be overbearing. Thereafter they became fast friends, and fought side by side in routing the British forces in New Jersey. Together they defeated the British division at Haddonfield, and together they took part in the skirmishes at what was then known as Coopers Ferry and which is now the city of Camden, this skirmish taking place in the vicinity of what is now Seventh and Market Streets in said city.

Pulaski at the head of his troop of cavalry was everywhere alert, charging the enemy with spirit and effect. His own horse was shot under him, and he personally took seven prisoners. General Wayne, in making his report of the battle, praised Pulaski very highly, saying that he "behaved with his usual bravery."

In March of 1778 Pulaski asked and received permission from General Washington and Congress to organize an independent corps, known later as the famous Pulaski Legion. It is estimated that Pulaski advanced $50,000 of his own money in forming and equipping his legion.

About the 1st of September, 1778, Pulaski notified Congress and Washington that his legion was fully organized and ready for service. It was ordered to proceed to Trenton. Thence its operations extended to Egg Harbor, N. J., where it was sent to protect an American privateer base. There, on October 15, 1778, the infantry of the legion met the British, and Lieut. Col. Baron de Bose, a Pole, was killed in this engagement. With his cavalry, Pulaski rescued the infantry and drove back the invaders.

The Pulaski Legion spent the winter around Minisink, N. J., in the protection of our frontiers. On February 2, 1779, Congress resolved that Count Pulaski march with his legion to South Carolina to join General Lincoln, then in charge of the southern campaign. Congress also made provision for enlarging the corps. The British were already in possession of Georgia, and were rapidly acquiring a foothold in South Carolina. The commanding officer of the Continental troops in the South called for assistance. It was this condition that impelled Congress to direct Pulaski to proceed South. He and his legion were anxious for action and cheerfully set out for South Carolina.

Pulaski and part of his force reached Charleston May 8, 1779. Three days later the remainder arrived. The legion entered the city at a crucial moment when the governor and council of Charleston were ready to capitulate and surrender the city to the British. Pulaski, by his plea and advice, persuaded them to reject any offer of submission. His pledge to defend the city and the enthusiasm of the great

leader brought many valiant youths of the South to join his ranks, anxious to fight under his standard.

On the 11th of May the city was attacked by British troops. With the cooperation of General Moultrie and Colonel Laurens, the American forces under Pulaski held the city until May 13, when help arrived. Upon the approach of relief under General Lincoln the British abandoned the siege and retreated toward Savannah. Sparks, in referring to this incident and the part taken by Pulaski, says:

His coolness, courage, and disregard of personal danger were conspicuous throughout the encounter, and the example of this prompt and bold attack had great influence in raising the spirits of the people and inspiring the confidence of the inexperienced troops then assembled in the city.

On September 3, 1779, the American forces proceeded toward Savannah, and Count Pulaski and General McIntosh were sent ahead of the main army to attack and harass the British.

The American forces and their French allies came together at Savannah about the 16th of September. A siege was begun. Finally the French commander requested that the city be attacked by storm, and General Lincoln, with some hesitation, consented. On October 9 the engagement started. The cavalry of the French and Americans was under the command of Pulaski, and he was to charge the embattlements. The French commander, instead of taking a circuitous road to get to his point of attack, endeavored to cross directly over a swamp. He was caught between a deadly cross fire, and havoc was wrought among his men.

Pulaski, seeing the apparent confusion and realizing that all was not well, drove up at the head of his cavalry to where the French were to reinforce and encourage them. Dashing madly ahead into a withering flame of shot and shell, he himself was struck in the groin by a shot and fell from his horse mortally wounded, to be picked up later and carried away.

Major Rogowski, one of Pulaski's officers and also a Pole, who was in the heroic charge, states in his description of the battle:

For half an hour the guns roared and blood flowed abundantly. * * * Imploring the help of the Almighty, Pulaski shouted to his men, "Forward," and we, 200 strong, rode at full speed after him, the earth resounding under the hoofs of our chargers. For the first two moments all went well. We sped like knights into the peril. Just, however, as we passed the gap between the two batteries a cross fire like a pouring shower confused our ranks. I looked around. Oh, sad moment ever to be remembered, Pulaski lies prostrate on the ground.

Pulaski was carried away by his soldiers and placed on the American brig *Wasp* and put under the care of skilled surgeons, who vainly endeavored to remove the bullet and save him. Gangrene had set in, and as the ship pulled out of the harbor for Charleston Pulaski expired, and he was deposited in a watery grave on the 11th day of October, 1779, at the age of 31 years.

When the *Wasp* pulled into the harbor of Charleston with her flag flying at half mast and it became known that the gallant Pulaski was dead, the city took on an aspect of general mourning. The governor, the council of the State, and the citizens united to pay tribute to their youthful defender, who shortly before by his bravery and advice had saved them from an ignominious surrender. Resolutions were passed, public ceremonies were held, and a day was designated for the holding of his funeral obsequies. Three French and three American officers carried his bier, followed by the horse that Pulaski rode with all the trappings, armor, and dress that he wore. The procession was large and imposing, and a chaplain of the Army delivered a fervid eulogy over the departed officer. Congress, on being apprised of Pulaski's death, resolved "that a monument be erected to the memory of Brigadier Count Pulaski."

Thus ended the brilliant career of the illustrious and gallant officer, a heroic figure on two continents, who had written to Col. R. H. Lee on August 13, 1778:

Honor and a true desire of distinguishing myself in defense of liberty was the only motive which fired my breast for the cause of the United States.

And who had written to Congress on September 17, 1778:

I am a Republican whom the love of glory and the honor of supporting the liberty of the Union drew hither.

A monument to the memory of Pulaski has been erected by the citizens of Savannah in Monterey Square, and in response to the resolution of the Continental Congress, providing that a monument be erected to his memory, the United States Government has erected a bronze equestrian statue in Washington at a cost of $50,000. This monument, together with one erected by the Polish National Alliance of America in memory of Thaddeus Kosciuszko, stand in the Capital City of Washington, a constant reminder of the heroism, valor, and patriotism of these two great soldiers in the cause of American freedom.

The Hon. A. L. Brick, who appeared before the committee in Congress urging the erection of the monument in Washington, said:

Pulaski died as he had lived, a noble and undaunted warrior, fighting the battles of liberty and of the Republic. * * * He sacrificed himself, all the years of his young life, his fortune, his ancestral dignity, his lofty spirit, his splendid genius, and all his earthly hopes, for liberty, justice and humanity. For these things he gave all he had—his martyred life.

In the American Military Biography, containing the lives and characters of the officers of the Revolution who distinguished themselves in achieving our national independence, the author says:

Perhaps a braver man than Pulaski never drew a sword.

And in describing his death at Savannah—

Thus fell, in a most bold and daring achievement, the distinguished Polish patriot and hero, in the cause of American liberty; his memory is entitled to our veneration, as his life forms an item in the price of our independence.

In conclusion, giving due acknowledgment to an article by Anthony F. Zaleski, entitled "The Hero of Two Continents," from which much data has been taken in the preparation of this address, it is only proper and just that America and a grateful people enjoying the blessing of liberty, peace, and prosperity, should on October 11 of this year recall the life of this great man and pay tribute to his valor and chivalry on the anniversary of his death. He left the old world and came to this continent to help establish, as the immortal Lincoln said, "A new nation, dedicated to the proposition that all men are created equal." He gave his last full measure of devotion to that cause, and 4,000,000 of his countrymen, residing in the United States, rejoice with the American Nation, of which they are a part, that Pulaski and that other illustrious Polish patriot, Thaddeus Kosciuszko, and other distinguished men of Polish blood stood by the cradle of American independence and helped to lay the foundation for a new government in the New World, dedicated to the principles of human liberty and justice.

GLASS-BORAH CURRENCY VERSUS OWEN BONUS CURRENCY

Mr. VINSON of Kentucky. Mr. Speaker, I am printing here in parallel columns the Owen currency plan contained in the bonus bill as it passed the House and the Glass-Borah currency plan as contained in the home loan bank bill. It is inexplicable that President Hoover would denounce the Owen currency plan and indorse the Glass-Borah currency plan. It is indefensible for one to maintain that the money under one is bad and the other good. If the currency under the Borah-Glass plan is sound, the money under the Owen plan is sounder. The bonus currency has every advantage alleged to be possessed by the Glass-Borah currency and does not have any of its disadvantages.

At the time of the consideration of the bonus bill, many of us stoutly maintained that expansion of currency was the need of the hour. We protested that the administration had the power under the Glass-Steagall bill and other statutes to expand the currency. The representatives of the administration maintained that the expansion of credit which they were pursuing was the relief needed and that there should be no expansion of the currency. Within a

few weeks we see the administration changing their position and coming part way to our viewpoint. We see the enactment into law of the Glass bill presented by Senator Borah as an amendment to the home loan bank bill. At first, the administration forces in the House, claiming that it would wreck the country, refused to suport it. Upon two votes it was defeated. But gradually gaining strength, we finally see the distinguished minority leader [Mr. SNELL] arise from his seat and actively support the measure. On the third roll call it passed the House. Evidently the forces who opposed the Owen plan have had a change of heart in connection with the currency expansion.

I would call to your attention the similarity between these two measures. I reiterate that the Owen plan has every advantage claimed by the Glass-Borah plan. I repeat that the Owen plan has none of the disadvantages of the Glass-Borah plan.

THE OWEN CURRENCY PLAN

Payment of the face value of the adjusted-service certificates under section 509 or 510 of the World War adjusted compensation act, as amended, shall be paid in Treasury notes.

The Secretary of the Treasury is hereby authorized and directed to issue United States notes to the extent required to make the payments herein authorized. Such notes shall be legal tender for public and private debts and printed in the same size, of the same denominations, and of the same form as Treasury notes, omitting the reference to any Federal reserve bank.

He shall place such notes in the Federal reserve banks, subject to the order of the Administrator of Veterans' Affairs, to be used for the purposes of this act.

He shall issue a like amount of United States bonds bearing 3½ per cent interest, payable semiannually, with coupons attached, and such bonds shall be due and payable in 20 years from the date of issue, subject to the right of redemption after 10 years.

These bonds shall be deposited in the Federal reserve banks, as the agents of the United States, in approximate proportion to their current assets at the date of the passage of this act, and the Federal Reserve Board, by resolution in writing, may direct the sale to the public of such portions of said bonds as it may from time to time desire.

Such currency received for such bonds shall be exchanged for the notes hereby authorized to be issued, and they shall be returned to the Secretary of the Treasury for cancellation.

THE GLASS-BORAH CURRENCY PLAN

That notwithstanding any provisions of law prohibiting bonds of the United States from bearing the circulation privilege, for a period of three years from the date of enactment of this act all outstanding bonds of the United States heretofore issued or issued during such period, bearing interest at a rate not exceeding 3⅜ per cent per annum, shall be receivable by the Treasurer of the United States as security for the issuance of circulating notes to national banking associations, and upon the deposit with the Treasurer of the United States by a national banking association of any such bonds, such association shall be entitled to receive circulating notes in the same manner and to the same extent and subject to the same conditions and limitations now provided by law in the case of 2 per cent gold bonds of the United States bearing the circulation privilege; except that the limitation contained in section 9 of the act of July 12, 1882, as amended, with respect to the amount of lawful money which may be deposited with the Treasurer of the United States by national banking associations for the purpose of withdrawing bonds held as security for their circulating notes, shall not apply to the bonds of the United States to which the circulation privilege is extended by this section and which are held as security for such notes. Nothing contained in this section shall be construed to modify, amend, or repeal any law relating to bonds of the United States which now bear the circulation privilege.

As used in this section, the word "bonds" shall not include notes, certificates, or bills issued by the United States.

There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

SIMILARITY

(1) In each instance it is paper currency.

(2) In each instance no additional gold backs the issues.

(3) In each instance the sole reserve is Government bonds.

(4) In each instance the Government bonds are deposited to be used by them to prevent undue expansion; each presents the controlled-expansion feature.

(5) In each instance the money in worth 100 cents on the dollar by virtue of the parity act of 1900.

(6) In each instance the money issues for a Government obligation not yet due. The bonus currency takes up adjusted-service certificates whose face value is not to be paid until 1945. The Glass-Borah currency takes up Government bonds whose maturity dates are 1943 and 1947.

(7) In each instance a noncirculating obligation of the Government is replaced with a circulating one.

DIFFERENCES

(1) The bonus currency involves no charge upon the Treasury. There is no interest burden unless and until the bonds deposited for control purpose should be sold by the Federal reserve bank to halt any undue increase in commodity values.

The bonds under the Glass-Borah plan bear interest at the rate of 3⅜ per cent per annum, payable to the banks so owning and depositing them. This in an increase of 1⅜ per cent per annum in interest charge above the interest charge upon Government bonds now having the circulation privilege. Should the $994,000,000 in currency be issued, there would be an annual interest charge of $33,555,000. The increased interest charge of 1⅜ per cent per annum amounts to $13,675,000. While this is of financial benefit to the banks holding these bonds, yet in my judgment the good flowing therefrom to the country as a whole thoroughly justifies the additional benefits conferred.

I would point out, however, that the same amount of currency under the Owen plan of the bonus bill, without any interest charge at all, could have been issued.

(2) The currency under the Glass-Borah plan is approximately $1,000,000,000, which is placed in the banks to be used by them at their pleasure.

The currency under the Owen plan of the bonus bill was approximately $2,200,000,000 and went directly into the hands of men who would immediately put it into circulation. The distribution is certainly more widespread and not dependent upon banks loaning it.

(3) Under the Glass-Borah plan assets of the banks are given up in obtaining the currency. The debit and credit columns remain the same, but it was necessary for the bank to give up an asset to obtain the currency.

(4) Under the Owen plan of the bonus bill the currency comes to the bank as an added resource. If the bank has 3⅜ per cent bonds among their resources, they would still retain them. The new currency would be added to the currency and resources that they already had. Under the Glass-Borah plan the bank gets the currency for the bonds. When the currency is loaned out it has only the obligation which evidences the loans. It does not have the bonds. Under the Owen plan the bank would still retain its bonds and would also have the obligation created by loaning the currency.

We feel that this feature of it would certainly give added strength to the banking situation. Certainly more confidence should be felt in a banking institution if its resources are not depleted, but, contra, are materially added to.

In view of the foregoing it is hard for me to understand how 53 Members of another body voted for the Glass-Borah amendment and only 16 Members supported the bonus bill. Rather, it would be hard for me to understand, comparing the measures now, were it not for the fact that I was on the job at the time of the consideration of the bonus bill in the Senate. A very unusual thing happened. The Senate did not have any hearings upon this bill. Many of them did not know that the Owen plan had been substituted for section 2 of the Patman bill on the floor of the House, just a few minutes before its passage. Many of them did not know the mechanics of the Owen plan. They were in a hurry to vote the bonus bill down with the idea that the bill that passed the House was the original Patman bill.

In view of the situation, I can understand how they labored under this misapprehension, as the bill originally considered before the Ways and Means Committee was the Patman bill. It was subjected to the criticism of the administration, the press, and many Members of Congress. No one criticized the Owen plan. Some claimed they had not studied it. Those who did, gave it a clean bill of health as sound money.

When the bill came before the committee in executive session for final consideration, motion was made to strike section 2 of the Patman bill and substitute the Owen plan. This was voted down 14 to 11. However, notice was served that this amendment would be offered if the bill was brought up for consideration in the House. Then the vote was taken to report the Patman bill favorably. It was lost 11 to 14. Then the motion was made by the opponents of the bill to report it adversely. It was thought that such a report would kill the bill for this session. There were 14 members of the committee who voted to report it adversely, and the friends of the measure, 11 in number, voted against reporting it adversely. Ten of the eleven who voted for the bonus and against the adverse report filed a minority report, which was filed through me. In it we gave notice that we did not favor the money mechanics in the Patman bill but would offer the Owen plan as a substitute.

You will keep in mind that the Owen plan as yet was not a part of the bill; and when the Rules Committee was discharged from the consideration of the Patman bill, it was the Patman bill without the Owen amendment. And not until the bill was read under the 5-minute rule and section 2 thereof reached could the Owen plan be written into it. At that point motion to strike out section 2 of the Patman bill was made and the Owen plan was substituted in lieu thereof, and it remained in the bill with 209 Members of the House voting for it. The second day, after the passage of the bill in the House, it was taken up in the Senate without hearings and hastily defeated.

I do not think that the benefits that will accrue from the Glass-Borah amendment will approximate the results which would have accrued if the bonus bill with the Owen plan had been enacted into law. Under the bonus bill the distribution was perfect. It was country wide. Immediately the money went to work, as the opponents maintain, commodity values would have increased. With property values approaching zero, God knows we need just that. (Just a few days ago, I was informed by the largest wheat grower in the world that his wheat was selling for 14 cents a bushel—an all-time low-price record.) Then, when the new currency found its way to the bank, it would be added money in the vaults and, in my judgment, would have inspired the confidence to bring hundreds of millions of dollars of hoarded money back into circulation.

On the other hand, the currency in the Glass-Borah plan will only issue to those banks which either have or procure the 3⅜ per cent bonds. Very probably the currency will be distributed in spots. Then, it is a question of the banks' desire to loan this money which they receive in the place of Government bonds. It is not an added resource to them. It is merely a change in assets. I think, that it will be of some benefit, but I do not look for the effect that would have taken place if the $2,200,000,000 new currency in payment of the bonus certificates had been issued. Of course, the currency under the Owen plan would not have called for any burden to the Treasury, whereas the currency under the Glass-Borah plan entails extra burden to the Treasury in excess of the interest charge on circulation bonds at the present time. This is an annual charge, but I think that the benefits accruing under the bill more than justify the added cost.

During the consideration of the bonus bill, I maintained that the currency under the Owen plan was sound. I never had the slightest doubt of it. Were it necessary to have any proof of the correctness of my conclusion, the passage of the Glass-Borah plan certainly should be conclusive. Surely it must have been O. K'd by the money experts of the administration and the Nation before the President would have given his approval to it. It is sound money, but so was the money which would have issued under the Owen plan in the payment of the soldiers' bonus.

TAX REFUNDS IMPARTIALLY HANDLED

Mr. SNELL. Mr. Speaker, a Member from New York, building upon an inspiration of the Speaker of the House, has allowed himself to say:

> The Republican campaign is financed out of the Treasury of the United States * * *. (CONGRESSIONAL RECORD of July 12, 1932, p. 15147; CONGRESSIONAL RECORD of July 15, 1932, p. 15516.)

In making this bold assertion the Member has even surpassed the Speaker, whose original remarks on this subject were made in the last Congress and published in the CONGRESSIONAL RECORD of December 16, 1930, beginning on page 858, and were answered by Congressman HAWLEY, then chairman of the Joint Committee on Internal Revenue Taxation, whose remarks appear in the CONGRESSIONAL RECORD of December 19, 1930, beginning at page 1130.

This fantastic assertion of some connection between refunds and contributions has no basis other than that certain names which have appeared on the list of Republican campaign contributors have also appeared on the refund and credit lists published by the Treasury and the Joint Committee on Internal Revenue Taxation. No connection whatever has been disclosed or could be disclosed between the fact of a refund of taxes overpaid and the fact of a contribution to Republican campaign funds. As large numbers of taxpayers and of officers of taxpayers were Republicans, it was inevitable that the Treasury in making final adjustment of taxpayers' liabilities should make refunds and credits as well as additional assessments in the case of taxpayers who are Republicans just as in the case of taxpayers who are Democrats. The Treasury has zealously and impartially performed the duties imposed upon it by Congress in the readjustment of taxes.

The impression left by the remarks of the Member from New York is that the process of readjustment of tax liabilities by the Treasury has been mainly a process of making refunds or credits. On the contrary, the process has been to take the returns required to be filed by taxpayers, setting forth their own original calculations of their tax liability, and make final determinations of their liabilities in the light of full development of the facts in each case, often very complicated, and of a mass of decisions of the Tax Board and the courts frequently effecting vital changes in the liabilities as originally calculated. As the amounts of tax required to be paid in the first instance are those shown by the returns, the adjustment may result in deficiency payments to the Government or refunds by the Government.

No one who has the slightest familiarity with the tax acts, particularly the war measures and the complications arising under them, has ever been surprised that many tax adjustments have been required under those acts. Most taxpayers made their returns in an entirely fair manner, and in many cases later developments showed that they had overpaid their taxes. I do not know whether it was intended to be implied that no taxes overpaid should be refunded except as a result of final judgment in litigation. As I conceive it, and as the Treasury has conceived it, it is the duty of the Treasury to make return of taxes overpaid, once that determination has been reached. This is the only basis upon which the law can be fairly administered and the good name of the Government protected.

It is well to remember the magnitude of the task which the Treasury has performed. During the period beginning with the fiscal year 1917 and including the first nine months of the fiscal year 1932 the Bureau of Internal Revenue has been called upon to administer collections of $47,696,120,436.97 in taxes and to deal with 119,098,969 returns. During this period, in dealing with this mass of returns, the Treasury has assessed additional taxes to the amount of $5,981,632,503; has made refunds totaling $1,384,352,575.09, and has credited or abated tax in the amount of $2,661,509,775.01. The total of additional tax assessed during this period has thus exceeded the total of the amounts refunded and the amounts credited or abated by $1,935,770,152.90.

The member from New York has asserted that the amount of the adjustment in favor of taxpayers would have been sufficient to pay the operating expenses of the Government for an entire year. What is shown by the full figures just stated is that the net effect of the work of the Treasury in the readjustment of tax has been to increase the revenue of the Government by nearly $2,000,000,000.

It is the application of the same methods and principles which in many cases have resulted in particular allowances in favor of taxpayers that in their total effect have operated very substantially to increase the revenues of the Government. It was the duty of the Treasury to make its redetermination with as honest regard for facts, rulings, and decisions in favor of taxpayers as for those rulings, decisions, and principles which operated in favor of the Government.

The proposition that up to 1928 of all the tax refunds allowed much the greater part involved claims on taxes paid to the Treasury during the years 1917 to 1921 is undoubtedly correct. Those taxes were paid under measures framed, sometimes with haste, to meet the exigencies of the war, under provisions novel in character and uncertain in application. After the war it was the express duty of the Treasury under the law to work out the liabilities of taxpayers under that novel and uncertain war legislation. This work of adjustment, faithfully performed, necessarily involved the making of refunds as well as the collection of larger amounts of additional taxes.

Any notion that this vast process of readjustment of tax liabilities, required by law to be conducted by the Treasury, was carried on with a view to favor any particular class of taxpayers is utterly without foundation. Of course, it is a fact that refunds and credits of taxpayers, substantial in amount, go only to taxpayers who paid substantial taxes in the first instance. Refunds or credits of amounts collected are not distributions of public funds—they are restorations of amounts found to have been illegally collected.

The determination of tax liabilities is carried on by the Treasury by a system which provides adequate checks and which requires the independent action of many different officials. A concise statement as to the system was made by the Secretary of the Treasury in his annual report of 1930, on page 380, as follows:

* * * Let me briefly state that the various steps that are taken before any money is paid to a taxpayer by way of tax refund:

First. There is a field examination and audit made by civil-service employees under the supervision and direction of a Treasury agent, who himself is in the classified civil service.

Second. The facts as reported by the agent in the field are submitted to and carefully reviewed by the audit review division of the Bureau of Internal Revenue in Washington with the assistance of the valuation division of the bureau, composed of technical experts, all of whom are in the classified civil service.

Third. If the refund involved is less than $10,000, they report their recommendation to the commissioner of internal revenue for approval or disapproval.

Fourth. If the amount is over $10,000, the proposed refund, together with all data, is forwarded to the office of the general counsel of the Bureau of Internal Revenue. There a complete review is made of each and every item with the assistance, if necessary, of the technical staff of the Bureau of Internal Revenue.

Fifth. All refunds in excess of $75,000 are submitted in advance of payment and passed upon by the Congressional Joint Committee on Internal Revenue Taxation, consisting of Senator SMOOT, of Utah; Senator WATSON, of Indiana; Senator REED, of Pennsylvania; Senator HARRISON, of Mississippi; Congressman HAWLEY, of Oregon; Congressman TREADWAY, of Massachusetts; Congressman BACHARACH, of New Jersey; Congressman GARNER, of Texas; and Congressman COLLIER, of Mississippi.

The suggestion that under any system such as this refunds for political or any other improper purpose are possible is simply preposterous.

By far the largest amount of refunds is due to court decisions or other causes over which the Treasury has no control. Furthermore, the largest refunds in recent years have almost without exception been attributable to the years of the war. At that time the Government was under the necessity of collecting more than $4,000,000,000 annually. The statute was new and complicated and understood by few. There was no time to determine controversies, and in the emergency taxpayers generally paid large amounts into the Public Treasury the legality of which was in dispute. There was always, however, the assurance that ultimately these payments would be analyzed, that correct interpretations would be applied, that justice would be done, and excessive payments refunded.

To say that refunds should be made only by virtue of the decision of a court is to delegate to the courts the entire administration of the income tax law. It is evident that what would apply to refunds would be equally applicable to additional assessments. In effect, all questions involving disagreement would have to be referred to the courts. This would result in such interminable delay as to break down the administration of our income-tax system and would place an intolerable burden upon our already overworked Federal courts. The suggestion can not be intended seriously.

The activity of the Joint Committee on Internal Revenue Taxation referred to in Mr. HAWLEY's remarks is an answer to one of the remarkable assertions of the Member from New York. He stated, "Jurisdiction of their refunds is wholly in the Treasury Department and nobody outside of the department is in possession of the facts." (CONGRESSIONAL RECORD of July 15, 1932, p. 15516.) The fact is that since 1927 the joint committee, composed of five Members of the House and five Members of the Senate, selected from both parties, clothed with full authority, equipped with a permanent staff, has made continuous study of refunds made by the Treasury.

Since 1927, in the case of every refund of $75,000 or more, finally determined upon by the Treasury it has been required that a statement of the facts and of the reasons be submitted to the joint committee of Congress at least 30 days before action is taken. Through this agency of its own Congress has been kept informed as to proposed action in the matter of all refunds and credits. It has had ample opportunity to have ordered any investigation which it saw fit, if in any case it had been suggested that the facilities of the joint committee were not adequate. The joint committee publishes annual reports as to refunds, setting them forth with any comments the committee may have. The committee of Congress has made no criticism whatever of the motives of the Treasury in making any refund or credit. The refunds to the particular corporations to which the gentleman from New York has seen fit to refer were all fully submitted to the joint committee. Can there be any idea that the Treasury would propose to the joint committee of Congress any refund or credit unless the many experienced officials passing on the claim were thoroughly convinced of the justice of the refund or credit? Can there be any doubt that the joint committee of Congress would, and did, examine such refunds as the gentleman from New York has referred to in the case of the Aluminum Co. or the Sinclair Oil Co., and would have protested any irregularity whatsoever?

The utter impossibility of securing refunds or credits from the Treasury as a matter of political favoritism was well stated by Congressman HAWLEY, then chairman of the Joint Committee on Internal Revenue Taxation, in his answer to the original remarks of Speaker GARNER on this subject. Mr. HAWLEY's answer appears in the CONGRESSIONAL RECORD of December 19, 1930, beginning at page 1130. In the course of his reply he said:

Now, suppose a conspiracy existed in the department such as has been indicated by the gentleman from Texas. The greater part of the personnel in the department and in the field which handles these tax refunds is under the civil service, and at least half of them are members of the Democratic Party. They are about equally divided, according to the information I have, because the civil service knows no party relations. There are but few of these persons who handle tax matters who are personally appointed. If a conspiracy existed, it would need to involve all the civil-service personnel employed in the collection of taxes; it would need to include men and women of all parties, and it would need to have continued for more than 10 years, with no person ever suggesting, except the gentleman from Texas—who has had nothing to do with the matter—that there was such a conspiracy. As I said before, instead of going through this great amount of work of reauditing returns, levying additional taxes, and planning to refund the money to certain classes of persons as a reward for campaign contributions, the easiest thing to have been done was not to have assessed them any additional tax whatever.

More than that, if you will go through the general returns and general amounts collected, it will be found that those who are Republicans by affiliation have been as hard hit in the additional assessments as others. What I am meaning to say is that there is no such thing existing, except in the mind of the gentleman from Texas—that is, that political favors are being distributed by the Treasury Department. Every taxpayer's return is audited upon its merits and upon all the facts that are ascertainable. He is taxed that additional amount which he ought to pay and is returned that amount which is not justly due. The Government ought to be honest with its taxpayers and this Government is trying to be so.

It is unquestionably the fact, as Mr. HAWLEY has pointed out, that a record of the taxpayers against whom additional assessments have been made, if it were available in the same manner as is the record of refunds and credits, would show that taxpayers whose names might be found on Republican campaign lists figured still more prominently among those called upon to pay large additional assessments than in the list of those taxpayers to whom refunds or credits have been found to be due.

The remarks of the Speaker and the remarks of the Senator from Washington, now referred to by the Member from New York, are an old story fully answered by Congressman HAWLEY, as I have stated. Their statement of amounts of refunds received by taxpayers who made Republican campaign contributions is arrived at by including as a refund to the contributor amounts of refunds or credits to corporations, of which the contributor was a director, or with which he is supposed to have had some connection. This form of statement is far from accurate, to say the least. As I have said, there is no connection whatever between political contributions and refunds. Solely because of the insistence on such a connection from the other side of the House I shall introduce a partial list of contributors to Democratic campaigns who have received refunds and have been officers and directors of corporations receiving refunds. This list will serve to bring home the utter fallacy of the Democratic contention on this point.

Before inserting this list I wish to call attention to the fact that the gentleman from New York has sought to make much of the fact that most of the amounts refunded were returned after a Republican Congress, with the approval of Secretary Mellon, changed the law so as to permit refunds of taxes voluntarily paid. What is referred to is the removal by the 1924 act of the provision—possibly applicable to income-tax cases—that refunds could be allowed only on such taxes as were paid under protest. The removal of that requirement, developed before the imposition of income taxes at high rates with complicated provisions, has not up to this time been criticized from any source. So far as I know, no Democrat has voted the restoration of that old requirement. The reason for such removal, deemed right by all and opposed by none, was thus stated in the report of the Ways and Means Committee as to the 1924 act:

> The provisions of section 1318 of the existing law have been amended to provide that after the enactment of the bill it shall not be a condition precedent to the maintenance of a suit to recover taxes, sums or penalties paid, that such amounts shall have been paid under protest or duress. The fact protest was made has little bearing on the question whether the tax was properly or erroneously assessed. The making of such a protest becomes a formality so far as well-advised taxpayers are concerned, and the requirement of it may operate to deny the just claim of a taxpayer who was not well informed. (68th Cong., Rept. No. 179, p. 71.)

The report of the Democratic minority in opposition to features of the act did not set forth any opposition to the majority on this point.

After repeating charges that refunds and credits have been made to contributors to Republican campaigns, the gentleman from New York sets forth a general list of refunds and overassessments in excess of $500,000 made by the Treasury in recent years. A list of all refunds in excess of $500 is annually filed by the Treasury with Congress when it convenes in December. Unless some implication is intended that the adjustments listed have some connection with the Republican contributions, it is difficult to understand the object of reprinting a list taken from previously published reports. Certainly they do not sustain the assertion that there has been a preponderance of refunds to Pennsylvania taxpayers. No attempt has actually been made to connect the list with any contribution, and, of course, no such connection could be shown. That list includes refunds or credits based on judgments, corrections of duplicated assessments, the customary abatements or the required abatements in favor of estates made as State inheritance or estate taxes are paid; it ignores the fact that in many cases the overassessments were offset, or more than offset, by additional assessments for other years; and has no disclosed or, indeed, conceivable connection with the general tenor on the gentleman's remarks.

The only refund discussed which was not taken from lists already submitted is a refund of $135,672 of taxes for 1918 to the Ohio Steel Foundry Co., of Lima, Ohio, whose president is stated by the gentleman from New York to be a Republican contributor. This refund represents the settlement, finally effected, of a case long pending in the Board of Tax Appeals, as well as in the Court of Claims, and was set forth in a public decision published on June 21. This settlement, regarded by the bureau as advantageous to the Government, was reported to the joint committee and no question was raised in regard to it.

To bring out the absurdity of linking refunds with campaign contributions, and for no other purpose, I have had prepared a partial list of contributors to Democratic campaign funds during the last three years who have also received tax refunds or have been directors of corporations which have received refunds. The presence of a name on this list carries with it no implication whatever of impropriety of either contribution or refund. Because of the mere possibility of such an unwarranted inference, I and my colleagues have been reluctant to submit any list of Democratic contributors and refund recipients. But in view of the persistence of Democratic Members in their unwarranted attempt to link tax refunds with contributions to the Republican campaign fund, I am submitting this list to demonstrate, as no other method of procedure can, the absurdity, the unfairness, and the willful attempt at misrepresentation involved in the attack made by Democratic Members of the House and obviously intended to be broadcast over the country during the course of this campaign.

If the list were compiled in the same manner as the lists used by Speaker GARNER, the Democratic vice presidential nominee, and his supporters, the Democratic Senator from Washington, and the Member from New York, the amount of refunds stated would be simply a total in each case of the individual refunds and the corporation refunds, without differentiation. This basis of compilation, used by the other side of the House, is unwarranted. The partial list which I have had prepared itemizes separately refunds which were personal to the contributors and the refunds which went to corporations of which they were directors.

Name and contribution	*Refunds*
Gordon Auchincloss, New York, N. Y., $2,000.	Director of Equitable Trust Co. of New York, New York, N. Y., which received refunds of $987,609.75; director of the Chase National Bank, New York, N. Y., which received refunds of $43,126.35. Total, $1,030,736.10.
William H. Baldwin, New York, N. Y., $500.	Received personal refunds of $78,785.08.
Bernard M. Baruch, New York, N. Y., $128,000.	Received personal refunds of $6,225.12; director of Baltimore & Ohio Railroad Co., Baltimore, Md., which received refunds of $3,744.37. Total, $9,969.49.
Howard Bruce, Baltimore, Md., $10,000.	Director of the Bartlett Hayward Co., Baltimore, Md., which received a refund of $463,422.16; director of Worthington Pump & Machinery Corporation, New York, N. Y., which received refunds of $79,130.88; director of American Light & Traction Co., New York, N. Y., which received refunds of $20,521.92; director of U. S. Hoffman Machinery Co., New York, N. Y., which received refunds of $4,225.78. Total, $567,300.74.

Name and contribution	*Refunds*
F. H. Buck, San Francisco, Calif. (Frank H. Buck), $1,500.	Director of Associated Oil Co., San Francisco, Calif., which received refunds of $16,605.55; director of West Coast Oil Co., San Francisco, Calif., which received refunds of $75,001.17; director of Booth Kelly Lumber Co., Eugene, Oreg., which received refunds of $12,739.78. Total, $104,346.50.
Charles W. Clark, New York, N. Y. (Charles Walker Clark), $50,000.	Director of United Verde Copper Co., New York, N. Y., which received refunds of $1,042,106.60.
Robert Sterling Clark, New York, N. Y., $35,000.	Received a personal refund of $11,668.70.
Julius W. Cone, Greensboro, N. C., $500.	Director of Revolution Cotton Mills, Greensboro, N. C., which received refunds of $200,628.32.
Edwin Corning, Albany, N. Y., $10,000; Parker Corning, Albany, N. Y., $55,000.	Directors of Ludlum Steel Co., Watervliet, N. Y., which received refunds of $266,742.58.
R. T. Crane, jr., Chicago, Ill. (R. Teller Crane), $10,000.	Director of Crane Co., Chicago, Ill., which received refunds of $21,771.95.
J. S. Cullinan, Houston, Tex., and New York, N. Y., $7,000.	Received personal refunds of $6,888.02; director of American Republics Corporation, New York, N. Y., which received a refund of $34,781.07. Total, $41,669.09.
John J. Curtin, Brooklyn, N. Y., $20,500.	Director of Mechanics Bank, Brooklyn, N. Y., which received refunds of $71,734.96.
Chester Dale, New York, N. Y., $1,000.	Director of American Water Works & Electric Co., New York, N. Y., which received refunds of $222,741.24.
John W. Davis, New York, N. Y., $10,000.	Director of Mutual Life Insurance Co. of New York, New York, N. Y., which received refunds of $1,817,769.74; director of Metropolitan Life Insurance Co., New York, N. Y., which received refunds of $2,021,908.20; director of Guaranty Trust Co. of New York, New York, N. Y., which received refunds of $8,389.58. Total, $3,848,067.52.
Joseph P. Day, New York, N. Y., $10,000.	Director of Metropolitan Life Insurance Co., New York, N. Y., which received refunds of $2,021,908.20; director of Imperial Assurance Co., New York, N. Y., which received refunds of $31,324.78. Total, $2,053,232.98.
Charles E. Doyle, New York, N. Y., $2,500.	Director of Remington Arms Co. (Inc.), New York, N. Y., which received refunds of $172,792.08.
P. S. du Pont, Wilmington, Del. (Pierre S. du Pont), $80,000.	Received a personal refund of $283,238.15, director of E. I. du Pont de Nemours & Co., Wilmington, Del., which received refunds of $5,184,317.91; director of Bankers' Trust Co., New York, N. Y., which received refunds of $29,165.70; director of Wilmington Trust Co., Wilmington, Del., which received refunds of $7,443.80. Total, $5,504,165.56.
Victor Emanuel, New York, N. Y., $5,000.	Director of Standard Gas & Electric Co., Chicago, Ill., which received refunds of $912,104.39; director of Duquesne Light Co., Pittsburgh, Pa., which received refunds of $355,895.14; director of Cumberland County Power & Light Co., Portland, Me., which received refunds of $106,501.77. Total, $1,374,501.30.
William H. Erhart (William Herman Erhart), New York, N. Y., $1,000.	Director of American Waterworks & Electric Co., New York, N. Y., which received refunds of $222,741.24.
S. W. Fordyce, St. Louis, Mo. (Samuel W. Fordyce), $7,150.	Received a personal refund of $1,067.60; director of Missouri, Kansas & Texas Railway, St. Louis, Mo., which received refunds of $45,170.02; director of Fox Theatres Corporation, New York, N. Y., which received refunds of $53,374.75. Total, $99,612.37.
James P. Geagan, New York, N. Y., $10,000.	Director of Burns Bros. Co., New York, N. Y., which received refunds of $435,805.78.
James W. Gerard, New York, N. Y., $17,600.	Received personal refunds of $12,580.08.
Mary D. Gerard, New York, N. Y., $2,000.	Received personal refunds of $9,898.29.
Peter Goelet Gerry, Warwick, Neck, R. I. (Peter G. Gerry), $30,000.	Received a personal refund of $32,679.66.
Robert L. Gerry, Newport, R. I., $10,000.	Received a personal refund of $20,831.13.
F. H. Ginn, Cleveland, Ohio (Frank H. Ginn), $2,000.	Received a personal refund of $1,412.37; director of Electric Comptroller & Manufacturing Co., Cleveland, Ohio, which received refunds of $303,059.85; director of the Otis Steel Co., Cleveland, Ohio, which received refunds of $407,744.01. Total, $712,216.23.
Robert Goelet, New York, N. Y., $10,000.	Received a personal refund of $15,820.26; director of Wabash Railway Co., St. Louis, Mo., which received refunds of $25,116.24; director of City Investing Co., New York, N. Y., which received refunds of $17,305.58; director of National Surety Co., New York, N. Y., which received refunds of $45,926.76. Total, $104,168.84.
Kingdon Gould, Lakewood, N. J., $5,000.	Received personal refunds of $61,538.99; director of Texas & Pacific Railroad Co., New York, N. Y., which received refunds of $240,331.80. Total, $301,920.79.
Joseph P. Grace, Long Island City, N. Y., $1,000.	Received a personal refund of $1,219.98; director of W. R. Grace & Co., New York, N. Y., which received refunds of $5,167,707.90; director of Atlantic & Pacific Steamship Co., New York, N. Y., which received a refund of $514,678.41; director of National City Bank of New York, New York, N. Y., which received a refund of $1,720,966.70. Total, $7,404,572.99.
John Jefferson Gray, jr., Nashville, Tenn., $500.	Director of Nashville, Chattanooga & St. Louis Railway Co., Nashville, Tenn., which received refunds of $85,072.82.
William V. Griffin, New York, N. Y. (William Vincent Griffin), $3,500.	Director of Continental Oil Co., Denver, Colo., which received refunds of $151,085.74; director of Cuba Railroad Co., New York, N. Y., which received refunds of $148,477; director of the Newport Co., Milwaukee, Wis., which received refunds of $55,246.78. Total, $354,809.52.
Charles S. Guggenheimer, New York, N. Y., $500.	Director of Miami Copper Co., New York, N. Y., which received refunds of $980,860.42.
August Heckscher, New York, N. Y., $9,000.	Director of Crucible Steel Co. of America, New York, N. Y., which received refunds of $111,079.15; director of Equitable Office Building Corporation, New York, N. Y., which received refunds of $121,162.42. Total, $232,241.57.
Henry Heide, New York, N. Y., $1,000.	Director of Henry Heide (Inc.), New York, N. Y., which received refunds of $107,539.82.
Edward H. Heller, San Francisco, Calif., $2,500.	Received a personal refund of $1,369.24; director of Roos Bros. (Inc.), San Francisco, Calif., which received refunds of $16,718.85. Total, $18,088.09.
William C. Heppenheimer, Jersey City, N. J., $8,000.	Received a personal refund of $8,701.91; director of Colonial Life Insurance Co. of America, Jersey City, N. J., which received refunds of $13,484.34. Total, $22,186.25.
George W. Hill, New York, N. Y., $5,000.	Received personal refunds of $16,854.08.
Harold K. Hochschild, New York, N. Y., $1,000.	Received a personal refund of $42,550.32; director of American Zinc & Chemical Co., New York, N. Y., which received a refund of $141,553.09. Total, $184,103.41.
Arthur Curtiss James, New York, N. Y., $35,000.	Received personal refunds of $65,983.76; director of Chicago, Burlington & Quincy Railroad Co., Chicago, Ill., which received refunds of $741,830.79; director of Western Pacific Railroad Co., New York, N. Y., which received refunds of $439,789.44. Total, $1,247,603.99.

Name and contribution	*Refunds*
Howard E. Jones, New York, N. Y. (Howard Escot Jones), $1,000.	Received a personal refund of $37,909.
Joseph P. Kennedy, New York, N. Y., $1,000.	Director of Pathé Exchange (Inc.), New York, N. Y., which received refunds of $107,186.25.
William F. Kenny, New York, N. Y., $278,000.	Director of Hickey Contracting Co., New York, N. Y., which received refunds of $12,111.50.
S. H. Keoughan, Denver, Colo. (Sidney H. Keoughan), $1,000.	Director of Continental Oil Co., Denver, Colo., which received refunds of $151,085.74.
Adrian H. Larkin, Southampton, Long Island, N. Y., $500.	Director of International Match Co., Wilmington, Del., which received refunds of $107,247.05; director of Sloss-Scheffield Steel & Iron Co., Birmingham, Ala., which received refunds of $55,724.61; director of U. S. Industrial Alcohol Co., New York, N. Y., which received refunds of $804,556.19. Total, $967,527.85.
Arthur Lehman, New York, N. Y., $14,000.	Received a personal refund of $641.38; director of Jewel Tea Co. (Inc.), Chicago, Ill., which received a refund of $133,976.59; director of Amalgamated Leather Co. (Inc.), New York, N. Y., which received a refund of $1,112,391.44; director of the Studebaker Corporation, South Bend, Ind., which received refunds of $202,366.97. Total, $1,449,376.38.
Harold Lehman, New York, N. Y. (Harold M. Lehman), $2,500.	Director of Phoenix Hosiery Co., Milwaukee, Wis., which received refunds of $69,037.26.
Herbert H. Lehman, New York, N. Y., $275,000.	Received personal refunds of $5,199.28; director of Studebaker Corporation, South Bend, Ind., which received refunds of $202,366.97; director of Jewel Tea Co. (Inc.), Chicago, Ill., which received refunds of $133,976.59; director of Van Raalte Co., New York, N. Y., which received refunds of $311,063.37; director of Spear & Co., Pittsburgh, Pa., which received a refund of $248,717.33. Total, $901,323.54.
Philip Lehman, New York, N. Y., $2,500.	Director of F. W. Woolworth Co., New York, N. Y., which received a refund of $637,961.94; director of Amalgamated Leather Co. (Inc.), New York, N. Y., which received a refund of $1,112,391.44. Total, $1,750,353.38.
S. W. Lehman, New York, N. Y. (Sigmund M. Lehman), $7,500.	Received personal refunds of $11,617.86.
R. A. Long, Kansas City, Mo. (Robert A. Long), $1,000.	Director of the Long-Bell Lumber Corporation, Kansas City, Mo., which received refunds of $103,003.94.
George MacDonald, New York, N. Y., $25,000.	Director of Chatham & Phenix National Bank & Trust Co., New York, N. Y., which received a refund of $139,650.25; director of Cities Service Co., New York, N. Y., which received refunds of $821,374.61. Total, $961,024.86.
Norman E. Mack, Buffalo, N. Y., $2,500.	Received personal refunds of $5,822.99.
M. L. Madden, Boston, Mass. (M. Lester Madden), $2,000.	Director of Hollingsworth & Whitney Co., Boston, Mass., which received a refund of $516,446.33.
J. H. Markham, jr., Tulsa, Okla. (John H. Markham), $5,000.	Received a personal refund of $6,666.62; director of Exchange National Bank, Tulsa, Okla., which received refunds of $20,092.46. Total, $26,759.08.
Cyrus H. McCormick, Chicago, Ill., $2,500.	Received personal refunds of $22,420.33.
Harold F. McCormick, Chicago, Ill., $1,000.	Received personal refunds of $28,463.54.
John McCormick, London, England, $10,000.	Received personal refunds of $20,044.85.
Patrick McGovern, New York, N. Y., $22,000.	Received personal refunds of $16,924.27.
George V. McLaughlin, Brooklyn, N. Y., $1,000.	Director of Equitable Life Assurance Society of the United States, New York, N. Y., which received refunds of $740,676.88.
Claude Meeker, Columbus, Ohio, $14,500.	Received personal refunds of $1,691.96; director of Brightman Manufacturing Co., Columbus, Ohio, which received refunds of $64,443.39. Total, $66,135.35.
Herman A. Metz, New York, N. Y., $4,000.	Received personal refunds of $37,414.82; director of H. A. Metz & Co. (Inc.), New York, N. Y., which received refunds of $75,445.52; director of Consolidated Color & Chemical Co., New York, N. Y., which received refunds of $169,262.49; director of H. A. Metz Laboratories Co. (Inc.), New York, N. Y., which received refunds of $325,894.86. Total, $608,017.69.
Joseph A. Moore, New York, N. Y., $1,000.	Received a personal refund of $1,081.34; director of The Butterick Co., New York, N. Y., which received refunds of $238,583.57. Total, $239,664.91.
John K. Mullen, Denver, Colo., $1,500.	Director of Colorado Milling & Elevator Co., Denver, Colo., which received refunds of $192,412.64.
John A. Noble, New York, N. Y., $2,500.	Director of Harriman National Bank, New York, N. Y., which received refunds of $179,249.76.
Charles F. Noyes, New York, N. Y., $10,000.	Director of United Cigar Stores of America, New York, N. Y., which received refunds of $741,789.87.
Joseph J. O'Brien, New York, N. Y., $3,000.	Received a personal refund of $1,268.05; director of Mechanics Bank of Brooklyn, Brooklyn, N. Y., which received refunds of $71,734.96. Total, $73,003.01.
Morgan J. O'Brien, New York, N. Y., $5,500.	Director of Metropolitan Life Insurance Co., New York, N. Y., which received refunds of $2,021,908.20; director of Thompson-Starrett Co., New York, N. Y., which received refunds of $28,021.03. Total, $2,049,929.23.
Mrs. Alice D. Osborne, New York, N. Y. (Alice D. Osborn), $2,500.	Received personal refunds of $42,572.51.
Junius Parker, New York, N. Y., $5,500.	Director of American Tobacco Co., New York, N. Y., which received refunds of $4,267,241.61.
Thomas I. Parkinson, New York, N. Y., $1,000.	Director of Interborough Rapid Transit Co., New York, N. Y., which received refunds of $1,179,417.30; director of the Chase National Bank, New York, N. Y., which received refunds of $43,126.35; director of Western Electric Co., New York, N. Y., which received refunds of $303,005.06. Total, $1,525,548.71.
W. T. Payne, Kingston, Pa. (William T. Payne), $5,000.	Received a personal refund of $7,543.88; director of Burns Bros. Co., New York, N. Y., which received refunds of $435,805.78. Total, $443,349.66.
S. Peabody, Chicago, Ill. (Stuyvesant Peabody), $2,000.	Director of Consumers Co., Chicago, Ill., which received refunds of $218,574.65; director of Peabody Coal Co., Chicago, Ill., which received a refund of $5,111.93. Total, $223,686.59.
H. Hobart Porter, New York, N. Y., $1,500.	Director of United Cigar Stores of America, New York, N. Y., which received refunds of $741,789.87; director of the Texas & Pacific Railway Co., Dallas, Tex., which received refunds of $240,331.80; director of Sugar Land Railway Co., Sugar Land, Tex., which received refunds of $29,031.48. Total, $1,011,153.15.
R. A. Rainey, New York, N. Y. (Roy A. Rainey), $1,000.	Received a personal refund of $134,421.96.
John J. Raskob, New York, N. Y. (or Delaware), $612,000 (including both amounts listed as contributions and as loans).	Received a personal refund of $3,361.90; director of E. I. du Pont de Nemours & Co., Wilmington Del., which received a refund of $5,184,317.91; director of the Bankers Trust Co., New York, N. Y., which received a refund of $29,165.70; director of the Missouri Pacific Railroad, St. Louis, Mo., which received a refund of $18,000. Total, $6,234,845.51.

Name and contribution	*Refunds*
Samuel W. Reyburn, New York, N. Y., $2,500.	Director of Associated Dry Goods Corporation of Virginia, Hoboken, N. J., which received refunds of $395,174.79.
Franklin D. Roosevelt, New York, N. Y., $3,000.	Director of International Germanic Trust Co., New York, N. Y., which received a refund of $2,013.12; director of Fidelity & Deposit Co. of Maryland, Baltimore, Md., which received a refund of $44,856.10. Total, $46,869.22.
Moritz Rosenthal, New York, N. Y., $1,000.	Director of Burns Bros. Co., New York, N. Y., which received refunds of $435,805.78; director of Duquesne Light Co., Pittsburgh, Pa., which received refunds of $355,695.14; director of Philadelphia Co., Pittsburgh, Pa., which received a refund of $2,791,604.83; director of Missouri, Kansas & Texas Railway, St. Louis, Mo., which received refunds of $45,172.02. Total, $3,628,477.77.
Jacob Ruppert, New York, N. Y., $6,000.	Received a personal refund of $84,461; director of Astoria Silk Works (Inc.), Long Island, N. Y., which received refunds of $59,960.09. Total, $144,421.09.
John D. Ryan, New York, N. Y., $27,500.	Received a personal refund of $6,013.36; director of The Montana Power Co., Butte, Mont., which received refunds of $318,683.01; director of National City Bank of New York, New York, N. Y., which received a refund of $1,720,966.70; director of American Power & Light Co., New York, N. Y., which received refunds of $237,556.04; director of Consolidated Gas Co., New York, N. Y., which received refunds of $169,198.79; director of American Brass Co., Waterbury, Conn., which received refunds of $1,028,780.92. Total, $3,481,198.82.
Charles H. Sabin, New York, N. Y., $2,500.	Director of International Mercantile Marine Co., New York, N. Y., which received refunds of $939,476.81; director of Montana Power Co., Butte, Mont., which received refunds of $318,683.01; director of Texas & Pacific Railway Co., New York, N. Y., which received refunds of $240,331.80; director of Vanadium Corporation of America, New York, N. Y., which received a refund of $62,436.09. Total, $1,560,927.71.
Alfred F. Seligsberg, New York, N. Y. (Alfred Seligsberg), $1,000.	Director of R. H. Macy & Co. (Inc.), New York, N. Y., which received a refund of $508,065.35.
Alfred E. Smith, New York, N. Y., $1,500.	Director of National Surety Co., New York, N. Y., which received refunds of $45,926.76.
G. B. Smith, New York, N. Y. (George B. Smith), $500.	Director of Ward Baking Co., New York, N. Y., which received refunds of $144,784.56.
V. P. Snyder, New York, N. Y. (Valentine P. Snyder), $2,000.	Received a personal refund of $12,252.14; director of Equitable Life Assurance Society of the United States, New York, N. Y., which received refunds of $740,676.88; director of Guaranty Trust Co. of New York, New York, N. Y., which received refunds of $8,389.58. Total, $761,318.60.
Nathaniel Spear, Pittsburgh, Pa., $1,000.	Director of Spear & Co., Pittsburgh, Pa., which received a refund of $248,717.33.
Rudolph Spreckles, New York, N. Y., $15,000.	Director of Spreckles Sugar Corporation, San Francisco, Calif., which received refunds of $143,207.03; director of Federal Sugar Refining Co. of New York, New York, N. Y., which received refunds of $129,696.21. Total, $272,903.24.
M. D. Steuer, New York, N. Y. (Max D. Steuer), $5,500.	Received a personal refund of $52,571.80.
Jesse Isidor Straus, New York, N. Y., $20,000.	Received personal refunds of $3,706.54; director of New York Life Insurance Co., New York, N. Y., which received refunds of $636,988.80; director of R. H. Macy & Co., New York, N. Y., which received a refund of $508,065.35; director of North British & Mercantile Insurance Co., New York, N. Y., which received refunds of $74,568.43. Total, $1,223,329.12.
Percy S. Straus, New York, N. Y., $20,000.	Received a personal refund of $18,946.39; director of R. H. Macy & Co., New York, N. Y., which received a refund of $508,065.35. Total, $527,011.74.
Gerard Swope, New York, N. Y., $7,000.	Director of International General Electric Co., New York, N. Y., which received a refund of $70,721.42; director of National City Bank of New York, New York, N. Y., which received a refund of $1,720,966.70. Total, $1,791,688.12.
Thomas J. Tyne, Nashville, Tenn., $5,000.	Director of National Life & Accident Insurance Co., Nashville, Tenn., which received refunds of $181,275.27.
George H. Walker, New York, N. Y. (G. H. Walker), $5,000.	Director of Barnsdall Corporation, New York, N. Y., which received refunds of $337,285.17; director of United States Industrial Alcohol Co. of New York, New York, N. Y., which received refunds of $804,556.19. Total, $1,141,841.36.
Rolla Wells, St. Louis, Mo., $500.	Received a personal refund of $6,709.34; director of Columbian National Life Insurance Co., Boston, Mass., which received refunds of $165,109.90. Total, $171,819.24.
Sanders A. Wertheim, New York, N. Y., $13,000.	Received personal refunds of $42,879.38; director of Burns Bros. Co., New York, N. Y., which received refunds of $435,805.78; director of Steamship Fuel Corporation, New York, N. Y., which received refunds of $5,761.64. Total, $484,446.80.
William H. Woodin, New York, N. Y., $40,000.	Director of American Car & Foundry Co., New York, N. Y., which received refunds of $65,767.17; director of American Locomotive Co., New York, N. Y., which received refunds of $1,075,630.95; director of the Cuba Railroad Co., New York, N. Y., which received refunds of $148,377; director of Remington Arms Co., New York, N. Y., which received refunds of $172,792.08. Total, $1,462,567.20.
Adolph Zukor, New York, N. Y., $2,500.	Director of Paramount Famous Lasky Corporation, New York, N. Y., which received a refund of $148,431.93.

A REPLY TO HON. BERTRAND H. SNELL, LEADER OF THE REPUBLICANS IN THE HOUSE OF REPRESENTATIVES

Mr. RAINEY. Mr. Speaker, although this reply, under the rules of the House, to Mr. SNELL purports to have been made on the 16th day of July, I am in fact making this reply on the 22d day of July. The speech of Mr. SNELL appears in the Appendix to the CONGRESSIONAL RECORD as of July 21, 1932, five days after the adjournment of the House. The RECORD shows that Mr. SNELL prepared his speech on the 15th day of July, 1932. Congress was in session on that day, and Congress was in session on the next day, the 16th day of July, and did not adjourn until nearly 12 o'clock of the night of the 16th. During those two days the Democratic Congress was simply "marking time," waiting on the Republican Senate. The Democratic House had finished its work during those two days and there were frequent recesses in the House, subject to the call of the Speaker, and there was ample time and opportunity for Mr. SNELL to have made his speech on the floor of the House at any time during the two last days of the session.

However, he preferred to hold it out and print it long after the adjournment of the session when he thought there would be no opportunity to reply. Fortunately, the last edition of the RECORD does not make its appearance until Monday of next week. This gives an opportunity for a reply which Mr. SNELL did not anticipate.

I have read with amazement his speech. I doubt whether more misrepresentations of fact and more pure demagoguery has ever been assembled in an alleged speech of equal length. He prints his speech under the heading, "Democratic House Majority Faces Indictment," and then he proceeds to produce the indictment.

He discusses President Hoover's "constructive program," as he calls it, and condemns what the President designated as the Democratic pork barrel bill. He forgets to mention that the relief bill, which finally met with the President's approval, after the Democratic relief bill failed, carries just as much money as the Democratic relief bill, and the best features in the relief bill which passed and received the President's approval and the only features which were entitled to approval were carried, all of them, in the original Garner plan bill. The difference is that the original Garner plan bill presented a constructive method of financing through the years. The relief bill, as passed, under the President's dictation simply has the effect of adding the immense sum carried by it to the public debt. This is a particularly easy way of financing the Government from the standpoint of Republican leaders.

For the fiscal year which has just ended the Republican deficit was $3,000,000,000, the largest deficit in the history of nations. I wonder why Mr. SNELL does not mention it. The deficit for the year 1931 was almost a billion dollars. No attempt has been made by Republican leaders to finance these enormous deficits. They have simply been added to the public debt, and if, during the period of this Republican depression, these deficits could be converted into long-term bonds the interest charge every year would amount to as much as it costs to carry on any one of the departments of this Government.

DELAY IN BALANCING BUDGET

Mr. SNELL criticizes what he charges to be a Democratic delay in balancing the Budget. The Ways and Means Committee commenced their work on balancing the Budget last November. It was a tremendous task faced by the Democratic majority in the House. They were compelled to meet a Republican deficit which it was represented to them by Assistant Secretary of the Treasury Mills, now Secretary of the Treasury, amounted to $901,000,000. We proceeded with the work on that theory until finally, on the first Sunday in January, when the bill was completed, Hon. Bernard M. Baruch, a distinguished economist and a Democratic leader, came down from New York and called on me in my office in the Capitol, bringing with him his own economist. Mr. Baruch and his economist convinced me in a few minutes that we had not balanced the Budget, that $901,000,000 was not the amount of the approaching Republican deficit for the fiscal year 1932, but that it would exceed that amount probably by $400,000,000. As a result of this the next day the Ways and Means Committee summoned Assistant Secretary Mills and his assistants to the committee rooms. We presented to him the facts. The amount of our possible income for the fiscal year 1932 had been overestimated and the amount of our necessary expenditures had been underestimated. Mr. Mills agreed to consult the next day with the economist of Mr. Baruch, but he objected to Mr. Baruch and his economist appearing before the committee with their evidence. It would not have been complimentary to the administration and to the Treasury Department to have the evidence preserved in the record. We agreed to this. The interview occurred, and two or three days later the Treasury Department, through Assistant Secretary Mills, agreed that they were wrong in their estimates and they agreed that the deficit was not $900,000,000 but was $1,200,000,000. It then became necessary for us to revise the entire taxing bill, and the Treasury Department gave as their excuse for the incorrect estimates of November, 1931, the fact that they had before them then only the reports for October, 1931, and that since that time and until January the downward trend of business had proceeded until the deficit which they were finally willing to admit had attained the enormous proportions which we were compelled to provide for, and which we did provide for, attempting to impose in particular a general manufacturers' sales tax.

A general manufacturers' sales tax never was supported by the administration. Speaking for the administration, Assistant Secretary Mills originally proposed as a method of balancing the Budget in December, 1931, the irritating, objectionable taxes which are now in the law. The manufacturers' sales tax proposal failed. I have never heard that it received any support whatever from the President or from Republican leaders until I read that astounding statement in Mr. SNELL's extended remarks. If it had received the support of the President and of the Treasury Department the manufacturers' sales tax would have been enacted into law. After the manufacturers' sales tax failed in the Republican Senate and it was apparent that it could not be adopted, the President, in a communication to that body, suggested it as a tax which might meet the emergency. It was a suggestion which came too late. It was intended to place Republican leaders in the position of saying that the administration favored that kind of a tax as a defense against the irritating taxes which are now imposed and for which the administration and the Treasury Department always stood.

A heading in Mr. SNELL's speech reads, "Democratic House Preached Economy—Practiced Extravagance," and then he proceeds to argue the matter along that line. I wonder why he does not mention that on account of Democratic initiative the Budget proposed by the Democratic House and finally carried into permanent legislation effected a reduction of $1,100,000,000 under the Republican Budget expenditures of 1931. If this is not a substantial reduction in the expenditures of this Government made possible by the Democratic House I would like to know what you can call it.

Whatever delay there was in the bill to balance the Budget was due entirely to the incompetency of the Treasury Department officials who finally admitted that their estimates were nearly $300,000,000 wrong.

LOANS TO INDIVIDUALS

Mr. SNELL criticized the Garner plan bill because it provided for loans to individuals, but he omitted to call attention to the fact that the relief bill, as passed, and which meets with his approval, provides for loans to individuals and for loans to corporations and partnerships, but these loans must be obtained from the Federal reserve system. The bill, as passed, carried these proposed loans to individuals and is indefensible indeed. No loans will be made except to a favored few, if they are made. Loans can only be made upon the approval of the Federal Reserve Board of Directors, controlled, all of them, by the President and by the Treasury Department. The loans provided in the Garner plan bill to individuals and municipalities and corporations were all to be made only upon adequate security. Loans made under the President's plan omit this safeguard. If the loans to be made merely meet with the approval of the Federal Reserve Board, that is sufficient under the bill which has passed.

PORK BARREL BILLS

The bill, as passed—if I understand what a pork barrel bill is—is the most perfect example of pork-barrel legislation in the history of this country. The bill, as passed, carries $322,000,000 for this purpose. It does not specify any of the buildings which are to be built, nor the river and harbor projects which are to be undertaken under it, but the bill makes it possible for the Secretary of the Treasury to veto any public-works proposal by simply stating that the money necessary for it is not available or can not be obtained upon reasonable terms. At the present time the Treasury Department is borrowing money at less than 1 per cent per annum. If that is not reasonable terms, I do not know what it is. There will be public buildings built under this bill and

there will be river and harbor and flood control projects undertaken under this bill; but an examination of the facts will disclose that if any of this character of public works is undertaken it will be undertaken in such a manner that the Republican national ticket or Republican candidates for Congress can obtain credit for it. This is a pork barrel bill, pure and simple, and loans to individuals and corporations now provided for may well be another example of pork-barrel propositions. The favored individual or corporation or partnership which is able to obtain these loans now will, in all probability, be a representative of the great interests which Republican leaders always stand for.

PORK-BARREL LEGISLATION FOR DISTRICT OF COLUMBIA

I wonder why Mr. SNELL omitted to call attention to the fact that under the Coolidge and Hoover administrations Republican Congresses appropriated and are now expending nearly $350,000,000 for public buildings and improvements in the District of Columbia, including a $14,000,000 bridge where a bridge was not needed and including a $6,000,000 roadway to Mount Vernon where a roadway was not needed. The District of Columbia has been well taken care of, but the rest of the country has been neglected. A mere pittance has been distributed throughout the United States. The bill which he denounces as a pork barrel bill, borrowing that phrase from the President, provides an expenditure for public buildings all over the United States outside of the District of Columbia amounting to one twenty-fifth of as much money as has been appropriated and is now being expended, nearly all of it under Mr. Hoover's administration, in the District of Columbia alone. This amount of money was not needed here as an unemployment-relief measure. There is no unemployment in the District of Columbia and there never has been. The only business transacted in the District of Columbia is the business of carrying on this great Government, and there are 90,000 employees here who receive ample salaries and whose salaries keep the city of Washington going. The Garner plan bill merely provided one twenty-fifth of this amount for the relief of unemployment in the construction of buildings throughout the United States.

The larger part of Mr. SNELL's speech consists of pure bunk. It reflects no credit upon the Republican leaders nor upon the Republican administration nor upon Mr. SNELL himself.

PUBLIC MONEY FOR ROADS

Mr. SNELL refers to the "crafty plan to distribute $132,000,000 of public money to favored States for road purposes." The bill as passed contains this same provision. If it was a "crafty plan" in the Garner plan bill, I am wondering how it ceases to be a crafty plan in the bill which has just passed. Title I of the bill as passed provides for loans to States of $300,000,000. If the States do not pay it back, the amount they borrow is to be deducted from allotments to the States in future years for highway building. If this is not a "crafty plan," I would like to know what it is.

What assurance have we that the Congress will continue through future years its plan of contributing money on the 50-50 basis for building highways in States, and if it does continue this plan, how is this money ever to get back into the Treasury? If it does get back in the Treasury on account of the continuance of the plan, it gets back simply as the result of a "crafty" bookkeeping method. If it accomplishes anything, it pledges the Federal Government in the future to keep up its allotment for road-building purposes to the State indefinitely and until this large sum of money is accounted for in that way. If these appropriations are to be made for road-building purposes for States in the future and then taken away from them because they owe the Government this relief money, the whole thing means nothing at all. It is a direct charge on the Federal Treasury. A more "crafty" method of dealing with the States has never been devised. Who expects the States to pay back any money loaned by the Federal Government? When did any State ever pay back any money loaned to it by the Federal Government?

Away back in the Democratic Jackson administration when the Government paid its own way and did not have an enormous Republican deficit, the Jackson administration found itself with no debts and with a large amount of money in its Treasury. This money was loaned to the States; $4,000,000 of it was loaned nearly 100 years ago to Mr. SNELL's own State of New York. The State of New York never paid it back. It would amount to a large sum of money indeed now if interest were added at the prevailing rate for the 97 years which have passed since then. Loans were made by the Jackson administration to all the States then in existence, but New York received the lion's share, and none of them ever paid it back, and none of them ever will pay it back. The theory in the relief bill that the States will pay any of this money we are now loaning them for the relief of distress is "crafty" indeed.

Under a heading, "Bonus Bill—Veterans Misled by Demagogy," Mr. SNELL proceeds to discuss what he calls the "crowning act of folly" of the Democratic Party, resulting in the presence of 20,000 veterans in the city of Washington demanding payment of their certificates 13 years before they are due. The "crowning act of folly" occurred in the Sixty-sixth Congress, controlled by a large Republican majority. In the Sixty-sixth Congress we commenced to discuss the question of veterans' relief. It was to be the last of the war bills. During the period of the World War the Ways and Means Committee formulated its war bills always in full committee with the Republicans present, although the Democrats were in control of the committee and of the Congress.

In the Sixty-sixth Congress the Ways and Means Committee commenced its consideration of the "fourfold plan" for veterans' relief suggested by the American Legion, then a new organization among the veterans, and stronger even then than it is now. This plan did not contemplate adjusted-service certificates. The soldiers never asked for them and did not want that kind of "graveyard insurance." The American Legion never suggested it.

At that time I introduced a bill. ROYAL C. JOHNSON, a Republican Member of Congress, introduced the same bill on the Republican side. It provided for cash payments to the veterans, to be obtained by taxing war profiteers. If given an opportunity, the bill would have passed the House. In order to meet this situation, however, the Republican majority of the Ways and Means Committee met in secret sessions and formulated the adjusted-service certificate plan for relief. The Democrats had nothing to do with it. As soon as they commenced their secret meetings, I obtained the floor and denounced this method of relief, and denounced the secret meetings of the Republican members of the Ways and Means Committee.

There were 4,000,000 veterans then, and the vote of the veterans interested the Republicans. They framed this measure of relief in order to get the veterans' votes. The Government was to pay the premiums for 20 years, and in 1945 these certificates were to become due, and the theory was that 1945 was the time when service pensions would be demanded, and these adjusted-service certificates coming due then would obviate necessity for service pensions. It was Republican partisanship in 1920 which resulted in the bonus muddle which confronts us now. In my speeches on the floor and in my minority reports I called attention to the billions of dollars which their plan would mean in the end, to the fact that the soldiers would never be satisfied with it, and I predicted that what is happening now would happen.

The bill finally passed and became a law in 1924, after the bill of 1920 had passed the House and failed in the Senate, and after one bill had passed both Houses and was vetoed by the President. It was estimated that the bill of 1924, which is now the law, would make a charge on the Treasury of $2,000,000,000. It has already cost more than that, and the "graveyard insurance" we gave to the veterans has produced the conditions of which Mr. SNELL complains. The situation can be entirely traced to Republican partisanship and to the determination of Republican leaders to make the bonus a partisan Republican issue. The bill of 1920 was called up under suspension of the rules. I was permitted no opportunity to amend it by substituting my bill providing for cash payments to veterans financed by taxes on war profiteers. War profiteers were tenderly protected then and they are tenderly protected now.

BUDGET NOT BALANCED

We have not balanced the Budget. There is in sight today, this early in the fiscal year 1933, a deficit of $419,000,000, notwithstanding these oppressive taxes which we are all going to be compelled to pay, and this deficit will increase with each passing month.

POLICIES TO BE CONTINUED

The policy of the Hoover administration is to be continued, if, unfortunately for the country and the world, Mr. Hoover is reelected. Under Republican policies and Republican bills it is proposed to continue to make loans to railroads and banks and insurance corporations. There is to be no relief for the individual unless he is big enough to command the respect of the Federal Reserve Board. The Republican deficit will continue to increase. The Republican depression will continue increasing in intensity.

The Hoover plan provides no basic relief for the effects of Republican policies which have been continued now through three Republican administrations. The only relief in sight is to discontinue in November at the polls the control of the party leaders which has resulted in the deplorable conditions under which this, the greatest and richest country in the world, struggles along at the present time.

We had a constructive plan in the Garner bill which would have commenced the return of prosperity at the bottom by helping the ordinary citizen, the farmer and the wage earner, who create the wealth which is concentrated under Republican policies and Republican leaders in the hands of a few.

We had only a meager majority of six in the House of Representatives and no majority at all in the Senate, and we had a Republican President whose leadership has failed. Under these unfavorable conditions the Democratic House has accomplished results and we have made a record upon which we enter with confidence in the campaign which is opening now.

ADJOURNMENT SINE DIE

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 30 minutes p. m.) the House, under the concurrent resolution, adjourned sine die.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

635. A letter from the Comptroller General of the United States, transmitting his report and recommendations to the Congress concerning the claims of Mrs. Rose Gillespie, Joseph Anton Dietz, and Manuel M. Wiseman, as trustee of the estate of Louis Wiseman.

636. A communication from the President of the United States, transmitting for the consideration of Congress a supplemental estimate of appropriation for salaries and expenses of the Federal Home Loan Bank Board for the fiscal year 1933, amounting to $300,000 (H. Doc. No. 363); to the Committee on Appropriations and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CHRISTGAU: A bill (H. R. 12996) to aid farmers in making regional readjustments in agricultural production and to assist in preventing undesirable surpluses; to the Committee on Agriculture.

By Mr. LOZIER: A bill (H. R. 12997) to authorize the reimbursement of the Missouri State Highway Department, certain drainage and levee districts, and certain individuals for funds contributed to the War Department for use in the construction of permanent improvements on the Missouri River; to the Committee on Rivers and Harbors.

By Mr. DOUGHTON: A bill (H. R. 12998) to repeal the tax on bank checks; to the Committee on Ways and Means.

By Mr. LONERGAN: A bill (H. R. 12999) to provide for increasing the permissible alcoholic content of beer, ale, porter, and wine to 4 per cent by volume, and to provide for a proper and needed revenue therefrom; to the Committee on the Judiciary.

By Mr. SOMERS of New York: A bill (H. R. 13000) to aid in securing a normal and stable commodity price level, through the establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates, under circumstances insuring the maintenance of the gold standard; to the Committee on Coinage, Weights, and Measures.

By Mr. PETTENGILL: A bill (H. R. 13005) to place on the Congressional Roll of Honor the names of the participants of the Balangiga Massacre; to the Committee on Military Affairs.

By Mr. KELLER: Resolution (H. Res. 291) directing the Secretary of the Treasury to examine certain testimony and evidence in regard to violations of the revenue statutes of the United States; to the Committe on Ways and Means.

Also, resolution (H. Res. 292) directing the Attorney General to investigate certain testimony and evidence and to determine if such evidence discloses or indicates any violations of the criminal statutes; to the Committee on the Judiciary.

Also, resolution (H. Res. 293) directing the Secretary of the Treasury to investigate the common practice to avoid and evade the payment of income taxes by certain citizens and corporations of the United States; to the Committee on Ways and Means.

By Mr. LAGUARDIA: Concurrent resolution (H. Con. Res. 39) that the House stand in recess until September 15, 1932; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CELLER: A bill (H. R. 13001) for the relief of Isidore Sisselman; to the Committee on Naval Affairs.

By Mr. GAMBRILL: A bill (H. R. 13002) granting a pension to Joseph C. Neihiemer; to the Committee on Pensions.

By Mr. LEA: A bill (H. R. 13003) for the relief of Joseph M. Purrington; to the Committe on Claims.

By Mr. LUDLOW: A bill (H. R. 13004) granting an increase of pension to Melissa C. Moss; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8538. By Mr. GARBER: Petition of Benjamin E. Cook, service officer, American Legion, Kay County, Okla., and a communication from the commander of the American Legion Post at Ponca City, Okla., urging enactment of legislation permitting veterans to continue prosecution of insurance cases in the Federal courts; to the Committee on World War Veterans' Legislation.

8539. Also, petition of R. T. Brown, H. Gilmore, A. Lawder, S. L. Massie, F. G. Pope, O. L. Barnes, F. Speakman, and L. S. Palmer, of Tyrone, Okla., demanding passage of the Norbeck agricultural bill or similar legislation for the relief of agriculture; to the Committee on Agriculture.

8539½. By Mr. KVALE: Petition of Farmers' Union of Edison Township, Appleton, Minn., requesting repeal of the Council of Defense at this time; to the Committee on Military Affairs.

8540. By Mr. RAINEY: Petition of B. H. Bowie and 53 other business men of Carrollton, Ill., protesting against the tax on bank checks; to the Committee on Ways and Means.

8541. By Mr. WHITTINGTON: Petition of Jackson National Farm Loan Association, favoring refinancing of loans by Federal land banks; to the Committee on Banking and Currency.

8542. By the SPEAKER: Resolution of the General Assembly of the State of Illinois, favoring the enactment of Senate bill 1197; to the Committee on Agriculture.